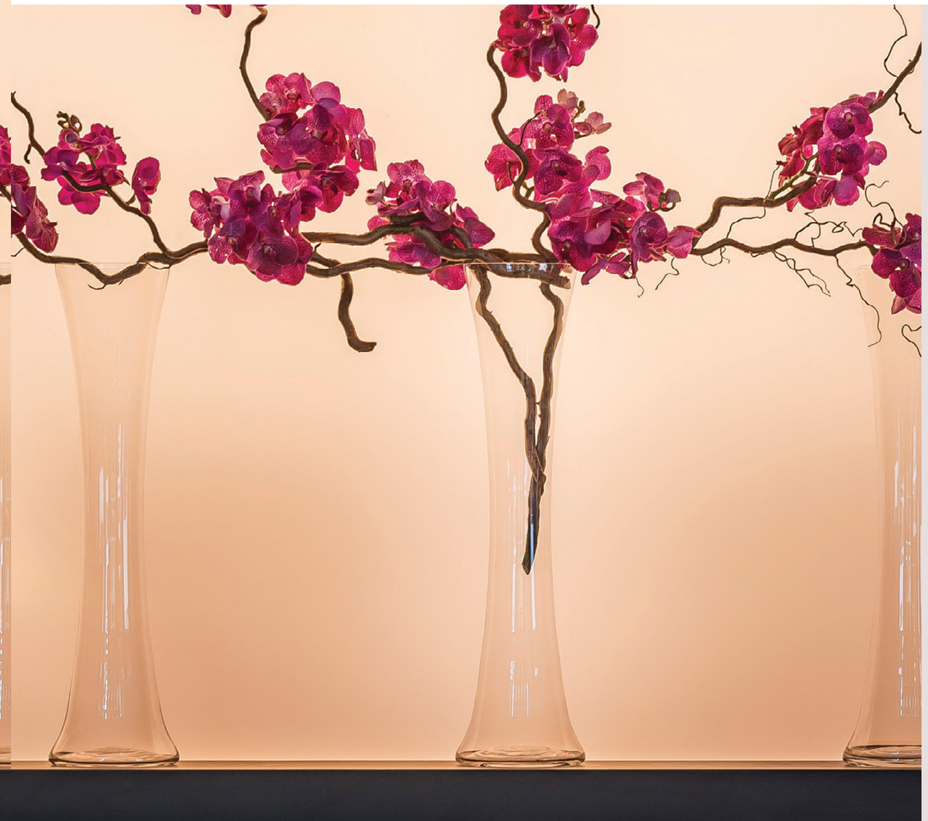
HOTEL
PROPERTIES
LIMITED

ANNUAL REPORT 2018

CONTENTS

Cover: Castello del Nero, Italy



CHAIRMAN'S STATEMENT

Four Seasons Hotel The Westcliff, Johannesburg

FINANCIAL REVIEW

For the year ended December 31, 2018, the Group recorded a revenue of $579.5 million compared to $659.2 million last year. The decrease was mainly attributable to lower contribution from the property division as the remaining completed condominium units at Tomlinson Heights development were fully sold earlier this year resulting in a corresponding decrease in cash generated from operations. This was partially offset by better performance of the Group's hotels in Singapore and contributions from new subsidiaries, Hard Rock Hotel Penang and The Boathouse, Phuket.

The Group's share of results of associates and jointly controlled entities decreased from $133.4 million to $92.8 million for the year under review mainly due to lower profits from the Burlington Gate development in London. Nevertheless, the Group received dividends and repayments from associates and jointly controlled entities during the year under review generating net cash inflow of $280.6 million compared to $68.2 million for previous year.

Group profit, before income tax and fair value changes in investment properties for the year ended December 31, 2018, was $150.5 million compared to $209.8 million last year. After accounting for fair value changes, income tax and non-controlling interests, Group net profit attributable to shareholders for the year ended December 31, 2018, was $121.3 million compared to $178.2 million last year.

RECENT DEVELOPMENTS

Hotels

The Group strengthened its portfolio with the acquisition of Castello del Nero, a 50-key five-star hotel in Tuscany, Italy. Restored to the highest levels of luxury while preserving its 900 years of architectural heritage, this 12th century castle features a luxurious spa, a wine cellar, vineyards, olive groves and the Chapel San Michele. The hotel's restaurant La Torre Castello del Nero has won a number of accolades including a Michelin star, a TripAdvisor's Certificate of Excellence and inclusion in American Express' Fine Hotels and Resorts for 2018.

The recently opened Four Seasons Resort Seychelles at Desroches Island has received much attention and positive reviews. Being the only resort on a captivating coral island in the middle of the Indian Ocean, the luxurious resort offers a comprehensive spectrum of activities including educational snorkel tours, diving with the blue safari team and beachside yoga classes. In less than a year of operations, Four Seasons Resort Seychelles at Desroches Island has been named second 'Best Resort in the Indian Ocean' and the top rated Seychelles resort in the 2018 Gallivanter's Awards for Excellence, by luxury travel advisory Gallivanter's Guide.

Properties

In London, our joint venture project on the South Bank, named Bankside Yards, next to the Tate Modern Gallery continues to take shape. On the Western side, the Ludgate House demolition was completed during 2018 and the ground works commenced in early 2019. On the Eastern side, demolition of the old Sampson building has started. This 1.4 million square feet redevelopment project will include an institutional grade office building, high quality residential apartments, extensive leisure facilities and potentially other complimentary amenities.

For Paddington Square, with demolition of the old Royal Mail sorting office buildings completed, our retail and high tech prestige office project is in the final stages of preparations to commence ground works. The entire development will deliver 360,000 square feet of premium quality office accommodation over 14 floors with a rooftop restaurant overlooking their newly created piazza opening onto 70,000 square feet of retail and leisure, which will be seamlessly integrated into the mainline railway, Crossrail and tube network of London.

PROSPECTS

The Group's hotels and resorts portfolio, which expanded over the recent years with acquisitions in London, Penang, Phuket, Langkawi and the latest in Tuscany, continues to provide a stable recurring income base. However, trading conditions remain challenging with rising competition and labour costs in the various jurisdictions. The global economic environment also remains uncertain with Brexit and the ongoing trade tension between the United States of America and China.

In London, the Group will continue to market the remaining apartment units in the Burlington Gate and Holland Park Villas. Development of the other two sites located at Paddington and South Bank are also ongoing.

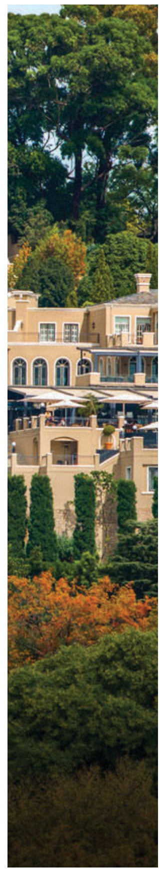
DIVIDEND

The Board of Directors has recommended a first and final one-tier tax exempt cash dividend of 4 cents per ordinary share, and a one-tier tax exempt special dividend of 6 cents per ordinary share for the year ended December 31, 2018.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend our appreciation to our shareholders, customers, bankers, business associates and staff for their invaluable support and contribution throughout 2018. I would also like to express my appreciation to Mr Stephen Ng Tin Hoi and Mr Michael S. Dobbs-Higginson, who have stepped down as Non-Executive Director and Independent Director of the Company in December 2018 and March 2019 respectively, for their valuable contributions and dedication over the years.

Arthur Tan Keng Hock
Chairman



BUSINESS REVIEW
HOTELS

COMO Point Yamu, Phuket

Four Seasons Safari Lodge Serengeti

BUSINESS REVIEW **HOTELS**

Our Hotel Division continued to grow steadily in 2018 through acquisitions, openings and upgrades of its existing properties.

One of the latest additions to our portfolio of hotels and resorts is Castello del Nero, a 50-key five-star hotel in Tuscany, Italy. Nestled within the landscapes of olive groves and vineyards, this 12th century castle leaves memorable impressions for discerning guests. The luxury hotel features a unique spa experience where therapeutic sessions are crafted for relaxation with ingredients from their very own estate, such as virgin olive oil and lavender, while surrounded by scenic beauty. In recognition of the hotel's excellent service and green initiatives, Castello del Nero won the TripAdvisor's Certificate of Excellence. Adding on to this accolade, it was included in American Express' Fine Hotels and Resorts in 2018. The luxurious hotel also hosts a Michelin star restaurant, La Torre, where guests' palettes are pampered with unique gourmet cuisines.

