Roxy-Pacific Holdings Limited

Driving GROWTH AND VALUE

ANNUAL REPORT 2018

Table of Contents

Corporate Profile

Established in May 1967, Roxy-Pacific Holdings Limited, an established property and hospitality group with an Asia-Pacific focus, was listed on the SGX Mainboard on 12 March 2008. The Group is principally engaged in the development and sale of residential and commercial properties ("Property Development"). The Group's recurring income streams are strengthened through its flagship hotel in the heart of historical Katong, Grand Mercure Singapore Roxy hotel, self-managed upscale boutique hotel, Noku Kyoto and Noku Osaka, Japan, and other investment properties in Asia-Pacific ("Hotel Ownership and Property Investment").

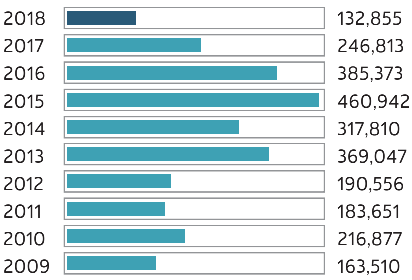
The Group's residential development projects typically comprise small-to-medium sized residential developments such as apartments and condominiums targeted at middle-to-upper income segments. Between 2004 and 2018, the Group developed and launched 48 small-to-medium sized developments comprising a total of more than 4,400 residential and commercial units in Singapore, Malaysia and Australia.

Grand Mercure Singapore Roxy hotel, a major asset of the Group, is self-managed under franchise agreement with international hotel operator, Accor Group. Beyond Singapore, the Group has opened its upscale boutique hotels under the Noku hotels brand name in Kyoto, Japan, followed by Osaka, Japan, and Maldives. The Group has other land parcels intended for development into hotels in Phuket, Thailand.

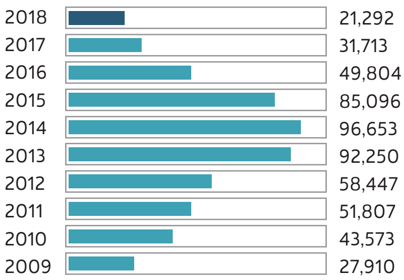
For Property Investment, the Group owns 52 retail shops at the Roxy Square Shopping Centre in Singapore. In Australia, Roxy-Pacific owns a 45% interest in a freehold six-storey commercial building at 312 St Kilda Road in Melbourne's CBD. The Group also owns a 40% interest in a centrally-located, 10-storey commercial building at 33 Argyle Street, Parramatta, New South Wales. In Auckland, the Group owns NZI Centre and has a 50% interest in the office building at 205 Queen Street, marking Roxy-Pacific's maiden foray into New Zealand.

Financial Highlights

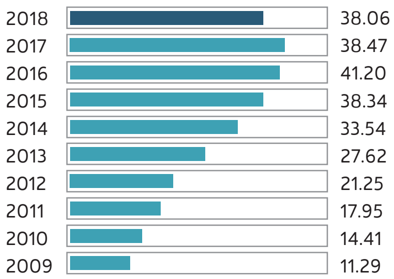
Revenue (S$000)



Total Comprehensive Income Attributable to Shareholders (S$000)



Net Asset Value Per Share (cents)[1]



	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year
PERIOD	**Dec-18**	**Dec-17** (restated)[3]	**Dec-16**	**Dec-15**	**Dec-14**	**Dec-13**	**Dec-12**	**Dec-11** (restated)[2]	**Dec-10** (restated)[2]	**Dec-09** (restated)[2]
PROFIT & LOSS (SGD'000)										
Revenue	132,855	246,813	385,373	460,942	317,810	369,047	190,556	183,651	216,877	163,510
Finance Costs	(16,341)	(18,512)	(15,187)	(13,124)	(9,107)	(5,476)	(4,394)	(4,650)	(4,470)	(3,774)
Share of Profit of Associates	20,062	13,863	18,641	11,134	54,858	9,944	3,974	288	55	–
Profit Before Tax	25,210	49,601	65,584	101,060	110,275	106,728	65,875	58,524	53,232	36,248
Total Comprehensive Income Attributable to Shareholders	21,292	31,713	49,804	85,096	96,653	92,250	58,447	51,807	43,573	27,910
BALANCE SHEET (SGD'000)										
No. of Ordinary Shares Issued ('000)	1,303,980	1,192,223	1,192,243	1,193,550	1,193,550	1,193,550	954,840	636,560	636,560	636,560
Share Capital	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399
Treasury shares	(3,954)	(564)	(555)	–	–	–	–	–	–	–
Revaluation Reserve	533	533	–	–	–	–	–	–	–	–
Fair Value Reserve	–	312	50	68	174	111	144	–	–	–
Translation Reserve	(18,558)	(4,517)	(2,146)	(8,083)	(3,168)	–	–	–	–	–
Retained Earnings	470,881	461,313	446,518	418,197	355,933	282,112	206,038	166,864	124,605	87,398
Equity Attributable to Owners of the Company	496,301	504,476	491,263	457,581	400,338	329,622	253,581	214,263	172,004	134,797
Non-Controlling Interests	4,533	5,136	3,745	629	515	347	199	–	–	–
Total Equity	500,834	509,612	495,008	458,210	400,853	329,969	253,780	214,263	172,004	134,797
Long Term Liabilities	240,630	334,573	303,643	344,114	300,931	133,129	89,657	100,820	97,507	90,243
Current Liabilities	935,000	673,518	662,967	606,457	731,535	835,846	580,697	433,522	332,115	200,489
Total Equity and Liabilities	1,676,464	1,517,703	1,461,618	1,408,781	1,433,319	1,298,944	924,134	748,605	601,626	425,529
Fixed Assets	231,028	215,507	175,527	129,680	120,309	81,942	76,147	73,928	70,421	64,515
Intangible Assets	393	541	68	86	–	–	1,672	1,672	1,672	1,672
Investment Properties	126,464	124,191	198,835	179,768	175,663	67,987	61,247	44,692	78,767	55,688
Investment in Associates	142,330	165,147	146,458	60,460	69,005	16,726	6,837	2,413	1,635	450
Other Non-Current Assets	1,856	2,275	12,689	68,141	1,574	2,207	1,684	–	–	–
Current Assets	1,174,393	1,010,042	928,041	970,646	1,066,768	1,130,082	776,547	625,900	449,131	303,204
Total Assets	1,676,464	1,517,703	1,461,618	1,408,781	1,433,319	1,298,944	924,134	748,605	601,626	425,529
FINANCIAL RATIOS (SGD)										
Earning Per Share (cents)[1]	1.63	2.42	4.17	7.13	8.10	7.73	4.90	4.34	3.65	2.34
Net Asset Value Per Share (cents)[1]	38.06	38.47	41.20	38.34	33.54	27.62	21.25	17.95	14.41	11.29
Return On Asset (ROA)	1.3%	2.1%	3%	6.0%	6.7%	7.1%	6.3%	6.9%	7.2%	6.6%
Return On Equity (ROE)	4.3%	6.3%	10%	19%	24.1%	28.0%	23.0%	24.2%	25.3%	20.7%
Total Liabilities to Equity Ratio (times)	1.72	1.36	1.31	1.39	1.54	1.87	1.64	1.43	1.58	1.35
Net Assets Value	496.3	504.48	491.26	457.58	400.34	329.62	253.58	214.26	172.00	134.80
Revaluation surplus[4]	485.16	490.27	471.94	463.42	460.35	441.47	384.53	344.14	257.10	169.00
Adjusted Net Assets Value (S$m)	981.46	994.75	963.20	921.00	860.69	771.09	638.11	558.40	429.10	303.80
Adjusted Net Assets Value per share[1]	75.27	75.86	80.79	77.16	72.11	64.60	53.46	46.78	35.95	25.45
Net Debt to ANAV (times)	0.77	0.55	0.53	0.45	0.58	0.68	0.56	0.45	0.51	0.47

(1) Adjusted based on total issue of 1,303,979,944 (2017: 1,192,223,494, 2016: 1,192,243,494, 2007 – 2015: 1,193,549,994)ordinary shares.
(2) The figures have been restated to take into account of the retrospective effect of adoption of Amendments to FRS 12.
(3) The figures have been restated to take into account of the retrospective effect of First-time Adoption of International Financial Reporting Standards and then SFRS(I)s
(4) Refer to revaluation surplus of the Grand Mercure Roxy Hotel, Noku Kyoto, Noku Osaka, Noku Maldives and office premise.

Calendar of Events

JANUARY

Completion of purchase of freehold residential site situated at 5 Derbyshire Road, Singapore, known as Derby Court. The site has an estimated total land area of 1,719 square metres.

Acquisition of freehold residential site situated at 22 Farrer Road, Singapore, known as Wilshire. The site has an aggregate total land area of 3,635 square metres.

Sales launched for residential apartment, The Navian located at 178 Jalan Eunos, Singapore.

Completion of purchase of freehold residential site at 2 and 6 Guillemard Lane, Singapore.

Completion of purchase of freehold residential site at 386/A/B, 388/A/B, 390/A/B, 392/A/B Dunearn Road, Singapore.

Completion of purchase of office building at 312 St Kilda Road, Southbank, Melbourne, Australia.

FEBRUARY

Acquisition of leasehold residential site located at 19 Lorong Kismis, Singapore, known as Kismis View. The site has an estimated total land area of 880 square metres.

MARCH

Appointment of joint marketing agents for the sale of freehold property located at 117 Clarence Street, Sydney, Australia.

Completion of purchase of commercial and retail building at 360 Little Bourke Street, Melbourne, Australia.

APRIL

Issuance of bonus shares on the basis of one (1) bonus share for every ten (10) existing ordinary shares.

Payment of final dividend of $0.771 cents per ordinary shares for the financial year ended 2017.

Sales launched for residential apartment, Harbour View Gardens located at 221 and 223 Pasir Panjang Road, Singapore.

Mr Hew Koon Chan has retired as Lead Independent Director, Chairman of the Audit Risk Management Committee, member of Nominating and Remuneration Committees.

MAY

Acquisition of freehold residential site located at 27 Moulmein Rise, Singapore. The site has an estimated total land area of 2,062 square metres.

JUNE

Obtained Order for Sale from the Strata Titles Board and in-principal approval from the Singapore Land Authority to issue a fresh 99 years lease for leasehold residential site known as Kismis View.

Entered into Sales and Purchase agreement for the sale of freehold property located at 117 Clarence Street, Sydney, Australia.

Sales launched for residential apartment, 120 Grange located at 120 Grange Road, Singapore.

Trilive has obtained Temporary Occupation Permit on 5 June 2018.

Mr Tay Kah Poh has been appointed as the Lead Independent Director.

JULY

Full redemption on maturity and cancellation of 4.50 per cent notes due in 2018 comprised in the Series 001 Notes issued under the S$500,000,000 multicurrency debt issuance programme.

AUGUST

Payment of interim dividend of $0.195 cents per ordinary shares for the financial year ended 2018.

Acquisition of freehold property located at 36 Mavis Street, Revesby NSW 2212, Australia. The Property is located in an industrial area and has a total site area of 8,433 square metres. The Property comprises a mix of warehouse and office space.

Completion of freehold residential site located at 27 Moulmein Rise, Singapore.

SEPTEMBER

Completion of purchase of development property at 22 Farrer Road, Singapore 268828, known as Wilshire.

Sales launched for residential apartment, Bukit 828 located at 828 Upper Bukit Timah Road, Singapore.

Completion of purchase of leasehold residential site located at 19, Lorong Kismis, Singapore.

OCTOBER

Straits Mansions has obtained Temporary Occupation Permit on 31 October 2018.

Mr Tong Din Eu has been appointed as Chairman of the Audit Risk Management Committee.

NOVEMBER

Acquisition of commercial building at 33 Argyle Street, Parramatta NSW, Australia. The site has a total land area of 2,048 square metres.

Sales launched for residential apartment, Arena Residences located at 2/6/12/4 Guillemard Lane, Singapore.

Completion of purchase of freehold property located at 36 Mavis Street, Reversby, NSW, Australia.

DECEMBER

The Hensley located at 37-41 Bayswater Road, Potts Point, Sydney, Australia has obtained interim occupation certificate on 20 December 2018.

Our Awards

Hotel Ownership:

BCA GREEN MARK – GOLD AWARD

The award is presented by the Building & Construction Authority (BCA) in Singapore to recognise the hotel for its efforts in heading towards a more environmental-friendly building such as improvements in energy efficiency, water efficiency, environment protection, indoor environmental quality and other green features.

FIRE SAFETY AWARD

The award was presented by the Singapore Hotel Association and the Singapore Civil Defence Force to hotel security staff that fulfilled good fire safety requirements.

HOTEL SECURITY EXCELLENCE AWARD 2018

The award is to recognise the hotel for ensuring security measures are in compliance with the standards of the Singapore Hotel Association and Singapore Police Force.

PEOPLE'S ASSOCIATION COMMUNITY SPIRIT AWARDS 2018 – MERIT AWARD

The award is to recognise Roxy Foundation in recognition of its commendable contributions towards the community awarded by People's Association Community Partnership.

SERVICE GOLD – NATIONAL KINDNESS AWARD 2018

The award is to recognise hotel staffs who have displayed service excellence, gracious and kind acts at the workplace by Singapore Hotel Association.

EXCELLENT SERVICE AWARD 2018 – 35 GOLD AND 17 SILVER

A national award presented by Singapore Hotel Association to recognise individuals who have delivered quality service in Singapore.

Property Development:

BCI ASIA TOP 10 DEVELOPERS AWARD 2018

The award is presented by construction media group, BCI, to recognise developers with most significant and valuable contributions towards environmentally responsible projects and resource-efficient building methods.

Chairman's Statement

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Roxy-Pacific, it is my pleasure to present to you the Annual Report for the full year ended December 31, 2018 ("**FY2018**").

BROAD-BASED STRATEGY FOR SUSTAINED GROWTH

FY2018 has been a challenging yet fulfilling year for Roxy-Pacific. Globally, there were various sources of volatility, including the escalation of trade tension between the US and China, the continuous interest rate hike by the US Federal Reserve, as well as the lack of progress in the Brexit negotiation. These translated to an arduous macro environment for all businesses. In Singapore, the economy expanded by 3.2% for 2018, down from 3.6% in 2017. The property sector was dampened as a result of cooling measures with a raise of Additional Buyer's Stamp Duty and a tightening of Loan-to-Value limits to align price increments with economic fundamentals.

For Roxy-Pacific, it represented a year of broad-based focus, one in which we continued to spread our risks with the redeployment of sales proceeds to high yielding investments in both Australia and New Zealand; and harvesting the fruits from our broadened recurring income streams through hotel and property investments overseas. At the same time, we continued to assess and consolidate our position in the property segment in Singapore. Notably, we had replenished our sites relatively early into the cycle and before the en bloc fever, at very reasonable prices, allowing us to attain some pricing power.

FINANCIAL PERFORMANCE

For FY2018, we achieved revenue of S$132.9 million, a 46% decrease from S$246.8 million recorded in preceding financial year ("**FY2017**"), mainly due to lower revenue from our Property Development and Property Investment segments, partially offset by an 13% growth in the Hotel Ownership segment, lifted by higher contributions from self-managed hotels, Noku Osaka and Noku Maldives.

The Property Development revenue dip was mainly due to lower recognition upon the Temporary Occupation Permits ("TOP") obtained for Trilive in June 2018; and the completion of other projects in 2017. The decrease in revenue was partially mitigated by higher revenue recognised from The Navian and Straits Mansions.

It is noteworthy that although our Property Development projects in Australia had made good progress on sales and construction, revenue from these projects can only be recognised upon full collection of sales proceeds, unlike projects in Singapore and Malaysia that record revenue progressively.

Subsequent to year-end, in January 2019, we reaped good returns from our Australian residential project, which recognised revenue and profit upon full collection of sales proceeds. Based on collection status as of end January 2019, The Hensley, which obtained its TOP in December 2018, contributed S$55.2 million and S$6.6 million to revenue and profit respectively. We expect to further recognise the profits from West End Residences and Octavia in the financial year ended December 31, 2019 ("FY2019").

The Group's total attributable pre-sale revenue remained strong at S$630.9 million, with profits from the residential projects to be recognised from 1Q2019 to FY2022.

In terms of Property Investment, the 27% lower revenue was due to the successful divestment of 59 Goulburn Street in FY2017. During the year, we also successfully divested our 50%-owned 117 Clarence Street. We are pleased to have made good progress in the recycling of funds from the successful divestments of both 59 Goulburn Street and 117 Clarence Street into other yield-accretive property investments in both Australia and New Zealand.

During the year, we saw a 60% decrease in other operating income to S$13.2 million from S$32.8 million in FY2017, mainly due to the absence of fair value gain on investment property recorded for 59 Goulburn Street in Australia.

Consequently, mainly due to the lower revenue coupled with decreased other operating income, FY2018 net profit decreased 33% to S$21.3 million in FY2018 from S$31.7 million in FY2017.

We will continue to look for opportunities to suitably recycle our capital for enhancement of shareholder value. We will continually seek an optimal mix between our three segments – Property Development, Property Investment and Hotel Ownership – and balance our assets portfolio both geographically and across sectors for sustainable growth.

Our strategy is supported by our strong balance sheet, with cash and bank balances of S$291.6 million, a comfortable net debt-to-adjusted Net Asset Value ratio of 0.77 time notwithstanding the completion of acquisitions of six development sites in Singapore and three commercial properties in Australia in FY2018. We have good headroom from our S$500 million Multicurrency Debt Issuance programme, of which we've fully redeemed the S$60 million that was issued earlier, and this has improve our gearing levels.

DRIVING GROWTH AND VALUE

PROPERTY DEVELOPMENT

Singapore

Latest real estate statistics from the Urban Redevelopment Authority ("URA") showed that prices of private residential properties decreased by 0.1% in 4Q2018, compared with the 0.5% increase in the previous quarter. For the whole of 2018, prices of private residential properties increased by 7.9%, compared with the 1.1% increase in 2017[1].

The URA data also showed that developers sold 8,795 units last year, a 16.8% decrease compared to 10,566 units sold in 2017. The number of units sold also outweighs the 6,020 units launched in 2017[1].

We've replenished our sites progressively over two years mainly in 2017, relatively early into the cycle, and ahead of the en bloc fever, at very reasonable prices. This has proven to be a prudent move and we were able to tap the opportunities presented by the buoyant property market in 2018, before the cooling measures kicked-in in July 2018.

We successfully launched a total of five properties comprising of 293 units during the year under review including The Navian, Harbour View Gardens, 120 Grange, Bukit 828 and Arena Residences. These projects are expected to contribute positively to the Group's earnings progressively from 1Q2019.

As for property acquisitions, we adopted a prudent stance and were selective in accumulating sites, which comprised mainly freehold development sites, which we see as a rare attribute in land-scarce Singapore. These six sites are the freehold 20-storey residential site, NEU At Novena at 27 Moulmein Rise, 386 to 392 (even no) Dunearn Road, 2 and 6 Guillemard Lane, Wilshire at Farrer Road and Derby Court at Derbyshire Road; and the leasehold residential Kismis sites in the prime Upper Bukit Timah estates.

Chairman's Statement

Subsequent to year-end, we launched two freehold developments in the prime districts. Our developments, RV Altitude and Fyve Derbyshire, were amongst the first projects to be launched in January 2019. We will continue to closely monitor market conditions for our planned upcoming four property launches in 2019, comprising of mainly freehold developments in prime districts.

Our priority will be to successfully sell and deliver the units from our current land bank, as we adopt a 'wait-and-see' approach to selectively replenish our land bank, with a greater focus on unique development sites, ensuring sustainable long-term growth for the Company.

YEAR OF 'HARVEST' FROM AUSTRALIA

For the Australian residential sector, the price index for residential properties for the weighted average of eight capital cities fell 1.5% in the September quarter 2018 and was down 1.9% through the year to the September quarter 2018. On a year-on-year basis, Sydney registered declines of 4.4%[2].

Notwithstanding a slower market, the Group's residential development projects in Australia have sold well. The Hensley residential development in Sydney obtained its TOP in December 2018 and subsequent to year-end, we've seen profit recognition in January 2019 from this highly well-received project. The Octavia in Sydney is only left with one unit for sale, while the West End Residences project that was launched in two phases is currently overall close to 88% sold.

We have made our maiden entry into the industrial space with the acquisition of the Mavis Street property in Revesby in New South Wales. The land is slated for a project comprising industrial and storage units for sale.

Malaysia

In Malaysia, The Colony by Wisma Infinitum is over 72% sold as at February 12, 2019, having found a niche in the form of compact dual key configurations that are efficiently designed. Phase Two of our Malaysian freehold JV project, The Luxe by Wisma Infinitum, which is strategically located in the Kuala Lumpur City Centre and is positioned higher than The Colony to target a different market segment, is over 42% sold as of February 12, 2019.

Overall, for Property Development, having accumulated some land banks during the year, for FY2019, we will be consolidating our position both locally and abroad, to firstly execute well on the projects-on-hand, before we prudently seek out other unique and yield-accretive opportunities to replenish our land bank.

HOTEL OWNERSHIP

On the hospitality front, latest statistics from the Singapore Tourism Board ("**STB**") showed that Singapore hit a record high in tourist arrivals and spending for the third consecutive year, having received 18.5 million in 2018 as compared to 17.4 million visitors in 2017. Similarly, tourism receipts rose 1.0% to S$27.1 billion, from S$26.8 billion in 2017[3].

For 2019, the STB expects further growth for the tourism sector, forecasting visitor arrivals to grow 1% to 4% to be in the range of 18.7 million to 19.2 million, while tourism receipts are expected to be in the range of S$27.3 to S$27.9 billion, a growth of between 1% and 3%[3].

The Grand Mercure Singapore Roxy hotel remained resilient during the year under review, buoyed by stronger tourist arrival numbers in Singapore last year. With a stronger demand forecast by STB, and a muted supply increase in hotel rooms in 2019, we are optimistic that Grand Mercure Singapore Roxy hotel will maintain its performance in the coming year.

The hospitality outlook in Japan shows positive signs as well. According to the Tourism Minister of Japan, the estimated number of overseas visitors to Japan reached a record high of 31.19 million in 2018, up 8.7% from the previous year and rising for the seventh straight year.

The government has set a target of 40 million annual visitors by 2020, when Japan will host the Olympics[4].

Our first self-managed hotel asset, *Noku Kyoto*, officially opened over three years ago in November 2015, recorded healthy AOR, ARR and RevPAR during the year under review. *Noku Kyoto* has enjoyed high ARR; with its favourable location and its unique value proposition through curated tours and personalised services. Given the warm response that we have received since opening and given Kyoto's thriving tourism prospects, we remain optimistic of its performance in the coming year.

Our self-managed, 154-room upscale boutique hotel which we acquired in October 2017 and subsequently rebranded in January 2018 to Noku Osaka, has had a good performance in its first year of operation. Notwithstanding adverse weather conditions in the August/September period in 2018 and some renovation and upgrading works during the year, given Noku Osaka's ideal location near tourist hotspots, the hotel continued to enjoy high occupancy. Noku Osaka is expected to continue to ride on this city's bright tourism prospects and its strong standing as Japan's second largest metropolitan city after Tokyo.

The self-managed *Noku hotels* hospitality brand has most recently been extended to the Kudafunafaru island at Noonu Atoll, Maldives. The upscale resort, which consists of 50 villas, fully opened in August 2018.

In line with our intention to hone our hotel management capabilities and strengthen our recurring income streams, we also intend to launch our Noku-branded 91-room resort in Phuket, Thailand, by 2020.

With a geographically-diversified portfolio, we hope to progressively build a sustainable stream of recurring income for the Hotel Ownership segment. While we intend to self-manage hotel assets where possible, we will also consider collaborating with international hotel operators in managing larger-scale city hotels. For Grand Mercure Roxy Hotel in Singapore, it is self-managed under franchise agreement with Accor Group.

Going forward, we will work towards the launch of our pipeline hospitality assets to strengthen our recurring income and deepen our presence in existing markets and new geographical markets to build up our yield-accretive hospitality asset base.

PROPERTY INVESTMENT

Australia

For the Australian office sector, the overall sentiment in commercial property markets, as measured by the NAB Commercial Property Index, fell 4 points to a 2-year low of 8 in 3Q2018, but is still well above long-term average levels of 3 points[5].

During the year, we have effectively redeployed the proceeds from the recent, successful sales of two assets in Sydney – 117 Clarence Street and 59 Goulburn Street into other high yielding investments that generate good recurring income in both Australia and New Zealand.

In New South Wales, Australia, in addition to the purchase of the industrial building, we recently acquired a centrally-located property at 33 Argyle Street, Parramatta, within the central business district as part of our strategy to continue to grow our investment portfolio and recurring income in this country. This 40%-owned commercial building has a net lettable area of 5,281 sq m.

We have also obtained approval to re-develop the freehold commercial and retail building Melbourne House, located in the prime retail area in the centre of Melbourne's CBD, into 319 room hotel. This is in line with our strategy to add to our stable of recurring income streams.

This builds upon our earlier acquisition of the 6-storey office building located at 312 St Kilda Road, minutes from Melbourne's CBD. This 45%-owned property enjoys a high occupancy of 89% as at December 31, 2018 and contributes strong recurring rental income to the Group.

Chairman's Statement

Auckland, New Zealand

With our in-house management expertise, coupled with our property investment experience gained both locally and in overseas markets, we now have two key assets in this country to further broaden our recurring income stream.

Our 50%-owned property comprising two commercial towers at 205 Queen Street, Auckland, New Zealand, enjoyed high occupancy of 85% during the year. Situated in the core of Auckland's CBD, this property presents a prime investment opportunity for us and has the potential to be a stable source of rental income for the Group. We will look for opportunities to raise occupancy to maximise rental yield.

Additionally, our wholly-owned building, NZI Centre, situated in the western end of Auckland's CBD, is fully leased to a well-known tenant – IAG New Zealand Limited – the largest insurer in New Zealand.

Overall, our strategy for this segment will continue to be on the acquisition of well-located and tenanted commercial buildings which will strengthen our recurring income stream.

PROPOSED DIVIDEND

To reward our loyal shareholders for their continuous support, the Board has proposed a final cash dividend (one-tier tax exempt) of 0.705 SGD cents. Coupled with the interim dividend (one-tier tax exempt) of 0.195 SGD cents, this brings the total distributions for the financial year to 0.900 SGD cent, representing a dividend payout ratio of 55%.

WORDS OF APPRECIATION

I would like to thank our Board of Directors for their guidance and counsel in the last financial year, with special words of appreciation to both Mr Tong Din Eu, who was appointed as Chairman of the Audit Risk Management Committee with effect from 16 October 2018 and Mr Tay Kah Poh, who was appointed as the Lead Independent Director on 1 June 2018. I am also deeply appreciative of our senior management team, who have stepped up effectively to their new roles as we continually review and streamline the Group's operations to meet ongoing changes and demands in the property industry.

In closing, I would like to thank our management and staff for their dedication and contributions to Roxy-Pacific. Last but not least, I would like to extend our appreciation to our shareholders, clients, consultants, suppliers, partners and business associates for their strong support as we stay focused on driving growth and value together.

TEO HONG LIM
Executive Chairman and
Chief Executive Officer

Sources:
1 *Urban Redevelopment Authority, January 25, 2019 – Release of 4th Quarter 2018 real estate statistics*
2 *Australian Bureau of Statistics, September 2018 – Residential Property Price Indexes: Eight Capital Cities*
3 *STB, 13 Feb 2019 – Third consecutive year of growth for Singapore tourism sector in 2018*
4 *The Japan Times, Jan 11, 2019 – Tourists to Japan hit record 31 million in 2018, helped by easier visas for visitors from India, Russia and others*
5 *Australia National Bank, 22 October 2018 – NAB Quarterly Australian Commercial Property Survey Q3 2018*

Financial & Operations Review

TURNOVER REVIEW

For FY2018, the Group recorded revenue of S$132.9 million, 46% lower than the S$246.8 million achieved in FY2017. The decrease in revenue was mainly due to lower revenue from the Property Development and Property Investment segments, partially offset by higher revenue from the Hotel Ownership segment.

PROPERTY DEVELOPMENT

The Property Development segment contributed S$75.0 million or 56% of the Group's total FY2018 revenue, a 61% decrease from S$191.8 million recorded in FY2017. The decrease in revenue was mainly due to lower revenue recognition from Trilive, which obtained its TOP in June 2018 and an absence of revenue recognised from development projects completed in FY2017 including Jade Residences, Whitehaven and LIV on Wilkie. This was partially offset by higher revenue recognised on construction progress with the successful sales of Straits Mansions and The Navian, which were fully and 92% sold respectively.

Based on units sold from ongoing development projects, the Group has accumulated total attributable pre-sale revenue of S$630.9 million as at February 12, 2019, the profits of which will be recognised from 1Q2019 to FY2022.

In response to the new property cooling measures that took place on 6 July 2018, the Group adopted a cautious approach while seeking opportunities to replenish its land bank in Singapore. During the year under review, Roxy-Pacific acquired residential sites at 386 to 392 (even no) Dunearn Road, 2 and 6 Guillemard Lane, 27 Moulmein Rise, Wilshire at Farrer Road, Lorong Kismis and Derby Court at Derbyshire Road.

Following the launch of the two freehold development projects, RV Altitude and Fyve Derbyshire, in January 2019, the Group plans to launch its remaining four land bank sites, including NEU at Novena, in the next few quarters depending on market conditions. With many of these land bank sites acquired in the early stage of the property upcycle, the Group is confident in its ability to offer the upcoming projects at attractive price points. In view of the performance of the private residential property sector in 2018, the Group remains cautiously optimistic on the take-up of the property launches in FY2019.

PRE-SALE REVENUE TO BE RECOGNISED BY ONGOING DEVELOPMENT PROJECTS AS AT 12 FEBRUARY 2019 (S$'M)

	Project name	Type of Development	Group Stake	Total units in project	Units sold	Attributable total sale value(i)(ii)	Attributable revenue recognised up to 31 December 2018	Balance attributable billings to be recognised from 1Q2019
	Singapore		%	Units	%	$'M	$'M	$'M
1	The Navian	Residential	100%	48	92%	$53.1	$19.2	$33.9
2	Harbour View Gardens	Residential	100%	57	98%	$72.2	$1.3	$70.9
3	120 Grange	Residential	90%	56	80%	$74.9	–	$74.9
4	Bukit 828	Residential	80%	34	21%	$5.9	–	$5.9
5	Arena Residences(iii)	Residential	50%	98	42%	$25.9	–	$25.9
6	RV Altitude(iv)	Residential	100%	140	15%	$32.9	–	$32.9
7	Fyve Derbyshire(iv)	Residential	100%	71	14%	$18.5	–	$18.5
	Malaysia							
8	Wisma Infinitum – The Colony	Residential	47%	423	72%	$52.9	$17.9	$35.0
	Wisma Infinitum – The Luxe	Residential	47%	300(v)	42%	$26.5	$8.7	$17.8
	Australia							
	Sydney							
9	The Hensley, Potts Point	Residential	100%	44	98%	$64.1	–	$64.1
		Shop	100%	1	100%	$1.0	–	$1.0
10	Octavia, Killara	Residential	100%	43	98%	$41.8	–	$41.8
11	West End Residences, Tower 1 (Foundry)	Residential	100%	140	89%	$126.8	–	$126.8
	West End Residences, Tower 2 (Art House)	Residential	100%	91	86%	$81.5	–	$84.5
	Total			**1,546**		**$678.0**	**$47.1**	**$630.9**

(i) For Singapore projects, sale value is based on Option to Purchase granted up to 12 February 2019

(ii) For overseas projects, sale value is based on contract signed up to 12 February 2019

(iii) Launched on 2 November 2018

(iv) Launched on 14 January 2019

(v) Represents Block B – The Luxe by Infinitum. An additional 31 commercial units are pending launch

Note: Pre-sale revenue is recognised based on percentage of completion except for Australia projects which is recognised based on completed contract method.

Financial & Operations Review

DEVELOPMENT LAND BANK SINGAPORE AS AT 12 FEBRUARY 2019

	Project name/Location	Proposed Development	Approximate Land Area (sqf)	Approximate Gross Floor Area (sqf)	Group stake	Approximate Attributable Gross Floor Area (sqf)	Approximate Attributable Land Cost ($'M)
1	Dunearn 386	35 units of Residential Development	19,203	26,884	100%	26,884	$36.3
2	15, 17 & 19 Lorong Kismis	186 units of Residential Development	100,336	140,470	60%	84,282	$78.4[(1)]
3	Wilshire Residences	85 units of Residential Development	39,130	70,741	40%	28,296	$39.5
4	NEU At Novena	87 units of Residential Development	22,198	65,585	50%	32,793	$53.0
	Total	**393 units**	**180,867**	**303,680**		**172,255**	**$207.2**

(1) Included estimated development charge/top up lease premium

Roxy-Pacific will continue to step up its marketing efforts for the launch of mainly prime-location projects catering to the modern lifestyle, with a primary focus on the sales and delivery of units from its current land bank, in 2019.

Overseas, the Group's development projects in Sydney, Australia, have been well-received and two projects are close to being fully sold. In December 2018, Roxy-Pacific's The Hensley residential development in Sydney obtained its TOP in December 2018 and the Group has started to recognise revenue for the project in January 2019. Only one unsold unit is remaining at The Octavia, while West End Residences Tower 2, which was launched on July 2017, received overwhelming response and 86% of units have already been sold.

The Group has also acquired a land parcel with land area of 8,433 square metres at 36 Mavis Street. The land is slated for a project comprising industrial and storage units for sale.

The Group's joint venture development in Malaysia, The Colony by Wisma Infinitum, is 72% sold as at February 12, 2019, while The Luxe by Infinitum has sold 42% of its residential units.

Amidst the higher costs of land acquisition coupled with rising land prices in Singapore, Roxy-Pacific will exercise prudence in its acquisition of sites in Singapore. Overseas, the Group will continue to work closely with its partners to replicate the success of its development projects on future ventures.

HOTEL OWNERSHIP

Properties	Grand Mercure Singapore Roxy	Noku Kyoto	Noku Osaka	Noku Maldives	Noku Phuket (under development)	Total
Location	50 East Coast Road	205-1 Okuracho Kyoto, Japan	Kita-Ku, Osaka City, Japan	Island of Kudafunafaru, Noonu Atoll, Maldives	48/13 Moo 6, Chaofa Road, Phuket, Thailand	na
Managed by	Roxy under franchise with Accor Group	Roxy under "NOKU hotels"	Roxy under "NOKU hotels"	Roxy under "NOKU hotels"	Roxy under "NOKU hotels"	na
Rooms	576 rooms	81 rooms	154 rooms	50 villas	91 rooms/villas	952 rooms
Date of TOP/Acquisition	TOP in Sep 2000	2-Oct-14	17-Oct-17	11-May-16	6-Nov-14	na
Tenure	Freehold	Freehold	Freehold	Remaining 38 years leasehold	Freehold	na
Approximate Land Area (sq m)	15,172	940	886	89,896	46,878	153,772
Gross Floor area (sq m)	35,336	4,780	3,672	16,830	17,973	78,591
Valuation as at 31 Dec 2018	S$525.6m	S$37.2m (JPY3.01b)	S$38.9m (JPY3.15b)	S$51.8m (US$38.0m)	S$52.9m (THB1.26b)[(1)]	S$706.4m

(1) Based on the estimated value on completion. The estimated completion date is FY2020.

The Group's strategy to strengthen its recurring income from the Hotel Ownership segment has shown positive results. The segment contributed S$50.0 million or 38% of the Group's FY2018 revenue, compared to S$44.3 million or 17% recorded in FY2017.

The Singapore tourism industry achieved two record highs in 2018. Visitor arrivals grew by 6.2% to 18.5 million, while tourism receipts edged up 1% to S$27.1 billion.[1]

Supported by the stronger tourism sector in 2018, the Grand Mercure Roxy Hotel remained resilient during the year under review.

The Group's flagship hotel has been affected by the ongoing construction of the Thomson-East Coast MRT line in the area. In the longer term, the hotel is expected to benefit from increased connectivity in the area when the station opens in 2023.

For 2019, the Singapore Tourism Board expects the tourism sector to register growth, despite the volatility of the external environment and stiffer regional competition. Tourism receipts are expected to register a growth of 1% to 3%, amounting to S$27.3 billion to S$27.9 billion. Visitor arrivals could grow by 1% to 4%, to between $18.7 million and $19.2 million.[2]

The Group's self-managed hotel brand, Noku hotels, continues to deliver strong results. The Noku hotels brand has also been extended to Maldives and Phuket, following the success of Noku Kyoto and Noku Osaka.

In August 2018, Noku hotels officially opened Noku Maldives following its soft launch in December 2017. The Group's first upscale resort has been well-received since its opening and has been highly rated on major travel websites.

Noku hotels also looks forward to the launch of its second resort asset in Chalong Sub-District, Mueang, Phuket, Thailand, in 2020.

With four operating hospitality assets in FY2018, the Group's Hotel Ownership segment is well-positioned to increase its contributions in the form of recurring income to the Group in the coming financial year. Going forward, Roxy-Pacific will continue to focus on expanding the Noku hotels brand and self-managed hotel assets to key gateway cities and top tourist destinations in order to strengthen its recurring income streams.

PROPERTY INVESTMENT

INVESTMENT PROPERTIES AS AT 12 FEBRUARY 2019

	Location	Description	Date of TOP/ acquisition	Group's Stake	Net Lettable Area/Floor Area (sq m)	Occupancy as at 31 December 2018 (on lettable area)	Valuation[1]	Estimated Total Annual Gross Income
	Held by subsidiary company							
1	50 East Coast Road, Roxy Square Singapore	49 shops units[2]	1984/1998	100%	2,371	92%	S$64.8m	S$1.6m
2	NZI Centre, 1 Fanshawe Street, Auckland, New Zealand	6-Storey commercial building	15-Dec-17	100%	9,446	100%	S$61.7m (NZ$67.3m)	S$6.2m (NZ$6.8m)
	Total				**11,817**		**S$126.5**	
	Held by Associate company							
3	205 Queen Street, Auckland, New Zealand	2 Office Tower with 17 and 22 Storey	20-Dec-17	50%	25,367	85%	S$165.2m (NZ$180.2m)	S$12.3m (NZ$13.4m)
4	312 St Kilda Road, Melbourne, Australia	6 levels of office and 4 basement levels	23-Jan-18	45%	9,813	89%	S$77.0m (A$79.8m)	S$4.3m (A$4.5m)
5.	33 Argyle Street, Parramatta NSW 2150, Australia	Office building comprising a quasi-retail ground floor suite and café, three levels of above ground parking, 6 upper office levels and roof top plant rooms	08-Jan-19	40%	5,281	100%[3]	S$39.5m[3] (A$40.8m)	S$2.8m[3] (A$2.9m)
	Total				**40,461**		**S$281.7**	

(1) Based on latest valuations as of 31 December 2018
(2) Excludes 3 units which are for owner-use premises
(3) As at 8 January 2019

Note: Melbourne House and Mavis Street are recorded as property under development

Financial & Operations Review

The Property Investment segment contributed to the remaining 6% of the Group's FY2018 revenue, recording S$7.9 million of segment revenue compared to S$10.8 million in FY2017. The lower segment revenue was due to divestment of 59 Goulburn Street. During the year, the Group also successfully divested its 50% owned 117 Clarence Street. Funds from the divestments of 59 Goulburn Street and 117 Clarence Street had been redeployed into other yield-accretive property investments, namely the completion of acquisitions of 33 Argyle Street in New South Wales, Australia, in January 2019 and 312 St Kilda in Melbourne, Australia, in January 2018.

The 40%-owned 33 Argyle Street is located in Parramatta's central business district, approximately 25 km from Sydney's central business district. The Property comprises one retail ground floor suite, three levels of above ground parking and six upper office levels, with a total site area of 2,048 square metres and a net lettable area of 5,281 square metres.

Marking a significant milestone for the Group's entry into the Australian hospitality sector, Melbourne City Council has given Roxy-Pacific approval to redevelop Melbourne House, a freehold commercial and retail building located in Melbourne's central business district into a 319 room hotel.

GROSS PROFIT

FY2018 gross profit was 23% lower at S$50.8 million compared to S$65.7 million in FY2017.

Despite the lower segment revenue, the Property Development segment maintained a substantial 40% contribution to the Group's FY2018 gross profit. Notably, the gross profit margin for the Property Development segment improved by 9 percentage points to 27% in FY2018 from 18% in FY2017.

The Hotel Ownership and Property Investment segments contributed 49% and 11% of the Group's FY2018 gross profit, respectively. The gross profit margin of the Hotel Ownership segment decreased four percentage points to 50% in FY2018 due to lower RevPar from Noku Osaka, while gross profit margin of the Property Investment segment decreased two percentage points to 69% in FY2018 from 71% in FY2017 due to absence of profit margin from 59 Goulburn Street.

NET PROFIT

Share of results of associates increased by 44% to S$20.1 million in FY2018 mainly due to adjustment for provision for taxation on the investment in 8 Russell Street, Hong Kong.

However, other operating income declined 60% in FY2018 to S$13.2 million from S$32.8 million in FY2017 mainly due to the absence of a S$28.3 million fair value gain recorded for 59 Goulburn Street last year, compared to a S$3.9 million fair value gain recorded for NZI Centre in FY2018.

As a result of the above, the Group achieved net profit after tax of S$21.3 million in FY2018, a 33% decline from S$31.7 million in FY2017.

BALANCE SHEET

The Group's balance sheet remained healthy with cash and cash equivalents of S$291.6 million and a comfortable net debt-to-adjusted Net Asset Value ratio of 0.77 time notwithstanding the completion of acquisition of development sites in Singapore and properties in Australia in FY2018.

Sources:

1 Singapore Tourism Board, 13 February 2019 - International Visitor Arrivals Statistics

2 Singapore Tourism Board, 13 February 2019 - Third consecutive year of growth for Singapore tourism sector in 2018

Corporate Information

COMPANY REGISTRATION NUMBER:
196700135Z

REGISTERED OFFICE:
50 East Coast Road #B1-18
Roxy Square
Singapore 428769

BOARD OF DIRECTORS:

Teo Hong Lim
(Executive Chairman and Chief Executive Officer)

Chris Teo Hong Yeow
(Deputy Chief Executive Officer and Executive Director)

Koh Seng Geok
(Deputy Chief Executive Officer and Executive Director)

Tay Kah Poh
(Lead Independent Director)

Tong Din Eu
(Independent Director)

Winston Tan Tien Hin
(Independent Director)

COMPANY SECRETARY:
Koh Seng Geok, *CA*

INVESTOR RELATIONS:
Dolores Phua
Citigate Dewe Rogerson, Singapore Pte Ltd.
105 Cecil Street
#09-01 The Octagon
Singapore 069534
Tel: (65) 6534 5122
Fax: (65) 6534 4171

SHARE REGISTRAR AND SHARE TRANSFER OFFICE:
KCK CorpServe Pte. Ltd.
333 North Bridge Road #08-00
KH KEA Building
Singapore 188721

AUDIT RISK MANAGEMENT COMMITTEE:
Tong Din Eu *(Chairman)*
Tay Kah Poh
Winston Tan Tien Hin

NOMINATING COMMITTEE:
Tay Kah Poh *(Chairman)*
Tong Din Eu
Winston Tan Tien Hin

REMUNERATION COMMITTEE:
Tay Kah Poh *(Chairman)*
Tong Din Eu
Winston Tan Tien Hin

PRINCIPAL BANKERS:
DBS Bank Limited
Hong Leong Finance Limited
Malayan Banking Berhad
Overseas-Chinese Banking Corporation Limited
Standard Chartered Bank
United Overseas Bank Limited

AUDITORS:
Foo Kon Tan LLP
(a principal member of HLB International)
Public Accountants Chartered Accountants
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621
(Partner-in-charge:
Mr Toh Kim Teck, CA)
(Appointed from the financial year ended 31 December 2018)

TOP Projects
2018

1

2

3

1 Trilive, Singapore, TOP on 5 June 2018

2 Straits Mansions, Singapore, TOP on 31 October 2018

3 Potts Points, Sydney, Australia, Interim Occupation Certificate obtained on 20 December 2018

Development Projects Launched in 2018

4 Artist's impression


5 Artist's impression


6 Artist's impression


7 Artist's impression


8 Artist's impression

4 The Navian, Singapore 5 Harbour View Gardens, Singapore 6 120 Grange, Singapore 7 Bukit 828, Singapore 8 Arena Residences, Singapore

Board of Directors

TEO HONG LIM Executive Chairman, Chief Executive Officer

Teo Hong Lim has been a Director of our Company since 20 May 1993 and was appointed Managing Director on 19 April 2018. He was last re-elected as Director on 6 April 2018. Mr Teo sets out our Group's strategies and leads overall management. Outside of the group, Mr. Teo is also currently the Chairman of Monfort Care, a network of programmes committed to improving the lives of individuals, families and the community facing transitional challenges. He believes in contributing back to society especially for the less fortunate. Mr Teo graduated from the National University of Singapore with an honours degree in Accountancy. He worked for DBS Bank Ltd as assistant treasurer before joining our Company.

CHRIS TEO HONG YEOW Deputy CEO and Executive Director

Chris Teo Hong Yeow joined our Group in 1993. He was last re-elected as Director on 4 April 2016 and was appointed Deputy Chief Executive Officer on 23 March 2018. His main task was in the planning and facilities design of Grand Mercure Roxy Hotel. Mr Teo is primarily responsible for all aspects of our Hotel Ownership business, including ongoing evaluation, investment and improvement of the hotel segment. He supports the Executive Chairman and CEO in the formulation of corporate strategies and the future direction of the Group. Mr Teo graduated from Michigan State University with a Bachelor of Arts degree in Hotel, Restaurant and Institutional Management. Mr Teo has more than 30 years of experience in the hospitality industry. He is also Director of Shatec Global Limited. He has previously held managerial appointments at several international hotels in Asia, such as the Oriental Hotel in Singapore, the Amanpuri in Phuket, Thailand and the Amandari in Bali, Indonesia.

KOH SENG GEOK Deputy CEO and Executive Director

Koh Seng Geok has been the Executive Director of our Company since 1 September 2001 and was last re-elected as Director on 11 April 2017. Mr Koh was appointed Deputy Chief Executive Officer on 23 March 2018. Prior to this appointment, he served as Chief Financial Officer, managing the financial, banking, accounting and legal aspects of our Group. Mr Koh supports the Executive Chairman and CEO in the formulation of corporate strategies and the future direction of the Group. He is concurrently our Company Secretary and also oversees our human resource and administration department. Mr Koh joined our Group in February 2000 as the Financial Controller of Grand Mercure Roxy Hotel. He graduated from the National University of Singapore with a Bachelor of Accountancy degree and he is a non-practising member of the Institute of Singapore Chartered Accountants. He also holds a Master in Business Administration from the University of Leicester. Prior to joining our Group, Mr Koh worked as an auditor in Deloitte and Touche and Haw Par Brothers International Limited, and held appointments as the Finance Manager of Goldtron Electronics Pte Ltd and Equant Integration Services Pte Ltd.

TAY KAH POH Lead Independent Director

Tay Kah Poh was appointed as an Independent Director of our Company on 17 December 2007 and was last re-elected as Director on 11 April 2017. He is Chairman of Roxy-Pacific Holdings Limited's Nominating Committee and Remuneration Committee and a Member of Audit Risk Management Committee. Mr Tay was appointed as Lead Independent Director on 1 June 2018. He is currently Executive Director, Consultancy & International Project Marketing at Knight Frank Pte Ltd, Singapore. He was previously an Associate Professor at the National University of Singapore Department of Real Estate, and Executive Vice President at the Pacific Star Group. Mr Tay holds a Master of Arts in Business Administration from the University of Georgia (Athens), United States of America and a Bachelor of Science (Honours) degree in Estate Management from the National University of Singapore.

TONG DIN EU Independent Director

Tong Din Eu was appointed as an Independent Director of Roxy-Pacific Holdings Limited on 2 October 2017 and was last re-elected as Director on 6 April 2018. He was appointed as Chairman of the Audit Risk Management Committee on 16 October 2018. He is also a Member of Roxy-Pacific Holdings Limited's Nominating Committee and Remuneration Committee. Mr Tong is the Executive Director of Midas Holdings Limited. He holds a Bachelor Degree in Accountancy from the National University of Singapore and passed the examinations to be a Chartered Financial Analyst. Mr Tong has many years of experience in corporate finance and had advised many regional initial public offerings and merger & acquisitions transactions.

WINSTON TAN TIEN HIN Independent Director

Winston Tan Tien Hin has been a Non-Executive Director of our Company since 14 December 2006. Mr Tan was re-designated from the position of Non-Executive and Non-Independent Director to Independent Director on 12 January 2012 and was last re-elected as Director on 6 April 2018. He is a Member of Roxy-Pacific Holdings Limited's Audit Risk Management Committee, Nominating Committee and Remuneration Committee. Mr Tan is a Non-Executive Director of Plastoform Holdings Limited and Serrano Limited. He is currently the Managing Director for Winmark Investments Pte. Ltd., Corporate Brokers International Pte. Ltd. and ZhenXing Commercial Consultancy (Shanghai) Co. Ltd. Amongst others, he was also previously an Independent Non-Executive Director of Pteris Global Limited and Singapore Technologies Engineering Ltd.; Director of Singapore Technologies Kinetics Limited; Director of Ascendas Pte. Ltd. and AETOS Security Management Pte Ltd; General Manager of Deutsche Bank AG (Singapore Branch) and Vice-President at Citibank N.A. Mr Tan graduated from the University of Singapore with a Bachelor of Science (Physics) degree.

Senior Executive Officers

FOO YONG KIT STEVE Senior Director – Developments

Foo Yong Kit Steve is the Senior Director (Developments), for the Group's Property Development business. Mr Foo joined the Group in May 2007 as Project Manager and he oversees all aspects of our development projects from review of development designs, evaluation of tender and administration of construction and maintenance programmes. As head of the Contract, Project and Property Management division he ensures successful initiation, completion and handover of our developments projects. He also supports the technical aspects of the Group overseas Hospitality development projects. Mr Foo has more than 30 years of experience in the field of construction and property management. Prior to joining our Group, Mr Foo was employed by the Keppel Club as Manager overseeing the Club maintenance and development of a new Master Plan project. Mr Foo holds a certificate in Architectural Studies and a Diploma in Building from Singapore Polytechnic and also holds a certificate in Common Examination for Housing Agents from the Singapore Institute of Surveyors and Valuers (SISV). He is also a certified Fire Safety Manager as awarded by the Singapore Civil Defence Force (SCDF).

SHERMIN CHAN POH CHOO Group Financial Controller

Shermin Chan Poh Choo was appointed Group Financial Controller on 23 March 2018. She joined the Group in May 2007 as Assistant Finance Manager. Her duties and responsibilities include management of the Group's financial and accounting functions, as well as corporate reporting, secretarial and banking matters. Ms Chan was trained and started her career as an auditor for a mid-tier Singapore public accounting firm for 10 years. Prior to joining our Group, she worked for Xpress Print Pte Ltd in the accounting and finance department. Ms Chan obtained her professional qualification in accountancy from The Association of Chartered Certified Accountants and is a non-practising member of the Institute of Singapore Chartered Accountants.

ANGELA KHOO YING HUI Director – Sales & Marketing/Human Resource & Administration

Angela Khoo Ying Hui is the Director of Sales & Marketing and Human Resource and Administration department. She joined the Group in 2010 as the Manager of Sales and Marketing. Her responsibilities in Sales and Marketing department include the marketing and sales of the Group's projects as well as overseeing the Group's leasing and investment property segments. Concurrently as the Director for Human Resource and Administration department, she is involved in the planning for personnel and human resource needs of the Company. She also leads the Group's Corporate and Social Responsibility initiatives as well as the Sustainability aspect to achieve the Group's strategies. Formerly, Ms Khoo was with Knight Frank Pte Ltd as Residential Tenancy & Leasing Manager with a large portfolio of multinational clients. Prior to this appointment, she was with the US Embassy, involved in the property leasing aspect for the diplomats. Ms Khoo holds a Bachelor of Science degree with honours in Business and Management from the University of Bradford (UK) and a Diploma in Building and Real Estate Management from Ngee Ann Polytechnic.

KLAUS GOTTSCHALK General Manager

Klaus Gottschalk joined the Group in April 2014 as General Manager of Grand Mercure Roxy Hotel, responsible for the overall operations of our Singapore hotel. Mr Klaus has more than 35 years of experience in the Hospitality Industry. Having started his career in Germany, he has since worked in senior management positions in Europe, the Middle East, Australia, New Zealand, China, Indonesia and Malaysia. He joined Accor in 1994 as Deputy General Manager for the Novotel Twin Waters Resort in Australia's Sunshine Coast and thereafter also held positions as Hotel Manager in Ibis Slipi Jakarta and later as General Manager for Ibis Jakarta Mangga Dua. In 2000 Klaus returned to Australia as General Manager for the Novotel Pacific Bay Resort before transferring to New Zealand in 2005. Based at the Novotel & Ibis properties in Rotorua, he was Area General Manager for the Central North Island, New Zealand. Prior to joining Grand Mercure Roxy Hotel, Mr Klaus opened the Pullman Shanghai Skyway Hotel in China and the Pullman Kuala Lumpur Bangsar in Malaysia. Mr Klaus graduated from Hotel Management School, D. Speiser Tegernsee in Germany.

MELVIN POON TUCK MENG Director – Hotel Operations

Melvin Poon Tuck Meng is the Director (Hotel Operations) and is responsible for the overall business and operational matters of the Group's hotels. Mr Poon joined Grand Mercure Roxy Hotel in 2002 as a Financial Controller and was subsequently promoted to Finance and Administration Director. Mr Poon has more than 30 years of experience in hotel financial management and administration. Prior to joining our Group, he was the executive assistant manager of Yuda Palace Hotel in Zhengzhou, China. Previously, he held appointments as the Financial and Accounts Controller of other hotels in Singapore, namely Golden Landmark Hotel, Boulevard Hotel and Orchard Parade Hotel. Mr Poon holds two Master degrees; a Master of International Business degree from the University of Wollongong, Australia and a Master of Business in Accounting degree from Victoria University of Technology, Melbourne, Australia.

BENJAMIN HOPKINS Managing Director – Australia and New Zealand

Benjamin Hopkins is the Managing Director of the Group's operations in Australia and New Zealand. He joined the Group in January 2015 as the Director of the Group's operations in Australia. Mr Hopkins was previously employed at Savills plc, where he spent 10 years working in the Asia-Pacific region. From 2011, he was based in Singapore as the Director of the Development and Project Management Division for Southeast Asia. Mr Hopkins has been involved in development projects in Singapore, Philippines, Papua New Guinea, India, Malaysia, Myanmar, Japan, Australia and New Zealand. Mr Hopkins holds a Bachelor of Engineering Honours (Civil) from the University of Sydney and a Diploma in Property Investment and Finance certificate by the Property Council of Australia. He is also a Green Star Accredited Professional by the Green Building Council of Australia.

Group Structure

Roxy-Pacific Holdings Limited

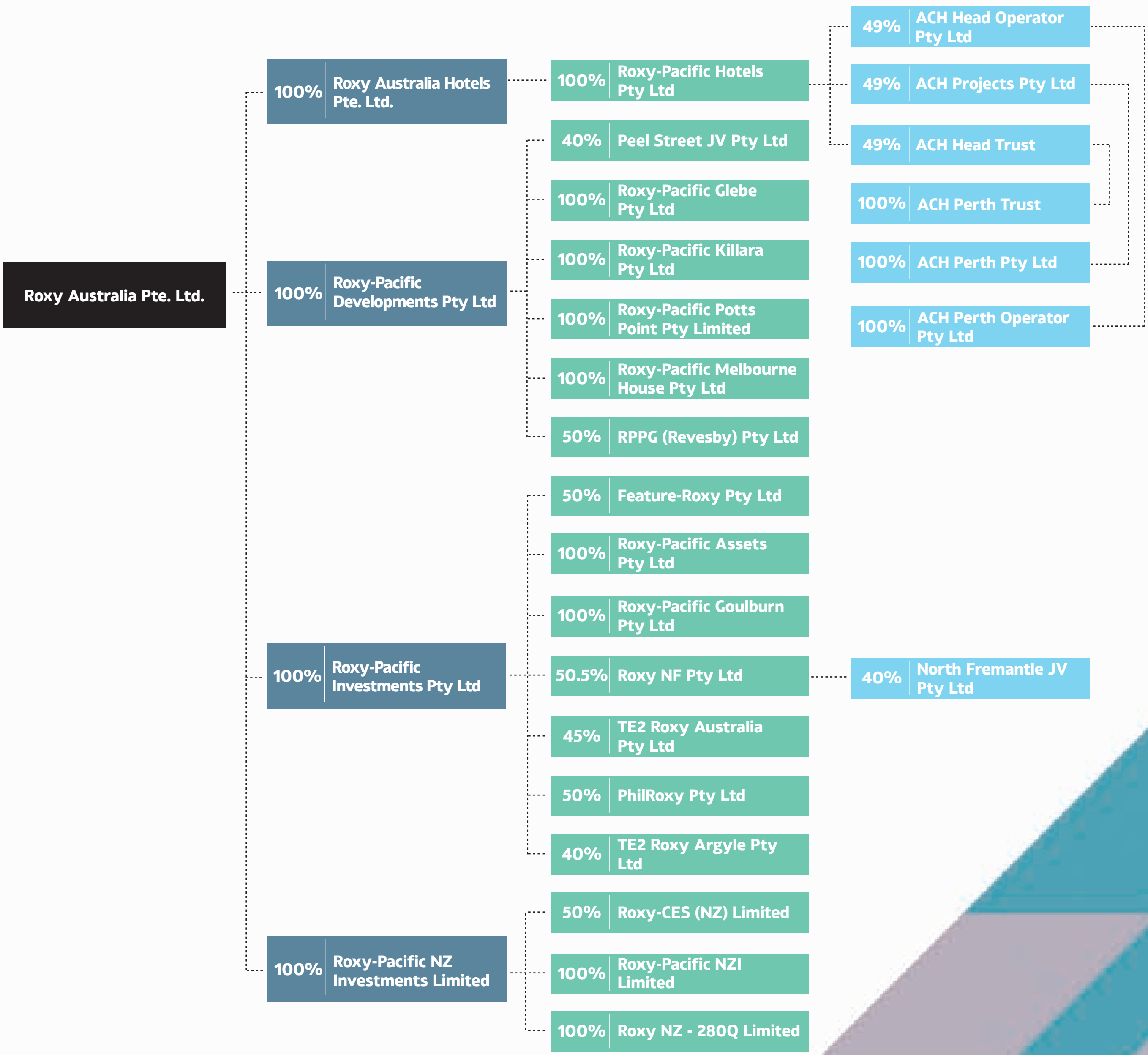
- 80% RH Capital Pte. Ltd.
- 100% RH Capital Two Pte. Ltd.
- 100% RH Central Pte. Ltd.
- 100% RH Changi Pte. Ltd.
- 100% RH Developments Pte. Ltd.
- 100% RH Developments Two Pte. Ltd.
- 100% RH Eunos Pte. Ltd.
- 90% RH Mount Sophia Pte. Ltd.
- 90% RH Orchard Pte. Ltd.
- 100% RL Properties Pte. Ltd.
  - 20% 70 Shenton Pte. Ltd.
- 100% RL West Pte. Ltd.
- 100% Roxy Australia Pte. Ltd.
  - Sub Group Structure held under Roxy Australia Pte. Ltd. (Refer to Annex A)
- 100% Roxy Capital Pte. Ltd.
- 100% Roxy Homes Pte Ltd
  - 100% RH East Coast Pte. Ltd.
  - 90% RH Rochor Pte. Ltd.
  - 90% RH Tampines Pte. Ltd.
- 100% Roxy Hotels Pte. Ltd.
- 100% Roxy Hotels and Resorts Pte. Ltd.
  - Sub Group Structure held under Roxy Hotels and Resorts Pte. Ltd. (Refer to Annex B)
- 100% Roxy Jakarta Investments Pte. Ltd.
  - 49% PT Kramat Roxy Pacific
- 100% Roxy Land Pte. Ltd.
- 100% Roxy Residential Pte. Ltd.
- 100% Roxy-Pacific Developments Pte Ltd
- 100% RP Changi Pte. Ltd.*
- 100% RP East Pte. Ltd.*
- 100% RP North Pte. Ltd.
- 100% RP Properties Pte. Ltd.
- 100% RP Ventures Pte. Ltd.
  - Sub Group Structure held under RP Ventures Pte. Ltd. (Refer to Annex C)

* In members' voluntary liquidation.

Annex A

Sub-Group Structure

Held under Roxy Australia Pte. Ltd.

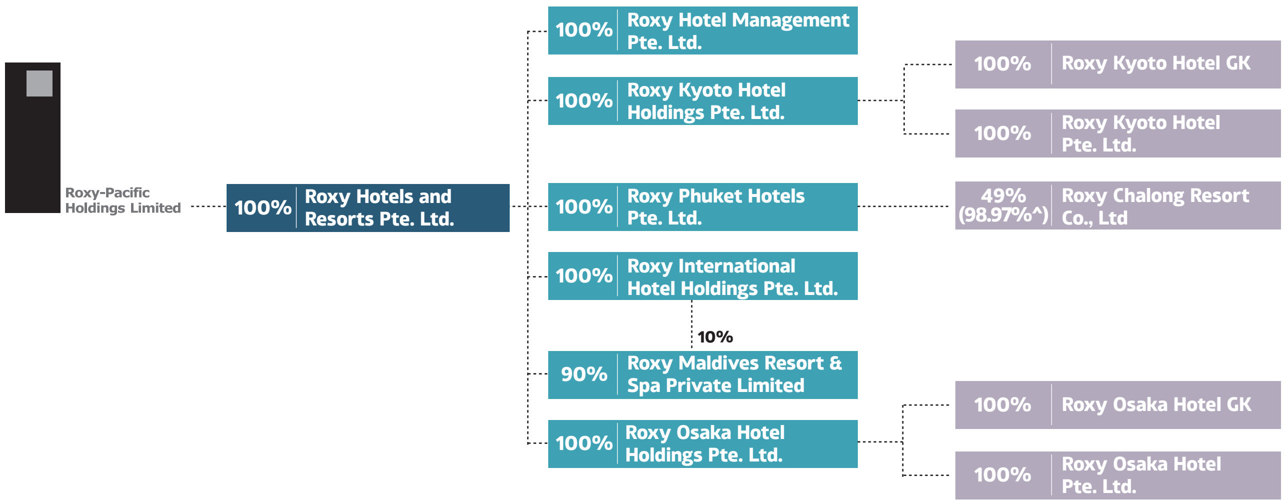


Group Structure

Annex B

Sub-Group Structure

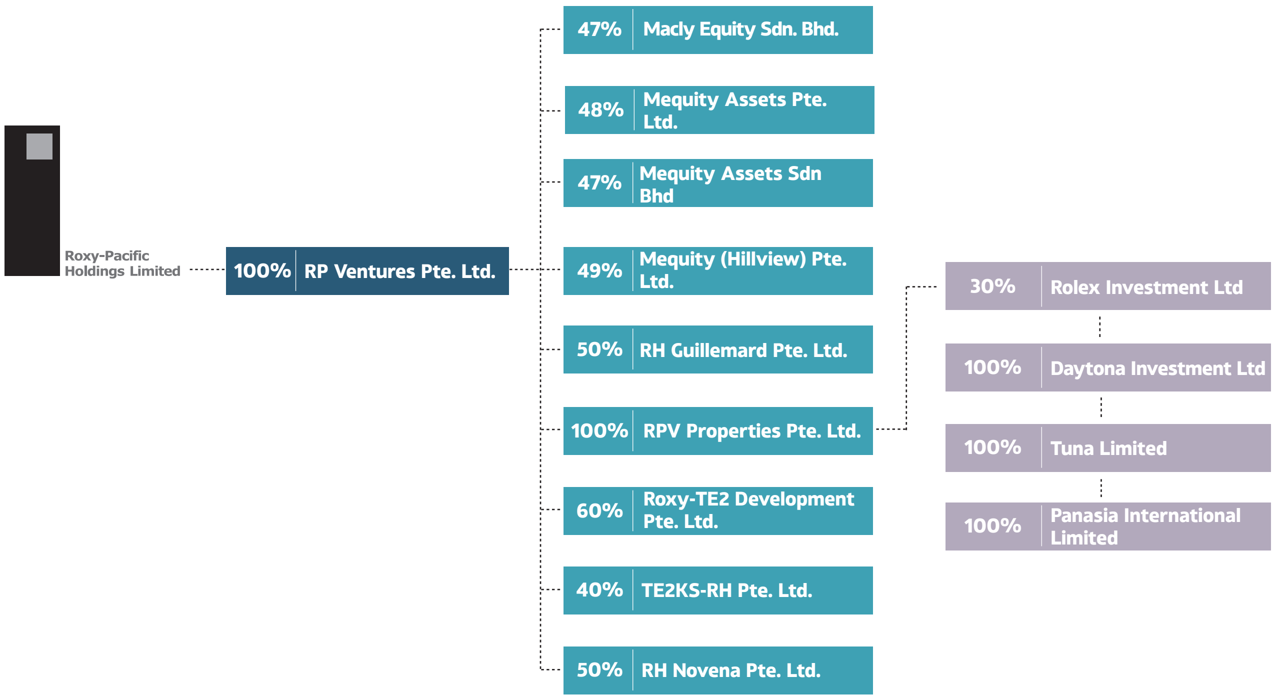
Held under Roxy Hotels & Resorts Pte. Ltd.



Annex C

Sub-Group Structure

Held under RP Ventures Pte. Ltd.



Note:
^ Based on voting rights

Updated on 28 February 2019

Investor Relations

2018 INVESTOR RELATIONS CALENDAR

1ST QUARTER

- Release of 4Q2017 and FY2017 financial results and results briefing to media and analyst

2ND QUARTER

- Release of 1Q2018 financial results
- Annual General Meeting
- Payment of 2017 final dividends

3RD QUARTER

- Release of 2Q2018 and 1H2018 financial results
- Payment of 2018 interim dividends

4TH QUARTER

- Release of 3Q2018 and 9M2018 financial results

Sustainability Report

TABLE OF CONTENTS

BOARD STATEMENT

This year marks the issuance of our second Sustainability Report at Roxy-Pacific Holdings Limited ("the Group"). Through the reporting process, the Group has further deepened our commitment to grow sustainably – both for the Group and for the environment we live in as we continue to mature and progress in the business.

The Group recognises the environmental and social impacts of our activities and we strive to learn and be aware of these impacts as we continue to adapt to the changing business environment as well as our customer and investors demands. As we are still learning, we hope that we will continue to develop the integration of sustainability and business strategy for the long term success of the Group.

Based on the materiality assessment we conducted in 2017, we identified areas where the business has the most impact, as such, we continue focusing on these areas by reviewing and strengthening our management and governance in order to improve and maintain our performance. By utilizing the monitoring systems we have established, we continue to work towards meeting our targets and outdoing ourselves this year and in the years ahead.

We are proud to disclose that we have acquired 2 properties in New Zealand, marking our maiden foray into the *Land of the Long White Cloud*. Both properties have sustainable and energy-smart external and internal infrastructure, and we are pleased to highlight these properties in detail within this report.

We continue to make use of and enhance the communications and engagement networks we established with our stakeholders in order to keep abreast with their various needs and concerns. We press on with our tradition of giving back and caring for the society where we operate. In FY2018, we collected our highest donation in recent years, amounting to $137,169 during our annual charity car wash event. It is a testament of our presence and reliability when it comes to charitable work that we were able to secure generous support from our business associates.

The Group is supportive of the sustainability reporting regulatory requirements set by Singapore Exchange (SGX). Our Sustainability Report adheres to the SGX-ST Listing Rules – Sustainability Reporting Guide and the report is prepared in accordance with Global Reporting Initiative (GRI) Standards: Core Option.

ABOUT THE REPORT

This sustainability report covers topics material to our Group on environment, social and governance (ESG) from 1 January 2018 to 31 December 2018. This report should be read in conjunction with its financial statements.

REPORTING SCOPE

Roxy-Pacific Holdings Limited is an established property and hospitality group with an Asia-Pacific focus. The group is principally engaged in the development and sale of residential and commercial properties ("Property Development") in Singapore, Australia and Malaysia. Whereas its recurring stream of income is further strengthen by its flagship hotel, Grand Mercure Singapore Roxy, boutique hotels in Japan, and other investment properties in Asia-Pacific ("Hotel Ownership and Property Investment").

The scope of this report covers its business activities and developments/properties in Singapore, Australia and New Zealand. The developments scoped in for Singapore are Straits Mansions, The Navian and 120 Grange as well as Grand Mercure Singapore Roxy ("the Hotel") as the major hotel from the Group's Hotel Ownership. The properties scoped in for New Zealand are NZI Centre, 1 Fanshawe Street and 205 Queen Street, both acquired in December 2017.

REPORTING STANDARD

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. The report is in accordance to the Global Reporting Initiative (GRI) Standards: Core Option. The GRI Index and the relevant references are presented on page 48 onwards. Our data is reported in good faith and to the best of our knowledge.

FEEDBACK

We welcome all feedback to help us improve our sustainability practices. Please send your comments or feedback to info@roxypacific.com.sg.

Sustainability Report

STAKEHOLDER ENGAGEMENT

A strong relationship with our stakeholders is critical for the long term advancement and growth of the Group. As such, it is important to set up effective communication and engagement platforms to understand the expectations and concerns of our key stakeholders. We endeavour to continue to better our engagement and interaction for the long term.

Stakeholders	Topic Raised	How We Engage & Frequency	Outcomes
Shareholders & Investors	• Shareholder wants to understand better on company's performance • Wants to know more about company's responsible practices including environmental management, social/ community engagement and supply chain management	• Annual General Meeting • Extraordinary General Meeting, where necessary • SGXNet announcements and press release, where necessary • Ongoing updates through website www.roxypacific.com.sg • Calls and email correspondences, where required	• Improved reputation • Foundation for good long-term relationship and engagement with shareholders and investors • Established understanding on company's policy and future planning
Customers	• Customer wants to understand how company addresses concerns regarding practices and management involving environment, social and community issues • To know what are the policies and actions taken to achieve responsible management and customer satisfaction	• On-going guests satisfactory feedback form • Networking events, where necessary • On-going online review	• Improved reputation • Better understanding of sustainability progress • Partnership in community and conservation programme

Stakeholders	Topic Raised	How We Engage & Frequency	Outcomes
Employees	• Employee is concerned with opportunity for development and training • Employee places emphasis on workplace environment and company's policies and practices	• Annual training objectives set for employees by Heads of Department • Training Nomination and Evaluation Form for each course attended, where necessary • Monthly round table with Hotel General Manager • Induction programmes, where necessary • Annual regular wellness and social activities within department and company-wide	• Better understanding of company policies • Improved awareness of company's actions towards responsible and sustainable management • Better working relationship within company
Business Partners	• Places emphasis on aligning objectives in partnership • Wants to ensure a balance and profitable partnership	• Weekly regular meeting with business associates when project is on-going • Communicate standard operating procedures, where necessary	• Having a trusting and transparent working relationship
Community	• Community is concerned about the impact from development in areas like environment and its community • Wants to know if the development brings benefit to local community	• Corporate giving and philanthropy activities through Roxy Foundation throughout the year • Annual corporate volunteering • Direct communication with residents within development vicinity, where necessary	• Develop and improved guidelines and capacity in areas such as mediation and conflict management • Continued investment in comprehensive range of community programmes

Sustainability Report

GOVERNANCE STRUCTURE

Keeping the same structure we have established last year, the Board maintains oversight of the implementation of sustainability efforts in the Group. The Board is supported by the Audit Risk Management Committee ("ARMC") and the Sustainability Steering Committee ("SSC"), which are made up of senior management within the Group. Together, they oversee the sustainability direction, action plans and sustainability performance and the development of the sustainability report. The Sustainability Task Force ("STF") is made up of representatives from each department and is responsible for gathering information and formulating the report.

MATERIALITY ASSESSMENT

Last year, Roxy-Pacific Holdings Limited conducted a three-step materiality assessment to identity, prioritise and validate the Environment, Social and Governance ("ESG") topics that are material to the Group. The assessment was carried out via a physical workshop. The Group has identified the material ESG topics through considering the impact of these topics and their importance to the stakeholders.

This year, the Group will continue to assess and monitor the 13 material topics which were identified in 2017. In addition, we will be including Australia office and New Zealand properties in some of these topics.

Stakeholder Inclusiveness	Establishing strong working relationship with stakeholders is critical for the advancement and long term growth of the Group.
Sustainability Context	The sustainability context is Singapore where majority of business activities are conducted. Where applicable, overseas context i.e. New Zealand is also referenced when reporting on the Group's properties in New Zealand.
Materiality	Recognising the topics that are material to the Group is essential to form a strategic and meaningful sustainability approach.
Completeness	Topics that are material as well as their boundaries are described in this report.
Accuracy and Reliability	The information reported here is compiled in a consistent and accurate method.
Balance	This report is written to reflect both the positive and negative aspect of the Group's performance.
Clarity	The report is written with structure and layout so that the information can be conveyed easily.
Comparability	The usage of GRI Standards enables some level of standardisation, allowing stakeholders to analyse the changes on performance over time.
Timeliness	Sustainability performance is assessed yearly and in line with annual financial reporting.

MATERIALITY BOUNDARIES

	MATERIAL TOPICS	GRAND MERCURE SINGAPORE ROXY ("HOTEL")	SINGAPORE DEVELOPMENT/ ACTIVITIES	AUSTRALIA ACTIVITIES	NEW ZEALAND PROPERTIES
ICON					
ENVIRONMENT	ENERGY	√			√
	WATER	√			√
	MATERIALS		√		
	CONTRACTOR ENVIRONMENTAL ASSESSMENT		√		
SOCIAL	TALENT RETENTION	√	√	√	
	TRAINING AND EDUCATION	√	√	√	
	OCCUPATIONAL HEALTH AND SAFETY	√	√	√	
	CONTRACTOR SOCIAL ASSESSMENT		√		
GOVERNANCE	SOCIOECONOMIC COMPLIANCE	√	√	√	
	ENVIRONMENTAL COMPLIANCE	√	√	√	
	CUSTOMER HEALTH AND SAFETY	√	√	√	
	ANTI-CORRUPTION	√	√	√	
	MARKETING AND LABELING	√	√	√	

ENVIRONMENT

ENERGY

	2018 Energy Intensity	Performance	Target
Grand Mercure Singapore Roxy	27.68 kWh/occupant	Decreased from 29.26kWh · Meet target set in FY2017	Maintain energy intensity levels within 5% of historical average
NZI Centre, 1 Fanshawe Street	144.90 kwh/square metre	New acquisition, no data from FY2017	
205 Queen Street	79.02 kwh/square metre	New acquisition, no data from FY2017	

Sustainability Report

According to the Intergovernmental Panel on Climate change, the increase in global temperature is likely to exceed 1.5°C by the end of the century. Our world's oceans will get warmer and ice melt will continue, resulting in an average sea level rise. Singapore is particularly vulnerable to the impacts of climate change being a low-lying island city (Sustainable Singapore Climate Action, 2018).

As such, our island-state target is to reduce overall energy intensity levels to below year 2005 levels by 2030, in accordance to Singapore's pledge under the Paris Agreement. As the hospitality industry in general uses a substantial amount of energy, we must do our part to contribute to this reduction.

During all 18 years of its operation, the Hotel has looked into ways and means to improve performance and explore various energy efficiency initiatives. In recent years, under the guidance and leadership of AccorHotels, Grand Mercure Singapore Roxy has enhanced their operational systems and placed a higher emphasis on environmental and sustainable issues through their Planet 21 initiatives.

The Hotel's energy consumption is derived solely from purchased grid electricity. In 2018, electrical energy consumption amounted to 7,267,595 kilowatt hours (kWh), representing a 4.65% year-on-year decrease from 7,621,676 kWh in 2017. The overall energy intensity for Grand Mercure Singapore Roxy has also decreased from 29.26kWh/occupant in 2017 to 27.68kWh/occupant in 2018. This indeed is a testament to the effectiveness of the various initiatives the Hotel has put in place throughout the years. In 2018, the Hotel has also completed its effort in replacing all lights to energy saving bulbs. With the reduction, the Group met the target set in 2017.

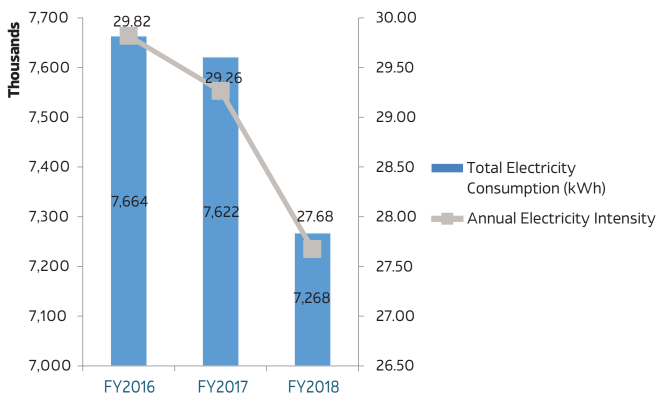
This year, we have also included the Group's properties in Auckland, New Zealand. The NZI Centre prominently situated on 1 Fanshawe Street is currently leased out with 100% occupancy. The six-storey commercial building with net lettable area of 9,313 sqm is a multiple award-winning, sustainable office building with an outstanding national tenant, IAG NZ.

The energy intensity for FY2018 is at 144.90kWh/m². As the building was acquired in December 2017 as such we do not have data on the consumption of energy in FY2017. Moving forward, we will be collating information from this building and we are working towards maintaining the annual electricity intensity consistent at no more than 5% of historical data using FY2018 as base year.

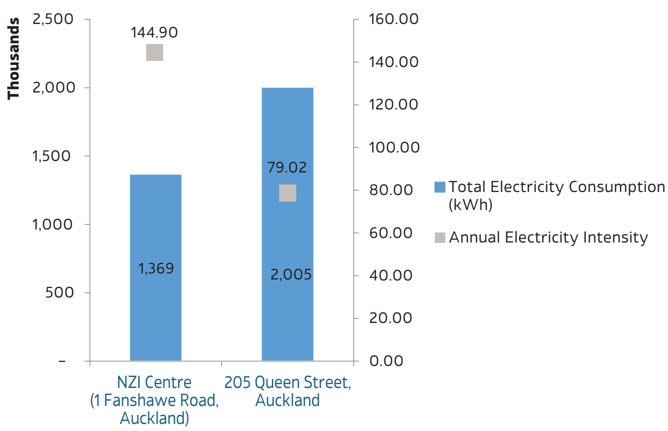
Our second property located in New Zealand, which consists of two contemporary-styled tower blocks – mirroring each other – in Auckland's prime business and retail precinct, is known as 205 Queen Street. This building was built in 1990 and is currently leased out with 93% occupancy with a net lettable area of 25,380 sqm.

In 2016, the building annual electricity intensity is at 96.52kWh/m² according to the case study done by New Zealand Green Building Council. And for FY2018, the building has achieved a 79.02kWh/m² in annual energy intensity which is a further decrease of 17.50kWh/m² in two years period. Since 2016, plans are also in place to upgrade the efficiency of air handling and the installation of roof top garden. Indeed, the continuous upgrading and monitoring of the energy consumption of the building has shown positive result that is truly heartening.

Grand Mercure Singapore Roxy's Energy Consumption and Intensity (per annual occupant)



New Zealand Properties' Energy Consumption and Intensity (per square metre)



WATER

	2018 Water Consumption	Performance	Target
Grand Mercure Singapore Roxy	86,409 cubic metre	13.7% reduction · Meet the target set in FY2017	Maintain water intensity levels within 5% historical average
NZI Centre, 1 Fanshawe Street	3,876 cubic metre	New acquisition, no data from FY2017	
205 Queen Street	12,704 cubic metre	New acquisition, no data from FY2017	

According to Water Resources Institute (WRI), in 2015 Singapore was ranked as one of the most water-stressed countries in the world. WRI predicts that by 2040, Singapore may be one of the eight countries in the world most vulnerable to disruptions in water supply (Singapore's National Water Agency, Reprinted in 2018). As a company, we are not oblivious to the fact that water security and sustainability are crucial for the day-to-day operations and survival of the business.

Water management initiatives are constantly reviewed and improved at the Hotels. Apart from installing water saving devices in all guestrooms, staffs also actively encourages guests to practice water management through environmental awareness messages and providing tips to lessen the usage of water.

Grand Mercure Singapore Roxy has continued to improve on the measures in place and has stepped up its implementation of initiatives using guidance from Accor Hotels' Planet 21 vision.

The majority of the Hotel's water supply is sourced from public utilities; however the Hotel has also utilised water from alternatives sources to reduce its reliance on potable water. The non-potable water is then used for irrigation as well as flushing of lavatories.

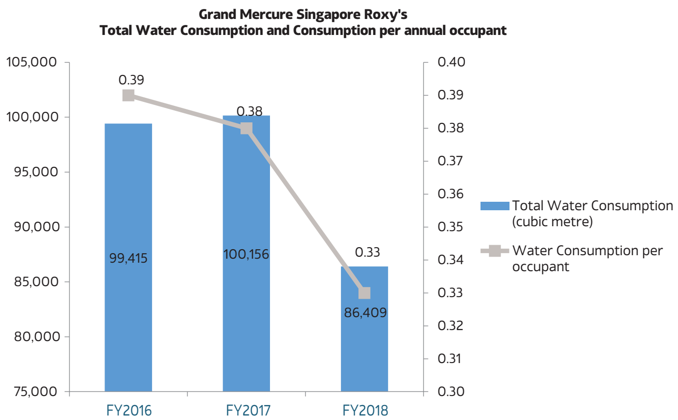
In 2018, the water consumed by the Hotel amounted to 86,409 cubic metre (m^3), representing a 13.7% year-on-year decrease from 100,156 m^3 in 2017. And the overall water consumption per Hotel occupant for the Hotel also decreased from 0.3846m^3/occupant in 2017 to 0.3291m^3/occupant in 2018. This result can be attributed to the water-saving implementation that was strongly and consistently carried by the Hotel's management and staff throughout the years.

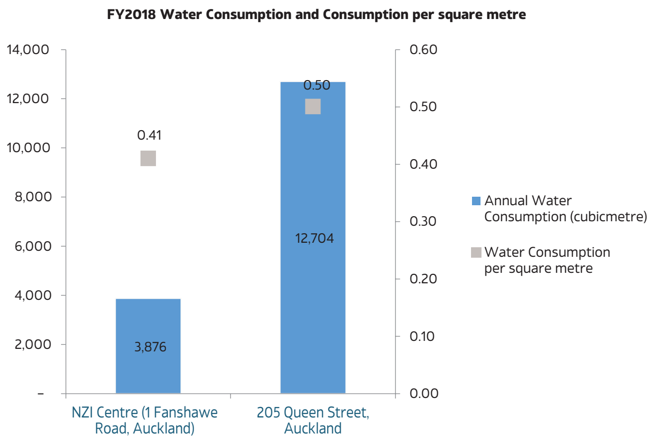
Similarly in New Zealand, water quality, allocation and pricing were the nation's top water related issues, as presented during the 2017 election campaign. New Zealanders view freshwater as more than a resource that supports their daily aspects of life; each water body has its own *mauri* (life force) which is linked to the identity of Maori Tribal. Since the government was elected, various critical and noticeable actions have been taken and documented; setting the path ahead for the next two years in regard to their commitment to freshwater management in the country. The Essential Freshwater work programme listed three main objectives; stopping further degradation and loss, reversing past damage and addressing the water allocation issues (Ministry for the Environment, 2018).

Our properties in Auckland are not exempted from the policies that the government is rolling out. Together with the local communities, we also understand the significance of efficient water management within the buildings we own. Equally in Singapore, the country has its own freshwater supply and demand challenges.

Sustainability Report

The water consumption for NZI Centre measures at 3,876 cubic metre in 2018 while 205 Queen building at 12,704 cubic metre. In comparison, water consumption per square metre for NZI Centre is $0.41m^3/m^2$ while 205 Queen is $0.50m^3/m^2$. Both building shows similar level of water consumption per square metre and the buildings obtained its water through public utility. Moving forward, we will continue to monitor the water consumption and target to maintain the increase of water consumption per square metre no higher than 5% compared to FY2018 measurement.