The recently opened Four Seasons Resort Seychelles at Desroches Island has garnered much attention and received many positive reviews. Being the only resort on a captivating coral island in the middle of the Indian Ocean, the luxurious Four Seasons Resort Seychelles at Desroches Island allows guests to dive into tranquillity and truly relax with nature. To provide a holistic experience and ensure guests have an enjoyable stay, the resort provides a full spectrum of activities including educational snorkel tours, diving with the blue safari team and beachside yoga classes. In less than a year of operations, Four Seasons Resort Seychelles at Desroches Island has been named second 'Best Resort in the Indian Ocean' and the top rated Seychelles resort in the 2018 Gallivanter's Awards for Excellence, by luxury travel advisory Gallivanter's Guide.

Castello del Nero, Italy

Four Seasons Resort Bali at Jimbaran Bay

Located on a cliffside of the largest city in South Africa, Four Seasons Hotel The Westcliff, Johannesburg, welcomes guests to a resort-styled retreat that offers a panoramic view over a canopy of Jacaranda trees in the northern suburb of Sandton. Well known for its attentive yet discrete services, the hotel has earned a Certificate of Excellence by TripAdvisor and a nomination as Africa's Leading Hotel 2018.

In the Andaman Sea, Four Seasons Resort Langkawi presents a tranquil and luxurious retreat for the discerning traveller and nature lover. The luxury resort is adjacent to the UNESCO Geopark, a geological and ecological wonderland of 550-million-year-old rock formations, precipitous rainforest and deserted islands. It is just minutes by boat from the world-renowned mangroves of the Kilim Karst Geoforest Park. Four Seasons Resort Langkawi combines artful design and all-pervading serenity with a wonderful connection with nature where the dense rainforest meets pristine beaches in this nature lover's dream. The resort was named 7th in the Top 25 Luxury Hotels – Malaysia in TripAdvisor's Traveller's Choice Award 2018.

Four Seasons Resort Seychelles at Desroches Island

Four Seasons Private Island Maldives at Voavah, Baa Atoll

BUSINESS REVIEW HOTELS

Four Seasons Resort The Nam Hai, Hoi An, Vietnam

In Maldives, Gili Lankanfushi maintained its position as one of the leading luxury eco-resorts in the world by being ranked 5th in the Top 10 World's Best Hotels in the TripAdvisor's Traveller's Choice Award 2018. Situated on a private island in the North Male Atoll, the luxurious resort takes pride in striking an ecological balance to preserve the environment. While guests indulge themselves in the beautiful sceneries and magnificent marine life, the resort is committed to ensuring that the ecosystem is protected, thus earning them an EarthCheck Silver Certificate.

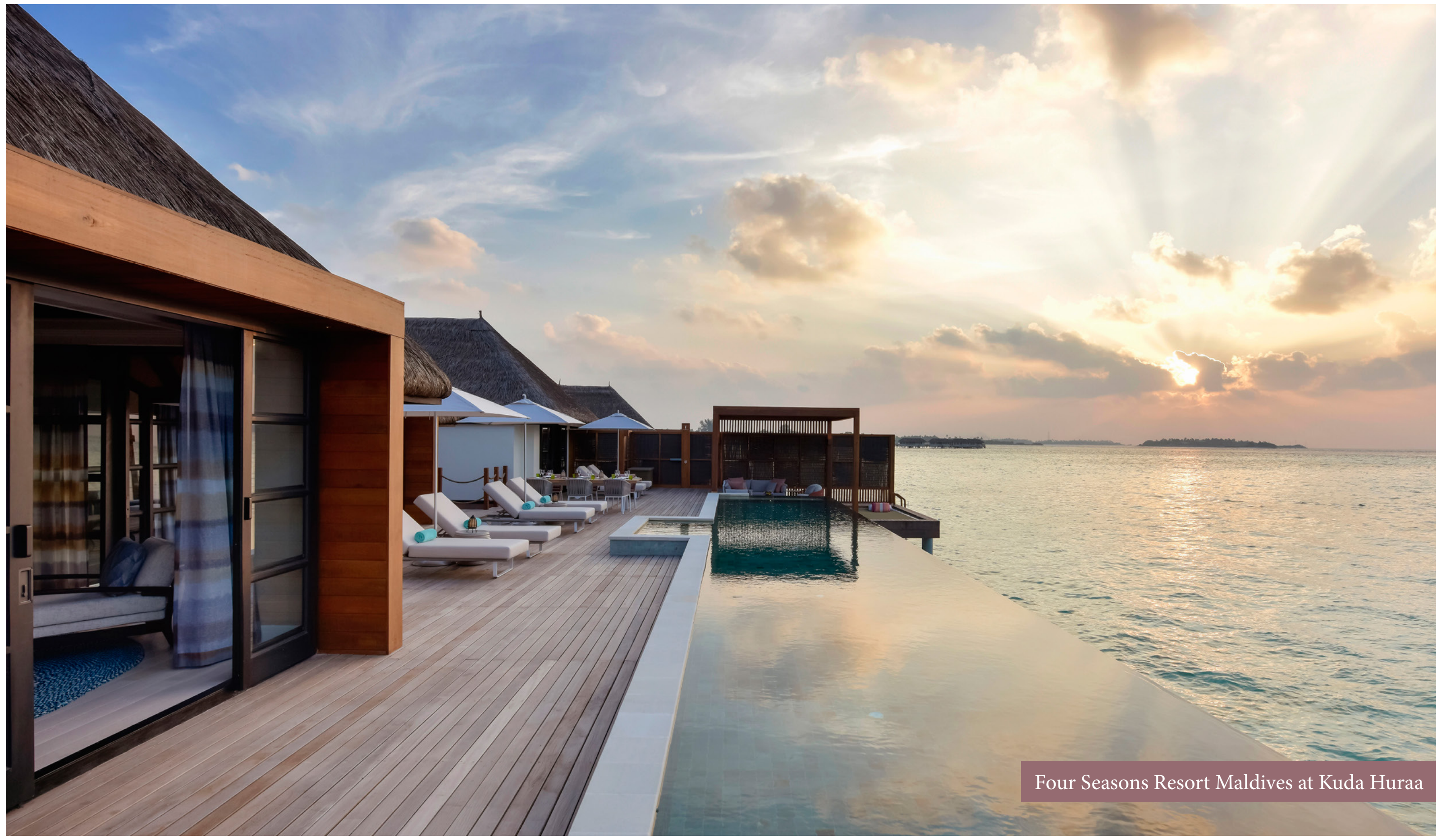
Following the achievements of Gili Lankanfushi, Six Senses Laamu also won a number of accolades such as being ranked 10th in the Top 10 Hotels in the Maldives in the TripAdvisor's Traveller's Choice Award 2018 and 2018 Winner of Green Hotelier's Community Award. Such recognition is only given to hotels that play a vital role in providing support to the local community in sustaining the environment. These thoughtful efforts allow guests to appreciate and experience the natural scenery of Laamu Atoll with minimum impact to the environment.

The three Four Seasons resorts in the Maldives have also done well in 2018. Four Seasons Private Island Maldives at Voavah, Baa Atoll, provides a perfect getaway with complete privacy and allows our guests to enjoy the natural wilderness with white beaches and crystal-clear water. Thus, crowning the award by World Travel Awards of Maldives' Leading Honeymoon Resort in 2018. On the other hand, Four Seasons Resort Maldives at Landaa Giraavaru and Kuda Huraa are well set for a prestigious land and sea experience for their guests with activities such as the Spa and Ayurvedic Retreat. Both resorts were duly recognised by TripAdvisor's Travellers' Choice 2019 with Four Seasons Resort Maldives at Landaa Giraavaru winning 7th place in the Top 10 Hotels – Maldives and Four Seasons Resort Maldives at Kuda Huraa winning the 9th place in the Top 10 Hotels for Service – Maldives.

DoubleTree by Hilton Hotel London is located in Ealing, West London with convenient transport links to Central London and Wembley Stadium. Guests' palettes are pampered with the hotel's 24-hour room service and the W5 Grill and Bar, where they can enjoy a selection of grilled specialties and fine wines. The hotel won the Certificate of Excellence by TripAdvisor in 2018.

Strategically situated in Singapore's prime location, Orchard Road, Hilton Hotel Singapore, Concorde Hotel Singapore and Four Seasons Hotel Singapore continue to hold its position as premier hotels in prime locations within the Orchard Road belt. Four Seasons Hotel has recently completed a major renovation of their guest rooms so as to deliver a better and more memorable experience for all guests. Testament to this, Four Seasons Hotel won the World Travel Awards with the Leading Hotel Suite in 2018.

The Hotel Division is looking forward to making continued strong contributions to the Group in 2019.



Four Seasons Resort Maldives at Kuda Huraa

BUSINESS REVIEW

PROPERTIES

Burlington Gate, London

BUSINESS REVIEW PROPERTIES

Throughout 2018 our joint venture projects in London have continued to progress, with the residential schemes, where construction is complete, continuing to sell remaining apartments and the commercial and mixed use schemes continuing to successfully move through the phases of planning, demolition and ground works.

Our project on the South Bank, named Bankside Yards, next to the Tate Modern Gallery continues to take shape. The site, split into two parts each side on the railway line, is being phased. During 2018 site assembly was completed with the purchase of the railway arches linking the two sites. On the Western side the Ludgate House demolition was completed during 2018 and early in 2019, the ground works contractor was appointed and has commenced. On the Eastern side on the site refinement of the planning consents continue and demolition of the old Sampson building commenced in early 2019. This 1.4 million square feet redevelopment project will include an institutional grade office building, high quality residential apartments, extensive leisure facilities and potentially other complimentary uses.

For Paddington Square, with the demolition of the old Royal Mail sorting office buildings been completed, our retail and high tech prestige office project continues with final preparations to commence ground works. The entire development will deliver 360,000 square feet of premium quality office accommodation over 14 floors with a rooftop restaurant overlooking their newly created piazza opening onto 70,000 square feet of retail and leisure, which will be seamlessly integrated into the mainline railway, Crossrail and tube network of London.

Bankside Yards, London *(Artist's impression)*

PROPERTIES

Sales at our exclusive Holland Park Villas development situated overlooking the tranquil setting of Holland Park in Kensington, have continued throughout 2018. This luxury gated development of 68 apartments and 4 penthouses offers residents five star facilities which include a business suite and indoor swimming pool.

Burlington Gate, the luxury apartment development located in the hub of the fashion and arts district in Mayfair, has also continued to market and sell its remaining units. The 42 apartments, designed by Rogers Stirk Harbour + Partners, are state of the art and offer residents first class amenities.

As part of the Group's geographically diversified portfolio, The Met condominium in Bangkok, Thailand has won a multitude of design awards through the years.

Paddington Square, London *(Artist's impression)*


Holland Park Villas, London

BUSINESS REVIEW PROPERTIES

The Property Division's residential developments in Singapore include Tomlinson Heights, Robertson Blue, Cuscaden Residences, Scotts 28, Nassim Jade, Four Seasons Park, and also together with joint venture partners, The Interlace and the d'Leedon condominiums.

On the local commercial front, the Group owns prime commercial and retail property such as Concorde Shopping Mall and Forum The Shopping Mall. Forum The Shopping Mall caters to a myriad of shopping, dining and lifestyle experiences with established brands and high fashion boutiques such as CK Calvin Klein, Bao Bao Issey Miyake and popular dining destination, Jamie's Italian.


Holland Park Villas, London

PROPERTIES

Burlington Gate, London

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Arthur Tan Keng Hock

Managing Director
Ong Beng Seng

Members
Christopher Lim Tien Lock
Leslie Mah Kim Loong
David Fu Kuo Chen
Stephen Lau Buong Lik
William Fu Wei Cheng

NOMINATING COMMITTEE

Leslie Mah Kim Loong
David Fu Kuo Chen

REMUNERATION COMMITTEE

Arthur Tan Keng Hock
Ong Beng Seng

AUDIT COMMITTEE

Leslie Mah Kim Loong
Arthur Tan Keng Hock

SECRETARIES

Lo Swee Oi
Lim Guek Hong

PRINCIPAL BANKERS

OCBC Bank
DBS Bank
United Overseas Bank

AUDITORS

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge
Seah Gek Choo
(appointed on April 27, 2017)

REGISTRAR

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Singapore Land Tower
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Telephone: 6536 5355

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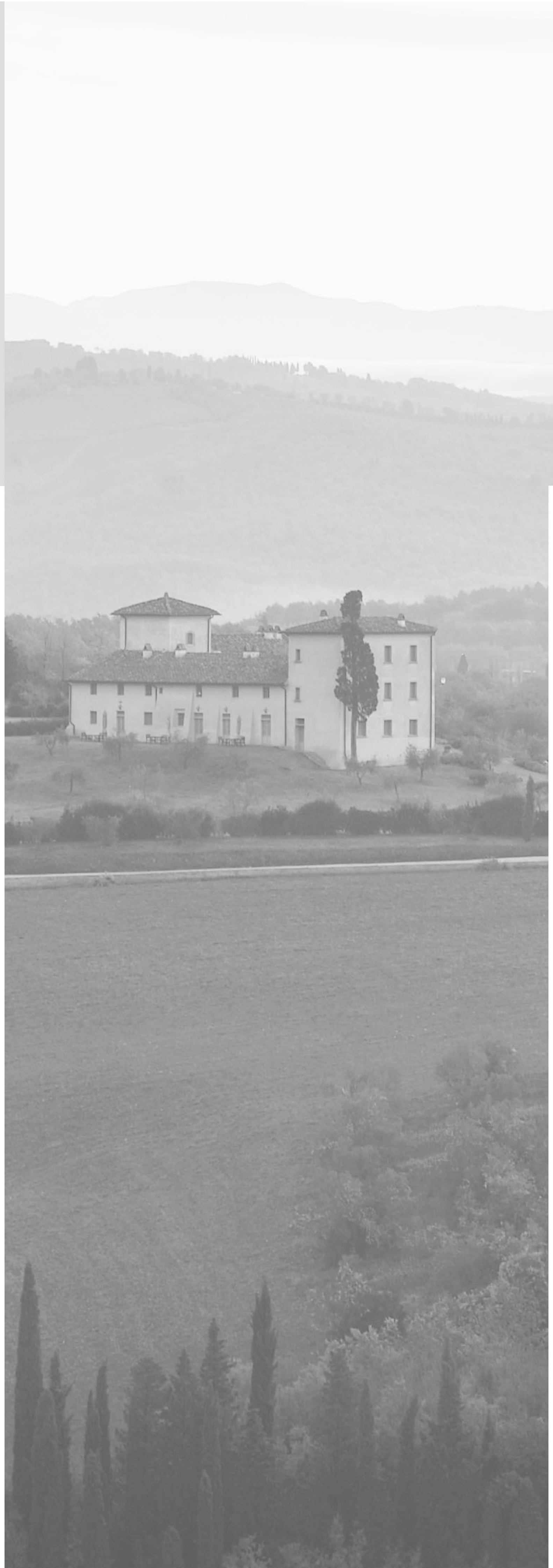
Singapore 249724
Telephone: 6734 5250



FINANCIAL STATEMENTS 2018

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

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 26 to 103 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. DIRECTORS

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

Arthur Tan Keng Hock
Ong Beng Seng
Christopher Lim Tien Lock
Leslie Mah Kim Loong
David Fu Kuo Chen
Stephen Lau Buong Lik
William Fu Wei Cheng

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

Neither at the end of the financial year nor at anytime during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except as disclosed in this statement.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of director and company in which interests are held	At beginning of year	At end of year
Shares in Cuscaden Partners Pte. Ltd.		
Ong Beng Seng	90	#
Shares in 68 Holdings Pte. Ltd.		
Ong Beng Seng	120*	#

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of director and company in which interests are held	At beginning of year	At end of year
Shares in Hotel Properties Limited		
Ong Beng Seng	417,259,969**	299,912,687**
David Fu Kuo Chen	24,326,307	24,326,307
Christopher Lim Tien Lock	814,900	1,003,200
Stephen Lau Buong Lik	540,800	704,400
Shares in HPL Resorts (Maldives) Private Limited		
Ong Beng Seng	10,000*	10,000*
Shares in HPL Properties (Indian Ocean) Pte Ltd, HPL Properties (Pacific Ocean) Pte Ltd and HPL Olympia Pte Ltd		
Ong Beng Seng	10*	10*
Shares in Great Western Enterprises Limited and HPL Ealing Pte Ltd		
Ong Beng Seng	10*	10*
David Fu Kuo Chen	3*	3*
Options to acquire ordinary shares under the Hotel Properties Limited Share Option Schemes		
Christopher Lim Tien Lock	3,950,000	3,950,000
Stephen Lau Buong Lik	3,350,000	3,350,000
Performance shares awarded under the Hotel Properties Limited Performance Share Plan		
Christopher Lim Tien Lock	564,900	376,600
Stephen Lau Buong Lik	490,800	327,200

\# Ceased to be related corporations of the Company with effect from December 28, 2018.