MATERIALS

In 2018, Singapore pledged to achieve global leadership in green buildings. By 2030, the aim is for 80% of all the nation's buildings to be green. The BCA Green Mark Scheme will be further enhanced and BCA will be stepping up efforts to encourage the retrofitting of tenanted spaces with energy-efficient fittings. (Sustainable Singapore Climate Action, 2018)

As a local property developer, we recognise the increased expectations of purchasers for greener and better properties due to an increased environmental consciousness and recognition that these developments are more value-for-money. Throughout the development of the building, various decisions about the architectural design to construction materials can be made with environmental and social considerations in mind in order to reduce negative impacts and make use of various opportunities.

As the developer, although we are not directly in control of the architectural design and construction matters, we are aware we hold a certain degree of influence. As such, we will put our best foot forward to utilise this aspect wisely and prudently in all our projects.

In recent years, we have worked with architectural and construction firms that have proven their track record; one of our partner, an architectural firm was awarded the BCI Asia Top 10 Architects Award 2018. And under the same award but the Developer's category, our Group was awarded BCI Asia Top 10 Developers Award 2018; this award is to recognise developer that has made an impact on the built environment in Southeast Asia.

During the year, one of our projects – Sunnyvale Residences which was assessed in 2017 was also awarded a Star rating, the highest rating under the Quality Mark awarded by Building and Construction Authority (BCA).

All these are a testament of our efforts to continue to provide quality and value-for-money homes for our nation's homeowners. We strive to capitalise on the advancement of technology as well as harnessing the experience of the associates and firms that we work with to continue to enhance the living environment whilst at the same time, keeping in view the environmental impacts our buildings will bring in years to come.

One of the developments – Straits Mansions has also been put under assessment under Construction Quality Assessment System (CONQUAS). The awarded score is not available at press time.

Riding on the expectations of home owners and the drive from our nation's pledge, the Group has taken the initiative and submitted most of the future projects to be assessed under CONQUAS. CONQUAS is used as a standardised methodology for quality assessment, which developers are able to use to set targets and also assess the quality of the finished building. In recent years, CONQUAS has become widely recognised and accepted internationally as a benchmarking tool for quality. CONQUAS assesses 3 components, namely structural works, architectural works and mechanical & electrical (M&E) works. These assessments are in placed mainly to safeguard the interest of homeowners in relation to the safety, comfort and aesthetics defects that usually surface only after some time has passed. (BCA, 2017)

CONTRACTOR ENVIRONMENTAL & SOCIAL ASSESSMENT

Contractor Environmental & Social Assessment	Target
100% of new contractors were screened, where applicable, using the vendor evaluation form and/or consultant's recommendation	Continue to screen 100% of new contractors, where applicable, using the vendor evaluation form and/or consultant's recommendation

The Group takes due diligence seriously as we understand that the actions and business practices of our business partners can have both positive and negatives impacts on our business and our reputation. We strive to foster profitable business relationships with business partners who are responsible and committed in their work. In the course of business, to mitigate and prevent negative impacts resulting from our supply chain, we have implemented a range of vendor selection criteria and one part of the selection involves their environmental and social efforts.

During the construction period, we require all contractors to abide and adhere to Workplace Safety and Health set out by the Building & Construction Authority. To ensure that the construction sites are managed and handled appropriately, we have set out fortnightly or monthly site meetings to conduct necessary inspections on site.

During the year, 100% of all new contractors, where applicable, were screened using the vendor evaluation form and/or consultant's recommendation. The Group's assessment of new vendors is for contracts more than $500,000 and contract period of more than 6 months. The Group met the target set in FY2017 and seek to maintain the 100% screening of new vendor for next year.

Through both formal and informal assessment as well as through communication, we have both ensured the smooth construction of our property as well as minimising negative impacts that may arise from the construction. We have no stop work orders in the year 2018.

Sustainability Report

HIGHLIGHTS/CASE STUDIES (NEW ZEALAND)

NZI CENTRE – 1 FANSHAWE STREET

The NZI Centre on 1 Fanshawe Street, Auckland is the Group's 100% owned 6-storey commercial building that is fully leased out to the main tenant IAG New Zealand Ltd. This building was completed in 2009 and has a 5 Green Star Design rating during the year it was completed. The tenant, IAG, has further enhanced the rating by attaining the first 5 Green Star Interiors rating in New Zealand.

Green Star is an internationally-recognised rating system that is used during the design and construction stage to assess the environmental aspects of buildings. Green Star rating tools award points across nine categories: Energy, Water, Materials, Indoor Environment Quality (IEQ), Transport, Land Use & Ecology, Management, Emissions, and Innovation. The point scores ranges from 0 to 6, with 6 being World Leadership rating with more than 75 points.

Acknowledged as one of Auckland's most architecturally spectacular and highest quality corporate headquarters, superbly located on a highly visible corner site, it sits at the gateway between Auckland's CBD and it's fast growing western fringe. Some of NZI Centre's innovative features include double skin façade, triple glazing, under-floor air delivery, automatically controlled blinds, exposed concrete ceilings, full height atrium and green roof.

Constructed of reinforced concrete columns, beams and panels, with reinforced concrete floors, the building has a seismic rating of 100 percent of new buildings standards. The building utilises a completely new unitised glazing system, in the form of a triple-glazed twin-skin diagrid façade, created in collaboration between the façade engineers and mechanical engineers. The building features double-glazed windows on all four facades and each façade went through rigorous environment testing by the design team. Both thermal and urban considerations for the different facade were analysed, with the underlying goal of creating a cohesive and simple building that is also finely tuned and highly crafted. Solar exposure on the western elevation is typically most severe, so in order to limit the adverse effects of the heat gain, a series of precast concrete lourves that span the full floor to floor distance were designed. These lourves were aligned to achieve an optimal solar shading effect, whilst retaining appropriate occupant outlook. And the northern facades features light sensors that control automated blinds between the unique twin skin curtain wall glazing, which helps to limit solar gain to the building.

NZI Centre also has a stunning roof top garden and terrace that can accommodate large groups of staff and clients, with an extensive view over the City and Viaduct Harbour. These areas includes approximately 350sqm green roof over the Atrium, providing thermal insulation and filtration for rain water re-use for flushing toilets within the buildings. In addition, this innovative move has allowed the building to absorb up to 1.3 tonnes of carbon dioxide per year and also provide 870kg of oxygen into the local environment per year. (Greenroofs, 2009)

The Interior fit out was initiated with IAG NZ during the construction phase of the Base Build as an integrated fitout. This allowed the tenant and design team to have positive influences on base build items which has subsequently improved both the base build and interior project outcomes. The concept was inspired by the socially sustainable and environmentally conscious values of IAG NZ. This lead to NZI Centre being the first commercial building in New Zealand to receive 5 Green Star NZ – Interiors 2009 Pilot rating which represents NZ Excellence. (Jasmax, 2010)

In 2013, the first NABERSNZ awarded NZI Centre with a 5 Stars – Market Leading rating, putting the building well ahead of most other New Zealand buildings. National Australian Built Environment Rating System NZ (NABERSNZ) is a government-backed energy efficiency rating system that is used to rate the performance of building's energy performance compared to others. The rating is based on Base build which measures the energy performance of a building's core services – lifts, stairwell lighting, common toilets, air-conditioning and ventilation etc. NABERSNZ looks solely at energy performance, and is used once the buildings are occupied and have been operating for a year or more.

Despite the lustre result, both the tenant and management company felt the building could do even better and over the years, they began actively managing the building and seeking ways to manage the energy used within the building. Some of the initiatives include installing LED lights to reduce heat load, installing more efficient filters in air handling units and reviewing the usage of chillers. Due to the various efforts, within the year, the building could be heated or cooled without the need of assistance of Heating, Ventilation and Air-Conditioning (HVAC) systems for almost four months. Many of these initiatives also mean lower energy usage and highly efficient energy utilisation.

And the result of these initiatives is a second NABERSNZ rating in 2015 that delivers 5.5 Stars rating with a massive 17% improvement; putting NZI Centre as the 1st building in Auckland to receive an unprecedented 5.5 Stars score in 2015.

205 QUEEN STREET

The landmark two-tower complex at 205 Queen Street, situated in Auckland's central business district which was built in 1990 has received an excellent 4 Stars NABERSNZ score for energy efficiency 26 years on. The building which was built to a A-Grade specification went through years of investment in sustainable and energy smart infrastructure and in 2009, the building is awarded a 5 Green Stars Design. Comprised of 25,672 sqm office space with ground floor retail and a large atrium, its design brief delivered a building with 'good bones' equipped with a raft of progressive features including double glazed windows, high quality servicing plant and compact floorplates with expansive views and extensive natural light. (NABERSNZ, 2017)

The owners and building managers uses NABERSNZ as a tool to track performance and the likely impact of works that helped to make investment decisions required to reach a 4 Stars rating; a 0.5 Star increased of NABERSNZ rating awarded in 2014. Some of their initiatives underwent years of upgrades and improvements with several energy efficiency upgrades such as separating metering of retail and office spaces. Today the building compilation of green features includes the latest generation building management systems (BMS) to control and monitor all mechanical and electrical equipment, well zoned VAV (Variable Air Volume) air conditioning system operating on 100% fresh air through most seasons, high performance double glazed façade, dedicated recycling hubs, LED lighting, efficient column free floors, full capacity back-up power generators and shower with changing rooms for cyclist and daytime exercise occupants. (NABERSNZ, 2017)

In the case of 205 Queen Street, NABERSNZ has been used extensively as a management tool that helped to deliver smart energy outcomes in a building that's completed 26 years ago. Using the NABERSNZ scheme, extra metering was installed in the building bringing a total number of base building meters to 30. These meters are used to determine energy use across lifts, stairwell lighting, common toilets, air-conditioning and ventilation. In addition, heating and cooling systems were fine-tune to meet a specific need of occupants; minimise out of hours operations; maximise free cooling using 100% fresh air. The excellent rating delivers a positive message about the level of commitment to sustainability of the building and these energy efficiencies also translate to financial savings for the occupants.

The building is targeting to achieve 4.5 Stars NABERSNZ rating and plans are in place to upgrade the efficiency of air handling fans on the building's air conditioning system as well as exploring the installation of roof top garden. These upgrades will be worked on progressively over the coming years.

Sustainability Report

SOCIAL

TALENT RETENTION

	2018 Total Headcount	Performance	Target
Roxy-Pacific Holdings Limited	60	Rate of turnover: 15% • Did not meet the target set in FY2017	Maintain employee turnover rate within 5% of base year (FY2016). i.e. *[2.2% – Singapore Office 23.7% – Grand Mercure Singapore Roxy]*
Grand Mercure Singapore Roxy	243	Rate of turnover: 18.9% • Meet the target set in FY2017	

Note: employee data includes permanent employees only

At Roxy-Pacific Holdings Limited, we are committed to fostering a dedicated and engaged workforce that will continue to deliver an above average performance. We believe that human capital is our biggest investment and our people are the force behind the stability and growth of the company.

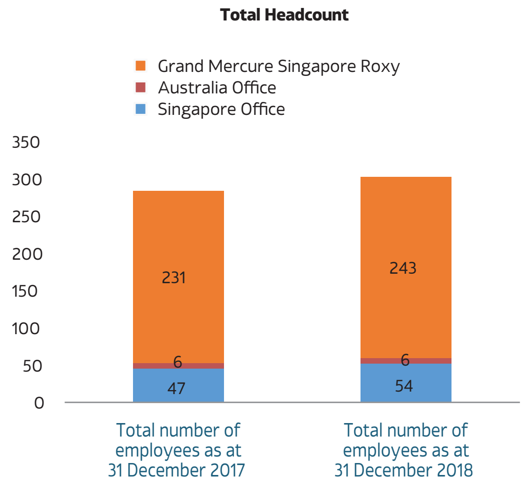
This year, the HR Department has updated their Job Ranking and Classification Chart as well as adjusted the salary package so as to remain competitive to similar companies within the same industry.

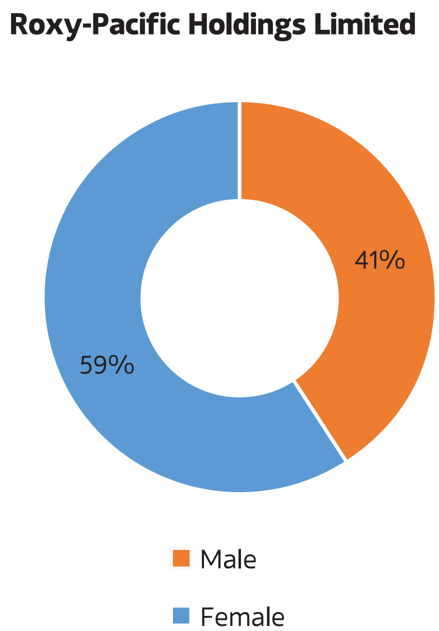
For a balanced reporting, the Group has also included the Australia employee in FY2018 data collation. The employment policy and well-being of our Australia office is jointly taken care by both our HR Department and a third party accountancy firm as our vendor to advise and maintain their salary package in Sydney. Notwithstanding the difference, our HR Department has taken an active role in learning and gaining knowledge about Australia's HR policies and procedures.

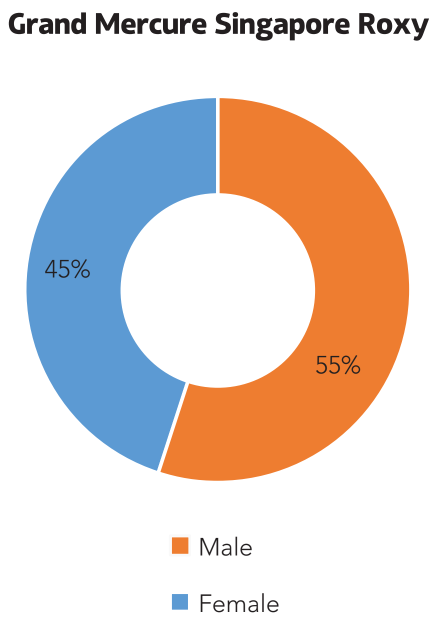
In FY2018, we observed that the turnover rate for Roxy-Pacific Holdings Limited exceeded the base rate of FY2016 by 12.83%. The increased turnover rate this year is a direct consequence of the inclusion of Australia office employee. During the year, the Australia office has experienced a higher turnover rate of 33% this year compared to the year before due to 2 staffs that resigned because of changes in family commitment. On the other hand, our Singapore office has a 12.96% turnover rate for the year as well.

During the year, the updating of the Job Ranking and Classification Chart is one of the measures taken to address the turnover of the employees. The Group understands that certain turnover is unavoidable for example change in family commitment or personal aspiration. Notwithstanding this, the Human Resource Department will continue to evaluate all feedbacks from employees objectively and seek ways to constantly improve the working environment for our staff.

In Grand Mercure Singapore Roxy, the management of human capital has been consistent thus far. For the Hospitality and Service industry, retaining human capital has always been their challenge and they have taken it in their stride. The turnover rate for FY2018 is 18.9% and we have achieved the target set in 2017 as the turnover rate has reduced by 4.8% compared to base year FY2016. We are heartened by the result and attribute the higher retention rate to the Hotel's management team whom has taken the Employee Engagement Survey seriously and reviewed the comments impartially in their bids to improve the working environment. The positive result is not to be taken lightly but as an encouragement to the management that are heading in the right direction in terms on the Hotel's employment and retention practices.

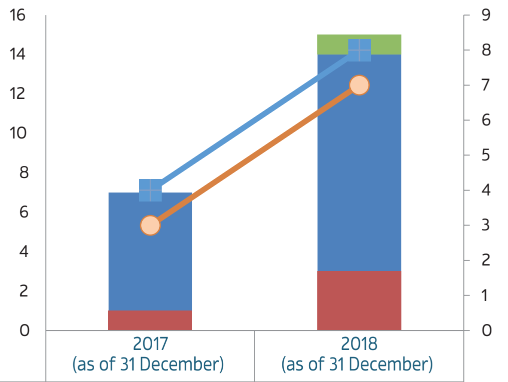






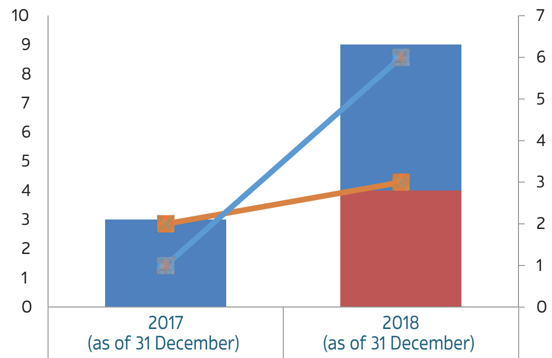
Sustainability Report

New Hires (Roxy-Pacific Holdings Limited)



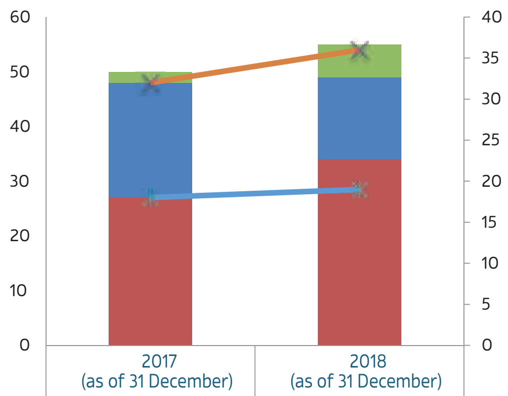
	2017 (as of 31 December)	2018 (as of 31 December)
> 50 years old	0	1
30 - 50 years old	6	11
< 30 years old	1	3
Male	3	7
Female	4	8

Turnover (Roxy-Pacific Holdings Limited)



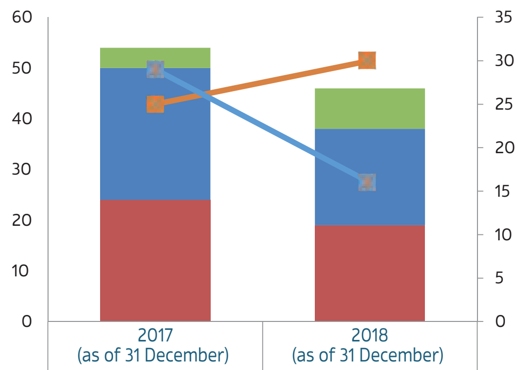
	2017 (as of 31 December)	2018 (as of 31 December)
> 50 years old	0	0
30 - 50 years old	3	5
< 30 years old	0	4
Male	2	3
Female	1	6

New Hires (Grand Mercure Singapore Roxy)



	2017 (as of 31 December)	2018 (as of 31 December)
> 50 years old	2	6
30 - 50 years old	21	15
< 30 years old	27	34
Male	32	36
Female	18	19

Turnover (Grand Mercure Singapore Roxy)



	2017 (as of 31 December)	2018 (as of 31 December)
> 50 years old	4	8
30 - 50 years old	26	19
< 30 years old	24	19
Male	25	30
Female	29	16

TRAINING AND EDUCATION

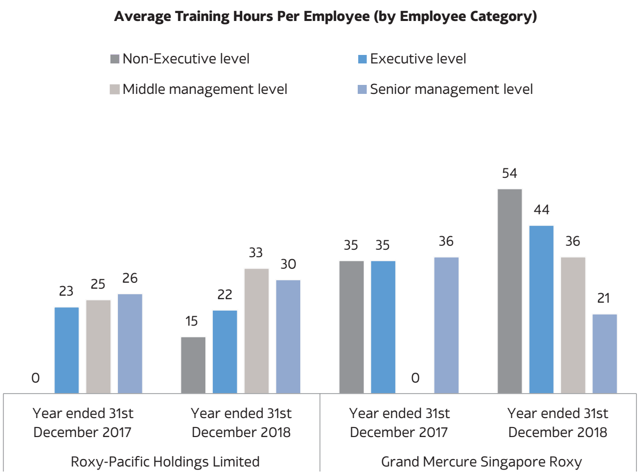
	2018 Average Training Hours	Performance	Target
Roxy-Pacific Holdings Limited	20	Average training hours increased by 5 hours. • Meet target set in 2017	To achieve an average number of training hours as follows: **Grand Mercure Singapore Roxy** – 30 hours per employee per year **Singapore & Australia Offices** – 15 hours per employee per year
Grand Mercure Singapore Roxy	49	Average training hours increased by 14 hours. • Meet target set in 2017	

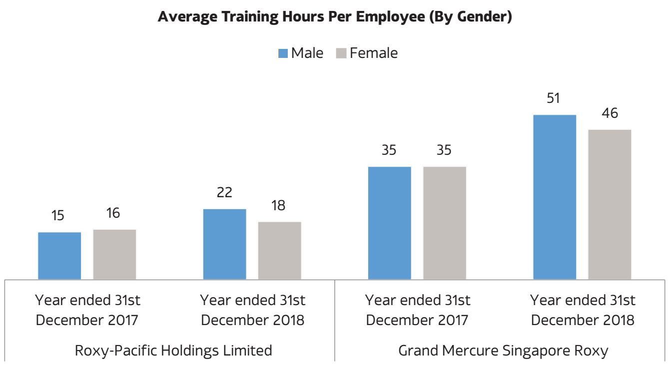
Facing a highly competitive landscape, investing in training and education is necessary to build strong and future-ready workforce that will be capable to deliver continuous result and value for the stakeholders.

Our Group has made it one of the Key Performance Indicators for the employees to fulfil a certain number of training hours. This is to show our emphasis on the growth of our employee in both professional and personal development. In addition, all the Heads of Departments also strongly encourage their staff to take on a diverse portfolio, challenge new territories and better themselves through various opportunities. During the year, we have opened up training programmes, industry talks, overseas learning trips and inter-department sharing sessions to employees to advance their industry knowledge across departments and also their own professional qualification.

We are also aware that we need to ensure that our employees remain relevant and ready for any new challenges that they may face during the transformation of the nation's economy. Focusing on employees' development can also increase job satisfaction and demonstrate our value of employees' roles in the company. Our Group is not interested in only building the workforce for the benefit of the company but also for individual employee's personal growth and benefit.

The same emphasis is also placed in our Australia's office; as such the target to hit 15 hours of training hours has been shared with the Director in charge of our Australia business. We are heartened to see that despite the short notice, they have come on board fully and for FY2018, met the target set by the Group in FY2017. Simultaneously, our Singapore office and Grand Mercure Singapore Roxy have also met the target set – 15 hours and 30 hours respectively per employee per year. The sharp increase in training hours in the Hotel are mostly due to in-house and Workforce Skills Qualification (WSQ) trainings conducted for staff throughout this year.





Sustainability Report

EMPLOYEE WELL-BEING

Another area that the Group has invested consistently in is the well-being of employees. For employees to continually produce optimum results and contribute positively, they need to be balanced and well-rounded. The Group believe the intangible benefits speak volumes in the day-to-day routine. Bonding and socialising between management and employees builds a stronger working relationship.

Consistent yearly activities will increase interaction between departments and levels of management and enable a better understanding of each other's roles and activities. As such throughout the year, the Singapore office made a point of having two company-wide activities and two luncheons as well as an overseas company trip. For 2018, the company made a trip to Osaka and Kyoto, Japan. Apart from enjoying a tour of the city together, the trip also had the additional perk of being able to visit the Noku Kyoto hotel and stay in the Noku Osaka hotel, our boutique hotels in Japan which were launched in 2015 and 2017 respectively.

The overseas trip further enhanced the working relationship between our regional teams as we also invited our Australia-based staff. A meaningful trip such as this helps to give employees a real sense of the properties that they helped to acquire and market all the way from a different location. We believe experiences like this will increase the sense of ownership in each employee.

In addition to the company-wide activities, we resolved to engage the community-at-large and combine leisure with contributing to society. With this mandate, the Welfare Committee are targeting venues or activities that are linked to local social enterprises. For this year, one of our lunches was planned at The Sapling which was SHATEC owned and the venue is situated within the Enabling Village. After the lunch, we had a short tour conducted by the facilitator of Enabling Village to introduce to us the various facilities and initiatives that were set up for the benefit of the disabled members of the community.

Simultaneously, during the year, Grand Mercure Singapore Roxy has continued their efforts to engage and stay connected with its staff. There were Festive Meals Celebrations where staff gathered during various festive seasons such as Chinese New Year, Hari Raya, Deepavali and Christmas to celebrate together. During a monthly colleague-get-together, we celebrate staff's birthdays as well as celebrating their personal achievements. This is a great opportunity for employees from different departments and job assignments to hear and get to know their colleagues better. Each department is also encouraged to schedule a departmental dinner or team bonding session.

OCCUPATIONAL HEALTH & SAFETY

Performance data	2016	2017	2018	Target
Lost-Time Injury Rate[1]				• Achieve zero workplace fatalities • Achieve a 5% reduction in accident frequency and accident severity rates compared to FY2016 performance
Roxy-Pacific Holdings Limited	0	0	0	
Grand Mercure Singapore Roxy	10.7	7.5	7.7	
Injury Severity Rate[2]				
Roxy-Pacific Holdings Limited	0	0	0	
Grand Mercure Singapore Roxy	165.4	161.2	40.3	

1 Lost-time injury rate – Number of workplace injuries per million man hours worked
2 Injury severity rate – Number of man-days lost to workplace injuries per million man-hours worked

Effective management of employee health and safety is of utmost importance to the Group. Providing a safe and healthy environment for our employee helps to boost morale and work performance that will have direct correlation to achieving the Group's goal and objectives.

Regular safety audits are conducted internally in our Singapore and Australia offices by the designated personnel, assessments include ensuring adequate signage are posted at all hazardous areas. During the year, emailers on the importance of workplace health and safety are also sent out periodically as a reminder to employees. In FY2018, there were zero workplace fatalities and zero work related incidents that resulted to injuries for employees in both Singapore and Australia and we are delighted that we met the target set last year.

Workplace safety for our hospitality business has always been a priority. Management of the Hotels believe in providing a safe workplace that is free from hazardous conditions. It is also the duty of employees to practice safe work and the responsibility of managers to manage risks, respond to incidents and implement action plans to ensure that the working environment remains accident-free.

Details of our work safety rules are in the Staff Handbook, in addition, the Hotel have designated Workplace Safety Officer whom is certified bizSAFE3 to make regular checks and inspection internally.

During the year, the Hotel continued to record zero workplace fatalities. For the Lost-Time Injury Rate (LTIR), the Hotel record 7.7 which is an increase of 0.2 from FY2017. However, in comparison to base year FY2016 LTIR which recorded a rate of 10.7, for this year's LTIR, it remains a significant decreased from base year. On the other hand, the Injury Severity Rate (ISR) recorded 40.3 for FY2018, showing a significant drop compared to last year's rate of 161.2. We are heartened with the reduction in ISR which means that the number of severe injuries that occurred in workplace has reduced significantly within a year. Since 2018, the Hotel has implemented a new policy in which every injury and accident at workplace requires a separate report that will be submitted to the Human Resource Department so that it will be reviewed together with the Security Team and Head of Departments.

The new implementation and both entities' continuous efforts are reflected in the results and this not only shows our determination to achieve the target set but also to maintain and keep our working environment a safe and healthy place for our employees.

CUSTOMER HEALTH & SAFETY

Number of Incidents of Non-compliance	Target
No incident of non-compliance with regulations and/or voluntary codes concerning the health and safety of guests and visitors at the developments and the Hotel in the year ended 31 December 2018	Zero incidents of non-compliance concerning the health and safety of guests and visitors

In the hospitality industry, apart from an inviting environment, the safety of our guests and visitors is critical. The entire operations, layout and provision to the guests and visitors have been out into consideration and thoughtfully planned so that they will have an enjoyable and pleasant stay throughout the duration with us.

Sufficient signage and information are in place to remind and caution guests of any possible hazards, in addition, these signage and information also inform them on the best action plan should any emergency event occur. Security also consists of preventing and responding to malicious attacks on people and property as well as fighting against any potential hotel crime, which may threaten the guests, visitors and employees. It is a shared responsibility of the Group and the Hotel as well as a basic expectation of the guests.

Another major challenge for the Hotel is food and nutrition, apart from hygiene related issues; where the Hotel adheres to food hygiene and food safety standards set by the National Environment Agency (NEA), the Hotel will try their best to adhere to AccorHotels pledge to promote a balanced diet by creating responsible menus and balanced dishes. This is done by educating and training the employees involved and detailed guidelines are recorded in the Food Safety Plan and Baseline Hygiene workbook.

Sustainability Report

For our development projects, our Project Managers implement regular site visits to assess that safety measures are in place as well as including the discussion of safety issues in the monthly progress meetings. For completed developments, there are monthly meetings with the appointed Managing Agent to discuss and assess the safety performance of the development. The Managing Agent is also required to submit an incident report and maintenance record on a monthly basis until the Management Corporation – Strata Title (MCST) has fully taken over the development.

With these practices in place, there have been no incidents of non-compliance with regulations or voluntary codes concerning the health and safety of guests, visitors which resulted in significant fine, penalty or warning in the Developments or the Hotel during the year. Thus, we achieved our target set in FY2017.

GOVERNANCE

ANTI-CORRUPTION

Number of Confirmed Incidents of Corruption	Target
No confirmed incident of corruption in the year ended 31 December 2018	Zero confirmed incidents of corruption concerning employees or business partners

The Group is fully committed to the principle of honesty, integrity and fair practices in all its business activities and engagements. All employees are instructed to handle business in an open, fair and impartial manner and the Group is to be accountable to all the shareholders in matters concerning the conduct of our activities.

The Staff Code of Conduct sets out the expectations for employees concerning issues like harassment, fraud, conflicts of interest, bribery and improprieties of finances. All new employees are informed of the Code of Conduct. In addition, the Whistle- Blowing policy is made easily available to all employees via the common intranet and website. Any updates will be shared via email to employees. Bi-annually, all employees are required to submit a declaration form on the conflict of interests to demonstrate their willingness to adhere to the policy.

The Hotel adheres to the AccorHotels' Ethics and Corporate Social Responsibility Charter that details their Core Values and their commitment to responsible interactions between the various stakeholders. It also includes how to deal with issues such as discrimination, forced labour, child labour, unreported labour, competition rule, bribery, lobbying, insider trading, fraud and many more.

With the various policies in place, FY2018 recorded no confirmed incidents of corruption and we achieved the target set last year.

COMPLIANCE WITH LAWS & REGULATIONS

Number of Incidents of Non-Compliance	**Target**
No incident of non-compliance with laws and regulations resulting in significant[3] fines or sanctions in the year ended 31 December 2018	Zero incidents of non-compliance with laws and regulations resulting in significant[4] fines or sanctions

3 Significant fines indicate fine amounting to S$50,000 and above

The Group has always taken pride in our corporate governance practices and our strong policies to abide by all applicable laws and regulations in the course of our business activities. The Group adheres to the Code of Corporate Governance 2012, the listing rules and regulations set out by Singapore Exchange (SGX), the Monetary Authority of Singapore (MAS) Securities and Futures Act as well as all other applicable laws and regulations.

Our developments are subjected to building codes and regulation as set out by the local government agency. In Singapore's case, this is the Building & Construction Authority (BCA), and in New Zealand, the properties are under Building Consent Authority (BCA). Developments are also required to follow environmental guidelines set out by the relevant Agencies such as the Energy Conservation Act and the Environment Protection and Management Act governed by National Environment Agency (NEA). On the other hand, properties in New Zealand subscribe to the recommendation provided by the New Zealand Green Building Council (NZGBC) in the methods and managements that will best protect and conserve the local environment where the building is situated.

There were no incidents of non-compliance with laws and regulations, including environmental regulations and marketing guidelines, resulting in significant fines or sanctions in FY2018. As such, we meet the target we set the year before.

Corporate Social Responsibility

1. Belanja@Geylang Serai with seniors and families from Montfort Care

2. Roxy volunteer staff at GoodLife!Makan to break fast with seniors and families from Montfort Care

3. Directors and staff of Roxy-Pacific Holdings Limited and Grand Mercure Singapore Roxy during the 11th annual Charity Car Wash

4. President Halimah Yacob distributing red packets (ang pow) to senior citizens of St Hilda Community Services during the Chinese New Year lunch (Photo By: MCI)

Roxy-Pacific Holdings Limited strongly believes in giving back to the society in which we operates in. In as much as we have received and gain over the years with respectable profit and dependable employees, we would like to give back to the society and extend a helping hand to those who are in need.

As with each year, our focus remains with children's welfare and elderly care within our immediate community. We chose to focus on areas and initiatives that we deem most effective and missions that touches our hearts.

THE SILVER GENERATION

We kicked off 2018 with our Chinese New Year Lunch – A celebration of Blessings & Prosperity on 28th February in collaboration with St Hilda's Community Services. For this event, we are graced by the presence of President Halimah Yacob and Mr Lim Biow Chuan, MP of Mountbatten SMC. A total of 270 seniors were invited to Grand Mercure Singapore Roxy, East Coast ballroom for lunch celebration served by 70 students from Tanjong Katong Secondary School students and 30 volunteer staffs. Throughout the 2 hours event, pre-schoolers from St Hilda's Kindergarten and students from Tanjong Katong Secondary School put up performances which engaged the seniors and this added to the festive celebration. At the end of the event, red packets (ang pows) were also given out to each of the senior as a blessing to them ahead of the Chinese New Year.

Cruising along the year, we approached Hari Raya festival and on 8th June, we collaborated with Montfort Care to bring 15 seniors and 10 low-income families for Hari Raya shopping – Belanja@ Geylang Serai. Together with 30 volunteer staffs and 18 Victoria School students, we brought the seniors and families for a 2 hours shopping spree in Geylang Serai, where we gave each senior

S$50 and S$100 for each family for their purchases. After a wonderful bounty, the volunteers together with seniors and families return to Good Life!Makan to break fast together. We took this opportunity to provide and serve each of them with catered dinner.

CHILDREN ARE OUR HOPE FOR THE FUTURE

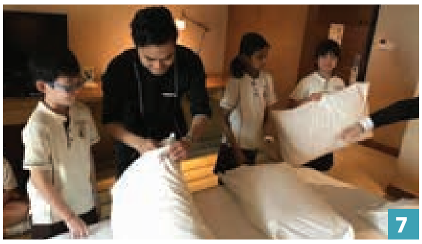
Our signature Car Wash Event is the highlight of our annual CSR calender and highly participated by our employees. Our business associates as well as residents in our vicinity have come to anticipate our yearly affair and have often come by year after year to support us. This year, we have the privilege to invite Mr Lim Biow Chuan to join us in this meaningful event. Mr Lim together with our management has initiated the event by washing the first car that arrived that day. During the 8 hours non-stop drive, a total of 114 volunteer staff took time away from their work to participate in the event from traffic marshalling, reception, runners, coordinating to washing of vehicles. In addition, we have also set up a stall to provide food and drinks to boost our fund raising. For this event, we have washed a total of 104 vehicles with almost 200 visitors and donors coming throughout the day to support our event.

We are heartened to announce that in 2018, we have raised a total of S$137,169, a much higher donation as compared to previous years. We believe this is an attestation of trust from our business associates and donors of the work we have done in these 11 years. All these proceeds goes to our Roxy Foundation and it is managed by Community Foundation of Singapore to be utilised under Children are our Hope for the Future Fund to continue to fuel and support the organisations that is improving and changing the lives of the children.

The Children are our Hope for the Future Dinner is held on 3rd August for the beneficiaries and their family. A total of 170 students and their guardians attended the dinner and with the assistance from 70 Swiss Cottage Secondary students and 30 volunteer staff, we hosted the dinner with much festivity. We are also honoured to have ESM Goh Chok Tong to grace the event and presented our contribution of S$25,000 to Roxy Children's Fund that's managed by South East Community Development Council. During the dinner, we also presented to 100 students from Bedok Green Primary, Geylang Methodist Primary, Macpherson Primary and Tanjong Katong Secondary with S$500 financial assistance each, amounting to a total of S$50,000. We also gave a token of appreciation to Swiss Cottage Secondary School amounting to S$3,000 for their support during the dinner.

This year, Boon Lay Garden Primary has sent a total of 120 students from Primary 5 & 6 for a half day learning session in our Hotel – The Learning Journey. For 4 hours, the students are organised into 3 groups that moved in rotation between Front Desk, Housekeeping and F&B department to learn and experience the different job and responsibilities of each area. This is part of the school's intention to further expose the students to actual working environment and gain perspectives of a working atmosphere.

This year Montfort Care has especially reached out to us for their event through Big Love Child Protection Specialist Centre, titled It Takes a Village To Protect A Child. In this event, we gave our support amounting to S$10,000 and in addition we pledged as a company to support children and their programmes. Following our support, we are invited to their event on 21st October where a token of appreciation is presented to our company.



5. Students from Swiss Cottage Secondary School volunteering during the Children are our Hope for the Future Dinner

6. Mr Teo Hong Lim, Chairman and CEO of Roxy-Pacific Holdings Limited presenting the cheque to Mr Kia Siang Wei, General Manager of South East Community Development Council for the Roxy Children's Fund, witnessed by Emeritus Senior Minister Goh Chok Tong

7. Boon Lay Garden Primary School's students during The Learning Journey at Grand Mercure Singapore Roxy

8. Christmas Party at Grand Mercure Singapore Roxy with children and families from Montfort Care Centres

9. Hari Raya dinner with migrant workers from Marine Parade Station Construction Team

Corporate Social Responsibility

10. *Officiate the usage of water tank that was sponsored and installed for Tanjong Morawa Blind Children Home at Medan, Indonesia.*

Apart from financial support, we also have a yearly event for families to have a fun day out with their children which is named Movies for The Family Event. This year, we booked a hall in GV Katong for the movie Ralph Breaks The Internet: Wreck-It-Ralph 2 for 220 children from Montfort Care Centres and St Hilda's Community Services to join us for a movie date on 29th November.

Towards the end of the year, we celebrated Christmas with children from Montfort Care Centres together with their families, totalling 270 pax on 14th December at Grand Mercure Singapore Roxy. We are heartened to have Mr Seah Kian Peng, MP for Marine Parade GRC and his wife to join us for the event. The fun-filled eventful dinner is hosted by Montfort Care Centres with the venue and dinner fully supported by Roxy Foundation. Throughout the 2-hour dinner, the ballroom was filled with much joy and laughter from the active participation from the children and their families in various team activities. The event ended with much fun fare and the distribution of goodies bag to each family.

MIGRANT COMMUNITY

On 25th June, in celebration of Hari Raya festival, together with Samsung C&T, we organised a Hari Raya dinner for the Marine Parade Station Construction Team. A buffet dinner spread from our Hotel is provided to 250 migrant workers to show our appreciation and our support for them as they are away from their families for an extended period of time. We recognised and appreciate their labour and work towards building our country's infrastructure, especially in festive season like this. Mr Edwin Tong, MP of Marine Parade GRC and Mr Lim Biow Chuan have graciously attended the dinner and together with the migrant workers, enjoyed various performances and talent shows put up by the workers themselves, adding much joy and festivity to the event.

OVERSEAS PROGRAMME

Last year, during one of the overseas trip to Medan, we chance upon Tanjong Morawa Blind Children Home and heard of their plight. The blind children home constantly face water shortage issue and at times went without fresh water for a period of time. Due to the lack of water pumping system in the area and the children themselves aren't able to travel the distance to collect water from the neighbouring water outlet, the children often skipped bathing, washing and all other water-related cleaning. They even have to resort to buying bottled water just for consumption.

After understanding their issues and identifying the possible assistance we can provide, we decided to co-sponsor the installation of a water pumping service at the Home. The entire system and installation cost a total of S$20,000, and by May this year the installation was completed. On 30th May, we went to officiate the usage of the water tank and at the same time sponsor a dinner for the children. During the dinner, a local mayor turned up to personally thank us for the much needed resource that the Home needed for years. And subsequently a local newspaper reporter came and published an article highlighting the installation.

To end the year, we went on our annual Christmas trip to our Salvation Army Evangeline Booth girls' home in Medan, Indonesia. Our volunteers together with the caretakers brought the girls for a Christmas outing where they can shop and purchase new clothes for themselves. This year on Christmas day, we organised an elaborated dinner for the girls and hosted them at Grand Mercure Maha Cipta Medan. Together with their caretakers and 57 girls from the home, we all had a wonderful and joyous celebration together.

This year we are also heartened that our overseas colleagues took the initiatives to support charitable organisations in their local community. Our Managing Director at Roxy-CES (NZ) Limited, Ben Hopkins was excited when he heard from Make-A-Wish Rope For Hope about their 1st foray into New Zealand and he immediately agreed to the partnership, offering our building on 205 Queen Street to be used as the event venue on 16th November 2018. Rope For Hope has been a yearly signature fundraising event for Make-A-Wish Canada and Ireland where participant is challenged to abseil down high-rise building and each is required to raise at least NZD$1,500 to help grant life-changing wishes for the Wish children living with critical illness. The abseiling event replicates the challenge that the beneficiaries will have to overcome; the fear of future, the strength to overcome the fear and the determination to keep on going. Ben was one of the first participants that signed up and scaled down the 17-storey high iconic building in the city centre and he has also singlehandedly raised NZD$2,010 for the event as of print date. In addition, as a company we also supported the event with NZD$10,000 and volunteer the use of the building. In his own words, Ben echoed our company's vision in CSR in which we are a strong believer in giving back to our society beyond our professional business and to do our part in making a better place for the community.

This year, we ventured into several new projects and we are glad to hear of good reports and seen the tangible benefits of our support. We are excited for the year to come and the future projects that may come our way. We hope to continue to do good works and hope that our constructive efforts will truly transform and improve someone's life in the long term – both locally and overseas.