* Held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act.

** As at December 31, 2018, 199,478,232 (as at January 1, 2018: 316,825,514) shares are held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act.

By virtue of Section 7 of the Singapore Companies Act, Mr Ong Beng Seng is deemed to have an interest in the other related corporations of the Company.

There have been no changes in the above directors' interests as at January 21, 2019.

4. SHARE OPTIONS AND PERFORMANCE SHARES

The Company has a share option scheme, known as Hotel Properties Employee Share Option Scheme 2010 ("Scheme 2010"), which was approved and adopted by the shareholders on April 29, 2010. The Company has a performance share plan, known as the Hotel Properties Limited Performance Share Plan 2017 ("HPL PSP 2017"), which was approved and adopted by the shareholders on April 27, 2017.

Scheme 2010 and HPL PSP 2017 are administered by the Remuneration Committee whose current members are:

Arthur Tan Keng Hock
Ong Beng Seng

a) Share Options Granted

No option to take up unissued shares of the Company or any corporations in the Group was granted during the financial year.

b) Share Options Exercised

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

c) Unissued Shares Under Option

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

	Number of Share Options				
Date of grant	Balance at 1/1/18	Granted	Balance at 31/12/18	Exercise price	Exercise period
03/07/2014	3,400,000	-	3,400,000	$3.21	03/07/2016 – 02/07/2024
06/01/2015	3,500,000	-	3,500,000	$3.24	06/01/2017 – 05/01/2025
28/08/2015	2,525,000	-	2,525,000	$2.90	28/08/2017 – 27/08/2025
11/03/2016	2,400,000	-	2,400,000	$2.82	11/03/2018 – 10/03/2026
16/08/2017	2,400,000	-	2,400,000	$3.10	16/08/2019 – 15/08/2027
Total	14,225,000	-	14,225,000		

d) The information on directors of the Company participating in Scheme 2010 is as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of the financial year	Aggregate options exercised/lapsed since commencement of the Scheme to the end of the financial year	Aggregate options outstanding at the end of the financial year
Christopher Lim Tien Lock	-	5,300,000	1,350,000	3,950,000
Stephen Lau Buong Lik	-	4,400,000	1,050,000	3,350,000

Other than those disclosed above, no participant has received 5% or more of the total number of options available under Scheme 2010.

No options under the Scheme 2010 were granted to controlling shareholders or their associates.

4. SHARE OPTIONS AND PERFORMANCE SHARES (CONT'D)

e) Awards under Performance Share Plan

Details of the movement in the awards of the Company are as follows:

	Granted	Released	Balance as at December 31, 2018	
Year of award	No. of shares	No. of shares	No. of holders	No. of shares
2015	2,111,400	1,407,600	2	703,800
Total	2,111,400	1,407,600		703,800

5. AUDIT COMMITTEE

Following the resignation of Mr. Michael S. Dobbs-Higginson, a non-executive and independent director, on March 1, 2019, the Audit Committee ("AC") currently comprises two non-executive independent directors namely, Mr. Leslie Mah Kim Loong and Mr. Arthur Tan Keng Hock, both are independent directors. The vacancy in the AC will be filled up in due course. The AC is chaired by Mr. Leslie Mah Kim Loong. The AC has held four meetings since the last Annual General Meeting and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;
- the audit plans of the external auditors;
- the quarterly and full year announcements of the results and financial position of the Company and the Group and the financial statements of the Company and consolidated financial statements of the Group prior to their submission to the board of directors;
- interested person transactions;
- the co-operation given by the Company's officers to the internal and external auditors; and
- the re-appointment of the external auditors of the Group.

The AC received co-operation from the management and was not obstructed or impeded by the management in carrying out its functions during the year. The AC has full discretion to invite any director or executive officer of the Company to attend its meetings.

The AC has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

6. AUDITORS

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

ON BEHALF OF THE DIRECTORS

Arthur Tan Keng Hock

Ong Beng Seng

March 27, 2019

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hotel Properties Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2018, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 26 to 103.

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

Basis for Opinion

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

Key Audit Matters

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

Valuation for investment properties

Investment properties of the Group comprise commercial properties located in Singapore which amounted to $705.6 million as at December 31, 2018. These investment properties are stated at fair values based on independent external valuations carried out by independent valuers based on income capitalisation approach and direct comparison method. The valuation of investment properties requires significant judgement and estimation. The valuation involves judgement in selecting an appropriate valuation methodology and estimates which are used in the underlying assumptions. These estimates include rate of capitalisation, rental growth, discount rates and adjustments made for differences between the subject properties and comparables taking into consideration differences such as location, size and tenure.

Our audit performed and responses thereon

Our audit procedures included understanding management's process in selecting the external valuers with the appropriate knowledge and experience and how the valuation reports are used in determining the fair values for accounting purpose. We evaluated the qualifications and competence of the external valuers.

We held discussions with valuers to understand the valuation methodologies used and the underlying assumptions. We tested the inputs used in the valuation to rental agreements where appropriate, and challenged the capitalisation, discount, and terminal yield rates for the subject properties based on income capitalisation method. We also evaluated the reasons underlying the directional movement of fair value for the subject properties based on direct comparison method.

We noted that the Group has a process to select valuers with appropriate knowledge and to review and accept the valuations. We are satisfied with the competency and objectivity of the valuers selected. We noted the valuation methodologies used are in line with general market practices and the key assumptions, including capitalisation, rental growth and discount rates, used in the valuations are also within a reasonable range. We have also assessed the disclosures in the financial statements to be appropriate.

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

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

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

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

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:

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Seah Gek Choo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 27, 2019

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018

	Note	Group			Company		
		December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
			(restated)	(restated)		(restated)	(restated)
ASSETS							
Current assets:							
Cash and bank balances	6	118,284	211,803	117,179	51,296	144,540	18,187
Held-for-trading investments	7	24,103	-	806	-	-	-
Trade and other receivables	8	40,210	67,825	111,387	2,692	3,488	2,353
Amount due from associates and jointly controlled entities	11	118,200	199,138	194,382	5,217	5,511	5,511
Amount due from subsidiaries	14	-	-	-	779,013	994,483	902,429
Inventories	9	9,612	9,515	9,422	178	202	184
Completed properties held for sale	10	10,505	42,305	144,984	-	-	-
Total current assets		320,914	530,586	578,160	838,396	1,148,224	928,664
Non-current assets:							
Associates and jointly controlled entities	11	519,166	641,024	594,953	-	-	-
Subsidiaries	14	-	-	-	528,985	475,364	450,860
Investments	15	128,163	93,353	57,025	-	-	-
Property, plant and equipment	16	1,446,067	1,372,067	1,245,447	224,396	226,359	228,565
Investment properties	17	705,570	702,359	686,348	-	-	-
Derivative financial instruments	21	16,245	12,963	12,489	16,245	12,963	12,489
Deferred tax assets	22	3,391	3,367	4,236	-	-	-
Intangible assets	18	15,410	15,697	6,160	-	-	-
Total non-current assets		2,834,012	2,840,830	2,606,658	769,626	714,686	691,914
Total assets		**3,154,926**	**3,371,416**	**3,184,818**	**1,608,022**	**1,862,910**	**1,620,578**
LIABILITIES AND EQUITY							
Current liabilities:							
Short-term borrowings	19	95,663	194,991	282,220	49,986	74,993	24,992
Trade and other payables	20	150,186	135,365	126,829	29,736	29,666	24,604
Amount due to subsidiaries	14	-	-	-	44,456	44,456	44,456
Income tax payable		18,736	29,045	17,511	14	-	-
Total current liabilities		264,585	359,401	426,560	124,192	149,115	94,052
Non-current liabilities:							
Advances from subsidiaries	14	-	-	-	93,031	157,298	22,980
Long-term borrowings	19	616,743	809,188	710,087	332,706	499,244	455,503
Deferred tax liabilities	22	17,330	18,084	15,221	767	855	1,004
Total non-current liabilities		634,073	827,272	725,308	426,504	657,397	479,487
Share capital and reserves:							
Share capital	23	722,593	721,143	719,693	722,593	721,143	719,693
Reserves		1,278,765	1,219,639	1,078,150	185,980	186,502	178,999
Equity attributable to owners of the Company		2,001,358	1,940,782	1,797,843	908,573	907,645	898,692
Perpetual capital securities	25	148,753	148,753	148,347	148,753	148,753	148,347
		2,150,111	2,089,535	1,946,190	1,057,326	1,056,398	1,047,039
Non-controlling interests		106,157	95,208	86,760	-	-	-
Total equity		2,256,268	2,184,743	2,032,950	1,057,326	1,056,398	1,047,039
Total liabilities and equity		**3,154,926**	**3,371,416**	**3,184,818**	**1,608,022**	**1,862,910**	**1,620,578**