11


11

11. *Ben Hopkins, Managing Director of Roxy-CES (NZ) Limited abseiling down from our 17-storey high building on 205 Queen Street, Auckland for Make-A-Wish Rope for Hope*

GRI Index

GRI STANDARDS (2016)		Notes/Page Number(s)
102-1	Name of the organisation	Roxy-Pacific Holdings Limited
102-2	a. Description of the organisation's activities b. Primary products & service	Corporate Profile Projects in 2018, page 14 Assets Acquired in 2018, page 15
102-3	Location of organisation headquarter	Corporate Information, page 13
102-4	Location of operations a. Number of countries where the organisation operates, and the name of countries where it has significant operations and/or that are relevant to the topics covered in the report	Corporate Information, page 13 Financial Statement, page 89
102-5	Ownership and Legal form	Corporate Information, page 13 Financial Statement, page 89
102-6	Market served a. Include geographic location where products and services are offered b. Sectors served c. Types of customer and beneficiaries	Financial Statement, page 89
102-7	Scale of organisation a. No. of employee, number of operative b. Net sale, net profits, c. Quantity of products	Talent Retention, page 36 Financial & Operational Review, page 9 Financial Statement, page 89
102-8	Employment a. No. permanent and part time, by gender b. No. permanent and part time, by region c. Employment type, by gender d. Significant portion of work by non-employee (explain nature and scale of work) e. Affected by seasonal variation, e.g. tourism f. Explanation on how data is obtained, include assumption	Talent Retention, page 36 Temporary and part-time staff are not material enough for disclosure A significant portion of work is not done by non-employees We are not affected by seasonal variation Data is obtained from the HR database
102-9	Supply chain a. Description of supply chain, include its main elements as they relate to the organisation's activities, products and services.	Contractor Environmental and Social Assessment, page 33
102-10	Significant change to organisation and supply chain a. Any changes to location or location of operation b. Change in share capital c. Change in supply chain – location of supplier	No significant changes during FY2018
102-11	Precautionary Principle a. Whether and how the organisation applies	The precautionary principle is embedded in our general approach to sustainability
102-12	External Initiatives	Our Awards, page 3

GRI STANDARDS (2016)		Notes/Page Number(s)
102-13	Memberships of Association	• Real Estate Developers' Association of Singapore (REDAS) • Singapore Business Federation (SBF) • Singapore Hotel Association (SHA) • Singapore National Employers Federation (SNEF)
102-14	Statement from Senior decision maker	Board Statement, page 25
102-16	Description of the organisation's values, principles, standards, and norms of behaviours	Board Statement, page 25
102-18	a. Governance structure b. Committee responsible for decision making concerning ESG	Governance Structure, page 28
102-40	List of Stakeholder groups	Stakeholder Engagement, page 26
102-41	Collective bargaining agreements	The Hotel has entered into collective agreement with the Food, Drinks & Allied Workers' Union
102-42	a. The basis for identifying and selecting stakeholders	Stakeholder Engagement, page 26 Stakeholders are selected based on the level of influence they have over our business and the level of influence our business has over them
102-43	Organisation's approach to engage stakeholder, include a. Frequency, by type, by group and an indication if any engagement is taken specifically for this report	Stakeholder Engagement, page 26
102-44	Key topics raised a. How organisation respond b. Which group that raised what topics	Stakeholder Engagement, page 26
102-45	Entities include in consolidated financial statements	Financial Statement, page 89
102-46	Define report content and topic Boundaries a. Explanation of the process for defining content and boundaries b. How organisation implement reporting principle	Materiality Boundaries, page 29 Boundaries are defined by our operational control
102-47	List of material topics	Materiality Assessment, page 28
102-48	Restatement of information – Change of base year, M&A	NA
102-49	Changes of reporting – Change from previous period in list of material topics and boundaries	NA
102-50	Reporting period	1st January – 31st December 2018
102-51	Date of most recent report	15th March 2018
102-52	Reporting cycle	Annual
102-53	Contact point	info@roxypacific.com.sg
102-54	Claims of reporting in accordance with GRI	In accordance with Core

GRI Index

GRI STANDARDS (2016)		Notes/Page Number(s)
102-55	GRI Content Index	GRI Content Index, page 48
102-56	Description of organisation's policy and current practice with regard to seeking external assurance	Currently, we do not seek external assurance, however, we may do so in the future
103-1	Explanation of the material topic and its boundary	Board Statement, page 25 Materiality and management initiatives are discussed within the section for each material topic
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption, page 42
302-1	Energy consumption within the organisation	Energy, page 29
302-3	Energy intensity	Energy, page 29
303-3	Water withdrawal by source	Water, page 31
303-5	Water Consumption	Water, page 31
307-1	Non-compliance with environmental laws and regulations	Compliance with laws and regulations, page 43
308-1	New suppliers that were screened using environmental criteria	Contractor Environmental and Social Assessment, page 33
401-1	New employee hires and turnover	Talent Retention, page 36
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Occupation Health and Safety, page 40
404-1	Average hours of training per year per employee	Training and Education, page 39
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Education, page 39
414-1	New suppliers that were screened using social criteria	Contractor Environmental and Social Assessment, page 33
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Compliance with laws and regulations, page 43
417-3	Incidents of non-compliance concerning marketing communications	Compliance with laws and regulations, page 43
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with laws and regulations, page 43

Property Summary Report

SUMMARY OF PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2018

Hotel properties in operations

Name	Location	Managed by	No of units	Approximate Land Area (sq m)	Approximate GFA (sq m)	Effective interest	Tenure
Grand Mercure Singapore Roxy	50 East Coast Road, Singapore	Roxy under franchise with Accor Group	576 rooms	15,172	35,336	100%	Freehold
Noku Kyoto	205-1, Okuracho, Karasuma-dori, Marutacho Kudaru, Nakagyo-ku, Kyoto city, Kyoto, Japan	NOKU hotels	81 rooms	940	4,780	100%	Freehold
Noku Osaka	10-17, 2-chome, Tenma, Kita Ku, Osaka City, Osaka, Japan	NOKU hotels	154 rooms	886	3,672	100%	Freehold
Noku Maldives	Island of Kudafunafaru, Noonu Atoll, Maldives	NOKU hotels	50 villas	89,896	16,830	100%	Leasehold

Hotel under development

Name	Location	Estimated Completion	No of units	Approximate Land Area (sq m)	Approximate GFA (sq m)	Effective interest	Tenure
Noku Phuket	48/13 Moo 6, Chaofa Road, Phuket, Thailand	2020	91 rooms/villas	46,878	17,973	99% [1]	Freehold

Commercial properties

Name	Location	Description	Approximate net lettable area (sq m)	Effective interest	Tenure
Roxy Square	50 East Coast Road, Singapore 428769	49 shop units[2]	2,371	100%	Freehold
205 Queen Street	205 Queen Street, Auckland, New Zealand	2 office towers with 17 and 22 storey	25,367	50%	Leasehold
NZI Centre	1 Fanshawe Street, Auckland, New Zealand	6-storey commercial building	9,446	100%	Leasehold
312 St Kilda	312 St Kilda Road, Melbourne, Australia	6 levels of office and 4 basement levels	9,813	45%	Freehold
33 Argyle Street[3]	33 Arygle Street, Parramatta NSW 2150, Australia	Lower B-grade office building comprising a quasi-retail ground floor suite and café, three levels of above ground parking providing 138 car spaces, 6 upper office levels and roof top plant rooms.	5,281	40%	Freehold

Properties for sale under development

Project name	Location	Description	Stage of completion	Expected date of TOP	Approximate land area (sq m)	Gross floor area (sq m)	Effective interest	Tenure
Octavia Killara	6A and 8 Buckingham Road, Killara, Sydney, Australia	43 residential units	73%	Dec 19	3,792	4,402	100%	Freehold
West End Residences	10-11 Cowper Street, Glebe, Sydney, Australia	231 residential units	54%	Dec 19	7,125	18,960	100%	Freehold

Property Summary Report

Properties for sale under development (Cont'd)								
Project name	**Location**	**Description**	**Stage of completion**	**Expected date of TOP**	**Approximate land area (sq m)**	**Gross floor area (sq m)**	**Effective interest**	**Tenure**
Wisma Infinitum	18 Jalan Dewan Sultan Sulaiman, Kuala Lumpur, Malaysia	423 residential units in Block A, and 300 residential units in Block B & 31 commercial units	39%	Oct 20	5,622	64,912	47%	Freehold
The Navian	178, 180, 180A, 182, 184 Jalan Eunos	48 residential units	38%	Dec 20	2,433	3,406	100%	Freehold
Harbour View Gardens	211-223A Pasir Panjang Road, Singapore	57 residential units	2%	Nov 21	2,856	3,998	100%	Freehold
120 Grange	120 Grange Road, Singapore	56 residential units	*	Oct 21	1,466	3,079	90%	Freehold
Bukit 828	826/A-834/A Upper Bukit Timah, Singapore	34 residential units	*	Dec 21	953	2,382	80%	Freehold
Arena Residences	2, 6, 12 & 14 Guillemard Lane, Singapore	98 residential units	*	Aug 22	2,458	6,882	50%	Freehold
Land held for development								
Project name	**Location**	**Description**	**Stage of completion**	**Expected date of TOP**	**Approximate land area (sq m)**	**Gross floor area (sq m)**	**Effective interest**	**Tenure**
Bracks Street **	54 & 85 Bracks Street, North Fremantle, Perth, Australia	Industrial land; to be rezoned for commercial and residential use	*	TBC	45,456	TBC	20%	Freehold
Kramat, Jakarta **	Jalan Kramat, Raya No 110, Jakarta, Indonesia	Commercial/ Hotel development	*	TBC	1,703	7,350	49%	Freehold
RV Altitude(4)	River Valley Road, Singapore	140 residential units	*	Jul 22	2,675	7,491	100%	Freehold
Dunearn 386	386/A/B, 388/A/B, 390/A/B, 392/A/B Dunearn Road, Singapore	35 residential units	*	Sep 22	1,784	2,498	100%	Freehold
Fyve Derbyshire(4)	5 Derbyshire road, Singapore	71 residential units	*	Nov 22	1,719	4,938	100%	Freehold
15, 17, 19 Kismis **	15, 17, 19 Lorong Kismis, Singapore	186 residential units	*	TBC	9,322	13,050	60%	Leasehold
NEU At Novena	27 Moulmein Rise, Singapore	87 residential units	*	TBC	2,062	6,093	50%	Freehold
Willshire Residences	22 Farrer Road, Singapore	85 residential units	*	TBC	3,635	6,572	40%	Freehold
36 Mavis Street **	36 Mavis Street, Revesby NSW 2212, Australia	Industrial development	*	TBC	8,433	TBC	50%	Freehold
360 Little Bourke **	360 Little Bourke, Melbourne, Australia	Hotel development	*	TBC	937	16,866	100%	Freehold

* Construction of these properties has yet to commence as of 31 December 2018.
** Project name has yet to be confirmed

(1) Based on voting rights
(2) Excludes 3 units which are for owner-use premises
(3) Completion of acquisition on 8 January 2019
(4) Launched on 14 January 2019

Financial Contents

Statement of Corporate Governance

Roxy-Pacific Holdings Limited (the "Company") and its subsidiaries (the "Group") are committed to ensuring and maintaining a high standard of corporate governance in complying with the Code of Corporate Governance. The Board and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group's businesses and performance. The Board and its committees have established policies and rules on good governance, and they are guided by their respective written Terms of References. The Company will continue to review and refine its corporate governance framework based on best practices that we are aware of and which are appropriate with the needs and circumstances of the Group.

This report sets out the Group's corporate governance practices for the financial year ended 31 December 2018 ("FY2018") with reference to the Code of Corporate Governance 2012 (the "Code").

CORPORATE GOVERNANCE FRAMEWORK

CHAIRMAN
TEO HONG LIM

Key Objective

Responsible for leadership of the Board and for creating conditions for overall Board, Board Committee and individual Director effectiveness

THE BOARD OF ROXY-PACIFIC HOLDINGS LIMITED
6 DIRECTORS:
3 independent Directors and 3 Executive Directors

Key Objectives

To set strategic aims, establish a framework of prudent and effective controls and review management performance. To identify key stakeholder groups and to consider sustainability issues as part of its strategy formulation

To create value for shareholders and to ensure the long-term success of the Group

AUDIT RISK MANAGEMENT COMMITTEE

3 Independent Directors

CHAIRMAN
TONG DIN EU

Key Objectives

Audit
Assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, and business and financial risk management

Risk Management
Ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determine the nature and extent of the material risks that the Board is willing to take in achieving the Group's strategic objectives

Sustainability
Consider sustainability issues as part of its strategy formulation

NOMINATING COMMITTEE

3 Independent Directors

CHAIRMAN
TAY KAH POH

Key Objectives

Establish and review the profile of Board members; make recommendations to the Board on the appointment, renomination and retirement of Directors; review the independence of Directors; assist the Board in evaluating the performance of the Board, Board Committees and Directors; and develop and review the Company's corporate governance practices

REMUNERATION COMMITTEE

3 Independent Directors

CHAIRMAN
TAY KAH POH

Key Objectives

Oversee the remuneration of the Board and Senior Management, and set appropriate remuneration framework and take out-policies to deliver annual and long term performance of the Group

GROUP CHIEF EXECUTIVE OFFICER

TEO HONG LIM

Key Objective

Manage the Group's business and implement strategy and policy

MANAGEMENT

Chief Executive Officer ("CEO")

Executive Director and Deputy CEO

Key Management Personnel

Key Objectives

Direct management on operational policies and activities

Statement of Corporate Governance

BOARD MATTERS

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
Board's Role

The Board of Directors of the Company (the "Board") provides leadership to the Group by setting the corporate policies and strategic aims. The Board oversees the Group's affairs and is accountable to shareholders for the management of the Group business and its performance.

Guideline 1.2
Objective Decision Making
Directors' Duties and Responsibilities

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

The Company has in place a financial authority matrix and approval guidelines for investments, divestments, corporate exercises and arrangements. New investments and banking facilities, business acquisitions and divestments exceeding certain thresholds require approval of the Board.

The principal responsibilities of the Board include the following:

(a) To provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;

(b) To establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;

(c) To review management performance;

(d) To identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) To set the company's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met;

(f) To consider sustainability issues as part of its strategy formulation; and

(g) To approve interested persons transactions.

Statement of Corporate Governance

Board Charter

The Board has a Board Charter which sets out the responsibilities for it to oversee the business affairs of the Group and documents internal guidelines that govern the composition of the Board, process for appointment and resignation of directors, proceedings of Board meetings and matters reserved for Board's approval and the process for seeking Board's approval.

Sustainability issues

The Board recognises that to ensure business is sustainable; the Group has to strike a balance between its business needs and the need of the society and the environment in which the Group operates. The Board believes that to grow sustainably as a forward-looking corporate entity, the Group has to regularly reach out to all stakeholders, from its employees to the community, and to be responsible stewards of its natural environment. The Group's efforts to ensure customers' health and safety, its attempts to employ eco-friendly and sustainable value chain processes, its development and training programs for its employees, its interaction and cooperation with the communities, its anti-corruption procedures and the relevant policy to ensure health, safety and welfare of its employees and other initiatives on sustainability issues in FY2018 are set out in the Sustainability Report and Corporate Social Responsibility Section on page 24 to page 50.

Independent judgment

All directors exercise due diligence and independent judgment, and make decisions objectively in the best interests of the Group.

The present Board comprises six members. Of the six Board members, three are executive and three are independent directors.

		Board Committees		
Name of director	**Board Membership**	**Audit Risk Management Committee**	**Nominating Committee**	**Remuneration Committee**
Teo Hong Lim	Executive Chairman	–	–	–
Chris Teo Hong Yeow	Executive Director	–	–	–
Koh Seng Geok	Executive Director	–	–	–
Tay Kah Poh	Lead Independent Director	Member	Chairman	Chairman
Tong Din Eu	Independent Director	Chairman	Member	Member
Winston Tan Tien Hin	Independent Director	Member	Member	Member

Guideline 1.3
Delegation of Authority to Board Committees

In carrying out and discharging its duties and responsibilities efficiently and effectively, the Board is assisted by various Board Committees namely, the Audit Risk Management Committee ("ARMC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC").

These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The Board also constantly reviews the effectiveness of each Committee. The segments of this report under Principle 4 to 5, 7 to 9, 11 to 13 detailed the activities of the NC, RC and ARMC respectively.

Statement of Corporate Governance

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

The Board meets at least once every quarter for the purpose of approving the release of the financial results. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises. Where exigencies prevent a director from attending a Board meeting in person, the Constitution of the Company permits the director to participate via teleconferencing or video conferencing. The Board and Board Committees may also make decisions by way of resolutions in writing. Directors are free to seek clarifications and explanations from Management on the reports and papers submitted to the Board.

During FY2018, independent directors met on an ad hoc basis with the CEO, Executive Directors and senior management team to discuss and update on the on-going matters, including issues faced. The Company benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committees meetings.

The table below sets out the number of Board and Board Committee meetings which were convened during FY2018:

	Board	Audit Risk Management	Remuneration	Nominating	General Meeting
Number of meetings held	5	5	1	4	1
Name of directors			**Number of meetings attended**		
Teo Hong Lim[1]	5	5	1	1	1
Chris Teo Hong Yeow[2]	5	1	NA	NA	1
Koh Seng Geok[3]	5	5	1	1	1
Winston Tan Tien Hin	5	5	1	3	1
Hew Koon Chan[4]	1	1	1	1	1
Tay Kah Poh	5	5	1	4	1
Tong Din Eu	5	5	1	4	1

1. Mr Teo Hong Lim was invited to attend all the board committees meetings.
2. Mr. Chris Teo Hong Yeow was invited to attend certain board committees meetings.
3. Mr Koh Seng Geok attended the meeting as Company Secretary.
4. Ceased as director on 6 April 2018.

NA – Not applicable as the directors are non-members of the Board Committees.

While the Board considers directors' attendance at Board meetings to be important, it is not the only criterion to measure their contributions. The Board also takes into account the contributions by board members in other forms including periodic review, level of discussion at board meetings, provision of guidance and advice on various matters relating to the Group.

Guideline 1.5
Internal Guidelines on Matters Requiring Board Approval

Matters specifically reserved to the Board for its approval are:–

(a) Matters involving a conflict of interest for a substantial shareholder or a director;

(b) Strategic policies of the Group;

Statement of Corporate Governance

(c) Annual budgets;

(d) Material acquisitions and disposal of assets;

(e) Corporate or financial restructuring; and

(f) Share and bond issuances, interim dividends and other returns to shareholders.

Guideline 1.6
Board Orientation, Continuous Training and Development of Directors

The Company has in place an orientation process. A new incoming director is issued a formal letter of appointment setting out his duties and obligations, and, where appropriate, incorporating processes to deal with possible conflicts of interest that may arise.

Incoming directors joining the Board will be briefed by the NC on their directors' duties and obligations and introduced to the Group's businesses and governances practices and arrangements, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on disclosure of price-sensitive information.

The incoming director will meet up with senior management and the Company Secretary to familiarise himself or herself with their roles, organisation structure and businesses practices. This will enable him or her to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary.

The Directors are continually and regularly updated on the Group's businesses and governances practices, including changes in laws and regulations, financial reporting standards and code of corporate governance so as to enable Directors to effectively discharge their duties. The Company will fund Directors' participation at industry conferences, seminars or any training programs in connection with their duties as Directors. All Directors are also encouraged to be members of the Singapore Institute of Directors (SID) and for them to receive journal updates and training from SID. Information on training programs, seminars and workshops organised by various professional bodies and organisations were circulated to the directors on a regular basis; some of which the Directors have attended or participated during the year.

Guideline 1.7
Formal letter setting out Directors' Duties

A new director will be provided with a formal letter setting out their duties and responsibilities as well as explaining the policies and practices of the Group. New directors also receive an information pack that contains the Group's organisation structure, the Company's Annual Report, Board Charter, respective Board committees' terms of reference, annual budget, internal audit and risk management reports, the Group's policy relating to disclosure of interests in securities and prohibition on dealings in the Company's securities. Directors are given appropriate briefings by the management on the business activities of the Group and its strategic directions.

BOARD COMPOSITION AND GUIDANCE

Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgment 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.*

Statement of Corporate Governance

Guideline 2.1
Strong and Independent Element of the Board

As at the date of this Report, the Board of Directors comprises six members; of whom three are independent:

Teo Hong Lim	Executive Chairman and Chief Executive Officer
Chris Teo Hong Yeow	Deputy Chief Executive Officer and Executive Director
Koh Seng Geok	Deputy Chief Executive Officer and Executive Director
Tay Kah Poh	Lead Independent Director, Chairman of Nominating Committee and Remuneration Committee
Tong Din Eu	Independent Director, Chairman of Audit Risk Management Committee
Winston Tan Tien Hin	Independent Director

Guideline 2.2
Composition of independent directors on the Board

Under Guideline 2.2 of the Code, the independent directors should make up half the Board where the Chairman is part of management team and is not an independent director. In accordance with Guideline 2.2, the Board currently has Independent Directors making up half the Board. The Board notes the requirements of the new Code of Corporate Governance 2018 (which will take effect for the next reporting period commencing 1 January 2019) for majority of the Board to be independent directors where the Chairman is part of the management team and is not an independent director. The Board will review its composition to comply with the new Code.

Guidelines 2.3 & 2.4
Independence of Directors

The criterion for independence is based on the definition given in the Code. The Code has defined an "independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. The independence of each independent director is reviewed annually by the NC, based on the definition of independence as stated in the Code.

Each independent director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. Each of the Independent Directors has confirmed their independence based on the guidelines as set out in the Code.

Mr Winston Tan Tien Hin who was appointed on 14 December 2006, and Mr Tay Kah Poh, appointed on 17 December 2007 have served for more than nine years on the Board.

The Board recognises that independent directors may over time develop significant insights in the Group's businesses and operations, and can continue to provide noteworthy and valuable contributions to the Board. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

The NC has assessed the independence of Mr Tan and Mr Tay and is satisfied that there is no relationship or other factors such as gifts or financial assistance, past association, business dealings, financial dependence, relationship with the Group or the Group's management, etc. which would impair their independent judgement.

Statement of Corporate Governance

The Board is of the view that Mr Tan and Mr Tay have demonstrated strong independent character and judgment over the years in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised and challenged management. They have sought clarification and amplification as they deemed necessary, including through direct access to the Management. They have also sought external professional advice, where necessary, such as in the review of Executive Directors' remuneration.

Each of the Independent Directors is subject to a rigorous review which requires him to complete a Directors' Declaration Checklist to confirm his independence under stricter criteria over and above the guidelines set out in the Code. Under such rigorous review, each Independent Director has confirmed that he and 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 Tan and Mr Tay are independent notwithstanding their length of appointment.

Notwithstanding the Board has considered the independent directors independent, the NC has recognised the importance of the independent directors being independent and be perceived by all stakeholders to be so. Since 2017, the Company has begun a transition to include new independent directors to further strengthen the independence element of the Board. Mr Tong Din Eu was appointed as independent director on 2 October 2017, following which Mr Hew Koon Chan had retired as Independent Director by rotation under the Constitution at the last annual general meeting on 6 April 2018. To ensure a smooth transition, Mr Tay who will retire by rotation in the forthcoming AGM in accordance with the Constitution has acceded to the Board's request to submit himself for re-election and complete his final term of service as independent director ending in 2020 so that the Board can source for a replacement candidate till then. Mr Winston would be due for retirement by rotation in 2021 which coincides with his final term of service as an independent director.

Guidelines 2.5
Composition and Size of the Board

The Company recognises the benefits of diversity on the Board and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

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

The NC conducted its annual review on the composition of the Board which comprises members from different backgrounds whose core competencies, qualifications, skills and experiences are extensive. Details of the Directors' qualifications, background and working experience, principal commitments and shareholdings in related corporations are provided under the "Board of Directors' Profile" section of this Annual Report.

Taking into account the scope and nature of the operations of the Group, it is the NC's considered opinion that the current Board composition and size are appropriate and as a group, the directors provide relevant competencies to facilitate effective decision making for the existing needs and demands of the Group's businesses. The Board's decision-making process is not dominated by any individual or small group of individuals. However, the Board notes the requirements of the new Code of Corporate Governance 2018 (which will take effect for the next reporting period commencing 1 January 2019) for majority of the Board to be non-executive directors. The Board is reviewing its composition to comply with the new Code.

Statement of Corporate Governance

Guideline 2.6
Competency of the Board

It is the Board's policy that the members of the Board should possess the relevant core competencies in areas such as accounting and finance, legal, strategic planning, business and management experience. In particular, the Executive Directors possess good industry knowledge while the Non-Executive Directors who are professionals and experts in their fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during Board deliberations.

The current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The Board recognises the importance and value of gender diversity. The Board plans to include gender diversity when refreshing its composition to meet the requirements of the new Code by having female board member participation and contribution.

Guideline 2.7
Role of Non-Executive Directors

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

Guideline 2.8
Regular Meetings of Non-Executive and Independent Directors

The Company benefited from the management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committees meetings.

Sessions are available for the Non-Executive and 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. The implementation of a Rigorous Directors' Declaration Checklist and the extension of the Company's whistleblowing policy to cover governance issues are a result of such sessions.

EXECUTIVE 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.

Guidelines 3.1 and 3.2
Chairman and Chief Executive Officer

The Executive Chairman, Mr Teo Hong Lim, is also the Group's CEO. As Chairman, he 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 Non-Executive and Independent Directors are able to speak freely and contribute effectively. He exercises control over the quality and quantity of the information as well as the timeliness of the flow of information between the Board and Management. He ensures that the responsibilities as set out in the Code are properly discharged.

As CEO, Mr Teo Hong Lim manages and develops the businesses of the Group and implements the Board's decision. He undertakes the executive responsibilities of the Group's performance.

At Annual General Meetings ("**AGMs**") and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management.

Statement of Corporate Governance

Guidelines 3.3 and 3.4
Lead Independent Director

In assuming his roles and responsibilities, Mr Teo consults with the Board and Board Committees on major issues. Following the retirement of Mr Hew Koon Chan as independent director and Lead Independent Director on 6 April 2018, Mr Tay Kah Poh, Chairman of the NC was appointed the Lead Independent Director on 1 June 2018. As Lead Independent Director, Mr Tay co-ordinates and leads the independent directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board.

The Lead Independent Director is the principal liaison on Board issues between the Independent Directors and the Executive Chairman. He is available to shareholders where they have concerns in which contact through the normal channels of the Executive Chairman and CEO or CFO has failed to resolve or is inappropriate. The independent directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other directors where necessary, and the Lead Independent Director will provide feedback to the Chairman after such meetings. The Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

BOARD MEMBERSHIP

Principle 4: *There should be a formal and transparent process for the appointment and reappointment of directors to the Board.*

Guideline 4.1
Nominating Committee

The NC comprises three Directors, all of whom, including the Chairman are independent.

Tay Kah Poh	Chairman	Lead Independent Director
Tong Din Eu	Member	Independent Director
Winston Tan Tien Hin	Member	Independent Director

Guideline 4.2
NC Responsibilities

The NC has written terms of reference, under which the key functions of the NC are as follows:

(a) to review board succession plans for directors, in particular, the Chairman and the CEO;

(b) to develop a process for evaluation of the performance of the Board, its committees and directors, and undertake assessment of the effectiveness of the Board, Board Committees and individual directors, including setting a limit on multiple board representations of directors where applicable;

(c) to review the training and professional development programs for the Board;

(d) to recommend to the Board the appointment and re-election of directors; and

(e) to assess the independence of the independent directors.

Guideline 4.3
Determining Directors' Independence

The NC has conducted an annual review of the independence of the Independent Directors, using the criteria of independence in the Code, and has ascertained that they are independent.

Statement of Corporate Governance

Guideline 4.4
Directors' multiple board representations

The NC annually reviews the composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities. The NC has set guidelines on the maximum number of Board appointments in listed companies that a Board member can hold to ensure that the directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each Board member cannot have more than six listed Board representations including the Company. None of the directors currently sit on the boards of more than six listed companies.

The NC has reviewed each director's outside directorships, their principal commitments and attendance and contributions to the Board. Despite the multiple directorships, the NC is satisfied that the Directors have discharged their duties adequately and satisfactorily for FY2018.

Guideline 4.5
Alternate Directors

The Board is guided by the principles set out in Guideline 4.5 of the Code in the appointment of alternate directors. There are currently no alternate directors on the Board.

Guideline 4.6
Process for the Selection, Appointment and Re-appointment of Directors

The Company has in place policies and procedures for the appointment of new directors to the Board, including a description on the search and nomination process. This process includes, inter alia, an evaluation of the candidate's capabilities by taking into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board. The NC will determine the criteria for identifying candidates and reviewing nominations for the appointment of directors to the Board, ensuring that the process of Board appointments and re-nominations are transparent. Short-listed candidates would be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, in addition to completing certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines.

The Company's Constitution require at least one-third of the directors, including the CEO or a person holding an equivalent position to retire from office by rotation at each AGM. Accordingly, the directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. These directors may offer themselves for re-election, if eligible.

According to Regulation 103 of the Company's Constitution, Mr Teo Hong Yeow Chris and Mr Tay Kah Poh will retire at the forthcoming AGM by rotation and are eligible for re-election. Taking into account their attendance and participation at Board meetings, the NC is satisfied that Mr Teo Hong Yeow Chris and Mr Tay Kah Poh have committed their time to effectively discharge their responsibilities. The NC has recommended their re-election. Mr Tay has abstained from the deliberations and decision making of the NC in respect of his own re-election.

Guideline 4.7
Key Information on Directors

Key information on the directors is set out on page 16 to 17 of this Annual Report.

Statement of Corporate Governance

Succession planning

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

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 a formal 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.

The NC has with the Board's approval, implemented a process to annually assessing the effectiveness of the Board and its committees and the contribution by each individual director.

This process includes having the directors complete a performance evaluation form seeking their evaluation on various aspects of Board performance, such as Board's level of governance, effective delegation to the Board committees, leadership and accountability. To ensure confidentiality, the evaluation returns completed by all Directors were submitted directly to and compiled by the Company's external secretarial agent into a consolidated report. The Company Secretary compiles the directors' evaluation into a consolidated report. The report is discussed at the NC meeting and also shared with the entire Board. 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 FY2018.

Guidelines 5.2 and 5.3
Performance Criteria for Board Evaluation
Evaluation of Individual Directors

The NC also evaluates the Board's performance on the level of governance against its peers and industry with reference to the Singapore Transparency and Governance Index.

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.

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 and contacts in the regions 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.

Statement of Corporate Governance

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 and 6.2
Complete, Adequate and Timely Information
Board's Access to information

To enable the Board to make informed decisions and to fulfil its responsibilities, the management provides complete, accurate and adequate information in a timely manner. A system of communication between the Management and the Board and Board committees has been established and improved over the time. All scheduled Board and Board committees' meetings are planned 12 months ahead. The Board, its committees and every Director have separate and independent access to the Management and are free to request for additional information as needed to make informed decisions.

All Directors are furnished with information concerning the Company on a periodic and timely basis to enable them to be fully cognisant of the decisions and actions of the Company's executive management team. Management also provides the Board with regular management reports, which includes budgets, forecasts and quarterly management accounts. In respect of budgets, any material variances between the projections and actual results are disclosed and explained to the Board. Management provides Directors with information whenever necessary and board papers are sent to Directors prior to each Board and Board Committee meeting. In carrying out its duties, the Board has unrestricted access to the Company's records and information.

Guidelines 6.3
Board's Access to Company Secretary

The role of the Company Secretary includes, inter alia, advising the Board on all matters regarding the proper functioning of the Board, compliance with the Company's Constitution and applicable regulations, requirements of the Companies Act, Cap. 50 ("Companies Act"), the Securities and Futures Act and the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. The Company Secretary assists the Board in implementing and strengthening corporate governance policies and procedures.

Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and its committees and between the Management and Non-Executive Directors.

During FY2018, the Company Secretary attended all meetings of the Board and its committees and the minutes of such meetings were promptly circulated to all members of the Board and Board committees.

The Board has separate and independent access to the Company Secretary and senior management at all times. The Company Secretary ensures that Board procedures are followed and that applicable rules and regulations are complied with.

Guideline 6.4
Appointment and Removal of Company Secretary

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Guideline 6.5
Board's Access to Independent Professional Advice

The Board takes independent professional advice as and when necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to discharge its responsibilities effectively.

Statement of Corporate Governance

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 or her own remuneration.*

Guideline 7.1
Remuneration Committee

The RC comprises the following three members, all of whom including the Chairman are independent.

Tay Kah Poh	Chairman	Lead Independent Director
Tong Din Eu	Member	Independent Director
Winston Tan Tien Hin	Member	Independent Director

The RC carried out their duties in accordance with the terms of reference which include the following:

(a) To review and recommend to the Board a framework for remuneration for the directors and key executives of the Company;

(b) To review and recommend directors' fees for non-executive directors for approval at the AGM;

(c) To determine specific remuneration packages for each executive director as well as key management personnel;

(d) To review the Group's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

(e) To review the remuneration of employees who are immediate family members of a director or the CEO to ensure that the remuneration of each of such employee commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her.

Matters concerning remuneration of the Board, key executives and other employees who are related to the controlling shareholders and/or our Directors (if any) are handled by the RC whose primary function is to establish formal and transparent policies on remuneration matters in the Company.

Matters which are required to be disclosed have been sufficiently disclosed in this Report and in the notes to the Financial Statements of the Company and of the Group.

Guideline 7.2
Remuneration Framework

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The Company recognises the need to pay competitive fees to attract, motivate and retain directors and key management personnel without being excessive and thereby to maximise shareholder value.

Non-Executive Directors receive Directors' fees which are based on a scale of fees divided into basic retainer fees as Director and an additional fees for serving on any of the Board committees.

Statement of Corporate Governance

The framework for Non-Executive Directors' fees (on per annum basis) is as follows:

Roles	Members (per annum)	Chairman (per annum)
Board of Directors	$34,320	NA
Lead Independent Director	$6,600	NA
Audit Risk Management Committee, Nominating Committee, Remuneration Committee	$3,960	Additional $2,640

In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of Non-Executive Directors are taken into account. The Chairman and members of each Committee receive additional fees to take into account the nature of their responsibilities. The current remuneration framework for the Non-Executive Directors remains unchanged since financial year ended 31 December 2014.

The CEO, being an Executive Director, does not receive Director's fee.

The determination of the remuneration of the Directors is under the purview of the Board as a whole; individual Directors do not participate in discussion regarding their own remuneration.

Guideline 7.3
RC's Access to Advice on Remuneration Matters

The RC is provided access to expert professional advice on remuneration matters as and when necessary to ensure the Company's compensation and benefits schemes continue to be relevant and competitive in order to retain and motivate the directors and key management personnel. The expense of such services shall be borne by the Company.

Guideline 7.4
Termination Clauses in Service Contract

Each of the Executive Directors and key management personnel have a service agreement or employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on a long term basis and no onerous removal clauses are contained in the service agreement or employment contract.

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

A significant and appropriate proportion of Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company. The information on the link between remuneration paid to the Executive Director and key management personnel, and performance is set out under Guideline 9.6 of this Report.

Statement of Corporate Governance

Guideline 8.2
Long-term incentive scheme

The Company has no employee share incentive scheme or other long term incentives. In this regard, the RC has reviewed and is satisfied that the existing compensation structure with variable components paid out in cash has continued to be effective in incentivising performance without being excessive.

Guideline 8.3
Remuneration of Non-Executive and Independent Directors

Executive directors are not paid directors' fee. All the non-executive directors who are Independent directors have no service contract and are compensated based on a fixed annual fee taking into consideration their respective contributions and attendance at meetings. Additional variable fees are paid for appointment to Board Committees according to the level of responsibilities undertaken as Chairman or member of the Board Committees.

The RC has reviewed the fee structure for the Non-Executive and Independent Directors as being reflective of their responsibilities and work commitments and recommends the directors fee for FY2018 in accordance with the fee structure for shareholders' approval at the Company's AGM. The RC is of the view that the fee structure does not compromise the independence of the Non-Executive and Independent Directors. There is no policy to prohibit or require the Non-Executive and Independent Directors to hold shares in the Company. Mr Winston Tan Tien Hin, Mr Tay Kah Poh and Mr Tong Din Eu, independent directors, hold shares in the Company amounting to 1.60%, 0.08% and 0.0025% respectively of the total issued shares in the Company (including treasury shares). The RC and the Board are of the view that the holding of shares by Non-Executive and Independent Directors of less than 5% of the total issued shares in the Company encourages the alignment of their interests with the interests of shareholders without compromising their independence.

Guideline 8.4
Contractual Provisions

There are no contractual provisions in the employment contracts of directors and key management personnel for the Company to reclaim incentive components of remuneration as there are policies to factor management of risks as performance indicators and to manage risk exposures identified.

DISCLOSURE OF 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.*

Statement of Corporate Governance

Guidelines 9.1, 9.2 and 9.3
Remuneration Report

Remuneration of directors and the CEO

The remuneration paid to or accrued to each individual director and the CEO for FY2018 is as follows:

Name of Director	Directors Fee S$'000	Salary S$'000	Bonus S$'000	Other benefits[(1)] S$'000	Total Remuneration S$'000
Chairman and CEO					
Teo Hong Lim	–	600	426[(2)]	71	1,097
Executive Directors					
Chris Teo Hong Yeow	–	400	354[(2)]	57	811
Koh Seng Geok	–	400	357[(2)]	66	823
Independent Directors					
Tay Kah Poh	55	–	–	–	55
Tong Din Eu	47	–	–	–	47
Winston Tan Tien Hin	46	–	–	–	46

(1) Other benefits refer to benefits-in-kind such as food and beverage benefits, CPF contribution, automobile benefits and etc. made available to directors, as appropriate.
(2) Refer to Guideline 9.6 on the link between remuneration paid to the directors, the CEO and key management personnel and performance.

The remuneration paid to or accrued to the top key management personnel (who are not directors or the CEO) for FY2018 is as follows:

Remuneration Band and Name	Base/Fixed Salary %	Bonus %	Other benefits[(1)] %	Total %
S$500,000 to S$749,999				
Benjamin Hopkins (Managing Director – Australia and New Zealand)	53%	41%	6%	100%
S$250,000 to S$499,999				
Klaus Gottschalk (General Manager – Grand Mercure Roxy Hotel)	46%	19%	35%	100%
Melvin Poon Tuck Meng (Director – Hotel Operations)	64%	27%	9%	100%
Steve Foo Yong Kit (Senior Director – Developments)	61%	32%	7%	100%
Shermin Chan Poh Choo (Group Financial Controller)	59%	31%	10%	100%
Angela Khoo Ying Hui (Director – Sales and Marketing & Director – Human Resource and Administration)	59%	31%	10%	100%

(1) Other benefits refer to food and beverage benefits, automobile benefits, home passage and CPF contribution.

The aggregate total remuneration paid or accrued to the top key management personnel for FY2018 is $2,081,773.

Statement of Corporate Governance

Guideline 9.4
Remuneration of employees who are immediate family members of a director or the CEO

For FY2018, saved as disclosed in the following table which shows the remuneration of employees who are related to our directors, the Company and its subsidiary companies do not have any other employee who is an immediate family member of a director or the CEO and whose remuneration exceeds S$50,000.

Remuneration Band and Name	Relationship to director or the CEO
S$100,000 to S$149,999	
Cheong Kwai Fun (Manager – Sales and Marketing)	Cousin of Teo Hong Lim and Chris Teo Hong Yeow
S$50,000 to S$99,999	
Phua Lay Leng (Senior Executive – Corporate Secretarial)	Cousin of Teo Hong Lim and Chris Teo Hong Yeow

Guideline 9.5
Employee Share Option Scheme

The Company does not have any share option or other share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing compensation structure with variable component paid out in cash to staff has continued to be effective in incentivizing performance.

Guideline 9.6
Link between remuneration paid to the directors, the CEO and key management personnel, and performance

The Executive Directors do not receive directors' fees. They are paid a fixed salary and a performance-related profit sharing bonus pursuant to their respective service agreements. The performance-related profit sharing bonus is linked to the Company and individual performance. It is based on incremental profit over and above a minimum level set aside for dividends and reserves which help to ensure prudence as well as fairness and equity. This is designed to align remuneration with the interests of shareholders and to link rewards to corporate and individual performance so as to promote the long-term success of the Group. The RC reviews and approves the overall variable bonus payable to the Executive Directors within the framework of the service agreements.

The remuneration structure for the Company's top key management personnel comprised both fixed and variable components. The variable component is determined annually based on achievement of specific key performance indicators (KPIs) which are clearly set out for each management personnel each financial year and such KPIs comprise both quantitative and qualitative factors.

The KPIs for individual performance take into consideration the broad categories of objectives, namely financial, business and functional, regulatory and controls, and organisational and people development as well as alignment to the Company's risk policies. For FY 2018, the ARMC has evaluated the extent to which each of key management personnel management has delivered on the corporate and individual objectives (details are not disclosed for strategic and confidentiality reasons) and based on the evaluation, has approved the compensation for the key management personnel which were endorsed by the Board.

Statement of Corporate Governance

ACCOUNTABILITY AND AUDIT

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 Company's Performance, Position and Prospects

The Board provides a balanced and meaningful assessment of the Group's financial performance and prospects regularly through financial statements, announcement of results to shareholders and the SGX-ST as well as the Chairman's statement, and review of operations in the annual report. Financial results are released on a quarterly basis to the shareholders through SGXNet. Price sensitive information, Annual Reports and other material corporate developments are disseminated in a timely manner and posted on the Company's website as well as SGXNet. The financial results are reported each quarter via SGXNet with an accompanying Negative Assurance by the Board to confirm that nothing has come to its attention that may render the results false or misleading in any material aspects. The Company believes that prompt and full compliance with statutory reporting requirements is fundamental to maintain shareholder confidence and trust.

Guideline 10.2
Compliance with Legislative and Regulatory Requirements

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the Singapore Exchange Trading Limited ("SGX-ST"). The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of Listing Rules to undertake to use their best endeavours to comply with the SGX-ST Listing Rules and to procure that the Company shall so comply. A similar undertaking has been executed by the Group Financial Controller in her capacity as executive officer.

The Board ensures timely, reliable and full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board also reviews regulatory compliance reports from Management to ensure that the Group complies with the relevant regulatory requirements.

Guideline 10.3
Management Accounts

The Management currently provides the Board with management accounts which presents a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis and as and when deemed necessary.

For FY 2018, the CEO and the CFO have provided assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and regarding the effectiveness of the Company's risk management and internal controls system.

Statement of Corporate Governance

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.

Guidelines 11.1 and 11.2
Risk Management and Internal Controls System
Adequacy and Effectiveness of Risk Management and Internal Control Systems

The ARMC, through the assistance of internal and external auditors, reviews and reports to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, established by Management. In addition, the Board reviews and determines the Group's level of risk tolerance and risk policies, and oversees the design, implementation and monitoring of the risk management and internal control systems. In assessing the effectiveness and adequacy of internal controls, the ARMC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate, complete, and reliable and financial information is prepared in compliance with applicable internal policies, laws and regulations.

Since FY2012, the Group has had in place an Enterprise Risk Management ("ERM") Framework, which governs the risk management processes of the Group. Risk management capabilities and competencies are continuously enhanced through this Framework. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks and associated key controls in the Group's businesses. The key risks of the Group are deliberated by Management and reported to the ARMC at least once a year. The ARMC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-à-vis the external and internal environments, which the Group operates.

Complementing the ERM framework is a Group-wide system of internal controls, which includes documented policies and procedures, proper segregation of duties, approval procedures and authorisations, as well as checks-and-balances built into the business processes. The Group has in place a risk management process that requires business units to perform regular assessments of the effectiveness of applicable internal controls. In addition to ensuring that internal controls and risk management processes are adequate and effective, the ARMC is assisted by various independent professional service providers. The external auditors provided assurance over the risk of material misstatements in the Group's financial statements. The Internal auditor conducted audit reviews based on the approved internal audit plans. All audit reports detailing audit findings and recommendations are provided to Management who timely respond to actions to be taken. The ARMC monitors closely and timely to ensure proper implementation of the required corrective action plans are undertaken by the Management.

The Board has received assurance from the CEO and CFO that, as at 31 December 2018:

(a) the financial record have been properly maintained and the financial statements give a true and fair view of the Group's operations and finance; and

(b) the Group's risk management and internal control systems were adequate and effective to address key financial, operational, compliance and information technology risks.

Statement of Corporate Governance

Guidelines 11.3 and 11.4
Board's Comment on Adequacy and Effectiveness of Internal Controls
Risk Committee

Based on the review of the key 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 ARMC; and the aforesaid assurances from the CEO and CFO, the Board, is of the opinion that the Group's internal controls, addressing financial, operational and compliance and information technology risks and risk management systems, were adequate and effective as at 31 December 2018. The ARMC concurs with the Board.

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

AUDIT COMMITTEE

Principle 12: *The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.*

Guideline 12.1
ARMC Membership

The ARMC comprises the following three members all of whom, including the Chairman, are independent.

Tong Din Eu	Chairman	Independent Director
Tay Kah Poh	Member	Lead Independent Director
Winston Tan Tien Hin	Member	Independent Director

None of the members of the ARMC have any management and business relationships with the Company and is not a substantial shareholder of the Company. None of the ARMC members were previous partners or directors of the Company's external auditors within the last twelve months or hold any financial interest in the external auditors.

Guideline 12.2
Expertise of ARMC Members

The Chairman of the ARMC, Mr Tong Din Eu, holds a Bachelor Degree in Accountancy and has many years of experience in corporate finance. The other members of the ARMC have many years of experience in business management and financial services. The Board is satisfied that the members of the ARMC have recent and relevant accounting or related financial management expertise or experience to discharge the ARMC's functions.

Guidelines 12.3 and 12.4
Roles, Responsibilities and Authorities of ARMC

The ARMC functions under the terms of reference that sets out its responsibilities as follows:

(a) To review the financial statements of the Company and the Group before submission to the Board;

(b) To review the external and internal audit plans of the Company with the external and internal auditors to ensure the adequacy of the audit scope and findings of auditor's reports;

Statement of Corporate Governance

(c) To review the effectiveness and adequacy of the internal audit and finance functions and co-operation given by the Company's management to the external auditors;

(d) To review and evaluate with internal and external auditors, the effectiveness and adequacy of internal control systems, including financial, information technology, operational and compliance controls and risk management policies and framework;

(e) To review the performance of the internal and external auditors and make recommendations to the Board on the appointment, re-appointment or removal of the external auditors;

(f) To review the independence of the external auditors and make recommendations to the Board on the appointment, re-appointment and removal of the external auditors;

(g) To review the sustainability report before submission to the Board;

(h) To review interested person transactions and potential conflicts of interest; and

(i) To review arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting.

The ARMC has the power to conduct or authorise investigations into any matter within the ARMC's scope of responsibility. The ARMC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. The ARMC has full access to and co-operation of Management, has full discretion to invite any director or executive officer to attend its meetings and has been given reasonable resources to enable it to discharge its functions. No member of the ARMC or any director is involved in the deliberations and voting on any resolutions in respect of matters he is interested in.

The role of the ARMC in relation to financial reporting is to monitor the integrity of the quarterly and full year financial statements and that of any formal announcements relating to the Group's financial performance. The ARMC has considered whether accounting standards are consistently applied across the Group and whether disclosures to the financial statements are clear and sufficient.

In the review of the financial statements for FY2018, the ARMC has discussed with the Management and the external auditors on significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the members under "Key Audit Matters". Following the review, the ARMC is satisfied that those matters, valuation of development properties for sale, valuation of investment properties and revenue recognition, have been properly dealt with and recommended the Board to approve the financial statements.

Guideline 12.5
Meeting with External and Internal Auditors without Presence of Management

The ARMC meets with both the external and internal auditors without the presence of the Management at least once a year. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the ARMC.

Guideline 12.6
Independence of External Auditors

The Company confirms compliance with Rule 712 and Rule 715 (read with Rule 716) of the Listing Manual in engaging Foo Kon Tan LLP ("FKT") which is registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and of its Singapore subsidiaries and significant Singapore and foreign associated companies.

Statement of Corporate Governance

Audit fees paid/payables to the external auditors of the Company amounted to $263,000 for the financial year ended 31 December 2018. The ARMC has reviewed the amount of non-audit services rendered to the Group by the external auditors. During the year, the estimated fees payable to the external auditors of the Company for non-audit services amounted to $4,000 or 1% of the audit fee. Being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the ARMC has recommended their re-nomination to the Board.

Guideline 12.7
Whistle-blowing Policy

The Company has a whistle-blowing policy to allow staff to raise concerns in confidence to the ARMC Chairman, and to encourage the reporting of fraud, misappropriation of assets, unauthorised expenditure and violation of regulations in the Group. In 2017, the whistleblowing policy was expanded to cover reporting of serious improper conduct including non-disclosure of conflict of interest by officers and directors or demonstration of or perceived impairment of independence by independent directors.

The policy makes available the contact details of the ARMC Chairman and sets out the procedures for raising concern or making a complaint and the process of investigation and dealing with the outcome of the investigation.

Employees are free to bring complaints to the attention of their supervisors or the Human Resource Department as they would in any other workplace concerns. The recipient of such complaints shall forward them promptly to the ARMC Chairman. The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Following investigation and evaluation of a complaint, the ARMC Chairman shall report to the ARMC on recommended disciplinary or remedial action, if any. The action determined by the ARMC shall then be brought to the Board or to appropriate members of senior management for authorisation and implementation respectively.

On a half yearly basis, employees are required to submit an Annual Declaration Form requiring disclosure of any conflicts of interest or raising any issues or concerns of possible irregularities of the Company or the Group's affairs. A "nil" return is also required from the employees.

The policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

The ARMC confirms that no reports have been received under the whistle-blowing policy in 2018.

Guideline 12.8
AC to Keep Abreast of Changes to Accounting Standards

During FY2018, the members of the ARMC attended external training on changes in accounting standards, risk management, corporate governance and regulatory related topics. Besides the external training, the ARMC has kept abreast of changes in accounting standards and issues which impact the financial statements from briefings from auditors during the quarterly ARMC meetings.

Guideline 12.9
Partners or Directors of the Company's Auditing Firm

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

INTERNAL AUDIT

Principle 13: *The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

Statement of Corporate Governance

Guidelines 13.1 and 13.2
Internal Auditors

The Company has engaged KPMG Services Pte. Ltd. as its internal auditor. The internal auditor reports directly to the Chairman of the ARMC on all internal audit matters.

The primary functions of internal audit are to help:–

(a) assess if adequate systems of internal controls are in place to protect the assets of the Group and to ascertain whether control procedures are complied with;

(b) assess if operations of the business processes under review are conducted efficiently and effectively; and

(c) identify and recommend improvement to internal control procedures, where required.

Guidelines 13.3 & 13.4
Internal Audit Function

The Company's internal audit function is independent of the external audit. The IA, KPMG, is a member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The Group's engagement with KPMG stipulates that its work shall comply with the KPMG's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors (IIA Standards). The Internal Audit continues to meet or exceed the IIA Standards in all key aspects. KPMG has confirmed their independence to the ARMC.

During the year, Group Internal Auditor adopted a risk-based audit approach that focused on material internal controls, including financial, operational, compliance and information technology controls. Audits were carried out on all significant business units in the Group. All Group Internal Audit reports are submitted to the ARMC for deliberation with copies of these reports extended to the Chairman and CEO, Executive Directors and the relevant key management personnel. In addition, Group Internal Audit summary of findings and recommendations are discussed at the ARMC meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by Management is tracked and discussed with the ARMC. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARMC.

Guideline 13.5
Adequacy and Effectiveness of Internal Audit Function

The ARMC has reviewed the Company's internal control assessment and based on the internal auditors' 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. The ARMC is satisfied that the internal audit function is independent, effective and adequately resourced.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

Statement of Corporate Governance

Guidelines 14.1
Sufficient Information to Shareholders

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's businesses which could have a material impact on the Company's share price. Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;

(b) Annual Report prepared and issued to all shareholders;

(c) Press releases on major developments of the Group;

(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGMs"); and

(e) Company's Investor Relations website at http://roxypacific.com.sg/, where shareholders can access timely information on the Group

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

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairman of each Board Committee as well as external auditors are normally present at the AGMs to address shareholders' queries, if any.

Shareholders are encouraged to attend the AGMs/EGMs to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. They are provided with opportunities to ask questions in the latest AGM and the meeting minutes recorded the details of shareholders' questions and answers. Notice of the AGM/EGM will be advertised in newspapers and announced on SGXNET.

Guideline 14.3
Proxies for Nominee Companies

The Company's Constitution allows all shareholders (who are not relevant intermediaries as set out under the Companies Act) to appoint up to two proxies to attend general meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the CPF agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

COMMUNICATIONS WITH SHAREHOLDERS

Principle 15: *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

Guidelines 15.1
Communication with Shareholders

The notices are also released via SGXNET, published in local newspapers, and posted on the Company's website. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

Statement of Corporate Governance

Guidelines 15.2
Timely information to shareholders

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

To further enhance its communication with the investors, the Company's website allows the public to have access to information on the Group including the Company's announcements made to the SGX-ST.

Guideline 15.3
Regular Dialogue with Shareholders

The Company's AGM is a forum for the Board to invite shareholders to ask questions on the resolutions tabled at the AGM and to express their views. Shareholders are provided with opportunities to ask questions in the latest AGM and the meeting minutes recorded the details of shareholders' questions and answers. During these meetings, shareholders are able to engage the Board and the 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.

The Company has also engaged its shareholders and investors through results briefings and investor roadshows when there are major developments or as and when applicable.

Guideline 15.4
Soliciting and Understanding Views of Shareholders

The Group supports and encourages active shareholder participation at general meetings. The Board believes that general meetings serve as an opportune forum for Shareholders to meet and interact with the Board and key management personnel. 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's priority is to achieve long-term capital growth for the benefit of shareholders. The bulk of its profits, when made, shall therefore be retained for investment into the future. Nevertheless, the Company recognises the desire of some of its shareholders to receive income out of their investment in the Company. Therefore, the Company has adopted a dividend policy with a view of paying dividends, on a half-yearly basis, of at least 50% of the net operating profits attributable to the Company's business of hotel ownership and provision of hotel accommodation services (the "Hotel Business"), subject to the following factors:–

- The level of cash and retained earnings;
- The net profits of the Company;
- The actual and projected overall financial performance of the Company and its subsidiaries (taking into account all of the Company's businesses and operations);
- The projected levels of capital expenditure and other investment plans; and
- Restrictions on payment of dividend that may be imposed by financing arrangements (if any).

Statement of Corporate Governance

The net operating profits attributable to the Hotel Business are defined as the earnings before interest, taxes, depreciation and amortisation in respect of the Hotel Business.

The Board of Directors will continually review the dividend policy and reserve the right to update the dividend policy at any time, in the best interests of the Company and its shareholders.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: *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 16.1
Effective Shareholders' Participation

All resolutions at general meetings are put to vote by electronic poll to allow greater transparency and more equitable participation by shareholders. Voting and vote tabulation procedures are disclosed at the general meetings. Votes cast for, or against, each resolution will be displayed live-on-screen to shareholders immediately at the general meetings. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET.

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

Guideline 16.2
Separate Resolutions at General Meetings

The Company provides for separate resolutions at the general meetings on each distinct issue.

Guideline 16.3
Attendance of Chairman of the Board and Board Committees at General Meetings

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the ARMC, RC and NC, CEO and CFO are available at the meetings to answer any question relating to the work of these committees. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Guideline 16.4
Minutes of General Meetings

The Company prepares minutes of general meetings detailing the proceedings and questions raised by shareholders and answers given by the Board and Management. The minutes are available to shareholders for their inspection upon request.

Guideline 16.5
Results of resolutions by poll

All resolutions at general meetings are put to vote by electronic poll. Voting and 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.

Statement of Corporate Governance

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.

INTERESTED PERSONS TRANSACTIONS

Interested Person Transactions ("**IPTs**") are executed on fair terms and at arm's length regardless of nature and size. Where any IPT requires shareholders' approval, the interested person will abstain from voting and the decision will be made by disinterested shareholders. When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The Company has adopted an IPT policy that sets out the procedure of monitoring, reviewing and approving IPTs in the Group to ensure that IPTs entered into are conducted on normal terms and are not prejudicial to the interest of the shareholders.

Quarterly report on IPTs is submitted to the ARMC and Board for review if the Company will be entering into any interested person transaction.

There were no IPT for the financial year ended 31 December 2018.

Disclosure of interested person transactions is set out as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Nil	Nil	Nil

DEALINGS IN SECURITIES

The Company has issued an internal compliance policy to all employees of the Group setting out the implications of insider trading. Staff who wants to trade in the Company's shares is required to submit a pre-clearance authorisation form and obtain approvals from the CEO, the CFO and the Director of Human Resource.

Under the Company's policy, the Company, its directors and key management personnel of the Group are prohibited in dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. Notices are issued to all directors and employees of the Group to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company and within the Group on short-term consideration or during prohibitive periods. Directors and employees are expected to observe the insider trading laws at all times even when dealing in shares of the Company within permitted trading periods.

MATERIAL CONTRACTS

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder during the financial year ended 31 December 2018.

Directors' Statement

For the financial year ended 31 December 2018

We are pleased to submit this annual report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and statement of financial position of the Company as at 31 December 2018.

In our opinion:

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

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

Teo Hong Lim	(Executive Chairman and Chief Executive Officer)
Chris Teo Hong Yeow	(Deputy CEO and Executive Director)
Koh Seng Geok	(Deputy CEO and Executive Director)
Tay Kah Poh	(Lead Independent Director)
Tong Din Eu	(Independent Director)
Winston Tan Tien Hin	(Independent Director)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this statement.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, the following directors who held office at the end of the financial year were interested in shares of the Company and its related corporations as follows:

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 1.1.2018	As at 31.12.2018	As at 1.1.2018	As at 31.12.2018
The Company				
Roxy-Pacific Holdings Limited		Number of ordinary shares		
Teo Hong Lim	139,303,125	**154,499,097**	589,316,500	**654,496,820**
Chris Teo Hong Yeow	28,751,875	**31,627,062**	11,250	**12,375**
Koh Seng Geok	6,388,000	**7,026,800**	–	**–**
Winston Tan Tien Hin	–	**35,000**	19,056,875	**20,962,562**
Tay Kah Poh	985,000	**1,083,500**	–	**–**
Tong Din Eu	30,000	**33,000**	–	**–**

Directors' Statement

For the financial year ended 31 December 2018

Directors' interest in shares or debentures (Continued)

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 1.1.2018	**As at 31.12.2018**	**As at 1.1.2018**	**As at 31.12.2018**
The Holding Company				
Kian Lam Investment Pte Ltd	Number of ordinary shares			
Teo Hong Lim	6,892	**6,892**	–	**–**
Chris Teo Hong Yeow	3,101	**3,101**	–	**–**
Related company				
Sen Lee Development Private Limited				
Teo Hong Lim	3,390	**3,390**	182,000	**182,000**
Chris Teo Hong Yeow	3,390	**3,390**	–	**–**

Mr Teo Hong Lim, by virtue of the provisions of Section 7 of the Act, is deemed to have an interest in the other subsidiaries of the Company of which all but eight are wholly-owned.

Mr Winston Tan Tien Hin is deemed to have interest in the shares of the Company held by Winmark Investments Pte Ltd, a Company wholly-owned by Mr Winston Tan Tien Hin and his wife.

There are no changes to the above shareholdings or debentures between the end of the financial year and 21 January 2019.

Share options

No options were granted during the financial year to take up unissued shares of the Company or of its subsidiaries.

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

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

Audit Risk Management Committee

The Audit Risk Management Committee comprises the following members:

Tong Din Eu (Chairman)
Tay Kah Poh
Winston Tan Tien Hin

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

- audit plans of the internal auditor and external auditor, assistance given by the Company's officers to the internal auditor and external auditor and results of the internal and external auditor's audit procedures;
- reviewed the internal and external auditor's evaluation of the Company's system of internal accounting controls;
- reviewed the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor;

Directors' Statement

For the financial year ended 31 December 2018

Audit Risk Management Committee (Continued)

- met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

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

- reviewed the cost effectiveness and the independence and objectivity of the external auditor;

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

- reviewed quarterly financial information and annual financial statements of the Group and the Company before submission to the directors of the Company for approval; and

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

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

The Audit Risk Management Committee is satisfied with the independence and objectivity of the external auditor and has recommended to The Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Risk Management Committee are provided on the Statement of Corporate Governance.

In appointing our auditors of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants has expressed its willingness to accept re-appointment.

On behalf of the Directors

....

TEO HONG LIM

....

KOH SENG GEOK

Dated: 26 March 2019

Independent auditor's report

To the members of Roxy-Pacific Holdings Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and 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 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

<u>Net realisable value of development properties for sale (Refer to Note 11 to the financial statements)</u>

Risk:

Development properties for sale represent the largest category of assets on the balance sheet, at $752 million as at 31 December 2018 and include properties for sale under development and developed properties for sale.

Development properties for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price, less estimated costs of completion and selling expenses.

The determination of the estimated net realisable values of these development properties is dependent upon the Group's expectations of future selling prices which are affected by macro and micro influences, amongst other things, demand and supply, interest rates, government policies and economic conditions. There is an inherent risk that the estimate of net realisable values exceed future selling prices, resulting in a loss when these properties are sold.

Independent auditor's report

To the members of Roxy-Pacific Holdings Limited

Key Audit Matters (Continued)

Net realisable value of development properties for sale (Refer to Note 11 to the financial statements) (Continued)

Our response:

We reviewed the reasonableness of the inputs used by management in assessing the estimated prices of unsold properties under development and completed properties held for sale. The inputs used included recently transacted selling prices of these properties and comparable properties, and management's expectations based on the market and project-specific factors.

We also evaluated the Group's estimated total development costs, taking into consideration costs incurred to date, estimated costs to completion, construction progress and any deviation in project cost components which could lead to cost overruns.

We considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions in the estimates.

Valuation of investment properties (Refer to Note 6 to the financial statements)

Risk:

Investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement and estimation in determining the appropriate valuation methodology to be used, and in evaluating the underlying assumptions to be applied. These key assumptions used included price per square meter of market comparables, capitalisation and discount rates, terminal yield and expected rental growth.

Our response:

We assessed the Group's processes for the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

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

We also evaluated that the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the appropriateness of the valuation techniques used by the external valuers for the respective investment properties, taking into account the profile and type of these properties. We discussed with the external valuers on the results of their work, and compared the key assumptions used in their valuations by reference to internal historical data and available benchmarks and considered whether these assumptions were consistent with the current market environment.

We also considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between inputs and fair values.

Independent auditor's report

To the members of Roxy-Pacific Holdings Limited

Key Audit Matters (Continued)

Revenue recognition of development properties (Refer to Note 3 to the financial statements)

Risk:

Revenue from sale of property development was $75 million out of a total revenue of $133 million for the financial year ended 31 December 2018.

Revenue recognition of development properties requires management's use of estimates in identification of performance obligations, assessment of the number of performance obligations and whether they are satisfied over time or a point in time, determination of an appropriate method to measure progress of the property development project for revenue recognition.

Revenue on development properties that have been sold is recognised using the percentage of completion ("POC") method. The stage of completion is certified by independent architects or quantity surveyors and measured by reference to the value of the main contractor costs incurred to date to the estimated total main contractor costs to complete the property development. Significant judgements are required to determine the total construction costs which include estimation for variation works and any other claims from contractors. Any changes to the estimated total development costs will impact the POC method.

Our response:

We read the sales and purchase agreements for sale of properties and engaged management to obtain an understanding of the performance obligations of the Group as the developer, and its contractual rights. We discussed with management to assess whether the criteria for recognising revenue over time or a point in time are met, taking into consideration the contractual terms.

Procedures performed in our audit included reviewing the terms of sales and purchase agreement of development properties, assessing appropriateness of methods of revenue recognition for the types of development properties sold, reviewing the estimates involved in the methods applied for revenue recognition, testing the revenue billings and accrued costs after the year-end date and reviewing any cancellation of sales after the year end.

We also reviewed management's estimated total construction costs for each of the development projects, and assessed the reasonableness of the assumptions and estimates applied by management which included key elements such as construction costs and variation works. We ascertained that any effects of significant or unusual events that occurred during the year leading to cost increase had been factored into the estimated total construction costs. We used the value of the main contractor costs incurred to date as certified by third party architects or quantity surveyors, compared to the estimated total main contractor costs and performed arithmetic computations of the POC method and revenue to be recognised for the year.

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

Other Information

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.

The Annual Report is expected to be made available to us after the date of this auditor's report.

Independent auditor's report

To the members of Roxy-Pacific Holdings Limited

Other Information (Continued)

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

Independent auditor's report

To the members of Roxy-Pacific Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

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

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

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 Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and Chartered Accountants

Singapore, 26 March 2019

Statements of financial position

As at 31 December 2018

	Note	The Group 31 December 2018 $'000	The Group 31 December 2017 (Restated) $'000	The Group 1 January 2017 (Restated) $'000	The Company 31 December 2018 $'000	The Company 31 December 2017 $'000	The Company 1 January 2017 $'000
ASSETS							
Non-Current							
Property, plant and equipment	4	**231,028**	215,507	175,527	**774**	801	847
Intangible assets	5	**393**	541	68	**327**	491	–
Investment properties	6	**126,464**	124,191	198,835	**–**	–	–
Investments in subsidiaries	7	**–**	–	–	**170,603**	143,180	189,404
Investments in associates	9	**142,330**	165,147	147,448	**–**	–	–
Financial assets at fair value through profit or loss	10	**1,856**	–	–	**356**	–	–
Available-for-sale financial assets	10.1	**–**	2,275	1,425	**–**	700	–
		502,071	507,661	523,303	**172,060**	145,172	190,251
Current							
Development properties for sale	11	**751,566**	538,973	478,472	**–**	–	–
Inventories	12	**1,086**	1,065	784	**–**	–	–
Trade receivables	13	**8,282**	11,620	14,872	**2**	9	8
Contract assets	14	**20,410**	41,659	78,273	**–**	–	–
Contract costs	14.1	**6,084**	1,657	5,925	**–**	–	–
Other receivables	15	**36,959**	57,732	22,418	**396,182**	336,084	251,582
Amounts owing by associates	16	**58,432**	34,876	11,264	**–**	–	–
Cash and bank balances	17	**291,574**	322,460	325,325	**166,888**	168,220	156,715
		1,174,393	1,010,042	937,333	**563,072**	504,313	408,305
Total assets		**1,676,464**	1,517,703	1,460,636	**735,132**	649,485	598,556
EQUITY							
Capital and Reserves							
Share capital	18	**47,399**	47,399	47,399	**47,399**	47,399	47,399
Treasury shares	19	**(3,954)**	(564)	(555)	**(3,954)**	(564)	(555)
Retained earnings		**470,881**	461,313	446,029	**201,093**	174,572	68,392
Other reserves	20	**(18,025)**	(3,672)	(2,096)	**(5,622)**	906	4,187
Equity attributable to owners of the Company		**496,301**	504,476	490,777	**238,916**	222,313	119,423
Non-controlling interests		**4,533**	5,136	3,584	**–**	–	–
Total equity		**500,834**	509,612	494,361	**238,916**	222,313	119,423
LIABILITIES							
Non-Current							
Borrowings	21	**229,651**	318,090	270,549	**–**	–	60,000
Deferred tax liabilities	22	**10,979**	16,483	32,759	**671**	643	168
		240,630	334,573	303,308	**671**	643	60,168
Current							
Trade and other payables	23	**104,234**	88,889	98,715	**430,138**	377,055	355,506
Current tax liabilities		**17,554**	30,873	2,104	**678**	300	217
Borrowings	21	**813,212**	553,756	562,148	**64,729**	49,174	63,242
		935,000	673,518	662,967	**495,545**	426,529	418,965
Total liabilities		**1,175,630**	1,008,091	966,275	**496,216**	427,172	479,133
Total equity and liabilities		**1,676,464**	1,517,703	1,460,636	**735,132**	649,485	598,556

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

Consolidated statement of comprehensive income

For the financial year ended 31 December 2018

	Note	Year ended 31 December 2018 $'000	Year ended 31 December 2017 (Restated) $'000
Revenue	3	**132,855**	246,813
Cost of sales		**(82,030)**	(181,088)
Gross profit		**50,825**	65,725
Other income			
– Interest income	25	**2,096**	2,360
– Others	25	**11,130**	30,477
Distribution and selling expenses		**(8,787)**	(4,960)
Administrative expenses		**(10,215)**	(11,114)
Other operating expenses		**(23,560)**	(28,238)
Finance costs	26	**(16,341)**	(18,512)
Share of results of associates (net of income tax)		**20,062**	13,863
Profit before taxation	27	**25,210**	49,601
Tax expense	28	**(4,154)**	(15,786)
Profit for the year		**21,056**	33,815
Attributable to:			
– Owners of the Company		**21,292**	31,713
– Non-controlling interests		**(236)**	2,102
		21,056	33,815
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets		**–**	316
Tax on other comprehensive income		**–**	(54)
Revaluation surplus of owner occupied property, plant and equipment transferred to investment properties		**–**	533
Currency translation differences arising from consolidation		**(14,038)**	(2,371)
Other comprehensive income, net of tax		**(14,038)**	(1,576)
Total comprehensive income for the year		**7,018**	32,239
Attributable to:			
– Equity holders of the Company		**7,251**	30,137
– Non-controlling interests		**(233)**	2,102
		7,018	32,239
Earnings per share – Basic/Diluted (cents)	29	**1.63**	2.42

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

Consolidated statement of changes in equity

For the financial year ended 31 December 2018

	Attributable to owners of the Company								
	Share capital $'000	Treasury shares $'000	Fair value reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017 as previously reported	47,399	(555)	50	–	(2,149)	446,518	491,263	3,745	495,008
Effect of adopting SFRS(I) (Note 2(b))	–	–	–	–	3	(489)	(486)	(161)	(647)
At 1 January 2017, as restated	47,399	(555)	50	–	(2,146)	446,029	490,777	3,584	494,361
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	31,713	31,713	2,102	33,815
Other comprehensive income									
Revaluation surplus on transfer of owner-occupied properties to investment properties	–	–	–	533	–	–	533	–	533
Net change in fair value of available-for-sale financial assets	–	–	316	–	–	–	316	–	316
Tax on other comprehensive income	–	–	(54)	–	–	–	(54)	–	(54)
Foreign currency translation differences	–	–	–	–	(2,371)	–	(2,371)	–	(2,371)
Total other comprehensive income	–	–	262	533	(2,371)	–	(1,576)	–	(1,576)
Total comprehensive income for the year	–	–	262	533	(2,371)	31,713	30,137	2,102	32,239
Transactions with owners, directly recognised in equity									
Share buy back	–	(9)	–	–	–	–	(9)	–	(9)
Contributions by and distributions to owners									
Issue of shares to non-controlling interest	–	–	–	–	–	–	–	400	400
Dividend to shareholders (Note 35)	–	–	–	–	–	(16,429)	(16,429)	(950)	(17,379)
Total transactions with owners	–	(9)	–	–	–	(16,429)	(16,438)	(550)	(16,988)
At 31 December 2017, as restated	47,399	(564)	312	533	(4,517)	461,313	504,476	5,136	509,612
At 31 December 2017, as previously reported	**47,399**	**(564)**	**312**	**533**	**(4,527)**	**459,512**	**502,665**	**5,071**	**507,736**
Effect of adopting SFRS(I) (Note 2(b))	**–**	**–**	**–**	**–**	**10**	**1,801**	**1,811**	**65**	**1,876**
At 1 January 2018, as restated	**47,399**	**(564)**	**312**	**533**	**(4,517)**	**461,313**	**504,476**	**5,136**	**509,612**
Effect of adoption of SFRS(I) 9 (Note 2(b), 10,10.1)	**–**	**–**	**(312)**	**–**	**–**	**–**	**(312)**	**–**	**(312)**
	47,399	**(564)**	**–**	**533**	**(4,517)**	**461,313**	**504,164**	**5,136**	**509,300**
Total comprehensive income for the year									
Profit for the year	**–**	**–**	**–**	**–**	**–**	**21,292**	**21,292**	**(236)**	**21,056**
Other comprehensive income									
Foreign currency translation differences	**–**	**–**	**–**	**–**	**(14,041)**	**–**	**(14,041)**	**3**	**(14,038)**
Total other comprehensive income	**–**	**–**	**–**	**–**	**(14,041)**	**–**	**(14,041)**	**3**	**(14,038)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(14,041)**	**21,292**	**7,251**	**(233)**	**7,018**
Transactions with owners, directly recognised in equity									
Share buy back	**–**	**(3,390)**	**–**	**–**	**–**	**–**	**(3,390)**	**–**	**(3,390)**
Contributions by and distributions to owners									
Issue of shares to non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**800**	**800**
Dividend to shareholders (Note 35)	**–**	**–**	**–**	**–**	**–**	**(11,724)**	**(11,724)**	**(1,170)**	**(12,894)**
Total transactions with owners	**–**	**(3,390)**	**–**	**–**	**–**	**(11,724)**	**(15,114)**	**(370)**	**(15,484)**
At 31 December 2018	**47,399**	**(3,954)**	**–**	**533**	**(18,558)**	**470,881**	**496,301**	**4,533**	**500,834**

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

Consolidated statement of cash flows

For the financial year ended 31 December 2018

	Note	Year ended 31 December 2018 $'000	Year ended 31 December 2017 (Restated) $'000
Cash Flows from Operating Activities			
Profit before taxation		**25,210**	49,601
Adjustments for:			
Depreciation of property, plant and equipment	4	**7,048**	5,730
Amortisation of intangible assets	5	**182**	18
Bad debt written off (non-trade)	27	**–**	11
Impairment of trade and other receivables	13, 15, 27	**19**	21
Impairment of investment in associate		**–**	5,197
Dividend income from investments in equity securities	25	**(115)**	(83)
Fair value gain on investment properties	6, 25	**(4,910)**	(24,047)
Cumulative fair value gain on available-for-sale financial assets reclassified to profit or loss on adoption of SFRS(I) 9	25	**(312)**	–
Fair value loss on financial assets	27	**347**	–
Share of associates' results		**(20,062)**	(13,863)
Interest income	25	**(2,096)**	(2,360)
Interest expense on bank loans	26	**16,207**	18,233
Fair value gain on cross currency interest rate swap	25	**–**	(666)
Gain on disposal of investment property	25	**–**	(379)
Property, plant and equipment written off		**–**	1,213
Foreign exchange loss/(gain) (unrealised)		**1,546**	(1,911)
Operating profit before working capital changes		**23,064**	36,715
Changes in properties for sale under development		**(216,644)**	(96,321)
Changes in developed properties for sale		**1,309**	3,028
Changes in contract assets		**21,249**	36,614
Changes in contract costs		**(4,427)**	4,268
Changes in inventories		**(21)**	(281)
Changes in operating receivables		**17,500**	6,811
Changes in operating payables		**14,865**	(7,612)
Cash used in operations		**(143,105)**	(16,778)
Income tax paid		**(21,901)**	(2,350)
Net cash used in operating activities		**(165,006)**	(19,128)
Cash Flows from Investing Activities			
Dividend received from associates		**41,421**	3,260
Proceeds from disposal of investment property		**–**	159,563
Dividend received from investments in equity securities		**115**	83
Investments in associates		**(2,694)**	(5,954)
Acquisition of intangible assets	5	**(34)**	(491)
Loans to associates		**(40,250)**	(34,795)
Repayment of loans from associates		**18,743**	2,212
Proceeds from liquidation of associates		**900**	–
Investment in available-for-sale financial assets	10.1	**–**	(534)
Acquisition of investment properties	6	**–**	(59,862)
Acquisition of property, plant and equipment	4	**(16,948)**	(53,055)
Interest received		**2,189**	3,729
Net cash generated from investing activities		**3,442**	14,156

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

Consolidated statement of cash flows

For the financial year ended 31 December 2018

	Note	Year ended 31 December 2018 $'000	Year ended 31 December 2017 (Restated) $'000
Cash Flows from Financing Activities			
Proceeds from bank loans (Note A)		**393,763**	376,953
Repayment of bank loans (Note A)		**(216,503)**	(335,055)
Decrease/(Increase) in fixed deposits pledged to financial institutions		**16,923**	(120)
Dividend paid to non-controlling shareholders		**(1,170)**	(950)
Dividends paid		**(11,724)**	(16,429)
Proceeds from issuance of share to non-controlling interest		**800**	400
Share buy back		**(3,390)**	(9)
Interest paid (Note A)		**(26,031)**	(22,588)
Net cash generated from financing activities		**152,668**	2,202
Net decrease in cash and cash equivalents		**(8,896)**	(2,770)
Cash and cash equivalents at beginning of year	17	**234,295**	237,280
Effect of exchange fluctuations on cash held		**(5,067)**	(215)
Cash and cash equivalents at end of year	17	**220,332**	234,295

Note A. Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of liabilities arising from financing activities, excluding equity items:

	As at 1 January 2017 $'000	Non-Cash flows – Foreign exchange movement $'000	Cash flows – Proceeds from loans $'000	Cash flows – Repayment $'000	As at 31 December 2017 $'000
Borrowings (Note 21):					
Bank loans	772,697	(2,749)	376,953	(315,555)	831,346
Multi-currency term notes	60,000	–	–	(19,500)	40,500
Total	832,697	(2,749)	376,953	(335,055)	871,846

	As at 1 January 2017 $'000	Accrual $'000	Cash flows – Repayment $'000	As at 31 December 2017 $'000
Accrued Interest (Note 23):				
Bank loans	1,097	20,796	(19,888)	2,005
Multi-currency term notes	1,213	2,306	(2,700)	819
Total	2,310	23,102	(22,588)	2,824

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

Consolidated statement of cash flows

For the financial year ended 31 December 2018

	As at 1 January 2018 $'000	Non-Cash flows – Foreign exchange movement $'000	Cash flows – Proceeds from loans $'000	Cash flows – Repayment $'000	As at 31 December 2018 $'000
Borrowings (Note 21):					
Bank loans	831,346	(6,243)	393,763	(176,003)	1,042,863
Multi-currency term notes	40,500	–	–	(40,500)	–
Total	871,846	(6,243)	393,763	(216,503)	1,042,863

	As at 1 January 2018 $'000	Accrual $'000	Cash flows – Repayment $'000	As at 31 December 2018 $'000
Accrued Interest (Note 23):				
Bank loans	2,005	26,063	(24,208)	3,860
Multi-currency term notes	819	1,004	(1,823)	–
Total	2,824	27,067	(26,031)	3,860

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

Notes to the financial statements

For the financial year ended 31 December 2018

1 General information

The financial statements of the Group and of the Company for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore. The registered office and place of business is located at 50 East Coast Road #B1-18, Roxy Square, Singapore 428769.

The Company was listed on the Singapore Exchange Securities Trading Limited on 12 March 2008.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The immediate and ultimate holding Company is Kian Lam Investment Pte Ltd which is incorporated and domiciled in Singapore.

2(a) Basis of preparation

The financial statements are prepared in accordance with SFRS(I). SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards,* has been applied in preparing these financial statements promulgated by the Accounting Standards Council ("ASC"). These consolidated financial statements are the first financial statements to be prepared in accordance with SFRS(I) financial statements.

The Group's consolidated financial statements until 31 December 2017 had been prepared in accordance with Singapore Financial Reporting Standards. Singapore Financial Reporting Standards differ in certain respects from SFRS(I). Please refer to Note 2(b) for the reconciliation of the Group's equity and profit or loss reported in accordance with SFRS to SFRS(I).

These consolidated financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

The preparation of financial statements in conformity with SFRS(I) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2(a) (Significant accounting estimates and judgements).

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information has been presented in Singapore dollars, unless otherwise stated.

Significant accounting estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

Notes to the financial statements

For the financial year ended 31 December 2018

2(a) Basis of preparation (Continued)

Significant judgements in applying accounting policies

(a) Carrying amount of development properties for sale (Note 11)

The Group pre-sells properties under development. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately. Net realisable value in respect of development properties for sale is assessed with reference to pre-sale proceeds received less estimated costs to complete construction. Significant judgement is required in determining total costs of properties, including construction costs and variation orders. The Group estimates total construction costs based on contracts awarded, past experience and specialists. Net realisable value of completed properties for sale is determined based on management estimates of the selling price which takes into account projected timing of sales and prevailing customer demand and market conditions, less applicable variable selling expenses. Revisions to estimates are made when there is a change in market conditions.

The Group's carrying amount of development properties for sale at the reporting date amounted to $751,566,000 (31 December 2017 – $538,973,000, 1 January 2017 – $478,472,000).

(b) Impairment of financial assets and contract assets (Notes 10, 10.1, 13, 14, 14.1, 15 and 16)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a contract asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as current credit standing, payment history, probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group's and the Company's carrying amount of financial assets and contract assets at the reporting date amounted to $126,537,000 (31 December 2017 – $144,754,000, 1 January 2017 – $131,808,000).

(c) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(d) Income taxes (Note 28)

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

Notes to the financial statements

For the financial year ended 31 December 2018

2(a) Basis of preparation (Continued)

Significant judgements in applying accounting policies (Continued)

(e) Deferred taxation on investment properties (Note 22)

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under the business model whose objective is to consume substantially all of the economic benefits embodied the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption of the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred taxes on changes in fair value of investment properties held in the Republic of Singapore as gain on disposal of investment properties is not subject to tax.

(f) Consolidation (Note 7)

Entities are included within the financial statements of the Group where the Group has control over the entities. Control arises from exposure, or rights, to variable returns from involvement with an entity, where the Group has the ability to affect those returns through its power over the entity. Judgement is applied by management in assessing whether control exists. Judgement is applied in determining the relevant activities of each entity and determining whether the Group has power over these activities. This involves assessment of the purpose and design of the entity, identification of the activities which significantly affect that entity's returns and how decisions are made about those activities. In assessing how decisions are made, management considers voting and veto rights, contractual arrangements with the entity or other parties, and any rights or ability to appoint, remove or direct key management personnel or entities that have the ability to direct the relevant activities of the entity. Consideration is also given to the practical ability of other parties to exercise their rights.

When the Group 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. Although the Group owns less than half of the equity interest in Roxy Chalong Resort Co. Ltd, the Group controls this entity through its 98.97% voting rights (Note 7).

Notes to the financial statements

For the financial year ended 31 December 2018

2(a) Basis of preparation (Continued)

Critical accounting estimates and assumptions used in applying accounting policies

(a) Revenue recognition (Note 3)

The Group recognised revenues of $74,992,000 (2017 – $191,774,000) on its Singapore residential properties and mixed development properties (combination of residential units and commercial units) as construction progresses using the percentage-of-completion method. The percentage of completion is estimated by reference to the stage of completion based on the value of the main contractor costs incurred to date as certified by third party architects or quantity surveyors and the estimated total main contractor costs to complete. Significant judgement is required in determining the estimated total development costs which include contracts awarded, estimation of variation works, if any, and the experience of qualified project managers.

If contract costs to be incurred increased 10% from management's estimates, the Group's profit would have decreased by $733,000 (2017 – $1,254,000).

(b) Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Group's management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

A 5% (2017 – 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 1.7% (2017 – 0.8%) variance in the Group's profit for the financial year. The Group's and the Company's carrying amount of property, plant and equipment at the reporting date amounted to $231,028,000 (31 December 2017 – $215,507,000, 1 January 2017 – $175,527,000) and $774,000 (31 December 2017 – $801,000, 1 January 2017 – $847,000) respectively.

(c) Valuation of investment properties (Note 6)

The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers using various valuation methods, including the direct comparison method, discounted cash flows method and capitalisation method. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

A 5% (2017 – 5%) difference in the change in fair value of investment properties from management's estimates would result in approximately 1.2% (2017 – 3.6%) variance in the Group's profit for the financial year. The Group's carrying amount of investment properties at the reporting date amounted to $126,464,000 (31 December 2017 – $124,191,000, 1 January 2017 – $198,835,000).

Notes to the financial statements

For the financial year ended 31 December 2018

2(a) Basis of preparation (Continued)

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

(d) Impairment of non-financial assets (Note 4, 5 and 7)

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

The recoverable amounts of these assets and, where applicable, cash generating units, have been determined based on adjusted fair value and value-in-use calculations. These calculations require the use of estimates. Estimating the recoverable amount requires the Group to make estimates of the expected future cash flows from the cash-generating unit and use estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors.

The carrying amounts of the Group's property, plant and equipment and intangible assets at the reporting date amounted to $231,028,000 (31 December 2017 – $215,507,000, 1 January 2017 – $175,527,000) and $393,000 (31 December 2017 – $541,000, 1 January 2017 – $68,000) respectively. The Company's investments in subsidiaries at the reporting date amounted to $170,603,000 (2017 – $143,180,000, 1 January 2017 – $189,404,000).

2(b) Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I).

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 (31 December 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 ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures are made for specific transition adjustments if applicable.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

Notes to the financial statements

For the financial year ended 31 December 2018

2(b) Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

- SFRS(I) 15 Revenue from Contracts with Customers which includes clarifications to SFRS(I) 15 Revenue from Contracts with Customers;
- SFRS(I) 9 Financial Instruments which includes amendments arising from SFRS(I) 4 Insurance Contracts;
- requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and measurement of share-based payment transactions;
- requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of investment property;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for first-time adopters;
- requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value; and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

The application of the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

Management did not elect any of the optional exemptions available under SFRS(I) 1. Therefore, the adoption of SFRS(I) does not have a material effect on the financial statements.