See accompanying notes to financial statements.

CONSOLIDATED INCOME STATEMENT

YEAR ENDED DECEMBER 31, 2018

	Note	Group	
		2018 $'000	2017 $'000
			(restated)
Revenue	26	579,473	659,160
Cost of sales		(430,669)	(489,600)
Gross profit		148,804	169,560
Other operating income	27	15,814	17,874
Administrative expenses		(75,056)	(76,993)
Other operating expenses	27	(4,298)	(5,397)
Finance costs		(27,479)	(28,665)
Share of results of associates and jointly controlled entities		92,756	133,424
Profit before income tax and fair value changes in investment properties		150,541	209,803
Net fair value gain in investment properties	17	3,211	12,000
Profit before income tax	27	153,752	221,803
Income tax expense	28	(29,066)	(37,815)
Profit for the year		124,686	183,988
Attributable to:			
Owners of the Company	29	121,323	178,213
Non-controlling interests		3,363	5,775
		124,686	183,988
Earnings per share (Cents):	29		
- basic		21.96	32.69
- diluted		21.90	32.62

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018 $'000	**2017 $'000**
		(restated)
Profit for the year	124,686	183,988
Other comprehensive income (loss), net of tax:		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligation	226	(463)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	13,081	(26,167)
(Decrease) Increase in other reserves	(58)	22,281
Share of other comprehensive (loss) income of associates and jointly controlled entities	(16,073)	15,080
	(3,050)	11,194
Total comprehensive income for the year	121,862	194,719
Attributable to:		
Owners of the Company	118,463	192,003
Non-controlling interests	3,399	2,716
	121,862	194,719

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

Group	**Share capital $'000**	**Retained profits $'000**	**Other reserves $'000**	**Attributable to owners of the Company $'000**	**Perpetual capital securities $'000**	**Subtotal $'000**	**Non-controlling interests $'000**	**Total equity $'000**
			(Note 24)					
Balance as at January 1, 2017	719,693	959,967	113,569	1,793,229	148,347	1,941,576	86,760	2,028,336
Restatement (Note 37)	-	6,658	(2,044)	4,614	-	4,614	-	4,614
Effect of adoption of SFRS(I) 1	-	132,167	(132,167)	-	-	-	-	-
Balance as at January 1, 2017, as restated	719,693	1,098,792	(20,642)	1,797,843	148,347	1,946,190	86,760	2,032,950
Total comprehensive income (loss) for the year								
Profit for the year (restated)	-	178,213	-	178,213	-	178,213	5,775	183,988
Other comprehensive income (loss) for the year (restated)	-	(444)	14,234	13,790	-	13,790	(3,059)	10,731
Total	-	177,769	14,234	192,003	-	192,003	2,716	194,719
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	2,296	2,296	-	2,296	-	2,296
Dividends (Note 30)	-	(41,635)	-	(41,635)	-	(41,635)	-	(41,635)
Net movement during the year	-	-	-	-	-	-	5,732	5,732
Issue of shares	1,450	-	(1,450)	-	-	-	-	-
Total	1,450	(41,635)	846	(39,339)	-	(39,339)	5,732	(33,607)
Reclassification	-	(1,653)	-	(1,653)	(148,347)	(150,000)	-	(150,000)
Issue of perpetual capital securities	-	-	-	-	148,753	148,753	-	148,753
Distribution to perpetual capital securities holders	-	(8,072)	-	(8,072)	-	(8,072)	-	(8,072)
Balance as at December 31, 2017	**721,143**	**1,225,201**	**(5,562)**	**1,940,782**	**148,753**	**2,089,535**	**95,208**	**2,184,743**
Effect of adoption of SFRS(I) 1 and 9	-	9,106	(9,106)	-	-	-	-	-
Balance as at January 1, 2018, as restated	721,143	1,234,307	(14,668)	1,940,782	148,753	2,089,535	95,208	2,184,743
Total comprehensive income (loss) for the year								
Profit for the year	-	121,323	-	121,323	-	121,323	3,363	124,686
Other comprehensive income (loss) for the year	-	216	(3,076)	(2,860)	-	(2,860)	36	(2,824)
Total	-	121,539	(3,076)	118,463	-	118,463	3,399	121,862
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	1,167	1,167	-	1,167	-	1,167
Dividends (Note 30)	-	(52,079)	-	(52,079)	-	(52,079)	-	(52,079)
Net movement during the year	-	-	-	-	-	-	7,550	7,550
Issue of shares	1,450	-	(1,450)	-	-	-	-	-
Total	1,450	(52,079)	(283)	(50,912)	-	(50,912)	7,550	(43,362)
Distribution to perpetual capital securities holders	-	(6,975)	-	(6,975)	-	(6,975)	-	(6,975)
Balance as at December 31, 2018	**722,593**	**1,296,792**	**(18,027)**	**2,001,358**	**148,753**	**2,150,111**	**106,157**	**2,256,268**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018 (CONT'D)

Company	Share capital $'000	Retained profits $'000	Other reserves $'000	Attributable to owners of the Company $'000	Perpetual capital securities $'000	Total equity $'000
			(Note 24)			
Balance as at January 1, 2017	719,693	58,423	120,576	898,692	148,347	1,047,039
Effect of adoption of SFRS(I) 1	-	110,785	(110,785)	-	-	-
Balance as at January 1, 2017, as restated	719,693	169,208	9,791	898,692	148,347	1,047,039
Total comprehensive income for the year						
Profit for the year	-	57,134	-	57,134	-	57,134
Other comprehensive income for the year	-	-	883	883	-	883
Total	-	57,134	883	58,017	-	58,017
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	2,296	2,296	-	2,296
Dividends (Note 30)	-	(41,635)	-	(41,635)	-	(41,635)
Issue of shares	1,450	-	(1,450)	-	-	-
Total	1,450	(41,635)	846	(39,339)	-	(39,339)
Reclassification	-	(1,653)	-	(1,653)	(148,347)	(150,000)
Issue of perpetual capital securities	-	-	-	-	148,753	148,753
Distribution to perpetual capital securities holders	-	(8,072)	-	(8,072)	-	(8,072)
Balance as at December 31, 2017	**721,143**	**174,982**	**11,520**	**907,645**	**148,753**	**1,056,398**
Total comprehensive income for the year						
Profit for the year	-	58,745	-	58,745	-	58,745
Other comprehensive income for the year	-	-	70	70	-	70
Total	-	58,745	70	58,815	-	58,815
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	1,167	1,167	-	1,167
Dividends (Note 30)	-	(52,079)	-	(52,079)	-	(52,079)
Issue of shares	1,450	-	(1,450)	-	-	-
Total	1,450	(52,079)	(283)	(50,912)	-	(50,912)
Distribution to perpetual capital securities holders	-	(6,975)	-	(6,975)	-	(6,975)
Balance as at December 31, 2018	**722,593**	**174,673**	**11,307**	**908,573**	**148,753**	**1,057,326**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	Group 2018 $'000	Group 2017 $'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	60,996	88,379
Adjustments for:		
Amortisation of intangible assets	307	341
Depreciation expense	62,547	57,264
Share-based payment expense	1,167	2,296
Impairment in advances to associates and jointly controlled entities	-	3,731
Net fair value gain in investment properties	(3,211)	(12,000)
Net fair value loss (gain) in held-for-trading investments	294	(87)
Net fair value gain in investments	(4,041)	-
Net loss (gain) on disposal of property, plant and equipment	8	(201)
Gain on deemed disposal of associates	-	(10,843)
Finance costs	27,479	28,665
Interest income	(1,552)	(1,116)
Dividend income	(1,346)	(3,542)
Operating cash flows before movements in working capital	142,648	152,887
Trade and other payables	16,111	7,465
Completed properties held for sale	32,045	102,834
Trade and other receivables	27,742	41,934
Held-for-trading investments	(24,397)	893
Inventories	42	(23)
Cash generated from operations	194,191	305,990
Dividend received	1,346	3,542
Income tax paid	(40,312)	(25,734)
Net cash from operating activities	155,225	283,798
Cash flows from (used in) investing activities:		
Acquisition of additional interests in associates (see Note A below)	-	(30,649)
Additional property, plant and equipment	(123,840)	(153,642)
Additional investments	(30,967)	(14,045)
Additional investment properties	-	(4,011)
Additional intangible assets	-	(83)
Net repayment from associates and jointly controlled entities*	280,559	68,239
Proceeds from disposal of investments	180	-
Proceeds from disposal of property, plant and equipment	783	1,019
Net cash from (used in) investing activities	126,715	(133,172)