The accounting policies set out in note 2(d) have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions under SFRS(I) 1.

Notes to the financial statements

For the financial year ended 31 December 2018

2(b) Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

The effects of transition to SFRS(I) and initial application of SFRS(I) 15 are presented and explained below.

(I) Reconciliation of the Group's equity

Impact on the consolidated statements of financial position as at 1 January 2017 (date of transition to SFRS(I))

	FRS frame-work $'000	$'000	SFRS(I) 15 $'000	$'000	SFRS(I) frame-work $'000
The Group		(2.1)	(2.2)	(2.3)	
ASSETS					
Non-Current					
Property, plant and equipment	175,527	–	–	–	175,527
Intangible assets	68	–	–	–	68
Investment properties	198,835	–	–	–	198,835
Investments in subsidiaries	–	–	–	–	–
Investments in associates	146,458	486	504	–	147,448
Available-for-sale financial assets	1,425	–	–	–	1,425
	522,313	486	504	–	523,303
Current					
Development properties for sale	486,369	–	(1,972)	(5,925)	478,472
Inventories	784	–	–	–	784
Trade receivables	93,145	(78,273)	–	–	14,872
Contract assets	–	78,273	–	–	78,273
Contract costs	–	–	–	5,925	5,925
Other receivables	22,418	–	–	–	22,418
Amounts owing by associates	11,264	–	–	–	11,264
Cash and bank balances	325,325	–	–	–	325,325
	939,305	–	(1,972)	–	937,333
Total assets	1,461,618	486	(1,468)	–	1,460,636

Notes to the financial statements

For the financial year ended 31 December 2018

2(b) Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

(I) Reconciliation of the Group's equity (Continued)

Impact on the consolidated statements of financial position as at 1 January 2017 (date of transition to SFRS(I)) (Continued)

	FRS frame-work $'000	$'000	SFRS(I) 15 $'000	$'000	SFRS(I) frame-work $'000
EQUITY					
Capital and Reserves					
Share capital	47,399	–	–	–	47,399
Treasury shares	(555)	–	–	–	(555)
Retained earnings	446,518	483	(972)	–	446,029
Other reserves	(2,099)	3	–	–	(2,096)
Equity attributable to owners of the Company	491,263	486	(972)	–	490,777
Non-controlling interests	3,745	–	(161)	–	3,584
Total equity	495,008	486	(1,133)	–	494,361
LIABILITIES					
Non-Current					
Borrowings	270,549	–	–	–	270,549
Deferred tax liabilities	33,094	–	(335)	–	32,759
	303,643	–	(335)	–	303,308
Current					
Trade and other payables	98,715	–	–	–	98,715
Current tax liabilities	2,104	–	–	–	2,104
Borrowings	562,148	–	–	–	562,148
	662,967	–	–	–	662,967
Total liabilities	966,610	–	(335)	–	966,275
Total equity and liabilities	1,461,618	486	(1,468)	–	1,460,636

Notes to the financial statements

For the financial year ended 31 December 2018

2(b) Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

(I) Reconciliation of the Group's equity (Continued)

Impact on the consolidated statements of financial position as at 31 December 2017 (end of last period reported under FRS)

	FRS frame-work $'000	$'000	SFRS(I) 15 $'000	$'000	SFRS(I) 9 $'000	SFRS(I) frame-work $'000
The Group		(2.1)	(2.2)	(2.3)	(1)	
ASSETS						
Non-Current						
Property, plant and equipment	215,507	–	–	–	–	215,507
Intangible assets	541	–	–	–	–	541
Investment properties	124,191	–	–	–	–	124,191
Investments in subsidiaries	–	–	–	–	–	–
Investments in associates	163,309	1,566	272	–	–	165,147
Available-for-sale financial assets	2,275	–	–	–	#	2,275
	505,823	1,566	272	–	–	507,661
Current						
Development properties for sale	540,584	–	46	(1,657)	–	538,973
Inventories	1,065	–	–	–	–	1,065
Trade receivables	53,279	(41,659)	–	–	–	11,620
Contract assets	–	41,659	–	–	–	41,659
Contract costs	–	–	–	1,657	–	1,657
Other receivables	57,732	–	–	–	–	57,732
Amounts owing by associates	34,876	–	–	–	–	34,876
Cash and bank balances	322,460	–	–	–	–	322,460
	1,009,996	–	46	–	–	1,010,042
Total assets	1,515,819	1,566	318	–	–	1,517,703

Notes to the financial statements

For the financial year ended 31 December 2018

2(b) Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

(I) Reconciliation of the Group's equity (Continued)

Impact on the consolidated statements of financial position as at 31 December 2017 (end of last period reported under FRS) (Continued)

	FRS framework $'000	$'000	SFRS(I) 15 $'000	$'000	SFRS(I) 9 $'000	SFRS(I) framework $'000
EQUITY						
Capital and Reserves						
Share capital	47,399	–	–	–	–	47,399
Treasury shares	(564)	–	–	–	–	(564)
Retained earnings	459,512	1,556	245	–	–	461,313
Other reserves	(3,682)	10	–	–	–	(3,672)
Equity attributable to owners of the Company	502,665	1,566	245	–	–	504,476
Non-controlling interests	5,071	–	65	–	–	5,136
Total equity	507,736	1,566	310	–	–	509,612
LIABILITIES						
Non-Current						
Borrowings	318,090	–	–	–	–	318,090
Deferred tax liabilities	16,475	–	8	–	–	16,483
	334,565	–	8	–	–	334,573
Current						
Trade and other payables	88,889	–	–	–	–	88,889
Current tax liabilities	30,873	–	–	–	–	30,873
Borrowings	553,756	–	–	–	–	553,756
	673,518	–	–	–	–	673,518
Total liabilities	1,008,083	–	8	–	–	1,008,091
Total equity and liabilities	1,515,819	1,566	318	–	–	1,517,703

On adoption of SFRS(I) 9, available-for-sale financial assets related to equity investments were reclassified to financial assets fair value through profit or loss on 1 January 2018. See explanatory Note (1) below.

Notes to the financial statements

For the financial year ended 31 December 2018

2(b) Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

(II) Reconciliation of the Group's profit or loss

Impact on the consolidated statements of comprehensive income for the year ended 31 December 2017 (last financial year reported under FRS)

	FRS frame-work $'000	SFRS(I) 15 $'000	SFRS(I) 15 $'000	SFRS(I) frame-work $'000
		(2.1)	(2.2)	
Revenue	246,813	–	–	246,813
Cost of sales	(187,275)	–	6,187	(181,088)
Gross profit	59,538	–	6,187	65,725
Other income				
– Interest income	2,360	–	–	2,360
– Others	30,477	–	–	30,477
Distribution and selling expenses	(4,960)	–	–	(4,960)
Administrative expenses	(11,114)	–	–	(11,114)
Other operating expenses	(28,238)	–	–	(28,238)
Finance costs	(14,343)	–	(4,169)	(18,512)
Share of results of associates (net of income tax)	13,022	1,073	(232)	13,863
Profit before taxation	46,742	1,073	1,786	49,601
Tax expense	(15,443)	–	(343)	(15,786)
Profit for the year	31,299	1,073	1,443	33,815
Attributable to:				
– Owners of the Company	29,423	1,073	1,217	31,713
– Non-controlling interests	1,876	–	226	2,102
	31,299	1,073	1,443	33,815
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Net change in fair value of available-for-sale financial assets	316	–	–	316
Tax on other comprehensive income	(54)	–	–	(54)
Revaluation surplus of owner occupied property, plant and equipment transferred to investment properties	533	–	–	533
Currency translation differences arising from consolidation	(2,378)	7	–	(2,371)
Other comprehensive income, net of tax	(1,583)	7	–	(1,576)
Total comprehensive income for the year	29,716	1,080	1,443	32,239
Attributable to:				
– Equity holders of the Company	27,840	1,080	1,217	30,137
– Non-controlling interests	1,876	–	226	2,102
	29,716	1,080	1,443	32,239
Earnings per share – Basic/Diluted (cents)	2.47	–	–	2.42

Notes to the financial statements

For the financial year ended 31 December 2018

2(b) Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

(1) SFRS(I) 9 Classification of financial assets

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income ("FVOCI")– debt instrument, FVOCI – equity instrument; or fair value through profit or loss ("FVTPL"). The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

The following table below explains the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for the Group's financial assets related to equity investments as at 1 January 2018.

	Original classification under FRS 39	New classification under SFRS(I) 9	31 December 2017 Original carrying amount under FRS 39 $'000	1 January 2018 New carrying amount under SFRS(I) 9 $'000
The Group				
Equity investments	Available-for-sale	FVTPL	2,275	2,275
Trade receivables	Loans and receivables	Amortised cost	8,462	11,620
Other receivables	Loans and receivables	Amortised cost	55,825	55,825
Amounts owing by associates	Loans and receivables	Amortised cost	34,876	34,876
Cash and bank balances	Loans and receivables	Amortised cost	322,460	322,460
			423,898	427,056

The cumulative gain on these equity investments previously recognised in other comprehensive income was reclassified from fair value reserve within equity to profit or loss for the year ended 31 December 2018 as a reclassification adjustment at the reclassification date.

(2) SFRS(I) 15 Revenue recognition

(2.1) The Group previously recognised revenue from sales of off-plan residential properties of an associate overseas using the completed contract method. Under SFRS(I) 15, revenue is recognised over time, as the associate is restricted contractually from readily directing the pre-sold property to another customer and has an enforceable right to payment for performance completed to date.

The adoption of SFRS(I) had resulted in an increase in the Group's share of profit of this associate by $1,073,000 for the year ended 31 December 2017, and an increase in the carrying amount of investment in associate by $486,000 and $1,566,000, inclusive of translation difference, as at 1 January 2017 and 31 December 2017, respectively.

Notes to the financial statements

For the financial year ended 31 December 2018

2(b) Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

(2) SFRS(I) 15 Revenue recognition (Continued)

(2.2) Pursuant to the Agenda Decision issued by the IFRS Interpretations Committee in connection with SFRS(I) 15 relating to capitalisation of borrowing costs for the construction of residential multi-unit estate developments where revenue is recognised over time, the Group ceases capitalisation of borrowing costs at the point when the property development project is ready for sales launch, instead of when the temporary occupation permit is obtained.

Effects of the change in timing of cessation of capitalisation of borrowing costs for property development projects undertaken by subsidiaries and associates are as follows:

	Subsidiaries $'000	Associates $'000	Total $'000
Consolidated statements of financial position as at 1 January 2017			
The Group			
Investments in associates	–	504	504
Development properties for sale	(1,972)	–	(1,972)
Retained earnings	(1,476)	504	(972)
Non-controlling interests	(161)	–	(161)
Deferred tax liabilities	(335)	–	(335)
Consolidated statements of financial position as at 31 December 2017			
The Group			
Investments in associates	–	272	272
Development properties for sale	46	–	46
Retained earnings	(27)	272	245
Non-controlling interests	65	–	65
Deferred tax liabilities	8	–	8
Consolidated statements of comprehensive income for the year ended 31 December 2017			
The Group			
Cost of sales	6,187	–	6,187
Finance costs	(4,169)	–	(4,169)
Share of results of associates (net of income tax)	–	(232)	(232)
Tax expense	(343)	–	(343)
Non-controlling interests	226	–	226

(2.3) Sales commission incurred in securing sales of residential properties expected to be recovered is capitalised and amortised over the period revenue is recognised. Such capitalised costs were previously recorded within development properties for sale.

(3) Presentation of contract assets

Under SFRS(I) 15, consideration received for work performed (net of progress billings to be billed to purchasers of development properties) is recognised as contract assets. This balance, previously recognised within trade receivables of $41,659,000 as at 31 December 2017 and $78,273,000 as at 1 January 2017 were reclassified to 'Contract assets' (Note 14). The reclassifications on the statement of financial position did not have any effect on statement of changes in equity and statement of comprehensive income. A contract liability is recognised if the progress billings invoiced are ahead of the percentage of completion of performance obligations. There were no progress billings giving rise to contract liabilities as at 31 December 2017 and 1 January 2017.

Notes to the financial statements

For the financial year ended 31 December 2018

2(c) Standards issued but not yet effective

The following are the new or amended SFRS(I) and SFRS(I) INT issued in 2018 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual Periods beginning on)
SFRS(I) 16	Leases	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019
SFRS(I) 3	Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group has office equipment, motor vehicle, car park and warehouse storage where they are operating leases. The Group expects these operating leases to be recognised as right-of-use assets with corresponding lease liabilities under the new standard. Management does not plan to early adopt the above new SFRS(I) 16.

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

SFRS(I) 3 *Amendments to SFRS(I) 3: Definition of a Business*

On 11 March 2019, ASC issued the narrow-scope amendments to SFRS(I) 3 *Business Combinations* to improve the definition of a business. The amendments narrowed and clarified the definition of a business.

They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets.

The amendments to SFRS(I) 3 should apply for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning or after 1 January 2020, with earlier application permitted.

SFRS(I) 1-1, SFRS(I) 1-8 *Amendments to SFRS(I) 1-1* and SFRS(I) 1-8: *Definition of Material*

The amendments clarify that the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in SFRS(I) Standards. Materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary user.

The amendments to SFRS(I) 1-1 and SFRS(I) 1-8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies

Consolidation

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

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

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

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

Subsidiary

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

Thus, the Group controls an investee if and only if the Group has all of the following:

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

The Group 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 Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group 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.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Consolidation (Continued)

Non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in ownership interests in subsidiaries without change of control

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 Group.

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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 interest. 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 FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Consolidation (Continued)

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill

Goodwill on acquisition of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

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

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisition prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

Bargain purchase

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Buildings	20 to 50 years
Land use rights	40 years
Other assets	3 to 10 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Intangible assets

Intangible assets are accounted for using the cost model. Capitalised costs are amortised on a straight-line basis, which is their estimated useful life for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing, more often if there are any indicators of impairment. Estimated useful lives of intangible assets are as follows:

Websites	5 years
Computer software	3 years

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Investment properties

Investment properties, principally comprising shop and office units, are held for long-term rental yields and are not occupied by the Group.

Investment properties are treated as non-current investments and are initially recognised at cost and subsequently carried at fair value, representing open market value on the highest and best use basis determined on annual basis by independent professional valuers. Gross changes in fair values and the related tax impact are recognised in profit or loss.

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of owner occupation, for a transfer from investment properties to property, plant and equipment;
- commencement of development with a view to sell, for a transfer of investment properties to development properties; or
- end of owner occupation, for a transfer from property, plant and equipment to investment properties.

For transfer to investment property from development properties for sale, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is measured at revalued amount and accounted for in accordance with the accounting policy for Property, Plant and Equipment up to the date of change in use.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus any borrowings forming part of the net investment and post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

When an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply 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 required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(I) Financial assets

Measurement

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition. Refer to the accounting policies in this section *Revenue from contracts with customers.*

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("OCI"), it needs to give rise to cash flows that are "solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Financial instruments (Continued)

(I) Financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at amortised cost (debt instruments)

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

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash 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.

The Group's financial assets at amortised cost includes trade receivables, contract assets, other receivables and amounts owing by associates.

Fair value through other comprehensive income ("FVOCI")

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

Financial assets designated as fair value through other comprehensive income (OCI) (equity instruments)

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument – by – instrument basis. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Changes in fair value of financial assets at FVOCI recognised in OCI are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Financial instruments (Continued)

(I) Financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investment which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Financial instruments (Continued)

(I) Financial assets (Continued)

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

(II) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value less directly attributable transaction costs. These financial liabilities comprise loans and borrowings and trade and other payables.

Borrowings which are due to be settled within 12 months after the end of reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings to be settled within the Group's operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

Subsequent measurement

They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Financial instruments (Continued)

(II) Financial liabilities (Continued)

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(III) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, fixed deposits and monies held in project accounts.

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.

Development properties

Development properties comprise properties in the course of development, developed properties for sale, and land held for development.

Pre-sold and unsold properties for sale under development

Properties for sale under development for sale are recorded as current assets and are stated at specifically identified cost, including capitalised borrowing costs directly attributable to the development of the properties and other related expenditure.

When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately. The aggregated costs incurred and the profit/loss recognised in each development property that has been sold is compared against progress billings up to the end of financial period.

Developed properties for sale

Developed properties for sale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

Land held for development

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

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customers. If the Group performed by transferring good or services to a customer before the customer pays consideration or before payment is due, a contract assets is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group right to an amount of consideration that is unconditional i.e. only the passage of time is required before a payment of the consideration is due. Refer to accounting policies of financial assets in section *Financial instruments – initial recognition and subsequent measurement*.

Contract costs

The Group pays sales commission to its intermediaries for each contract that they obtain for sale of development properties. The Group has elected the apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sale commission because the amortisation period of the assets that the Group otherwise would have used its one year or less.

Inventories

Inventories, comprising food and beverage and other hotel-related consumable stocks, are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes freight and handling charges.

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

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

Borrowing costs

Borrowing costs are recognised in profit or loss as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Foreign exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

Share capital

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

Treasury shares

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

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Treasury shares (Continued)

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

When treasury shares are subsequently sold, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sales or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and warrants.

Dividends

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

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

Operating leases

Where the Group is the lessee

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

Where the Group is the lessor

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Income taxes

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

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

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Income taxes (Continued)

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

Income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unutilised tax losses, if it is not probable that taxable profits will be available against which those deductible temporary differences and carry-forward of unutilised tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

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 entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale. The carrying amounts of the Group's investments properties are presumed to be recovered entirely through sale.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Employee benefits

Short-term employee benefits

Short-term benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Key management personnel

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

Related parties

A related party is defined as follows:

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

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss, except for goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

Revenue from properties for sale under development

The Group enters into sale and purchase agreements with customers of its properties prior to completion of construction.

For sales of residential properties in Singapore, the Group is restricted contractually from readily directing the pre-sold property to another customer and has an enforceable right to payment for performance completed to date. The Group accounts for revenue on using the percentage of completion method. The percentage of completion is measured by reference to the stage of completion based on the value of the main contractor costs incurred to date as certified by third party architects or quantity surveyors and the estimated total main contractor costs to complete.

For sales of properties where the Group transfers control of the property to the buyer at a point in time, revenue is recognised when the property is delivered and legal title thereto has passed to the customer upon the customer's payment of the remainder of the purchase price (a majority) after construction is complete.

Rendering of services

Revenue from hotel operations, comprising primarily the rental of rooms, food and beverage sales and other services, is recognised when rooms are occupied, food and beverages are sold and services are performed.

Rental income

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

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

Functional currencies

Functional and presentation currency

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

Notes to the financial statements

For the financial year ended 31 December 2018

2(d) Significant accounting policies (Continued)

Conversion of foreign currencies

Transactions and balances

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

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance costs". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

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

Group entities

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

(i) Assets and liabilities are translated at the closing rates at the end of that statement of financial position;

(ii) Income and expenses for each statements presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange translation reserve.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Chief Executive Officer who makes strategic resources allocation decisions and assesses segment performance.

Notes to the financial statements

For the financial year ended 31 December 2018

3 Revenue

Disaggregation of revenue from contracts with customers

The Group	At a point in time $'000	Over time $'000	Total $'000
2018			
Revenue from sale of property development			
– Singapore	**–**	**74,992**	**74,992**
Hotel ownership			
– Singapore	**11,903**	**25,928**	**37,831**
– Japan	**1,252**	**7,792**	**9,044**
– Maldives	**2,006**	**1,105**	**3,111**
	15,161	**34,825**	**49,986**
Rental income from investment properties			
– Singapore	**–**	**1,484**	**1,484**
– Australia	**–**	**–**	**–**
– New Zealand	**–**	**6,393**	**6,393**
(Note 6)	**–**	**7,877**	**7,877**
	15,161	**117,694**	**132,855**

The Group	At a point in time $'000	Over time $'000	Total $'000
2017			
Revenue from sale of property development			
– Singapore	–	191,774	191,774
Hotel ownership			
– Singapore	8,121	29,988	38,109
– Japan	262	5,240	5,502
– Maldives	433	228	661
	8,816	35,456	44,272
Rental income from investment properties			
– Singapore	–	1,671	1,671
– Australia	–	8,845	8,845
– New Zealand	–	251	251
(Note 6)	–	10,767	10,767
	8,816	237,997	246,813

Notes to the financial statements

For the financial year ended 31 December 2018

4 Property, plant and equipment

The Group	Land $'000	Buildings $'000	Other assets $'000	Total $'000
Cost				
At 1 January 2017	47,249	139,601	29,297	216,147
Additions	15,003	22,524	15,528	53,055
Revaluation surplus	–	533	–	533
Transfer to investment properties (Note 6)	–	(1,553)	–	(1,553)
Written off	–	–	(1,566)	(1,566)
Exchange differences	(1,536)	(3,462)	(403)	(5,401)
At 31 December 2017	60,716	157,643	42,856	261,215
Additions	**46**	**12,357**	**4,545**	**16,948**
Transfer from investment properties (Note 6)	**–**	**499**	**–**	**499**
Written off	**–**	**–**	**(2)**	**(2)**
Exchange differences	**1,766**	**2,337**	**641**	**4,744**
At 31 December 2018	**62,528**	**172,836**	**48,040**	**283,404**
Accumulated depreciation				
At 1 January 2017	162	28,806	11,652	40,620
Depreciation for the year (Note 27)	3	3,801	1,926	5,730
Transfer to investment properties (Note 6)	–	(152)	–	(152)
Written off	–	–	(353)	(353)
Exchange differences	(15)	(154)	32	(137)
At 31 December 2017	150	32,301	13,257	45,708
Depreciation for the year (Note 27)	**235**	**4,625**	**2,188**	**7,048**
Written off	**–**	**–**	**(2)**	**(2)**
Exchange differences	**243**	**(702)**	**81**	**(378)**
At 31 December 2018	**628**	**36,224**	**15,524**	**52,376**
Net book value				
At 31 December 2018	**61,900**	**136,612**	**32,516**	**231,028**
At 31 December 2017	60,566	125,342	29,599	215,507
At 1 January 2017	47,087	110,795	17,645	175,527

Notes to the financial statements

For the financial year ended 31 December 2018

4 Property, plant and equipment (Continued)

As at 31 December 2018, land and buildings with a net total carrying amount of $198,512,000 (31 December 2017 – $185,908,000, 1 January 2017 – $157,882,000) are mortgaged to secure bank loans (Note 21).

The properties held by the Group as at 31 December 2018 are as follows:

Location	Use of property	Tenure
50 East Coast Road, Singapore	Hotel, Office	Freehold
205-1 Okuracho, Kyoto, Japan	Hotel	Freehold
48/13 Moo 6, Chaofa Road, Phuket, Thailand	Resort	Freehold
Island of Kudafunafaru, Noonu Atoll, Maldives	Resort	Leasehold*
Kita-Ku Osaka City, Japan	Hotel	Freehold

The Company	Other assets $'000
Cost	
At 1 January 2017	1,220
Additions	85
At 31 December 2017	1,305
Additions	**118**
Written off	**(2)**
At 31 December 2018	**1,421**
Accumulated depreciation	
At 1 January 2017	373
Depreciation for the year	131
At 31 December 2017	504
Depreciation for the year	**145**
Written off	**(2)**
At 31 December 2018	**647**
Net book value	
At 31 December 2018	**774**
At 31 December 2017	801
At 1 January 2017	847

* The property has a lease term till year 2056 and it can be further extended by another 49 years subject to certain conditions being met.

Notes to the financial statements

For the financial year ended 31 December 2018

5 Intangible assets

The Group	Websites $'000	Computer software $'000	Total $'000
Cost			
At 1 January 2017	87	–	87
Additions	–	491	491
At 31 December 2017	87	491	578
Additions	**34**	**–**	**34**
At 31 December 2018	**121**	**491**	**612**
Accumulated amortisation			
At 1 January 2017	19	–	19
Amortisation for the year (Note 27)	18	–	18
At 31 December 2017	37	–	37
Amortisation for the year (Note 27)	**18**	**164**	**182**
At 31 December 2018	**55**	**164**	**219**
Net book value			
At 31 December 2018	**66**	**327**	**393**
At 31 December 2017	50	491	541
At 1 January 2017	68	–	68

The Company	Computer software $'000
Cost	
At 1 January 2017	–
Additions	491
At 31 December 2017	491
Additions	**–**
At 31 December 2018	**491**
Accumulated amortisation	
At 1 January 2017	–
Amortisation for the year	–
At 31 December 2017	–
Amortisation for the year	**164**
At 31 December 2018	**164**
Net book value	
At 31 December 2018	**327**
At 31 December 2017	491
At 1 January 2017	–

Notes to the financial statements

For the financial year ended 31 December 2018

6 Investment properties

The Group	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
At 1 January	**124,191**	198,835	179,768
Additions	**–**	59,862	–
Transfer (to)/from property, plant and equipment (Note 4)	**(499)**	1,401	–
Disposal	**–**	(159,184)	–
Fair value gain recognised in profit or loss (Note 25)	**4,910**	24,047	17,165
Effect of movement in exchange rate	**(2,138)**	(770)	1,902
At 31 December	**126,464**	124,191	198,835

The fair value of the investment properties located in Singapore is based on valuations determined by an independent firm of professional valuers who has appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued. The fair value is based on the market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on direct comparison method which is checked against the fair value derived from the income capitalisation method. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question.

The fair value of the investment property located overseas is based on valuations determined by an independent certified appraiser with recognised and relevant professional qualifications and experience within the local market and the category of properties to be valued. The valuation is based on a combination of the discounted cash flows method and the income capitalisation method. The discounted cash flows method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth, renewal, vacancy period, capital expenditure, terminal yield and discount rate.

Investment properties are valued on a highest and best used basis. For all of the Group's investment properties, the current use is considered to be the highest and best use.

The investment properties are leased to third parties under operating leases. As at 31 December 2018, the investment properties with a total carrying amount of $126,464,000 (31 December 2017 – $124,191,000, 1 January 2017 – $198,835,000) were mortgaged to secure bank loans (Note 21).

The following amounts are recognised in profit or loss:

The Group	2018 $'000	2017 $'000
Rental income (Note 3)	**7,877**	10,767
Direct operating expenses	**(2,475)**	(3,175)
	5,402	7,592

Investment properties as at 31 December 2018 are as follows:

Property name	Location	Description	Total net lettable area (square meter)	Tenure
Roxy Square Shopping Centre	50 East Coast Road, Singapore	49 shop units	2,371	Freehold
NZI Centre	1 Fanshawe Street, Auckland	6-storey commercial building	9,446	Leasehold*

* The property has a lease term till 31 December 2036, which is perpetually renewable for 20 years.

Notes to the financial statements

For the financial year ended 31 December 2018

7 Investments in subsidiaries

The Company	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Unquoted equity investments, at cost	**55,943**	55,943	49,343
Loans to subsidiaries forming part of net investment (Note 8)	**114,660**	87,237	140,061
	170,603	143,180	189,404

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership interest 31 December 2018	Ownership interest 31 December 2017	Ownership interest 1 January 2017	Principal activities
Held by the Company					
Roxy-Pacific Developments Pte. Ltd. [(1)]	Singapore	**100%**	100%	100%	Property investment and investment holding
Roxy Homes Pte. Ltd. [(1)]	Singapore	**100%**	100%	100%	Property development
Roxy Land Pte. Ltd. [(1)]	Singapore	**100%**	100%	100%	Property development
RP Properties Pte. Ltd. [(1)]	Singapore	**100%**	100%	100%	Property investment and property development
RP North Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Property investment and property development
RH Changi Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Property development
RH Central Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Property development and Investment holding
RL Properties Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Investment holding
RP Ventures Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Investment holding
RP Changi Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Property development
Roxy Hotels Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Hotel ownership and development
RP East Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Property development
RL Central Pte. Ltd. [(4) (10)]	Singapore	–	100%	100%	Property development
RH East Pte. Ltd. [(4) (10)]	Singapore	–	100%	100%	Property development
Roxy Residential Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Property development
RL West Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Property development
RH Mount Sophia Pte. Ltd.[(1)]	Singapore	**90%**	90%	90%	Property development
Roxy Capital Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Property development
Roxy Australia Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Investment holding
Roxy Hotels and Resorts Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Investment holding
RH Eunos Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Property development
Roxy Jakarta Investments Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Investment holding
RH Orchard Pte. Ltd.[(1)]	Singapore	**90%**	90%	100%	Property development
RH Developments Pte. Ltd.[(1)]	Singapore	**100%**	100%	100%	Property development
RH Capital Pte. Ltd. [(1)]	Singapore	**80%**	80%	80%	Property development
RH Capital Two Pte. Ltd. [(1)]	Singapore	**100%**	100%	–	Property development
RH Developments Two Pte. Ltd. [(1)]	Singapore	**100%**	100%	–	Property development

Notes to the financial statements

For the financial year ended 31 December 2018

7 Investments in subsidiaries (Continued)

Name of subsidiary	Country of incorporation	Ownership interest 31 December 2018	Ownership interest 31 December 2017	Ownership interest 1 January 2017	Principal activities
Held by Subsidiaries					
RL Developments Pte. Ltd. [10]	Singapore	**–**	100%	100%	Property development
RH Rochor Pte. Ltd.[1]	Singapore	**90%**	90%	90%	Property development
RH East Coast Pte. Ltd.[1]	Singapore	**100%**	100%	100%	Property development
RH Tampines Pte. Ltd.[1]	Singapore	**85%**	85%	85%	Property development
RPV Properties Pte. Ltd.[1]	Singapore	**100%**	100%	100%	Investment holding
Roxy Australia Hotels Pte. Ltd.[1]	Singapore	**100%**	100%	100%	Investment holding
Roxy Kyoto Hotel Holdings Pte. Ltd.[1]	Singapore	**100%**	100%	100%	Investment holding
Roxy Kyoto Hotel Pte. Ltd.[1]	Singapore	**100%**	100%	100%	Hotel ownership
Roxy Phuket Hotels Pte. Ltd.[1]	Singapore	**100%**	100%	100%	Investment holding
Roxy Hotel Management Pte. Ltd.[1]	Singapore	**100%**	100%	100%	Hotel management
Roxy International Hotel Holdings Pte. Ltd.[1]	Singapore	**100%**	100%	100%	Investment holding
Roxy-TE2 Development Pte Ltd.[1]	Singapore	**60%**	–	–	Property development
Roxy Kyoto Hotel GK [2] [4]	Japan	**100%**	100%	100%	Hotel operations
Roxy-Pacific Goulburn Pty. Ltd.[3]	Australia	**100%**	100%	100%	Property investment
Roxy-Pacific Glebe Pty. Ltd.[3]	Australia	**100%**	100%	100%	Property development
Roxy-Pacific Killara Pty. Ltd.[3]	Australia	**100%**	100%	100%	Property development
Roxy-Pacific Potts Point Pty Limited [3]	Australia	**100%**	100%	100%	Property development
Roxy-Pacific Developments Pty. Ltd.[4] [5]	Australia	**100%**	100%	100%	Investment holding
Roxy-Pacific Investments Pty. Ltd.[4] [5]	Australia	**100%**	100%	100%	Investment holding
Roxy-Pacific Hotels Pty. Ltd.[4] [5]	Australia	**100%**	100%	100%	Hotel ownership and investment holding
Roxy NF Pty. Ltd.[5]	Australia	**50.5%**	50.5%	50.5%	Property investment
Roxy-Pacific Assets Pty. Ltd.[4] [5]	Australia	**100%**	100%	100%	Property investment
Roxy Chalong Resort Co. Ltd.[5] [6]	Thailand	**49%**	49%	49%	Hotel ownership and development
Roxy Maldives Resort & Spa Private Limited [4] [9]	Maldives	**100%**	100%	100%	Hotel ownership and development

Notes to the financial statements

For the financial year ended 31 December 2018

7 Investments in subsidiaries (Continued)

Name of subsidiary	Country of incorporation	Ownership interest 31 December 2018	31 December 2017	1 January 2017	Principal activities
Held by Subsidiaries					
Roxy-Pacific NZ Investments Limited (4) (5)	New Zealand	**100%**	100%	–	Investment holding
Roxy-Pacific NZI Limited (4) (8)	New Zealand	**100%**	100%	–	Property investment
Roxy-Pacific Melbourne House Pty Ltd (3) (4) (fka: Roxy-Pacific Wentworth Pty Ltd)	Australia	**100%**	100%	–	Property investment, Hotel ownership and development
Roxy Osaka Hotel Holdings Pte. Ltd. (1)	Singapore	**100%**	100%	–	Investment holding
Roxy Osaka Hotel Pte. Ltd. (1)	Singapore	**100%**	100%	–	Hotel ownership
Roxy Osaka Hotel GK. (2) (4)	Japan	**100%**	100%	–	Hotel operations
Roxy NZ-280Q Limited (7)	New Zealand	**100%**	–	–	Property investment

All subsidiaries are considered significant to the Group or required for audit under the laws of the country of incorporation, unless otherwise indicated below:

(1) Audited by Foo Kon Tan LLP, Singapore.
(2) Audited by Kutsunai Certified Public Accountant Office, Japan.
(3) Audited by HLB Mann Judd (Australia), a member firm of HLB International.
(4) The subsidiary is not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual.
(5) Not required to be audited under the laws of the country of incorporation. The subsidiary is audited by Foo Kon Tan LLP for consolidation purposes.
(6) Although the Group owns less than half of the equity interest in Roxy Chalong Resort Co. Ltd, the Group controls this entity through its 98.97% voting rights. The shares by the Group carry one vote for each share whilst the shares held by other shareholders carry one vote for every hundred shares.
(7) The subsidiary is newly incorporated and not yet subject to audit. The subsidiary is audited by Foo Kon Tan LLP for consolidation purposes.
(8) Audited by HLB Mann Judd Limited (New Zealand), a member firm of HLB International.
(9) Audited by Ernst & Young Maldives.
(10) The subsidiary has been liquidated.

Notes to the financial statements

For the financial year ended 31 December 2018

7 Investments in subsidiaries (Continued)

Summarised financial information in respect of Group's non-100% owned subsidiaries, all of which have material non-controlling interest (NCI) where ownership interest is not adjusted for is set out below:

31 December 2018

	Roxy NF Pty Ltd $'000	RH Tampines Pte. Ltd. $'000	RH Mount Sophia Pte. Ltd. $'000	RH Rochor Pte. Ltd. $'000	Roxy Chalong Resort Co., Ltd. $'000	RH Orchard Pte. Ltd. $'000	RH Capital Pte. Ltd. $'000	Roxy-TE2 Development Pte. Ltd. $'000	Total $'000
Current assets	5	43,108	2,861	4,005	3,781	54,470	19,572	118,905	246,707
Non-current assets	19,467	–	–	–	35,124	–	–	–	54,591
Current liabilities	(10,824)	(17,650)	(1,072)	(1,804)	(2,702)	(54,761)	(19,865)	(116,922)	(225,600)
Non-current liabilities	(8,766)	(2,241)	–	(1)	(39,253)	–	–	–	(50,261)
Net assets/(liabilities)	(118)	23,217	1,789	2,200	(3,050)	(291)	(293)	1,983	25,437
Net assets/(liabilities) attributable to NCI	(58)	3,483	179	220	5	(30)	(59)	793	4,533
Revenue	–	20,690	–	(1,357)	–	–	–	–	19,333
(Loss)/profit for the year	(48)	1,147	241	270	(496)	(1,720)	(1,285)	(17)	(1,908)
Other comprehensive income ("OCI")	8	–	–	–	–	–	–	–	8
Total comprehensive income/(loss)	(40)	1,147	241	270	(496)	(1,720)	(1,285)	(17)	(1,900)
Attributable to NCI:									
– Profit	(23)	172	24	27	–	(172)	(257)	(7)	(236)
– OCI	3	–	–	–	–	–	–	–	3
Total comprehensive income/(loss)	(20)	172	24	27	–	(172)	(257)	(7)	(233)
Cash flows (used in)/ generated from operating activities	(124)	94,267	4,091	14,781	(455)	8,182	45	(115,267)	5,520
Cash flows (used in)/ generated from investing activities	(400)	94	–	(7,653)	(10,020)	3	–	5	(17,971)
Cash flows generated from/(used in) financing activities (Dividends to NCI: $1,170)	524	(123,365)	(4,100)	(7,600)	10,114	3,841	1,669	116,778	(2,139)
Net (decrease)/increase in cash and cash equivalents	–	(29,004)	(9)	(472)	(361)	12,026	1,714	1,516	(14,590)

Notes to the financial statements

For the financial year ended 31 December 2018

7 Investments in subsidiaries (Continued)

31 December 2017

	Roxy NF Pty Ltd	RH Tampines Pte. Ltd. (Restated)	RH Mount Sophia Pte. Ltd.	RH Rochor Pte. Ltd. (Restated)	Roxy Chalong Resort Co., Ltd.	RH Orchard Pte. Ltd.	RH Capital Pte. Ltd.	Total (Restated)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	12	165,059	9,209	21,730	3,349	51,065	18,491	268,915
Non-current assets	20,537	–	–	–	24,391	–	–	44,928
Current liabilities	(20,627)	(138,810)	(2,524)	(10,452)	(17,565)	(49,636)	(17,498)	(257,112)
Non-current liabilities	–	(4,181)	(1,038)	(1,748)	(12,791)	–	–	(19,758)
Net assets/(liabilities)	(78)	22,068	5,647	9,530	(2,616)	1,429	993	36,973
Net assets/(liabilities) attributable to NCI	(39)	3,310	565	953	5	143	199	5,136
Revenue	–	129,886	–	17,957	–	–	–	147,843
(Loss)/profit for the year	(18)	13,625	28	1,216	(644)	(568)	(5)	13,634
Other comprehensive income ("OCI")	1	–	–	–	–	–	–	1
Total comprehensive income/(loss)	(17)	13,625	28	1,216	(644)	(568)	(5)	13,635
Attributable to NCI:								
– Profit	(8)	2,044	3	121	–	(57)	(1)	2,102
– OCI	–	–	–	–	–	–	–	–
Total comprehensive income/(loss)	(8)	2,044	3	121	–	(57)	(1)	2,102
Cash flows (used in)/ generated from operating activities	(134)	42,490	27,723	39,683	(849)	(40,973)	(15,177)	52,763
Cash flows generated from/ (used in) investing activities	–	198	7	38	(6,637)	–	–	(6,394)
Cash flows generated from/ (used in) financing activities (dividends to NCI: $950)	134	(27,981)	(34,145)	(49,266)	10,078	41,119	15,892	(44,169)
Net increase/(decrease) in cash and cash equivalents	–	14,707	(6,415)	(9,545)	2,592	146	715	2,200

Notes to the financial statements

For the financial year ended 31 December 2018

7 Investments in subsidiaries (Continued)

1 January 2017

	Roxy NF Pty Ltd $'000	RH Tampines Pte. Ltd. (Restated) $'000	RH Mount Sophia Pte. Ltd. $'000	RH Rochor Pte. Ltd. (Restated) $'000	Roxy Chalong Resort Co., Ltd. $'000	Total (Restated) $'000
Current assets	5	178,174	44,181	69,417	227	292,004
Non-current assets	20,264	–	–	–	17,445	37,709
Current liabilities	(20,331)	(167,999)	(26,169)	(59,586)	(10,521)	(284,606)
Non-current liabilities	–	(1,735)	(2,893)	(1,511)	(9,089)	(15,228)
Net assets/(liabilities)	(62)	8,440	15,119	8,320	(1,938)	29,879
Net assets/(liabilities) attributable to NCI	(31)	1,266	1,512	832	5	3,584

8 Loans to subsidiaries

The Company	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**
Loans to subsidiaries (Note 7)	**114,660**	87,237	140,061

Loans granted to subsidiaries to fund their operations are unsecured, interest-free and repayable at the discretion of the subsidiaries. Further analysis of credit risk is set out in Note 32.

9 Investment in associates

The Group	**31 December 2018 $'000**	**31 December 2017 (Restated) $'000**	**1 January 2017 (Restated) $'000**
Unquoted equity investments, at cost*	**100,389**	98,593	88,496
Impairment loss on investment in associates	**(5,197)**	(5,197)	–
Share of post-acquisition profits	**133,805**	113,743	99,880
Exchange differences	**(1,057)**	2,197	1
Dividend income	**(85,610)**	(44,189)	(40,929)
	142,330	165,147	147,448

* Inclusive of $90,449,000 (31 December 2017 – $89,940,000, 1 January 2017 – $80,457,000) of amounts owing by associates as net investment.

Notes to the financial statements

For the financial year ended 31 December 2018

9 Investment in associates (Continued)

Details of the associates are as follows:

Name of associate	Country of incorporation	Ownership interest 31 December 2018	31 December 2017	1 January 2017	Principal activities
Held by a subsidiary					
70 Shenton Pte. Ltd.(1)	Singapore	**20%**	20%	20%	Property development
Mequity (Hillview) Pte. Ltd.(1)	Singapore	**49%**	49%	49%	Property development
Mequity Two Pte. Ltd.(1)(8)	Singapore	**–**	45%	45%	Property development
Mequity Pte. Ltd.(2)(8)	Singapore	**–**	45%	45%	Property development
Mequity Assets Pte. Ltd.(2)	Singapore	**48%**	48%	48%	Property development
Feature-Roxy Pty. Ltd.(3)	Australia	**50%**	50%	50%	Investment holding and property investment
ACH Head Trust(4)	Australia	**49%**	49%	49%	Trust
ACH Head Operator Pty. Ltd.(4)	Australia	**49%**	49%	49%	Hotel management
ACH Projects Pty. Ltd.(4)	Australia	**49%**	49%	49%	Hotel development
Peel Street JV Pty. Ltd.(4)	Australia	**40%**	40%	40%	Property development
North Fremantle JV Pty. Ltd.(4)	Australia	**40%**	40%	40%	Property development
Macly Equity Sdn. Bhd.(5)	Malaysia	**47%**	47%	47%	Property development
Mequity Assets Sdn. Bhd.(4)	Malaysia	**47%**	47%	47%	Property development
Rolex Investment Ltd.(4)	Cayman Islands	**30%**	30%	30%	Investment holding and property investment
PT Kramat Roxy Pacific(6)	Indonesia	**49%**	49%	49%	Investment holding and property investment
Roxy-CES (NZ) Limited(7)	New Zealand	**50%**	50%	–	Property investment
RH Guillemard Pte. Ltd.(1)	Singapore	**50%**	50%	–	Property development
TE2 Roxy Australia Pty Ltd(4)	Australia	**45%**	45%	–	Investment holding and property investment
RH Novena Pte. Ltd.(1)	Singapore	**50%**	–	–	Property development
TE2KS-RH Pte. Ltd.(1)	Singapore	**40%**	–	–	Property development
PhilRoxy Pty Ltd(4)	Australia	**50%**	–	–	Property investment and investment holding
TE2 Roxy Argyle Pty Ltd(4)	Australia	**40%**	–	–	Property investment
RPPG (Revesby) Pty Ltd(4)	Australia	**50%**	–	–	Property development

All associates are considered significant to the Group, or required for audit under the laws of the country of incorporation, unless otherwise indicated below:

(1) Audited by Foo Kon Tan LLP, Singapore.
(2) Audited by PG Wee Partnership LLP, Singapore. The associate is not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual.
(3) Audited by HLB Mann Judd (Australia), a member firm of HLB International.
(4) Not required to be audited under the laws of the country of incorporation. The associate is audited by Foo Kon Tan LLP for consolidation purposes.
(5) Audited by Guan & Associates, Malaysia.
(6) Dormant, not required to be audited under the laws of the country of incorporation.
(7) Under the Company Law of New Zealand, the associate is exempted from audit in its first two years of operations.
(8) The associate had been liquidated.

Notes to the financial statements

For the financial year ended 31 December 2018

9 Investment in associates (Continued)

The properties held by our associates as at 31 December 2018 are as follows:

Properties under development

Project name	Location	Description	Stage of completion	Expected completion	Gross floor area (square meter)	Group effective interest	Tenure
Wisma Infinitum, The Colony & The Luxe	18 Jalan Dewan Sultan Sulaiman, Kuala Lumpur, Malaysia	423 residential units in Tower 1, 300 residential units in Tower 2 and 31 commercial units	39%	October 2020	64,912	47%	Freehold
Arena Residences	2,6,12 & 14 Guillemard Lane Singapore	98 residential units	*	August 2022	6,882	50%	Freehold

* Construction has yet to commence as of 31 December 2018.

Notes to the financial statements

For the financial year ended 31 December 2018

9 Investment in associates (Continued)

Investment properties

Project name	Location	Description	Net lettable floor area (square meter)	Group effective interest	Tenure
205 Queen Street	205 Queen Street, Auckland,New Zealand	17 & 22 storey commercial buildings	25,367	50%	Leasehold*
312 St Kilda	312 St Kilda Road, Melbourne, Australia	6 levels of office & 4 basement levels	9,813	45%	Freehold

Land held for development

Location	Description	Approximate floor area (square meter)	Group effective interest	Tenure
54 & 85 Bracks Street, North Fremantle, Perth, Australia	Industrial land; to be rezoned for commercial and residential use	45,456	20.2%	Freehold
Jalan Kramat Raya No. 110, Jakarta, Indonesia	Commercial/Hotel development	1,703	49%	Freehold
609 Wellington Street, Perth, Australia	Hotel development	1,391	49%	Freehold
27 Moulmein Rise, Singapore	Residential development	2,062	50%	Freehold
22 Farrer Road, Singapore	Residential development	3,635	40%	Freehold
36 Mavis Street, Revesby NSW 2212, Australia	Industrial development	8,433	50%	Freehold
64 Peel and 9 Cordelia Street, South Brisbane, Australia	Residential and Commercial development	56,830	40%	Freehold

* The property has a lease term until June 2081, with a right for a further term of 98 years, until year 2179.

Notes to the financial statements

For the financial year ended 31 December 2018

9 Investment in associates (Continued)

The Group has seven (31 December 2017 – seven, 1 January 2017 – six) associates that are material and a number of associates that are individually immaterial to the Group.

Summarised financial information, not adjusted for the Group's share of equity interest in respect of the associates is set out below:

31 December 2018

	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd $'000	Peel Street JV Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Feature – Roxy Pty Ltd $'000	TE2-Roxy Australia Pty Ltd $'000	Roxy-CES(NZ) Limited $'000	Immaterial associates $'000	Total $'000
Revenue	–	22,427	145	356	1,667	4,840	13,449	2,480	45,364
Profit/(loss) for the year	25,593	2,349	(3,442)	120	18,537	1,499	6,945	(2,206)	49,395
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income/(loss)	25,593	2,349	(3,442)	120	18,537	1,499	6,945	(2,206)	49,395
Attributable to investee's shareholders	25,593	2,349	(3,442)	120	18,537	1,499	6,945	(2,206)	49,395
Current assets	124,513	63,379	316	1,407	4,027	3,376	6,942	426,382	630,342
Non-current assets	–	75	40,125	66,637	–	78,497	164,789	1	350,124
Current liabilities	(7,196)	(15,673)	(64)	(178)	(93)	(46,791)	(29,912)	(59,443)	(159,350)
Non-current liabilities	–	–	–	(19,199)	–	(2,159)	(134,957)	(264,144)	(420,459)
Net assets attributable to investee's shareholders	117,317	47,781	40,377	48,667	3,934	32,923	6,862	102,796	400,657
Group's interest in net assets of investee at beginning of the year	26,012	21,386	18,878	20,537	32,352	–	–	45,982	165,147
Investment	–	–	–	394	(18,254)	14,168	–	5,488	1,796
Group's share of:									
– Profit/(loss) for the year	7,678	1,104	(1,377)	48	9,268	675	3,473	(807)	20,062
– OCI	–	–	–	–	–	–	–	–	–
Total comprehensive income	7,678	1,104	(1,377)	48	9,268	675	3,473	(807)	20,062
Dividend income	–	–	–	–	(20,167)	–	–	(21,254)	(41,421)
Translation differences	1,505	(33)	(1,350)	(1,512)	(1,232)	(27)	(42)	(563)	(3,254)
Carrying amount of interest in investee at end of the year	35,195	22,457	16,151	19,467	1,967	14,816	3,431	28,846	142,330

Notes to the financial statements

For the financial year ended 31 December 2018

9 Investment in associates (Continued)

31 December 2017

	70 Shenton Pte. Ltd. (Restated) $'000	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd (Restated) $'000	Peel Street JV Pty Ltd $'000	Feature – Roxy Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Roxy – CES(NZ) Limited $'000	Immaterial associates $'000	Total (Restated) $'000
Revenue	98,236	–	16,480	–	7,616	–	–	792	123,124
Profit/(loss) for the year	25,049	–	727	(758)	15,607	293	–	1,847	42,765
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income/(loss)	25,049	–	727	(758)	15,607	293	–	1,847	42,765
Attributable to investee's shareholders	25,049	–	727	(758)	15,607	293	–	1,847	42,765
Current assets	249,275	121,625	98,478	3,941	3,989	1,850	2,299	61,629	543,086
Non-current assets	–	–	101	43,252	126,293	70,908	165,352	22,133	428,039
Current liabilities	(101,467)	(34,920)	(53,077)	–	(1,711)	(21,415)	(1,505)	(33,450)	(247,545)
Non-current liabilities	(13,293)	–	–	–	(63,868)	–	(166,145)	(316)	(243,622)
Net assets attributable to investee's shareholders	134,515	86,705	45,502	47,193	64,703	51,343	1	49,996	479,958
Group's interest in net assets of investee at beginning of the year	21,893	23,674	20,609	18,809	26,239	20,264	–	15,960	147,448
Investment	–	–	–	417	–	208	–	4,275	4,900
Group's share of:									
– Profit/(loss) for the year	5,010	–	342	(303)	7,804	117	–	893	13,863
– OCI	–	–	–	–	–	–	–	–	–
Total comprehensive income	5,010	–	342	(303)	7,804	117	–	893	13,863
Dividend income	–	–	–	–	–	–	–	(3,260)	(3,260)
Translation differences	–	2,338	435	(45)	(1,691)	(52)	–	1,211	2,196
Carrying amount of interest in investee at end of the year	26,903	26,012	21,386	18,878	32,352	20,537	–	19,079	165,147

Notes to the financial statements

For the financial year ended 31 December 2018

9 Investment in associates (Continued)

1 January 2017

	70 Shenton Pte. Ltd. (Restated) $'000	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd (Restated) $'000	Peel Street JV Pty Ltd $'000	Feature – Roxy Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Immaterial associates $'000	Total (Restated) $'000
Current assets	285,614	132,200	70,518	4,446	4,471	2,182	67,987	567,418
Non-current assets	–	–	120	42,602	107,308	69,778	–	219,808
Current liabilities	(154,121)	(53,288)	(26,789)	(26)	(1,519)	(21,301)	(9,260)	(266,304)
Non-current liabilities	(22,028)	–	–	–	(57,783)	–	(25,503)	(105,314)
Net assets attributable to investee's shareholders	109,465	78,912	43,849	47,022	52,477	50,659	33,224	415,608
Group's interest in net assets of investee at beginning of the year	12,074	24,012	621	(373)	–	(7)	28,236	64,563
Investment	–	–	20,838	19,520	19,818	19,829	650	80,655
Group's share of:								
– Profit/(loss) for the year	9,819	–	(332)	(440)	6,014	205	259	15,525
– OCI	–	–	–	–	–	–	–	–
Total comprehensive income	9,819	–	(332)	(440)	6,014	205	259	15,525
Dividend income	–	–	–	–	–	–	(13,295)	(13,295)
Translation differences	–	(338)	(518)	102	407	237	110	–
Carrying amount of interest in investee at beginning of the year	21,893	23,674	20,609	18,809	26,239	20,264	15,960	147,448

Notes to the financial statements

For the financial year ended 31 December 2018

9 Investment in associates (Continued)

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associates, is as follows:

31 December 2018

	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd $'000	Peel Street JV Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Feature-Roxy Pty Ltd $'000	TE2-Roxy Australia Pty Ltd $'000	Roxy-CES(NZ) Limited $'000	Immaterial associates $'000	Total $'000
Net assets attributable to investee's shareholders	**117,317**	**47,781**	**40,377**	**48,667**	**3,934**	**32,923**	**6,862**	**102,796**	**400,657**
Group's equity interest	**30%**	**47%**	**40%**	**40%**	**50%**	**45%**	**50%**		
Group's share of net assets	**35,195**	**22,457**	**16,151**	**19,467**	**1,967**	**14,816**	**3,431**	**28,846**	**142,230**

31 December 2017

	70 Shenton Pte. Ltd. (Restated) $'000	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd (Restated) $'000	Peel Street JV Pty Ltd $'000	Feature-Roxy Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Roxy-CES (NZ) Limited $'000	Immaterial associates $'000	Total (Restated) $'000
Net assets attributable to investee's shareholders	134,515	86,705	45,502	47,193	64,703	51,343	1	49,996	479,958
Group's equity interest	20%	30%	47%	40%	50%	40%	50%		
Group's share of net assets	26,903	26,012	21,386	18,878	32,352	20,537	–	19,079	165,147

1 January 2017

	70 Shenton Pte. Ltd. (Restated) $'000	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd (Restated) $'000	Peel Street JV Pty Ltd $'000	Feature-Roxy Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Immaterial associates $'000	Total (Restated) $'000
Net assets attributable to investee's shareholders	109,465	78,912	43,849	47,022	52,477	50,659	33,224	415,608
Group's equity interest	20%	30%	47%	40%	50%	40%		
Group's share of net assets	21,893	23,674	20,609	18,809	26,239	20,264	15,960	147,448

Notes to the financial statements

For the financial year ended 31 December 2018

10 Financial assets at fair value through profit or loss

	The Group			The Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
The Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Equity securities, at fair value						
At 1 January, reclassification from available-for-sale financial assets on adoption of SFRS(I) 9 (Note 10.1)	**2,275**	–	–	**700**	–	–
Net fair value loss (before tax effect)	**(419)**	–	–	**(344)**	–	–
End of financial year	**1,856**	–	–	**356**	–	–

The fair values are within Level 1 of the fair values hierarchy.

10.1 Available-for-sale financial assets

	The Group			The Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
The Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Equity securities, at fair value						
At 1 January	**2,275**	1,425	1,447	**700**	–	–
Reclassification to financial assets at fair value through profit or loss on adoption of SFRS(I) 9 (Note 10)	**(2,275)**	–	–	**(700)**	–	–
Additions	**–**	534	–	**–**	534	–
Net fair value gain/(loss) (gross)	**–**	316	(22)	**–**	166	–
	–	2,275	1,425	**–**	700	–

The fair values are within Level 1 of the fair values hierarchy.

11 Development properties for sale

	31 December 2018	31 December 2017 (Restated)	1 January 2017 (Restated)
	$'000	**$'000**	**$'000**
The Group			
Properties for sale under development	**419,943**	300,729	376,132
Land held for future development	**328,618**	233,930	94,998
	748,561	534,659	471,130
Developed properties for sale	**3,005**	4,314	7,342
	751,566	538,973	478,472

As at 31 December 2018, development properties for sale with a total carrying amount of $751,566,000 (31 December 2017 – $538,973,000, 1 January 2017 – $478,472,000) were mortgaged as security in respect of bank loans (Note 21).

Notes to the financial statements

For the financial year ended 31 December 2018

11 Development properties for sale (Continued)

Properties for sale under development

Details of development properties for sale at 31 December 2018 are as follows:

	31 December 2018 $'000	31 December 2017 (Restated) $'000	1 January 2017 (Restated) $'000
The Group			
Land cost	**654,684**	546,393	529,422
Development expenditure	**139,941**	130,666	174,695
	794,625	677,059	704,117
Attributable profit	**4,923**	29,819	60,471
	799,548	706,878	764,588
Progress billings	**(50,987)**	(172,219)	(293,458)
	748,561	534,659	471,130
Loan interest capitalised as cost of development properties during the year	**9,221**	5,380	4,680

The carrying amounts of properties for sale under development expected to be completed within the Group's normal operating cycle is as follows:

The Group	31 December 2018 $'000	31 December 2017 (Restated) $'000	1 January 2017 (Restated) $'000
Expected completion date:			
– within the next 12 months	**238,617**	146,455	165,217
– beyond 12 months	**509,944**	388,204	305,913
	748,561	534,659	471,130

Notes to the financial statements

For the financial year ended 31 December 2018

11 Development properties for sale (Continued)

Properties for sale under development (Continued)

Information on properties for sale under development as at 31 December 2018 is as follows:

Location	Project name	Description	Stage of completion	Expected completion	Approximate land area (square meter)	Gross floor area (square meter)	Group effective interest	Tenure
Singapore								
178, 180, 180A, 182, 184 Jalan Eunos	The Navian	48 residential units	38%	December 2020	2,433	3,406	100%	Freehold
211-223A Pasir Panjang Road	Habour View Gardens	57 residential units	2%	November 2021	2,856	3,998	100%	Freehold
120 Grange Road	120 Grange	56 residential units	*	October 2021	1,466	3,079	90%	Freehold
826/A-834/A Upper Bukit Timah	Bukit 828	34 residential units	*	December 2021	953	2,382	80%	Freehold
Australia								
37-41 Bayswater Road, Potts Point, Sydney	The Hensley	44 residential units & 1 commercial unit	100%	December 2018[1]	930	3,581	100%	Freehold
6A & 8 Buckingham Road, Killara Sydney	Octavia Killara	43 residential units	73%	December 2019	3,792	4,402	100%	Freehold
10-11 Cowper Street, Glebe, Sydney	Glebe	231 residential units	54%	December 2019	7,125	18,960	100%	Freehold

* Construction has yet to commence as of 31 December 2018.
(1) Interim occupation certificate obtained on 20 December 2018, Pending payment of purchase price from buyers for transfer of properties.

Notes to the financial statements

For the financial year ended 31 December 2018

11 Development properties for sale (Continued)

Location	Description	Approximate land area (square meter)	Gross floor area (square meter)	Group effective interest	Tenure
Land held for development					
River Valley Road, Singapore	140 residential units	2,675	7,491	100%	Freehold
386/A/B, 388/A/B, 390/A/B, 392/A/B Dunearn Road, Singapore	35 residential units	1,784	2,498	100%	Freehold
5 Derbyshire Road, Singapore	71 residential units	1,719	4,938	100%	Freehold
15, 17, 19 Lorong Kismis, Singapore	186 residential units	9,322	13,050	100%	Leasehold
360 Little Bourke, Melbourne, Australia	Hotel development	937	16,866	100%	Freehold

Developed properties for sale

The Group	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Developed properties for sale	**3,005**	4,314	7,342

Information on developed properties for sale as at 31 December 2018 is as follows:

Location	Property name	Description	Gross floor area (square meter)	Group effective interest	Tenure
132 Lorong K Telok Kurau, Singapore	Sunnyvale Residences	1 residential unit	127	100%	Freehold
9 Wilkie Terrace	Liv on Wilkie	1 residential unit	49	100%	Freehold

12 Inventories

The Group	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Hotel supplies, at cost	**1,086**	1,065	784

Notes to the financial statements

For the financial year ended 31 December 2018

13 Trade receivables

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 (Restated) $'000	1 January 2017 (Restated) $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Trade receivables	**6,700**	8,474	14,255	**–**	–	–
Impairment of trade receivables	**(29)**	(12)	(10)	**–**	–	–
	6,671	8,462	14,245	**–**	–	–
Goods and Services Tax receivables	**1,611**	3,158	627	**2**	9	8
	8,282	11,620	14,872	**2**	9	8

Trade receivables have credit terms of 30 (31 December 2017 – 30, 1 January 2017 – 30) days. The Group does not require collateral in respect of trade receivables.

Analysis of credit risk is set out in Note 32.

Trade receivables are denominated in the following currencies:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 (Restated) $'000	1 January 2017 (Restated) $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Singapore dollar	**5,038**	7,315	13,744	**2**	9	8
United States dollar	**792**	120	45	**–**	–	–
Japanese yen	**630**	2,267	316	**–**	–	–
Australian dollar	**1,706**	1,776	767	**–**	–	–
New Zealand dollar	**116**	142	–	**–**	–	–
	8,282	11,620	14,872	**2**	9	8

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Movements in impairment of trade receivables:						
At 1 January	**12**	10	30	**–**	–	–
Impairment loss recognised (Note 27)	**19**	2	(20)	**–**	–	–
Amounts written off	**(2)**	–	–	**–**	–	–
At 31 December	**29**	12	10	**–**	–	–

Notes to the financial statements

For the financial year ended 31 December 2018

13 Trade receivables (Continued)

The ageing analysis of trade receivables, excluding Goods and Services Tax receivables, not impaired is as follows:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 (Restated) $'000	1 January 2017 (Restated) $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Not past due	**5,410**	6,038	11,131	**–**	–	–
Past due not more than 3 months	**936**	1,669	2,418	**–**	–	–
Past due more than 3 months but less than 6 months	**18**	6	417	**–**	–	–
Past due more than 6 months	**307**	749	279	**–**	–	–
	6,671	8,462	14,245	**–**	–	–

14 Contract assets

The Group

	31 December 2018 $'000	31 December 2017 (Restated) $'000	1 January 2017 (Restated) $'000
Sales contracts	**20,410**	41,659	78,273

Analysis of credit risk is set out in Note 32.

14.1 Contract costs

The Group

2018	31 December 2018 $'000	31 December 2017 (Restated) $'000	1 January 2017 (Restated) $'000
Balance at 1 January	**1,657**	5,925	9,966
Amount capitalised	**7,191**	4,000	8,021
Amount amortised	**(2,764)**	(8,268)	(12,062)
Balance at 31 December	**6,084**	1,657	5,925

Contract costs relate to sales commission incurred in securing sales of residential properties.

Notes to the financial statements

For the financial year ended 31 December 2018

15 Other receivables

	The Group			The Company		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**
Amounts due from subsidiaries (non-trade)	**–**	–	–	**387,875**	327,261	242,324
Accrued receivable from subsidiaries	**–**	–	–	**7,416**	7,122	7,238
Advances to associates	**606**	4,834	16	**1**	750	–
Deposits	**1,063**	14,535	9,409	**9**	9	9
Customer deposits held in trust	**29,292**	27,262	9,017	**–**	–	–
Receivable from contractors	**721**	721	737	**–**	–	–
Interest receivable	**866**	890	2,000	**825**	760	1,658
Deposit held in trust	**397**	7,727	–	**–**	–	–
Others	**870**	594	277	**30**	28	4
	33,815	56,563	21,456	**396,156**	335,930	251,233
Impairment of other receivables	**(731)**	(738)	(780)	**–**	–	–
	33,084	55,825	20,676	**396,156**	335,930	251,233
Prepayments	**1,783**	1,044	1,041	**26**	154	349
Tax recoverable	**2,092**	863	701	**–**	–	–
	36,959	57,732	22,418	**396,182**	336,084	251,582

The non-trade amounts due from subsidiaries comprise mainly advances from the Company and are unsecured and repayable on demand. At the reporting date, amounts due from subsidiaries of $2,728,600 bear interest at 3.19% (31 December 2017 – $13,271,000 at 4.02%, 1 January 2017 – $19,873,000 at 3.29%) per annum. Interest is re-priced every 12 months. The remaining amounts due from subsidiaries are interest free. The carrying amounts of interest-free amounts due from subsidiaries are repayable on demand.

Customer deposits held in trust received from buyers of pre-sold properties overseas are kept in an escrow account by the solicitor of the property agent. The corresponding liability amounts are recorded in "deposits from pre-sold properties" within other payables in Note 23(b).

Advances to associates are unsecured, interest-free and repayable on demand.

Analysis of credit risk is set out in Note 32.

Notes to the financial statements

For the financial year ended 31 December 2018

15 Other receivables (Continued)

Other receivables are denominated in the following currencies:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Singapore dollar	**2,546**	10,840	10,676	**379,530**	319,396	241,843
United States dollar	**773**	756	384	**646**	253	–
Indonesia rupiah	**–**	77	1,087	**81**	77	4,225
Thai baht	**1,174**	956	91	**827**	434	–
Japanese yen	**1,022**	769	307	**7,983**	6,734	2,903
Australian dollar	**30,871**	43,983	9,873	**7,115**	9,190	2,611
New Zealand dollar	**573**	351	–	**–**	–	–
	36,959	57,732	22,418	**396,182**	336,084	251,582

The movements in the allowance for impairment in respect of other receivables during the year were as follows:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Movements in impairment of other receivables						
At 1 January	**738**	780	80	**–**	–	–
Impairment loss recognised (Note 27)	**–**	19	708	**–**	–	–
Amounts written off	**(7)**	(61)	(8)	**–**	–	–
At 31 December	**731**	738	780	**–**	–	–

Notes to the financial statements

For the financial year ended 31 December 2018

15 Other receivables (Continued)

The ageing analysis of other receivables, excluding prepayments and taxes recoverable, not impaired is as follows:

	The Group			The Company		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**
Not past due	**33,000**	55,753	20,588	**396,156**	335,930	251,233
Past due not more than 3 months	**1**	–	–	**–**	–	–
Past due more than 3 months but less than 6 months	**2**	–	–	**–**	–	–
Past due more than 6 months	**81**	72	88	**–**	–	–
	33,084	55,825	20,676	**396,156**	335,930	251,233

16 Amounts owing by associates

The Group	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**
Amounts owing by associates	**58,432**	34,876	11,264

Amounts owing by associates are denominated in the following currencies:

	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Singapore dollar	**29,917**	5,329	–
Australian dollar	**155**	29,547	11,264
New Zealand dollar	**28,360**	–	–
	58,432	34,876	11,264

The amounts owing by associates comprising unsecured advances are interest free and repayable on demand.

Further analysis of credit risk is set out in Note 32.

Notes to the financial statements

For the financial year ended 31 December 2018

17 Cash and bank balances

Cash and cash equivalents

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents comprised the following:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Project accounts						
Cash at bank in project accounts	**51,256**	34,239	61,091	**–**	–	–
Fixed deposits in project accounts	**20,000**	48,500	51,000	**–**	–	–
	71,256	82,739	112,091	**–**	–	–
Cash at bank	**80,694**	82,265	38,349	**27,506**	10,929	9,303
Fixed deposits	**68,382**	69,291	86,840	**68,382**	69,291	59,412
Total cash and cash equivalents in consolidated statement of cash flows	**220,332**	234,295	237,280	**95,888**	80,220	68,715
Fixed deposits pledged#	**71,242**	88,165	88,045	**71,000**	88,000	88,000
Total cash and bank balances	**291,574**	322,460	325,325	**166,888**	168,220	156,715

Fixed deposits are pledged to secure bankers' guarantees and for multi-currency loan facilities obtained for working capital purposes of the Group.

Project accounts

The project accounts consist of monies held under the Housing Developers (Project Account) Rules 1997 from which withdrawals are restricted to payments for costs incurred in developing properties for sale.

At the reporting date, the weighted average effective interest rate of fixed deposits in project accounts was 0.801% (2017 – 0.512%) per annum.

Notes to the financial statements

For the financial year ended 31 December 2018

17 Cash and bank balances (Continued)

Cash and bank balances

At the reporting date, the weighted average effective interest rate of fixed deposits (excluding fixed deposits in project accounts) of the Group and the Company was 1.507% (31 December 2017 – 1.050%, 1 January 2017 – 1.350%) and 1.610% (31 December 2017 – 1.216%, 1 January 2017 – 1.604%) per annum, respectively.

Total cash and bank balances are denominated in the following currencies:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Singapore dollar	**244,957**	306,732	315,087	**144,787**	168,205	156,627
United States dollar	**1,417**	1,075	702	**–**	–	–
Thai baht	**2,607**	2,827	136	**–**	–	–
Maldivian rufiyaa	**64**	24	24	**–**	–	–
Japanese yen	**1,749**	2,016	1,284	**–**	–	–
Australian dollar	**36,941**	8,770	8,092	**22,101**	15	88
New Zealand dollar	**3,839**	1,016	–	**–**	–	–
	291,574	322,460	325,325	**166,888**	168,220	156,715

18 Share capital

	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
The Company and the Group	Number of ordinary shares			$'000	$'000	$'000
Ordinary shares issued and fully paid, with no par value						
Balance at beginning of year	**1,193,549,994**	1,193,549,994	1,193,549,994	**47,399**	47,399	47,399
Issue of bonus shares	**119,354,850**	–	–	**–**	–	–
Balance at end of year	**1,312,904,844**	1,193,549,994	1,193,549,994	**47,399**	47,399	47,399

On 24 April 2018, the Company allotted and issued 119,354,850 bonus shares (the "bonus issue"). The basis of the bonus issue was one bonus share for every ten existing ordinary shares held by the shareholders of the Company.

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

Notes to the financial statements

For the financial year ended 31 December 2018

19 Treasury shares

The Company and the Group	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	Number of treasury shares			$'000	$'000	$'000
Balance at beginning of year	**1,326,500**	1,306,500	–	**(564)**	(555)	–
Purchase of treasury shares	**7,598,400**	20,000	1,306,500	**(3,390)**	(9)	(555)
Balance at end of year	**8,924,900**	1,326,500	1,306,500	**(3,954)**	(564)	(555)

20 Other reserves

	The Group			The Company		
	31 December 2018	31 December 2017 (Restated)	1 January 2017 (Restated)	31 December 2018	31 December 2017	1 January 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Revaluation surplus reserve	**533**	533	–	**–**	–	–
Fair value reserve	**–**	312	50	**–**	138	–
Translation reserve	**(18,558)**	(4,517)	(2,146)	**(5,622)**	768	4,187
	(18,025)	(3,672)	(2,096)	**(5,622)**	906	4,187

Revaluation surplus reserve

Revaluation surplus reserve relates to the excess of the revalued amount and the carrying amount of the property upon its transfer from owner-occupied property to investment property.

Fair value reserve

Fair value reserve related to the cumulative net change in the fair value of available-for-sale financial assets was recognised in profit and loss account upon adoption of SFRS(I) 9 (Note 10.1).

Translation reserve

Translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

Notes to the financial statements

For the financial year ended 31 December 2018

21 Borrowings

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Non-current liabilities						
Bank loans (secured):						
Between two and five years	**180,327**	265,898	155,574	**–**	–	–
After five years	**49,324**	52,192	54,975	**–**	–	–
Multi-currency term notes:						
Between two and five years	**–**	–	60,000	**–**	–	60,000
	229,651	318,090	270,549	**–**	–	60,000
Current liabilities						
Bank loans (secured):						
Repayable within one year or less, or on demand	**440,605**	262,417	346,391	**64,729**	8,674	62,242
Repayable after one year, but within the normal operating cycle	**372,607**	250,839	214,757	**–**	–	–
Bank loans (unsecured):						
Repayable within one year or less, or on demand	**–**	–	1,000	**–**	–	1,000
Multi-currency term notes						
Repayable within one year or less	**–**	40,500	–	**–**	40,500	–
	813,212	553,756	562,148	**64,729**	49,174	63,242
Total borrowings	**1,042,863**	871,846	832,697	**64,729**	49,174	123,242

Notes to the financial statements

For the financial year ended 31 December 2018

21 Borrowings (Continued)

The fair value of non-current borrowings at the balance sheet date is as follows:

The Group	Carrying amount 31 December 2018 $'000	Carrying amount 31 December 2017 $'000	Carrying amount 1 January 2017 $'000	Fair value 31 December 2018 $'000	Fair value 31 December 2017 $'000	Fair value 1 January 2017 $'000
Borrowings with an average effective fixed interest rate of 3.38% (31 December 2017 – 2.60%, 1 January 2017 – 3.11%) per annum	**229,651**	318,090	270,549	**223,485**	312,124	271,027

The fair values are within Level 2 of the fair values hierarchy.

The borrowings are denominated in the following currencies:

	The Group 31 December 2018 $'000	The Group 31 December 2017 $'000	The Group 1 January 2017 $'000	The Company 31 December 2018 $'000	The Company 31 December 2017 $'000	The Company 1 January 2017 $'000
Singapore dollar	**761,017**	676,426	603,637	**62,000**	46,500	76,000
United States dollar	**26,126**	26,592	29,497	**2,729**	2,674	2,893
Thai baht	**20,963**	12,792	9,719	**–**	–	–
Japanese yen	**46,998**	46,862	23,969	**–**	–	–
Australian dollar	**150,222**	70,288	165,875	**–**	–	44,349
New Zealand dollar	**37,537**	38,886	–	**–**	–	–
	1,042,863	871,846	832,697	**64,729**	49,174	123,242

Bank loans

At the reporting date, the bank loans bear interest at varying effective rates ranging from 1.62% to 4.54 % (31 December 2017 – 1.61% to 4.68%, 1 January 2017 – 1.87% to 4.91%) per annum. Interest is re-priced between 1 to 12 months (31 December 2017 – 1 to 12 months, 1 January 2017 – 1 to 12 months).

The bank loans are secured by: freehold land and buildings (Note 4), investment properties (Note 6), and development properties for sale (Note 11).

The Company has provided guarantees to banks in respect of loan facilities granted to subsidiaries and associates amounting to $1,521,221,000 (31 December 2017 – $1,448,318,000, 1 January 2017 – $1,316,516,000). At the reporting date, the amount of the loan drawdown under the facilities was $1,042,863,000 (31 December 2017 – $871,846,000, 1 January 2017 – $832,697,000). The current interest rates charged by the lenders on the loans to subsidiaries are at market rates and are consistent with the borrowing costs of the subsidiaries without corporate guarantees. The Group has assessed that the fair value of corporate guarantees is immaterial.

Notes to the financial statements

For the financial year ended 31 December 2018

21 Borrowings (Continued)

Multi-currency term notes

Multi-currency term notes were repaid in July 2018.

22 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Properties for sale under development	**3,726**	10,540	17,689	**–**	–	–
Investment property from overseas	**1,527**	16	9,558	**–**	–	–
Property, plant and equipment	**4,315**	4,412	5,051	**–**	–	–
Equity investments	**–**	42	(12)	**–**	28	–
Unremitted income	**1,411**	1,473	473	**671**	615	168
	10,979	16,483	32,759	**671**	643	168

Settlement of deferred tax liabilities is as follows:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
To be settled:						
Later than one year and no later than five years	**9,452**	16,483	22,768	**671**	643	168
Later than five years	**1,527**	–	9,991	**–**	–	–
	10,979	16,483	32,759	**671**	643	168

Notes to the financial statements

For the financial year ended 31 December 2018

22 Deferred tax liabilities (Continued)

Movement in temporary differences during the year:

The Group	31 December 2018 $'000	31 December 2017 (Restated) $'000	1 January 2017 (Restated) $'000
Deferred tax liabilities:			
Balance at 1 January	**16,483**	32,759	21,328
Recognised in profit or loss (Note 28):			
Properties for sale under development	**(6,814)**	(7,149)	4,581
Investment properties (overseas)	**1,511**	(9,542)	6,051
Property, plant and equipment	**(97)**	(639)	338
Equity investments	**(42)**	54	(12)
Unremitted income	**(62)**	1,000	473
(Note 28)	**(5,504)**	(16,276)	11,431
Balance at 31 December	**10,979**	16,483	32,759

At 31 December 2018, no provision for deferred tax liability has been recognised in respect of undistributed profits of certain foreign subsidiaries amounting to approximately $68,391,000 (31 December 2017 – $48,722,000, 1 January 2017 – $28,497,000) because management is able to control both the timing of disposal of the subsidiary and the distribution of profits.

23 Trade and other payables

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Trade payables	**13,543**	8,874	15,550	**36**	99	58
Other payables	**90,691**	80,015	83,165	**430,102**	376,956	355,448
	104,234	88,889	98,715	**430,138**	377,055	355,506

Notes to the financial statements

For the financial year ended 31 December 2018

23 Trade and other payables (Continued)

(a) Trade payables

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Trade payables	**8,770**	2,159	5,141	**36**	99	54
Goods and Services Tax payables	**659**	562	1,053	**–**	–	4
Retention sums payable	**4,114**	6,153	9,356	**–**	–	–
	13,543	8,874	15,550	**36**	99	58

Trade payables have credit terms between 30 and 60 (31 December 2017 – 30 and 60, 1 January 2017 – 30 and 60) days.

Trade payables are denominated in the following currencies:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Singapore dollar	**6,039**	7,916	14,933	**36**	99	58
United States dollar	**595**	318	16	**–**	–	–
Thai baht	**873**	178	19	**–**	–	–
Japanese yen	**133**	138	154	**–**	–	–
Australian dollar	**5,780**	114	428	**–**	–	–
New Zealand dollar	**123**	210	–	**–**	–	–
	13,543	8,874	15,550	**36**	99	58

Notes to the financial statements

For the financial year ended 31 December 2018

23 Trade and other payables (Continued)

(b) Other payables

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Amounts due to subsidiaries (non-trade)	**–**	–	–	**428,737**	374,563	352,666
Amounts due to associates (non-trade)	**19,983**	19,218	20,959	**–**	–	–
Amount due to non-controlling interests (non-trade)	**23,880**	14,160	19,869	**–**	–	–
Accrued directors' performance bonus	**1,137**	2,670	5,697	**–**	–	–
Accrued unbilled progress claims from contractors	**1,084**	1,065	1,819	**–**	–	–
Accrued construction costs for completed projects	**2,144**	3,991	5,889	**–**	–	–
Accrued operating expenses	**2,233**	3,291	4,675	**190**	312	273
Accrued payroll and related expenses	**3,372**	3,384	3,374	**1,086**	1,259	1,181
Accrued interest expense	**3,860**	2,824	2,310	**89**	822	1,328
Hotel management fees payable	**83**	83	1,120	**–**	–	–
Rental deposits received	**395**	516	438	**–**	–	–
Deposits from pre-sold properties	**29,292**	27,262	9,017	**–**	–	–
Other deposits	**708**	602	1,237	**–**	–	–
Other creditors	**2,520**	949	795	**–**	–	–
Derivative financial liability	**–**	–	5,966	**–**	–	–
	90,691	80,015	83,165	**430,102**	376,956	355,448

The non-trade amounts due to subsidiaries, associates and non-controlling interests, comprising mainly advances, are unsecured, interest-free and repayable on demand.

Notes to the financial statements

For the financial year ended 31 December 2018

23 Trade and other payables (Continued)

(b) Other payables (Continued)

Derivative financial liability:

The Group	Contractual notional amount $'000	Fair value of derivative liability 31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Cross currency interest rate swap	**–**	**–**	–	5,966

Other payables are denominated in the following currencies:

	The Group 31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	The Company 31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Singapore dollar	**28,146**	15,570	41,559	**430,102**	373,303	355,337
United States dollar	**426**	838	200	**–**	2	3
Hong Kong dollar	**19,566**	19,218	20,959	**–**	–	–
Thai baht	**198**	187	81	**–**	–	–
Japanese yen	**838**	1,075	179	**–**	–	–
Australian dollar	**40,912**	43,021	20,187	**–**	3,651	108
New Zealand dollar	**605**	106	–	**–**	–	–
	90,691	80,015	83,165	**430,102**	376,956	355,448

24 Operating segments

For management reporting purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units:

(1) Hotel ownership segment relating to ownership of hotels;

(2) Property development segment relating to the development of properties for sale;

(3) Property investment segment relating to the business of investing in properties to earn rentals and for capital appreciation; and

(4) Others relating to corporate office functions.

Notes to the financial statements

For the financial year ended 31 December 2018

24 Operating segments (Continued)

	Hotel Ownership		Property Development		Property investment		Others		The Group	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017 (Restated)	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017 (Restated)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group										
Revenue- External	**49,986**	44,272	**74,992**	191,774	**7,877**	10,767	**–**	–	**132,855**	246,813
Segment results	**2,646**	(3,126)	**12,337**	27,571	**4,032**	4,209	**(3,435)**	(4,871)	**15,580**	23,783
Interest income	**9**	5	**18**	246	**223**	117	**1,846**	1,992	**2,096**	2,360
Finance costs	**(7,291)**	(6,861)	**(4,262)**	(4,981)	**(2,853)**	(2,760)	**(1,935)**	(3,910)	**(16,341)**	(18,512)
Fair value gain on investment properties	**–**	–	**–**	–	**4,910**	24,047	**–**	–	**4,910**	24,047
Cumulative fair value gain on available-for-sale financial assets reclassified to profit or loss on adoption of SFRS(I) 9 (Note 10.1, 20 and 25)	**–**	–	**–**	–	**–**	–	**312**	–	**312**	–
Fair value loss on financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**(347)**	–	**(347)**	–
Net exchange gain/(loss)	**3**	18	**–**	1,384	**(1,438)**	(98)	**373**	2,090	**(1,062)**	3,394
Fair value loss on currency interest rate swap	**–**	–	**–**	–	**–**	666	**–**	–	**–**	666
Share of results of associates (net of income tax)	**18**	(93)	**(1,041)**	6,152	**21,085**	7,804	**–**	–	**20,062**	13,863
Profit/(loss) before tax	**(4,615)**	(10,057)	**7,052**	30,372	**25,959**	33,985	**(3,186)**	(4,699)	**25,210**	49,601
Other information										
Segment assets	**251,616**	268,090	**1,049,092**	858,216	**202,735**	214,283	**173,021**	177,114	**1,676,464**	1,517,703
Total assets									**1,676,464**	1,517,703
Segment liabilities*	**354,781**	347,776	**641,615**	479,704	**84,548**	81,317	**66,153**	51,938	**1,147,097**	960,735
Total liabilities									**1,175,630**	1,008,091
Investment in associates	**–**	5,989	**5,322**	1,125	**15,742**	–	**–**	–	**21,064**	7,114
Capital expenditure relating to investment properties	**–**	–	**–**	–	**–**	59,862	**–**	–	**–**	59,862
Capital expenditure relating to property, plant and equipment	**16,704**	52,949	**–**	–	**126**	21	**118**	85	**16,948**	53,055
Depreciation of property, plant and equipment	**6,827**	5,401	**–**	–	**76**	198	**145**	131	**7,048**	5,730

Major customers

There were no revenue transactions from a single customer that amounted to 10% or more of the Group's revenue for the financial year ended 31 December 2018 and 2017.

Notes to the financial statements

For the financial year ended 31 December 2018

24 Operating segments (Continued)

* Reconciliations of reportable segment liabilities:

The Group	**31 December 2018 $'000**	**31 December 2017 $'000**
Total liabilities for reportable segment	**1,147,097**	960,735
Current tax liabilities	**17,554**	30,873
Deferred tax liabilities	**10,979**	16,483
Total liabilities	**1,175,630**	1,008,091

The Group Chief Executive Officer ("Group CEO"), who is designated as the Chief Operating Decision Maker, monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included above. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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

Geographical segments are as follows:

The Group	**Singapore $'000**	**Australia $'000**	**Japan $'000**	**Thailand $'000**	**Malaysia $'000**	**New Zealand $'000**	**Hong Kong $'000**	**Indonesia $'000**	**Maldives $'000**	**Total $'000**
2018										
External revenue	**114,307**	**–**	**9,044**	**–**	**–**	**6,393**	**–**	**–**	**3,111**	**132,855**
Non-current assets#	**149,497**	**62,106**	**72,709**	**35,124**	**22,457**	**65,096**	**35,195**	**3,735**	**54,296**	**500,215**

The Group	**Singapore (Restated) $'000**	**Australia $'000**	**Japan $'000**	**Thailand $'000**	**Malaysia (Restated) $'000**	**New Zealand $'000**	**Hong Kong $'000**	**Indonesia $'000**	**Maldives $'000**	**Total (Restated) $'000**
2017										
External revenue	231,554	8,845	5,503	–	–	251	–	–	660	246,813
Non-current assets#	172,428	77,652	70,313	24,391	21,385	59,862	26,011	3,914	49,430	505,386

Amount excluding financial assets at fair value through profit or loss/available-for-sale financial assets.