* Includes interest income of $147,000 (2017: $17,204,000) and dividend income of $204,176,000 (2017: $51,781,000) received from associates and jointly controlled entities during the year.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018 (CONT'D)

	Group	
	2018 $'000	2017 $'000
Cash flows used in financing activities:		
Interest received	1,552	1,116
Finance costs paid	(28,597)	(27,909)
Dividend paid	(52,079)	(41,635)
Distribution to perpetual capital securities holders	(6,975)	(8,072)
Non-controlling shareholders	6,518	8,326
Additional borrowings	216,985	228,125
Repayment of borrowings	(514,431)	(211,795)
Increase in deposits under pledge to bank	-	(687)
Redemption of perpetual capital securities	-	(150,000)
Net proceeds from issue of perpetual capital securities	-	148,753
Net cash used in financing activities	(377,027)	(53,778)
Net (decrease) increase in cash and cash equivalents	(95,087)	96,848
Cash and cash equivalents at beginning of year	207,597	113,371
Effect of exchange rate changes on cash balances held in foreign currencies	1,482	(2,622)
Cash and cash equivalents at end of year	**113,992**	**207,597**

The cash and cash equivalents as at December 31, 2018, for the purposes of Consolidated Statement of Cash Flows, comprise cash and bank balances less deposits pledged to banks (Note 6).

Note A

Effect of acquisition of additional interests in associates for the year ended December 31, 2017

	$'000
Current assets	7,062
Current liabilities	(5,937)
Net current assets	1,125
Other non-current assets	66,367
Other non-current liabilities	(16,155)
	51,337
Net investment in associates	(13,954)
Gain on deemed disposal	(10,843)
Goodwill (Note 18)	9,409
Purchase consideration	35,949
Cash of associates acquired	(5,300)
Cash outflow arising from acquisition of additional interests in associates	30,649

As a result of the above acquisition, the associates were reclassified to subsidiaries during the previous financial year.

If the acquisition had been completed at the beginning of the previous financial year, the Group's revenue and profit for the previous financial year would have been $677.3 million and $185.0 million respectively.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018 (CONT'D)

Reconciliation of liabilities arising from financing activities

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

	Group	
	2018 $'000	2017 $'000
Borrowings and interest payable:		
As at beginning of the year	1,009,534	997,635
Acquisition of additional interests in associates	-	12,464
Financing cash flows [1]	(326,043)	(11,579)
Finance costs	27,479	28,665
Foreign exchange movement	5,510	(17,001)
Other changes	(996)	(650)
As at end of the year	715,484	1,009,534

Note:

[1] The cash flows make up the net amount of additional borrowings, repayment of borrowings and finance costs paid in the consolidated statement of cash flows.

See accompanying notes to financial statements.

1. GENERAL

The Company (Registration No. 198000348Z) is incorporated in the Republic of Singapore with its principal place of business and registered office at 50 Cuscaden Road, #08-01 HPL House, Singapore 249724. The principal place of business for the hotel operations of Hilton Singapore is at 581 Orchard Road, Singapore 238883.

In 2017, the Company's immediate and ultimate holding companies were 68 Holdings Pte. Ltd. and Cuscaden Partners Pte Ltd respectively, both incorporated in the Republic of Singapore. With the divestment in Hotel Properties Limited during the current financial year, 68 Holdings Pte. Ltd. and Cuscaden Partners Pte Ltd ceased to be the holding companies as at the year ended December 31, 2018. The Company is listed on the Singapore Exchange Securities Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are those of a hotelier and an investment holding company. The principal activities of subsidiaries, significant associates and jointly controlled entities are described in Notes 34, 35 and 36 respectively to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2018 were authorised for issue by the Board of Directors on March 27, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"). Details of first-time adoption of SFRS(I) are included in Note 2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK IN 2018 – The Group and the Company adopted the new financial reporting framework, SFRS(I), for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Transition adjustments from previously reported Financial Reporting Standards in Singapore ("FRS") amounts are presented in the statement of changes in equity as at date of transition (January 1, 2017) and as at end of last financial year under FRS (December 31, 2017). Additional disclosures are made for specific transition adjustments where applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the election of certain transition options available under SFRS(I) 1 and the application of SFRS(I) 9 *Financial Instruments*.

Upon adoption of SFRS(I) 1 the following are applied:

- the reclassification of the credit balance of $221,479,000 in the asset revaluation reserve as at January 1, 2017 (date of transition) to retained earnings,
- the Group has applied the option to measure certain property, plant and equipment at the date of transition to SFRS(I) at its fair value and use that fair value as its deemed cost at that date,
- the reset of cumulative foreign currency translation reserve to nil at the date of transition by reclassifying the debit balance of $89,312,000 in the foreign currency translation reserve at that date to retained earnings. The gain or loss on a subsequent disposal of any foreign operation shall exclude the translation differences that arose before January 1, 2017 and shall include later translation differences, and
- SFRS(I) 3 *Business Combinations* has not been applied to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before January 1, 2017. The FRS carrying amounts of assets and liabilities determined in that business combination, that are required to be recognised under SFRS(I), are the deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SFRS(I).

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on January 1, 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended December 31, 2017. An amount of $13,560,000 was reclassified from other reserves to retained earnings as at January 1, 2018, when the Group designated certain equity instruments as financial assets at fair value through profit or loss.

STANDARDS ISSUED BUT NOT EFFECTIVE – At the date of authorisation of these financial statements, the following SFRS(I) pronouncement that is relevant to the Group and the Company was issued but not effective during the financial year and is expected to have an impact to the Group and the Company in the periods of its initial application:

- SFRS(I) 16 *Leases*[1]

[1] Applies to annual periods beginning on or after January 1, 2019.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

SFRS(I) 16 *Leases*

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

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the existing framework.

The Group plans to apply SFRS(I) 16 initially on January 1, 2019, using the modified retrospective approach and expects its existing operating lease arrangements to be recognised as right-of use ("ROU") assets with corresponding leases liabilities under the principles of SFRS(I) 16. The Group's operating lease commitments amounted to approximately $352 million as at December 31, 2018. Under SFRS(I) 16, remaining lease payments under the operating leases will be recognised at their present value discounted using appropriate discount rates. In addition, the nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities. The Group is in the process of quantifying the adjustments required in the adoption of the standard.

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

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

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

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

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

All significant intra-group transactions and balances are eliminated on consolidation.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

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

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

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

For the acquisition of an asset or a group of assets that does not constitute a business, the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in SFRS(I)1-38 *Intangible Assets*) and liabilities assumed. The cost of acquisition is allocated to the individual assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

From January 1, 2018

<u>Financial assets</u>

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

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

<u>Classification of financial assets</u>

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI); and
- Fair value through profit or loss (FVTPL).