Notes to the financial statements

For the financial year ended 31 December 2018

25 Other income

The Group	31 December 2018 $'000	31 December 2017 $'000
Interest income	**2,096**	2,360
Change in fair value of investment properties (Note 6)	**4,910**	24,047
Cumulative fair value gain on available-for-sale financial assets reclassified to profit or loss on adoption of SFRS(I) 9 [(Note 20)]	**312**	–
Management fees charged to associates	**2,161**	453
Foreign exchange gain	**1,435**	4,248
Fair value gain on cross currency interest rate swap	**–**	666
Dividend income	**115**	83
Gain on disposal of investment property	**–**	379
Sundry income	**2,197**	601
	11,130	30,477

26 Finance costs

The Group	31 December 2018 $'000	31 December 2017 $'000
Interest expense on bank loans	**16,207**	18,233
Loan commitment fees	**134**	279
	16,341	18,512

27 Profit before taxation

The Group	Note	31 December 2018 $'000	31 December 2017 $'000
Profit before taxation is arrived at after charging:			
Directors' fees		**148**	165
Depreciation of property, plant and equipment	4	**7,048**	5,730
Amortisation of intangible assets	5	**182**	18
Foreign exchange loss		**2,497**	854
Impairment loss on trade and other receivables	13, 15	**19**	21
Property, plant and equipment written off	4	**–**	1,213
Impairment of investment in associate		**–**	5,197
Fair value loss on financial assets at fair value through profit or loss		**347**	–
Bad debt written off (non-trade)		**–**	11
Audit fees			
– Of the external auditor of the Group		**263**	249
– Of other external auditors of the Group		**78**	75
Non-audit fees			
– Of the external auditor of the Group		**4**	11

Notes to the financial statements

For the financial year ended 31 December 2018

27 Profit before taxation (Continued)

The Group	Note	31 December 2018 $'000	31 December 2017 $'000
Staff costs			
Directors			
– Salaries and other related costs		**2,563**	4,055
– Central Provident Fund ("CPF") contributions		**167**	233
Key Management Personnel (other than Directors)			
– Salaries, wages and other related costs		**2,001**	1,987
– CPF contributions		**81**	92
Other than directors and key management personnel			
– Salaries, wages and other related costs		**15,477**	14,001
– CPF contributions		**1,429**	1,316
– Other personnel expenses		**2,192**	1,443
		23,910	23,127

28 Tax expense

The Group	31 December 2018 $'000	31 December 2017 $'000
Current tax expense		
– Current year	**9,743**	32,201
– Adjustments for prior years	**(85)**	(139)
	9,658	32,062
Deferred tax expense		
– Origination and reversal of temporary differences	**(4,369)**	(17,960)
– Adjustments for prior years	**(1,135)**	1,684
(Note 22)	**(5,504)**	(16,276)
	4,154	15,786

Singapore income tax is calculated at 17% (2017 – 17%) of the estimated assessable profit or loss for the year. Taxation for other jurisdictions is calculated at the prevailing corporate tax rates in the relevant jurisdictions.

Notes to the financial statements

For the financial year ended 31 December 2018

28 Tax expense (Continued)

The applicable tax rate used in the reconciliation between the Group's tax expense and accounting profit is the Singapore statutory tax rate based on the jurisdiction where the Company and most group entities are established. The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the accounting profit as a result of the following:

The Group	31 December 2018 $'000	31 December 2017 $'000
Profit before taxation	**25,210**	49,601
Tax at effective tax rate	**5,216**	12,262
Expenses not deductible for tax purposes	**2,498**	3,506
Foreign income not subject to tax	**(4,434)**	(3,640)
Deferred tax assets not recognised	**2,562**	2,720
Tax credit, exemption, group relief, rebate and others	**(468)**	(607)
Adjustments for prior years	**(1,220)**	1,545
At the effective income tax rate of 16% (2017: 32%)	**4,154**	15,786

At 31 December 2018, the Group had accumulated unutilised tax losses amounting to $28,513,000 (31 December 2017 – $12,362,000, 1 January 2017 – $2,149,000), of which $12,362,000 (31 December 2017 – $8,207,000, 1 January 2017 – $815,000) relates to foreign entities. The tax losses are subject to agreement by the relevant tax authorities and compliance with tax regulations.

Deferred tax assets of $6,071,000 (31 December 2017 – $3,509,000, 1 January 2017 – $2,228,000) of which $4,894,000 (31 December 2017 – $3,127,000, 1 January 2017 – $1,598,000) relates to foreign entities have not been recognised because it is not probable that future taxable profits will be available against which the Group can utilise the benefit therefrom.

29 Earnings per share

The basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year. The Company did not have any stock options or dilutive potential ordinary shares during the years ended 31 December 2017 and 2018.

The Group	31 December 2018	31 December 2017 (Restated)
Profit for the year attributable to owners of the Company ($'000)	**21,292**	31,713
Number of ordinary shares in issue at 1 January ('000)	**1,192,223**	1,192,243
Purchase of treasury shares through share buyback ('000) (Note 19)	**(7,598)**	(20)
Bonus issue ('000)	**119,355**	119,355#
Number of ordinary shares in issue* at 31 December ('000)	**1,303,980**	1,311,578
Weighted average number of ordinary shares in issue during the year ('000)	**1,307,787**	1,311,233
Earnings per share-Basic (cents)	**1.63**	2.42
Earnings per share-Diluted (cents)	**1.63**	2.42

* Excluding treasury shares

\# For comparative purposes, the weighted average number of ordinary shares outstanding during the year ended 31 December 2017 was adjusted to take into account the bonus issue on 24 April 2018 in the calculation of basic earnings per share and diluted earnings per share.

Notes to the financial statements

For the financial year ended 31 December 2018

30 Capital commitments

At the reporting date, the Group had the following capital commitments:

The Group	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
For completion of property acquisitions			
211-223 Pasir Panjang Road, Singapore	**–**	–	29,925
120 Grange Road, Singapore	**–**	–	43,650
386-392 Dunearn Road, Singapore	**–**	32,670	–
5 Derbyshire Road, Singapore	**–**	70,186	–
360 Little Bourke Street, Melbourne, Australia	**–**	29,718	–
2, 6, 12, 14 Guillemard Lane, Singapore	**–**	14,238	–
33 Argyle Street, Australia	**14,164**	–	–
	14,164	146,812	73,575
Retrofitting and construction of resorts	**20,334**	28,403	–
	34,498	175,215	73,575

Where Group is the lessee

At the reporting date, the Group was committed to making the following rental payments in respect of operating leases of office equipment, motor vehicle, car park and warehouse storage with an original term of more than one year:

The Group	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Not later than one year	**106**	114	129
Later than one year but not later than five years	**170**	145	256
Later than five years	**–**	–	–
	276	259	385

The operating leases expire between May 2019 and December 2023 and contain renewal options.

Notes to the financial statements

For the financial year ended 31 December 2018

30 Capital commitments (Continued)

Where Group is the lessor

At the reporting date, the Group had the following rentals receivable under non-cancellable operating leases related to investment properties:

The Group	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Not later than one year	**6,453**	7,088	8,759
Later than one year but not later than five years	**24,043**	24,666	13,504
Later than five years	**3,473**	10,180	148
	33,969	41,934	22,411

The operating leases expire between February 2019 and August 2024 and contain renewal options for 2 to 5 years at a rate mutually agreed between the lessor and the lessee.

31 Significant related party transactions

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

The Group	31 December 2018 $'000	31 December 2017 $'000
Short-term employee benefits	**295**	263
CPF contributions	**37**	33
	332	296

These employees are Teo Hong Hee, Teo Hong Wee, Loh Kwang Chew, Cheong Kwai Fun, Phua Lay Leng and Alicia Teo. Teo Hong Hee and Teo Hong Wee are siblings to two of our Executive Directors, namely Teo Hong Lim and Chris Teo Hong Yeow (the "Executive Directors"). Loh Kwang Chew is the uncle of the Executive Directors. Cheong Kwai Fun and Phua Lay Leng are cousins of the Executive Directors. Alicia Teo is the daughter of Teo Hong Lim.

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management

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

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

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

The Group	**Financial assets at fair value through profit or loss $'000**	**Financial assets at amortised cost $'000**	**Financial liabilities at amortised cost $'000**	**Total $'000**
31 December 2018				
Financial assets				
Financial assets at fair value through profit or loss	1,856	–	–	1,856
Trade receivables*	–	6,671	–	6,671
Contract assets	–	20,410	–	20,410
Contract costs	–	6,084	–	6,084
Other receivables^	–	33,084	–	33,084
Amount owing by associates	–	58,432	–	58,432
Cash and bank balances	–	291,574	–	291,574
	1,856	416,255	–	418,111
Financial liabilities				
Borrowings	–	–	1,042,863	1,042,863
Trade and other payables#	–	–	103,575	103,575
	–	–	1,146,438	1,146,438

* Trade receivables exclude Goods and Services Tax receivables.
^ Other receivables exclude prepayments and tax recoverable.
\# Trade and other payables exclude Goods and Services Tax payables.

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

The Group	Available-for-sale $'000	Loans and receivables $'000	Derivative financial liabilities $'000	Other liabilities (carried at amortised cost) $'000	Total $'000
31 December 2017					
Financial assets					
Available-for-sale financial assets	2,275	–	–	–	2,275
Trade receivables*	–	8,462	–	–	8,462
Contract assets	–	41,659	–	–	41,659
Contract costs	–	1,657	–	–	1,657
Other receivables^	–	55,825	–	–	55,825
Amount owing by associates	–	34,876	–	–	34,876
Cash and bank balances	–	322,460	–	–	322,460
	2,275	464,939	–	–	467,214
Financial liabilities					
Borrowings	–	–	–	871,846	871,846
Trade and other payables#	–	–	–	88,327	88,327
	–	–	–	960,173	960,173
1 January 2017					
Financial assets					
Available-for-sale financial assets	1,425	–	–	–	1,425
Trade receivables*	–	14,245	–	–	14,245
Contract assets	–	78,273	–	–	78,273
Contract costs	–	5,925			5,925
Other receivables^	–	20,676	–	–	20,676
Amount owing by associates	–	11,264	–	–	11,264
Cash and bank balances	–	325,325	–	–	325,325
	1,425	455,708	–	–	457,133
Financial liabilities					
Borrowings	–	–	–	832,697	832,697
Trade and other payables#	–	–	5,966	91,696	97,662
	–	–	5,966	924,393	930,359

* Trade receivables exclude Goods and Services Tax receivables.
^ Other receivables exclude prepayments and tax recoverable.
# Trade and other payables exclude Goods and Services Tax payables.

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

The Company	Financial assets at fair value through profit or loss $'000	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
31 December 2018				
Financial assets				
Financial assets at fair value through profit or loss	**356**	**–**	**–**	**356**
Other receivables^	**–**	**396,156**	**–**	**396,156**
Cash and bank balances	**–**	**166,888**	**–**	**166,888**
	356	**563,044**	**–**	**563,400**
Financial liabilities				
Borrowings	**–**	**–**	**64,729**	**64,729**
Trade and other payables#	**–**	**–**	**430,138**	**430,138**
	–	**–**	**494,867**	**494,867**

The Company	Available for sale $'000	Loans and receivables $'000	Other liabilities (carried at amortised cost) $'000	Total $'000
31 December 2017				
Financial assets				
Available-for-sale financial assets	700	–	–	700
Other receivables^	–	335,930	–	335,930
Cash and bank balances	–	168,220	–	168,220
	700	504,150	–	504,850
Financial liabilities				
Borrowings	–	–	49,174	49,174
Trade and other payables#	–	–	377,055	377,055
	–	–	426,229	426,229
1 January 2017				
Financial assets				
Other receivables^	–	251,233	–	251,233
Cash and bank balances	–	156,715	–	156,715
	–	407,948	–	407,948
Financial liabilities				
Borrowings	–	–	123,242	123,242
Trade and other payables#	–	–	355,502	355,502
	–	–	478,744	478,744

* Trade receivables exclude Goods and Services Tax receivables.
^ Other receivables exclude prepayments and tax recoverable.
\# Trade and other payables exclude Goods and Services Tax payables.

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's and the Company's objective is to seek continual growth while minimising losses arising from credit risk exposure. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. The Group closely monitors and avoids any significant concentration of credit risk on any of its development properties sold. Contractual deposits are collected and scheduled progress payments are received from the buyers when due. Title to properties is only transferred upon full settlement. In addition, receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group and the Company establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and contract assets. The allowance account in respect of these assets is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, other than as disclosed in Notes 13, 14 and 15, no allowances for impairment is necessary in respect of trade and other receivables past due and not past due.

Significant concentrations of credit risk

At the reporting date there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. As at 31 December 2018 and 2017, the Group and the Company does not have any significant concentrations of credit risk.

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

Credit risk (Continued)

Exposure to credit risk

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

The Group	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2018					
Trade receivables (Note 13)	(2)	Lifetime ECL	**6,700**	**(29)**	**6,671**
Contract assets (Note 14)	(3)	Lifetime ECL	**20,410**	**–**	**20,410**
Other receivables (Note 15)	(4)	Lifetime ECL	**33,815**	**(731)**	**33,084**
Amounts owing by associates (Note 16)	(1)	12-month ECL	**58,432**	**–**	**58,432**

The Group	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2017					
Trade receivables (Note 13)	(2)	Lifetime ECL	8,474	(12)	8,462
Contract assets (Note 14)	(3)	Lifetime ECL	41,659	–	41,659
Other receivables (Note 15)	(4)	Lifetime ECL	56,563	(738)	55,825
Amounts owing by associates (Note 16)	(1)	12-month ECL	34,876	–	34,876

The Group	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
1 January 2017					
Trade receivables (Note 13)	(2)	Lifetime ECL	14,255	(10)	14,245
Contract assets (Note 14)	(3)	Lifetime ECL	78,273	–	78,273
Other receivables (Note 15)	(4)	Lifetime ECL	21,456	(780)	20,676
Amounts owing by associates (Note 16)	(1)	12-month ECL	11,264	–	11,264

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

Credit risk (Continued)

Exposure to credit risk (Continued)

The Company	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2018					
Loans to subsidiaries (Note 8)	(1)	12-month ECL	**114,660**	**–**	**114,660**
Other receivables (Note 15)	(4)	Lifetime ECL	**396,156**	**–**	**396,156**

The Company	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2017					
Loans to subsidiaries (Note 8)	(1)	12-month ECL	87,237	–	87,237
Other receivables (Note 15)	(4)	Lifetime ECL	335,930	–	335,930

The Company	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
1 January 2017					
Loans to subsidiaries (Note 8)	(1)	12-month ECL	140,061	–	140,061
Other receivables (Note 15)	(4)	Lifetime ECL	251,233	–	251,233

The carrying amount of financial assets recorded in the financial statements grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of collateral obtained.

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

Credit risk (Continued)

(1) Amounts due from related parties

The loans to and amounts due from related parties are considered to have low credit risk. As the Company has control or significant influence over the operating, investing and financing activities of these entities. The use of loans and advances to assist with the related parties' cash flow management is in line with the Group capital management. There has been no significant increase in the credit risk of the amounts due from related parties since initial recognition. In determining the ECL, management has taken into account the finances and business performance of the related parties, and a forward-looking analysis of the financial performance of investments and projects undertaken by the related parties.

Management has assessed that the Group and the Company are not exposed to significant credit loss in respect of the amounts due from the related parties.

(2) Trade receivables

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated by reference to payment history, current financial situation of the debtor, debtor-specific information obtained directly from the debtor and public domain, where available, and an assessment of the current and future wider economic conditions and outlook for the industry in which the debtor operates at the reporting date.

For sales of residential properties, the Group is contractually entitled to forfeit a fixed percentage of the purchase price received from the customer and repossess the sold property for resale. The credit loss risk in respect of outstanding progress billings to the customer is mitigated by these financial safeguards. Sales to hotel individual customers are settled in cash or using major credit cards. The credit risk relating to balances not past due pending receipt of payment from credit card companies is not deemed to be significant. Credit risk in respect of trade receivables related to property leasing is deemed to be low with security deposits received from tenants.

(3) Contract assets

Loss allowance for contract assets is measured at an amount equal to lifetime ECL, similar to that for trade receivables.

Consideration receivable for work performed (net of progress billings to be billed to purchasers of development properties) is recognised as contract assets.

At the reporting date, no provision for loss allowance was required.

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

Credit risk (Continued)

(4) Other receivables

Loss allowance for other receivables is measured at an amount equal to lifetime expected credit losses (ECL), which is consistent with the approach adopted for trade receivables. The ECL on other receivables are estimated by reference to track records of the counterparties, their business and financial conditions where information is available and knowledge of any events or circumstances impeding recovery of the amounts. At the reporting date, no loss allowance for other receivables was required except as disclosed.

Financial guarantees

The Company has provided financial guarantees to banks in respect of banking facilities amounting to $1,521,221,000 (31 December 2017 – $1,448,318,000, 1 January 2017 – $1,316,516,000) granted to subsidiaries and associates, of which $266,917,000 (31 December 2017 – $247,177,000, 1 January 2017 – $84,597,000) were granted to associates. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees. There is no difference in interest rates charged on secured loans to subsidiaries with or without the corporate guarantee from the Company.

Cash and cash equivalents

The cash and cash equivalents are held with banks of good credit ratings.

Interest rate risk

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

The Group's exposure to interest rate risk arises from its variable rate bank loans and fixed deposits.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates on variable rate bank loans and a change of 10 basis points (bp) in interest rates on fixed deposits at the reporting date would have increased/(decreased) profit or loss before tax and equity by the amounts shown below.

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments (Continued)

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax increase/(decrease)		Equity increase/(decrease)	
The Group	**10 bp*/ 100 bp# $'000**	**10 bp*/ 100 bp# $'000**	**10 bp*/ 100 bp# $'000**	**10 bp*/ 100 bp# $'000**
At 31 December 2018				
Fixed deposits	**160**	**(160)**	**160**	**(160)**
Variable rate bank loans	**(8,169)**	**8,169**	**(8,169)**	**8,169**
	(8,009)	**8,009**	**(8,009)**	**8,009**
At 31 December 2017				
Fixed deposits	206	(206)	206	(206)
Variable rate bank loans	(6,002)	6,002	(6,002)	6,002
	(5,796)	5,796	(5,796)	5,796
At 1 January 2017				
Fixed deposits	226	(226)	226	(226)
Variable rate bank loans	(4,753)	4,753	(4,753)	4,753
	(4,527)	4,527	(4,527)	4,527

	Profit before tax increase/(decrease)		Equity increase/(decrease)	
The Company	**10 bp*/ 100 bp# $'000**	**10 bp*/ 100 bp# $'000**	**10 bp*/ 100 bp# $'000**	**10 bp*/ 100 bp# $'000**
At 31 December 2018				
Fixed deposits	**139**	**(139)**	**139**	**(139)**
Variable rate bank loans	**(647)**	**647**	**(647)**	**647**
	(508)	**508**	**(508)**	**508**
At 31 December 2017				
Fixed deposits	157	(157)	157	(157)
Variable rate bank loans	(87)	87	(87)	87
	70	(70)	70	(70)
At 1 January 2017				
Fixed deposits	147	(147)	147	(147)
Variable rate bank loans	(632)	632	(632)	632
	(485)	485	(485)	485

* Fixed deposits
\# Variable rate bank loans

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

Currency risk

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

The Group is exposed to currency risk on financial assets and financial liabilities that are denominated in a currency other than the functional currencies of the respective Group entities. The currencies that give rise to foreign currency risk are primarily the United States dollar, Hong Kong Dollar, New Zealand Dollar and the Australian dollar.

A 5% strengthening of the above currencies against the functional currencies of the respective Group entities at the reporting date would have decreased equity and profit or loss before tax as follows:

The Group	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
United States dollar	**(186)**	(162)	(209)
New Zealand dollar	**1,309**	1,405	–
Hong Kong dollar	**(170)**	(164)	(196)
Australian dollar	**1,066**	(68)	(2,313)
	2,019	1,011	(2,718)

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effect. A 5% weakening of the above currencies against the functional currencies of the respective Group entities would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

Market price risk arises from available-for-sale financial assets and financial assets at fair value through profit or loss.

Market price sensitivity analysis

All of the Group's and the Company's equity investments are listed on the Singapore Exchange. For such investments classified as financial assets at fair value through profit or loss, a 5% increase in the value of the underlying equity investments at the reporting date would have increased the Group's and the Company's equity by $77,000 after tax (2017 – $94,000); an equal change in the opposite direction would have decreased the Group's and the Company's equity by $77,000 after tax (2017 – $94,000).

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

		Contractual undiscounted cash flows			
The Group	**Carrying amount $'000**	**Total $'000**	**Less than 1 year $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**
As at 31 December 2018					
Bank loans (Note 21)	**1,042,863**	**1,119,777**	**352,912**	**706,633**	**60,232**
Multi-currency debt (Note 21)	**–**	**–**	**–**	**–**	**–**
Trade and other payables*	**103,575**	**103,575**	**103,575**	**–**	**–**
	1,146,438	**1,223,352**	**456,487**	**706,633**	**60,232**
As at 31 December 2017					
Bank loans (Note 21)	831,346	892,268	267,755	559,900	64,613
Multi-currency debt (Note 21)	40,500	41,499	41,499	–	–
Trade and other payables*	88,327	88,327	88,327	–	–
	960,173	1,022,094	397,581	559,900	64,613
As at 1 January 2017					
Bank loans (Note 21)	772,697	826,342	363,697	393,212	69,433
Multi-currency debt (Note 21)	60,000	64,179	2,700	61,479	–
Trade and other payables*	91,696	91,696	91,696	–	–
Cross currency interest rate swap (Note 23)					
– outflow	5,966	68,511	68,511	–	–
– inflow	–	(62,308)	(62,308)	–	–
	930,359	988,420	464,296	454,691	69,433

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

Liquidity risk (Continued)

The Company	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
		Contractual undiscounted cash flows			
As at 31 December 2018					
Bank loans (Note 21)	**64,729**	**64,989**	**64,989**	**–**	**–**
Trade and other payables*	**430,138**	**430,138**	**430,138**	**–**	**–**
	494,867	**495,127**	**495,127**	**–**	**–**
As at 31 December 2017					
Bank loans (Note 21)	8,674	8,687	8,687	–	–
Multi-currency debt (Note 21)	40,500	41,499	41,499	–	–
Trade and other payables*	377,055	377,055	377,055	–	–
	426,229	427,241	427,241	–	–
As at 1 January 2017					
Bank loans (Note 21)	63,242	63,414	63,414	–	–
Multi-currency debt (Note 21)	60,000	64,179	2,700	61,479	–
Trade and other payables*	355,502	355,502	355,502	–	–
	478,744	483,095	421,616	61,479	–

* Trade and other payables exclude Goods and Services Tax payables.

It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

The Company has a multi-currency debt issuance programme, under which it may issue notes of up to S$500 million. As of 31 December 2018, S$500 million remains unutilised. Under this Programme, notes issued by the Company may have varying maturities as agreed with the relevant financial institutions.

At the reporting date, the Company does not consider it probable that a claim will be made against it under the intragroup financial guarantees. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called and disclosed as follows:

The Group	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
		Contractual undiscounted cash flows			
As at 31 December 2018					
Financial guarantees	**266,917**	**266,917**	**266,917**	**–**	**–**
As at 31 December 2017					
Financial guarantees	242,177	242,177	242,177	–	–
As at 1 January 2017					
Financial guarantees	84,597	84,597	84,597	–	–

Notes to the financial statements

For the financial year ended 31 December 2018

32 Financial risk management (Continued)

Liquidity risk (Continued)

The Company	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
		Contractual undiscounted cash flows			
As at 31 December 2018					
Financial guarantees	**1,521,221**	**1,521,221**	**1,521,221**	**–**	**–**
As at 31 December 2017					
Financial guarantees	1,448,318	1,448,318	1,448,318	–	–
As at 1 January 2017					
Financial guarantees	1,316,516	1,316,516	1,316,516	–	–

33 Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Notes to the financial statements

For the financial year ended 31 December 2018

33 Fair value measurement (Continued)

Definition of fair value (Continued)

Fair value hierarchy (Continued)

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis.

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018				
Financial assets				
Financial assets at fair value through profit or loss (Note 10)	**1,856**	**–**	**–**	**1,856**
31 December 2017				
Financial assets				
Available-for-sale financial assets (Note 10.1)	2,275	–	–	2,275
1 January 2017				
Financial assets				
Available-for-sale financial assets (Note 10.1)	1,425	–	–	1,425
Financial liabilities				
Cross currency interest rate swap (Note 23)	–	5,966	–	5,966

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018				
Investment properties	**–**	**–**	**126,464**	**126,464**
31 December 2017				
Investment properties	–	–	124,191	124,191
1 January 2017				
Investment properties	–	–	198,835	198,835

Notes to the financial statements

For the financial year ended 31 December 2018

33 Fair value measurement (Continued)

Fair value measurement of financial assets

Equity securities

The fair value of quoted equity securities classified as financial assets at fair value through profit or loss (formerly known as available-for-sale financial assets) is determined by reference to their quoted closing bid price at the reporting date.

Bank loans

The carrying amounts of the bank loans, repayable within one year or less, or on demand and whose interest rates are re-priced within 12 months, approximate their fair value.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year, (trade and other receivables, trade and other payables, and amounts owing by/(to) related parties) approximate their fair values because of the short period to maturity.

Fair value measurement of non-financial assets

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Notes to the financial statements

For the financial year ended 31 December 2018

33 Fair value measurement (Continued)

Fair value measurement of non-financial assets (Continued)

Valuation technique and significant unobservable inputs (Continued)

Valuation technique	**Inter-relationship between key unobservable inputs and fair value measurement** *The estimated fair value would increase/ (decrease) if:*	**Significant unobservable inputs**
Direct comparison method	*Price per square meter was higher (lower);*	Price per square meter: **– 31 December 2018: $6,600 to $37,700** – 31 December 2017: $6,400 to $39,800 – 1 January 2017: $6,800 to $39,800
Discounted cash flows method	*Expected average rental growth was higher (lower);* *Renewal probability was higher (lower);* *Vacancy period was shorter (longer);* *Capital expenditure was lower (higher);* *Terminal yield was lower (higher);* *Discount rate was lower (higher);*	Expected average rental growth: **– 31 December 2018: 2.2%** – 31 December 2017: 2.2% – 1 January 2017: 4.0% Renewal probability: **– 31 December 2018: 50%** – 31 December 2017: 50% – 1 January 2017: 50% Rental period average (in months): **– 31 December 2018: 11.6** – 31 December 2017: 8.0 – 1 January 2017: 11.6 Capital expenditure (of gross income): **– 31 December 2018: 2.80%** – 31 December 2017: 2.80% – 1 January 2017: 3.45% Terminal yield: **– 31 December 2018: 6.75%** – 31 December 2017: 7.25% – 1 January 2017: 7.63% Discount rate: **– 31 December 2018: 7.75%** – 31 December 2017: 8.37% – 1 January 2017: 7.50%
Income capitalisation method	*Capitalisation rate was lower (higher).*	Capitalisation rate: **– 31 December 2018: 6.50%** – 31 December 2017: 7.00% – 1 January 2017: 6.75%

Level 3: fair value measurements

The reconciliation of the carrying amounts of non-financial assets related to investment properties classified within Level 3 is disclosed in Note 6.

Notes to the financial statements

For the financial year ended 31 December 2018

34 Capital management

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company review and manage their capital structures to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company have adopted a dividend policy with a view of paying dividends, on a half-yearly basis, of at least 50% of the net operating profits attributable to the Group's business of hotel ownership and provision of hotel accommodation services subject to certain factors.

The Board of Directors monitors capital based on the net debt to adjusted net assets value ratio. Net debt comprises total borrowings less cash and cash equivalents. Adjusted net assets value comprises total equity and the excess of the fair values of the Group's hotel and office premises over their net book values. The Group's hotel and office premises are measured at historical cost. For the purpose of capital management, the fair values of the Group's hotel and office premises are used. The fair value of the hotel and office premises is determined by an independent firm of professional valuers.

There were no changes in the Group's and the Company's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

	The Group		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Total borrowings (Note 21)	**1,042,863**	871,846	832,697
Less: Total cash and bank balances (Note 17)	**(291,574)**	(322,460)	(325,325)
Net debt (A)	**751,289**	549,386	507,372
Equity attributable to owners of the Company	**496,301**	504,476	490,777
Excess of fair values of hotel and office premises over net book values	**485,159**	490,272	471,937
Adjusted net assets value (B)	**981,460**	994,748	962,714
Net debt to adjusted net assets value ratio (times) (A)/(B)	**0.77**	0.55	0.53

Notes to the financial statements

For the financial year ended 31 December 2018

34 Capital management (Continued)

	The Company		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Total borrowings (Note 21)	**64,729**	49,174	123,242
Less: Total cash and bank balances (Note 17)	**(166,888)**	(168,220)	(156,715)
Net debt (A)	**(102,159)**	(119,046)	(33,473)
Equity attributable to owners of the Company	**238,916**	222,313	119,423
Excess of fair values of hotel and office premises over net book values	**–**	–	–
Adjusted net assets value (B)	**238,916**	222,313	119,423
Net debt to adjusted net assets value ratio (times) (A)/(B)	*****	*	*

* Not presented as the Company has net cash.

35 Dividends

The Group	**31 December 2018 $'000**	**31 December 2017 $'000**
Final dividend paid in respect of FY 2017 (2017 – FY2016) of 0.771 cents (2017 – 1.164 cents) per share	**9,176**	13,878
Interim dividend paid in respect of FY 2018 (2017 – FY2017) of 0.195 cents (2017 – 0.214 cents) per share	**2,548**	2,551
	11,724	16,429

The Company proposed a final tax exempt one tier dividend of 0.705 cents per share in respect of the financial year ended 31 December 2018. The proposed final dividend of $9,193,000, which has not been provided for, is subject to the approval of shareholders.

Together with the interim dividend of 0.195 cents per share tax exempt one-tier, total dividends paid and proposed in respect of the financial year ended 31 December 2018 will be 0.900 cents per share (2017 – 0.985 cents per share tax-exempt one-tier).

Notes to the financial statements

For the financial year ended 31 December 2018

36 Reclassifications

Amounts owing by associates repayable on demand have been reclassified from non-current liabilities to current liabilities as at 31 December 2016 and 2017.

The Group	31 December 2017 As reported $'000	31 December 2017 Reclassification $'000	31 December 2017 As reclassified $'000	1 January 2017 As reported $'000	1 January 2017 Reclassification $'000	1 January 2017 As reclassified $'000
Statement of financial position						
Non-current liabilities						
Amounts owing by associates (Note 16)	34,876	(34,876)	–	11,264	(11,264)	–
Current liabilities						
Amounts owing by associates (Note 16)	–	34,876	34,876	–	11,264	11,264

37 Subsequent event

Acquisition of shares in indirect subsidiary

Subsequent to the year end, Roxy Homes Pte Ltd ("Roxy Homes"), a subsidiary of the Company, has acquired 50,000 ordinary shares ("Shares") of the Company's indirect subsidiary, RH Tampines Pte. Ltd. ("RH Tampines"), from another existing shareholder of RH Tampines, Rich-Link Development Pte. Ltd. (hereinafter referred to as the "Acquisition"). The Shares represent 5% of the total issued and paid-up share capital of RH Tampines.

Following the Acquisition, Roxy Homes' aggregate shareholding in RH Tampines has increased from 85% to 90% of the total number of issued and paid-up Shares of RH Tampines.

The consideration for the Acquisition is $1,600,000 (the "Consideration"), which was arrived at a willing-buyer willing-seller basis, after taking into account various commercial factors, including inter alia, the net asset value of the Shares.

The Acquisition is not expected to have any material impact on the consolidated net tangible assets per share or the consolidated earnings per share of the Group for the financial year ending 31 December 2019.

38 Comparatives

Certain amounts in the comparative information have been reclassified to conform with current year financial statement presentations as set out in Note 36.

Shareholdings Statistics

As at 6 March 2019

Issued and fully paid-up capital	–	S$47,590,007
Total number of shares including treasury shares	–	1,312,904,844
Total number of shares excluding treasury shares	–	1,303,979,944
Number of treasury shares	–	8,924,900
Class of shares	–	Ordinary
Voting rights (excluding treasury shares)	–	One Vote Per Share

Distribution of Shareholdings as at 6 March 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	37	2.21	1,699	0.00
100 – 1,000	80	4.77	44,002	0.00
1,001 – 10,000	397	23.67	1,823,920	0.14
10,001 – 1,000,000	1,119	66.73	62,111,697	4.73
1,000,001 and above	44	2.62	1,248,923,526	95.13
Total	**1,677**	**100.00**	**1,312,904,844**	**100.00**

Percentage of shareholdings in the hands of public (Public Float)

As at 6 March 2019, approximately 20.55% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Twenty Largest Shareholders

List of 20 Largest Shareholders as at 6 March 2019

NO.	NAME	NO. OF SHARES	%
1	KIAN LAM INVESTMENT PTE LTD	508,203,695	38.71
2	SEN LEE DEVELOPMENT PTE LTD	146,293,125	11.14
3	TEO HONG LIM(1)	130,295,687	9.92
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	63,542,960	4.84
5	HONG LEONG FINANCE NOMINEES PTE LTD	40,669,120	3.1
6	CHEONG FUNG FAI	39,516,125	3.01
7	SUTANTIO	39,100,875	2.98
8	TJANDRAWATI	37,046,625	2.82
9	OCBC SECURITIES PRIVATE LTD	31,596,715	2.41
10	DBS NOMINEES PTE LTD	29,648,423	2.26
11	TEO HONG HEE(2)	27,183,750	2.07
12	CITIBANK NOMS S'PORE PTE LTD	20,996,604	1.6
13	LIM SWEE HAH	20,542,500	1.56
14	RAFFLES NOMINEES (PTE) LIMITED	17,319,056	1.32
15	CHEONG KWAI FUN (ZHANG GUIFEN)	10,333,125	0.79
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,065,485	0.61
17	LIM BEE YONG	7,312,250	0.56
18	TEO KOK THYE	7,218,750	0.55
19	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	6,578,012	0.5
20	KIM SENG HOLDINGS PTE LTD	5,398,250	0.41
	TOTAL	**1,196,861,132**	**91.16**

(1) Excludes Mr Teo Hong Lim's 24,203,410 shares registered in the name of nominees.

(2) Excludes Mr Teo Hong Hee's 3,300,000 shares registered in the name of a nominee.

Shareholdings Statistics

As at 6 March 2019

Substantial shareholders as shown in the Register of Substantial Shareholders as at 6 March 2019

	Number of Shares			
Substantial shareholders	**Direct Interest**	**%[1]**	**Deemed Interest**	**%[1]**
Kian Lam Investment Pte Ltd[2]	508,203,695	38.97	146,293,125	11.22
Sen Lee Development Private Limited	146,293,125	11.22	–	–
Teo Hong Lim[3][4]	130,295,687	9.99	678,700,230	52.05
Sutantio[5]	39,100,875	3.00	37,046,625	2.84
Tjandrawati[5]	37,046,625	2.84	39,100,875	3.00

Note:

(1) Percentage of substantial shareholdings is computed based on the total number of issued shares excluding treasury shares.

(2) Kian Lam Investment Pte Ltd ("**Kian Lam**") holds more than 50% of the issued share capital of Sen Lee Development Private Limited ("**Sen Lee**") and is deemed to be interested in the shares of the Company held by Sen Lee.

(3) Teo Hong Lim holds more than 20% of the issued share capital of Kian Lam. In this respect, pursuant to Section 7 of the Companies Act, Cap. 50, Teo Hong Lim is deemed to be interested in the shares of the Company held by Kian Lam and Sen Lee.

(4) 24,203,410 shares held by Teo Hong Lim are registered in the name of nominees.

(5) Sutantio is the husband of Tjandrawati. Each of them is deemed to be interested in the shares held by each other.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Roxy-Pacific Holdings Limited (the "**Company**") will be held at Frankel Room, 3rd Floor, Grand Mercure Roxy Hotel, 50 East Coast Road, Roxy Square, Singapore 428769 on Tuesday, 23 April 2019 at 10.00 a.m. for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2018 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax exempt dividend of 0.705 cents per ordinary share in respect of the financial year ended 31 December 2018 (2017: final one-tier tax exempt dividend of 0.771 cents per ordinary share). **(Resolution 2)**

3. To approve Directors' fee of S$199,320 (2018: S$153,120) for the financial year ending 31 December 2019 and the payment thereof on a quarterly basis. **(Resolution 3)**

4. To re-elect Mr Teo Hong Yeow Chris, a Director retiring under Article 103 of the Constitution of the Company. **(Resolution 4)**

5. To re-elect Mr Tay Kah Poh, a Director retiring under Article 103 of the Constitution of the Company. **(Resolution 5)**

   *Mr Tay Kah Poh will, upon re-election as a Director of the Company, remain as a member of the Audit Risk Management Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). He will remain as the Lead Independent Director and Chairman of the Nominating and Remuneration Committees.*

6. To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

Note:

Detailed information on these Directors can be found under 'Board of Directors' and 'Statement of Corporate Governance Report' in the Company's Annual Report 2018.

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolution with or without modifications:–

7. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 (the "Companies Act"), and Rule 806 of the Listing Rules of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

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

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and/or

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

Notice of Annual General Meeting

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force; provided always that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed five per cent (5%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for;

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

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 7)**
(See Explanatory Note 1)

8. **Proposed renewal of the Share buyback mandate**

"That approval be and is hereby given:–

(a) for the purposes of Sections 76C and 76E of the Companies Act, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:–

(i) an on-market share acquisition ("**On-Market Purchase**") transacted on the **SGX-ST** trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or

(ii) off-market share acquisition ("**Off-Market Purchase**") pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise be in accordance with all other laws and other regulations and rules of the SGX-ST.

(the "**Share Buy Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the Directors of the Company be authorised to exercise the authority conferred on them pursuant to the Share Buy Back Mandate at any time and from time to time, during the period commencing from the date of passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held; or

Notice of Annual General Meeting

(ii) the date on which the authority contained in the Share Buy Back Mandate is revoked or varied by the Company in general meeting, whichever is the earlier; or

(iii) the date on which the share buy backs are carried out to the full extent of the Share Buy Back Mandate; and

(c) the Directors of the Company and/or any of them be and is hereby authorised to do such acts and things (including, without limitation, enter into all transactions, arrangements and agreements and executing such documents) as they and/or he may consider necessary or expedient to give effect to this resolution.

In this resolution:–

"**Maximum Limit**" means that number of Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Shares held by the Company as treasury shares shall be disregarded for purposes of computing the 10% limit of the issued ordinary share capital of the Company.

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the price paid per Share which does not exceed 105% of the average of the closing market prices of the Shares over the last 5 market days, on which transactions in the Shares were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action which occurs after the relevant 5-day period.

"**Relevant Period**" means the period commencing from the date on which the annual general meeting of the Company is held and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the shareholders of the Company in general meeting.

The Maximum Price shall apply to both On-Market Purchases and Off-Market Purchases and shall exclude brokerage fees, commission, stamp duties payable, applicable goods and services tax, clearance fees and other related expenses.

(Resolution 8)
(See Explanatory Note 2)

9. **Any Other Business**

To transact any other business that may be properly transacted at the Annual General Meeting.

BY ORDER OF THE BOARD

Koh Seng Geok
Executive Director and Company Secretary

Singapore, 5 April 2019

Notice of Annual General Meeting

Explanatory Notes on Special Business to be transacted:

1. Resolution 7, if passed, will empower the Directors of the Company from the date of the above meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares and convertible securities, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, of which up to five (5)% of the total number of issued shares (excluding treasury shares and subsidiary holdings)(including shares to be allotted and issued in pursuance of instruments made or granted pursuant to this resolution) may be issued other than on a pro-rata basis to shareholders.

   For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

2. Resolution 8, if passed, will empowered the Directors of the Company from the date of the above meeting until the conclusion next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by the law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to repurchase its own ordinary shares by way of market purchases and/or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price (as defined in the Ordinary Resolution). The rationale for, authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy Back Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 are set out in greater detail in the Letter to Shareholders attached.

Notes:

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 (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two proxies to attend, speak and vote at the meeting.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy must be lodged at the registered office of the Company at 50 East Coast Road #B1-18, Roxy Square, Singapore 428769 at least 72 hours before the time appointed for the Annual General Meeting.
5. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Roxy-Pacific Holdings Limited (the "Company") will be closed on 2 May 2019 after 5:00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd. of 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721 up to 5:00 p.m. on 2 May 2019 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 2 May 2019 will be entitled to the abovementioned dividends.

Payment of the proposed dividends, if approved by the shareholders at the Annual General Meeting to be held on 23 April 2019 will be paid on 10 May 2019.

BY ORDER OF THE BOARD

Koh Seng Geok
Executive Director and Company Secretary

Singapore, 5 April 2019

This page has been intentionally left blank

ROXY-PACIFIC HOLDINGS LIMITED
Co. Registration No. 196700135Z
(Incorporated in the Republic of Singapore)

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 the Meeting and vote.
2. For investors who have used their CPF moneys to buy shares in Roxy-Pacific Holdings Limited, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____

of____
being *a member/members of ROXY-PACIFIC HOLDINGS LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)
*and/or (delete as appropriate)			

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Frankel Room, 3rd Floor, Grand Mercure Roxy Hotel, 50 East Coast Road, Roxy Square, Singapore 428769 on Tuesday, 23 April 2019 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

Please indicate your vote "For" or "Against" with a tick [✓] within the box provided)

No.	Ordinary Resolutions	No. of Votes or indicate with a tick[1]	
		For	Against
	Ordinary Business		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 and the Auditor's Report thereon.		
2.	To declare a final one-tier tax exempt dividend of 0.705 cents per ordinary share in respect of the financial year ended 31 December 2018.		
3.	To approve Directors' fee of S$199,320 (2018: S$153,120) for the financial year ending 31 December 2019 and the payment thereof on a quarterly basis.		
4.	To re-elect Mr Teo Hong Yeow Chris, a Director retiring under Article 103 of the Constitution of the Company.		
5.	To re-elect Mr Tay Kah Poh, a Director retiring under Article 103 of the Constitution of the Company.		
6.	To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
8.	To renew the Share Buy Back Mandate		

[1] All resolutions would be put to vote by poll in accordance with listing rule of Singapore Exchange Securities Limited.
Please tick "✓" or indicate the number of votes within the box provided. A tick would represent you are exercising all your votes "For" or "Against" the relevant resolution.

Dated this ________ day of ____________________ 2019

Total Number of Shares Held

____

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

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. A member of the Company (other than a relevant intermediary as defined in Section 181 of the Companies Act, Cap.50) entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on his stead. Such proxy need not be a member of the Company.
2. A relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the meeting and vote.
3. Where a member of the Company appoints more than one proxy in a proxy form, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 50 East Coast Road #B1-18, Roxy Square, Singapore 428769 not later than 72 hours before the time set for the meeting.
8. A member should insert the total number of shares held. 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 the 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 of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
11. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

fold here

Affix
Postage
Stamp

The Company Secretary
ROXY-PACIFIC HOLDINGS LIMITED
50 East Coast Road #B1-18
Roxy Square
Singapore 428769

fold here

This page has been intentionally left blank

This page has been intentionally left blank

Roxy-Pacific Holdings Limited

Registration Number: 196700135Z
50 East Coast Road #B1-18
Roxy Square
Singapore 428769
T: (65) 6440 9878
F: (65) 6440 9123

www.roxypacific.com.sg