Financial assets classified as at amortised cost

These mainly comprise cash and cash equivalents and trade and other receivables.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Amortised cost and effective interest method

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

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Debt instruments classified as measured at FVTOCI

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

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

Fair value is determined in the manner described in the respective note to financial statements. These debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments recognised in other comprehensive income and accumulated under the heading of other capital reserve. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments

Equity instruments designated as at FVTOCI

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

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

Movements in fair values of investments classified as FVTOCI are taken to "other reserves" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets at FVTPL

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

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

A financial asset is held for trading if:

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. Fair value is determined in the manner described in the respective notes to the financial statements.

Impairment of financial assets

The Group recognises a loss allowance for expected credit loss ("ECL") on financial assets at amortised costs and debt instruments measured at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The ECL on trade receivables are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant increase in credit risk

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

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

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

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

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

Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

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

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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

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

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

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in other capital reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

<u>Financial liabilities and equity instruments</u>

<u>Classification as debt or equity</u>

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity instruments

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

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

Financial liabilities

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

The Group uses derivative financial instruments such as cross currency swaps to hedge its risks associated with exchange rate fluctuations. The Group maintains natural hedges, whenever possible, by borrowing in currencies that match the future revenue stream to be generated from its investments. The Group does not use derivative financial instruments for speculative purposes.

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

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges or hedges of net investments in foreign operations as appropriate.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. If the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

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

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

<u>Offsetting arrangements</u>

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

Before January 1, 2018

Investments are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, and in the case of available-for-sale investments, directly attributable transaction costs are also included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments are classified as either investments held-for-trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. Impairment losses recognised in profit or loss for available-for-sale equity instruments are not subsequently reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated in other capital reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Trade and other receivables and amount due from subsidiaries, associates and jointly controlled entities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents comprise cash on hand, demand deposits (net of deposits pledged), bank overdrafts and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

<u>Financial liabilities and equity instruments</u>

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

<u>Financial liabilities</u>

Trade and other payables and amount due to subsidiaries are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

<u>Equity instruments</u>

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

<u>Derivative financial instruments and hedge accounting</u>

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. The Group maintains natural hedges, whenever possible, by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group does not use derivative financial instruments for speculative purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative financial instruments are initially measured at fair value on the contracted date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and the ineffective portion is recognised directly in profit or loss. Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item. On an ongoing basis, the Group reviews the hedging relationship for effectiveness.

Hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, the net cumulative gain or loss on the hedging instrument previously recognised in other comprehensive income is reclassified to profit or loss for the period.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the moving average/first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

DEVELOPMENT PROPERTIES - Development properties for sale are stated at cost. The cost of property under development includes land cost, acquisition costs, development expenditure and other related expenditure.

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

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time.

For development properties whereby the Group has no enforceable right to payment until legal title has passed to the customer, revenue is recognised when the legal title has been transferred to the customer. The revenue is measured at the transaction price agreed under the contract.

COMPLETED PROPERTIES HELD FOR SALE - Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is calculated using the specific identification method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in the marketing and selling.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The results and assets and liabilities of associates and jointly controlled entities (collectively referred to as "equity accounted investees") are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, investments in equity accounted investees are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the investees. Losses of an investee in excess of the Group's interest in that investee (which includes any long-term interests that, in substance, form part of the Group's net investment in the investee) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where a group entity transacts with an equity accounted investee of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant equity accounted investees.

The gain or loss arising on the disposal of an equity accounted investee of the Group is determined as the difference between the sales proceeds and its net carrying amount and is recognised in profit or loss. Amounts previously recognised in other comprehensive income in relation to the equity accounted investee are reclassified from equity to profit or loss (as a reclassification adjustment) upon disposal.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost or valuation, less accumulated depreciation and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Operating equipment is written off based on periodic physical inventory counts. Depreciation is charged so as to write off the cost of assets, other than freehold and long-term leasehold land and construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and property	- 19 to 89 years
Buildings and improvements	- 5 to 50 years
Plant and equipment, furniture, fixtures and fittings	- 3 to 20 years

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

Depreciation is not provided on freehold and long-term leasehold land and construction-in-progress. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss. On the sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained profits.

INVESTMENT PROPERTIES - Investment properties are held on a long-term basis for investment potential and income. Investment properties are measured initially at their cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at their fair values based on valuation performed by professional valuers on an open market value basis. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss for the period in which they arise.

INTANGIBLE ASSETS - These comprise goodwill and franchise rights. Franchise rights are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives of 20 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received or receivable as an incentive to enter into an operating lease are also spread over on a straight-line basis over the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligations. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation, and is discounted to present value where the effect is material.

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

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

a) Sales other than revenue from development properties are recognised when the control of the goods or service underlying the particular performance obligation is transferred to the customer;

b) Revenue from development properties is recognised in accordance with the Group's accounting policy on development properties (see above);

c) Hotel room revenue is recognised at a point in time based on room occupancy while other hotel revenue are recognised at a point in time when the goods are delivered or the services are rendered to the customers;

d) Rental income is recognised on a straight-line basis over the term of the relevant lease;

e) Management fee income is recognised when services are rendered;

f) Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable; and

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined by actuarial valuations carried out at the end of each reporting period. Remeasurement, comprising actuarial gains or losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of a plan amendment.

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax is calculated at the tax rates (and tax laws) that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

Current and deferred tax are recognised as an expense or income in profit or loss, except where they arise from the initial accounting for a business combination, in which case the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each entity within the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in exchange fluctuation reserve (attributed to non-controlling interest, as appropriate). Such reserves are reclassified from equity to profit or loss (as a reclassification adjustment) on disposal.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with SFRS(I)s requires the exercise of judgement, the use of estimates and assumptions concerning the future by management.

The Group on its own or in reliance on third party experts, applies estimates, judgements and assumptions in various areas including the following:

i) Level of impairment of tangible and intangible assets.
Determining whether an asset is impaired requires an estimation of the recoverable amount of this asset. The recoverable amount of the asset is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is largely based on the fair value of the asset determined by independent professional valuer. The value in use calculation requires the Group to estimate the future cash flows expected from the investment and an appropriate discount rate in order to calculate the present value of the future cash flows. The net realisable value of completed properties held for sale is estimated based on recent transacted sales of the existing units as well as similar properties in the surrounding location. The assessment is performed on a unit-by-unit basis taking into consideration the location and type of the underlying unit.

ii) Determination of fair value of unquoted investments, investment properties and financial derivatives, where the details are described in Notes 15, 17 and 4 respectively.

iii) Assessment of adequacy of provision for income taxes.
The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. The Group recognises the expected liabilities for tax based on an estimation of the likely taxes due, which requires judgement as to the ultimate tax determination of certain items, where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

These estimates, judgements and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The carrying amounts of the above are disclosed in the respective notes to the financial statements.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

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

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Financial assets						
Financial assets at amortised cost	259,107	463,251	405,749	1,234,752	1,490,350	1,246,952
Financial assets ameasured at FVTPL	148,524	-	806	-	-	-
Derivative financial instruments						
Designated in hedge accounting relationships	16,245	12,963	12,489	7,201	5,420	5,159
Not designated in hedge accounting relationships	-	-	-	9,044	7,543	7,330
Financial assets at FVTOCI						
Equity share designated at FVTOCI	2,779	-	-	-	-	-
Debt instruments measured at FVTOCI	963	-	-	-	-	-
Available-for-sale investments	-	93,353	57,025	-	-	-
Financial liabilities						
Financial liabilities at amortised cost	862,592	1,139,544	1,119,136	549,915	805,657	572,535

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk, liquidity risk and market risk. The policies for managing each of these risks are summarised below:

<u>Interest rate risk management</u>

The Group's and the Company's exposure to the risk of changes in interest rates relates mainly to bank borrowings and advances to and from subsidiaries respectively. The Group actively reviews its debt portfolio to achieve the most favourable interest rates available. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. Hedging instruments such as interest rate swaps are also used where appropriate to minimise its exposure to interest rate volatility.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposures to interest rates for significant non-derivatives instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

At the end of the reporting period, it is estimated that a 50 basis point increase/decrease in interest rates would decrease/increase the Group's and the Company's profit before tax by approximately $2.3 million and $0.02 million respectively (2017: $2.9 million and $0.8 million respectively).

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

<u>Foreign exchange risk management</u>

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States dollars, Sterling pounds, Euro dollars, Australian dollars and Malaysian ringgit.

The Group maintains natural hedges, whenever possible, by borrowing in currencies that match the future revenue stream to be generated from its investments. Hedging instruments such as cross currency swaps are also used where appropriate to hedge its exposure to foreign exchange risk. Further details on the cross currency swaps are found in Note 21 to the financial statements.

At the reporting date, the significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies, after taking into consideration the cross currency swaps, are as follows:

Group	Liabilities			Assets		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
United States dollars	134,934	103,243	53,197	109,730	95,686	86,222
Sterling pounds	65,592	279,964	261,352	107,541	190,713	100,449
Euro dollars	32,020	-	-	10	-	-
Australian dollars	-	-	18,429	-	-	23,398
Malaysian ringgit	-	-	-	9,523	8,998	8,447

Company	Liabilities			Assets		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
United States dollars	101,383	599	-	101,461	632	449
Sterling pounds	448	149,872	29,113	162	149,195	29,173
Euro dollars	31,998	-	-	32,014	-	-
Australian dollars	-	-	2,593	-	-	1,947

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

Foreign currency sensitivity

The sensitivity analysis uses a 10% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items not designated as hedge and adjusts their translation at the year end for a 10% change in foreign currency rates. The following table details the sensitivity to a 10% increase/decrease in the functional currency against the relevant foreign currencies. If the functional currency strengthens by 10% against the relevant foreign currency, profit before tax and other equity will increase (decrease) by:

	US dollar impact			Sterling pound impact			Euro dollar impact		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Group									
Profit before tax	(135)	(404)	(176)	28	(69)	41	1	-	-
Other equity	2,655	1,160	(3,123)	(4,223)	8,994	16,049	3,200	-	-
Company									
Profit before tax	(8)	(3)	(45)	29	68	(6)	(2)	-	-

	Australian dollar impact			Malaysia ringgit impact		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Group						
Profit before tax	-	-	(497)	-	-	-
Other equity	-	-	-	(952)	(900)	(845)
Company						
Profit before tax	-	-	65	-	-	-

If the functional currency weakens by 10% against the relevant foreign currency, profit before tax and other equity will (increase) decrease by the same amounts.

<u>Credit risk management</u>

The Group has a diversified portfolio of businesses and at the end of the reporting period, there was no significant concentration of credit risk with any entity. The Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. The Group and the Company have considered the credit quality of the advances and receivables and determined that the credit loss is low except as disclosed.

The carrying amount of advances and receivables (including cash and bank balances) represents the maximum credit risk exposure for the Group and the Company at the end of the reporting period.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

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

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

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition unless the Group has reasonable and supportable information to indicate that amount is subject to low credit risk.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's and the Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

2018	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	21,746	(1,079)	20,667
Other receivables	8	(b)	12-month ECL	1,956	-	1,956
Amount due from associates - current	12	(b)	12-month ECL	10,830	-	10,830
Amount due from jointly controlled entities - current	13	(b)	12-month ECL	107,370	-	107,370
					(1,079)	
Company						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	1,827	(59)	1,768
Other receivables	8	(b)	12-month ECL	377	-	377
Amount due from associates - current	12	(b)	12-month ECL	5,217	-	5,217
Amount due from subsidiaries - current	14	(b)	Lifetime ECL	802,790	(23,777)	779,013
Non-current advances to subsidiaries	14	(b)	12-month ECL	397,081	-	397,081
					(23,836)	

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

(a) The Group and the Company determine the expected credit losses on these item estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

(b) The Group and the Company determine the expected credit losses on these items by taking into account the financial position of the other receivables, associates, jointly controlled entities and subsidiaries, adjust for factors that are specific to these companies and general economic conditions of the industries in which they operate.

The Group and the Company have adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group and the Company only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions and is subject to immaterial credit loss.

The Group and the Company have no significant concentration of credit risk with any single customer or group of customers.

Further details of credit risks on trade and other receivables, amount due from associates, jointly controlled entities and subsidiaries are disclosed in Notes 8, 12, 13 and 14 respectively.

Liquidity risk management

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

Liquidity risk analysis

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments:

	Contractual cash flows (including interest payments)				
	Carrying amount $'000	**Total $'000**	**On demand or within 1 year $'000**	**Within 2 to 5 years $'000**	**After 5 years $'000**
Group					
December 31, 2018					
Non-interest bearing	150,186	150,186	150,186	-	-
Interest bearing	712,406	780,706	119,009	641,019	20,678
	862,592	930,892	269,195	641,019	20,678
December 31, 2017					
Non-interest bearing	135,365	135,365	135,365	-	-
Interest bearing	1,004,179	1,071,987	220,130	736,795	115,062
	1,139,544	1,207,352	355,495	736,795	115,062
January 1, 2017					
Non-interest bearing	126,828	126,828	126,828	-	-
Interest bearing	992,307	1,071,227	306,131	555,260	209,836
	1,119,135	1,198,055	432,959	555,260	209,836

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

	Contractual cash flows (including interest payments)				
	Carrying amount $'000	**Total $'000**	**On demand or within 1 year $'000**	**Within 2 to 5 years $'000**	**After 5 years $'000**
Company					
December 31, 2018					
Non-interest bearing	74,192	74,192	74,192	-	-
Interest bearing	475,723	506,929	64,931	441,998	-
	549,915	581,121	139,123	441,998	-
December 31, 2017					
Non-interest bearing	74,122	74,122	74,122	-	-
Interest bearing	731,535	788,253	94,043	591,638	102,572
	805,657	862,375	168,165	591,638	102,572
January 1, 2017					
Non-interest bearing	69,060	69,060	69,060	-	-
Interest bearing	503,475	570,493	42,665	321,585	206,243
	572,535	639,553	111,725	321,585	206,243

The Group and the Company have provided corporate guarantees of approximately $272 million (December 31, 2017: $134 million, January 1, 2017: $65 million) and $483 million (December 31, 2017: $450 million, January 1, 2017: $456 million) to financial institutions in respect of credit facilities granted to certain jointly controlled entities and certain subsidiaries respectively at the end of the reporting period.

The Group and the Company are exposed to credit risk in respect of the corporate guarantees they have provided. To mitigate the risk, management continually monitors the risk and has established processes including performing credit evaluations of the jointly controlled entities and subsidiaries. The maximum exposure to credit risk in respect of these financial guarantees at year end is as disclosed above. These guarantees are subject to impairment requirements of SFRS(I) 9. The Group and the Company have assessed that these jointly controlled entities and subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

The earliest period that the corporate guarantees could be called is within 1 year (2017: 1 year) from the end of the reporting period. Based on expectations at the end of the reporting period, the Group and the Company consider that it is more likely than not that no amount will be payable under the arrangements. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. The Group and the Company have also obtained bankers' guarantees as disclosed in Note 19.

The Group's financial assets are due on demand or within 1 year. The Company's financial assets are due on demand or within 1 year except for non-current advances to subsidiaries (Note 14).

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

Market risk management

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to quoted securities or factors affecting all securities traded in the market.

The Group has invested in various securities. The valuations and liquidity of these investments are subject to market risk.

At the end of the reporting period, it is estimated that a 10% change in market prices would have an impact on the Group's profit before tax and equity for the year by approximately $11.7 million (2017: $Nil) and $0.1 million (2017: $7.4 million) respectively.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The total capital of the Group as at the end of the reporting period is represented by the "Equity attributable to owners of the Company" as presented on the statements of financial position.

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives during the years ended December 31, 2018 and December 31, 2017.

Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of long-term financial liabilities and financial assets comprising mainly long-term borrowings and certain advances to subsidiaries approximate their respective fair values as they are based on interest rates that approximate market interest rates except as disclosed in Note 19(a).

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

i) the fair value of financial assets and financial liabilities traded on active liquid markets are determined with reference to quoted market prices; and

ii) the fair value of unquoted financial instruments are determined in accordance with Note 15.

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

The table below analyses financial instruments carried at fair value, by valuation method.

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group				
December 31, 2018				
Financial assets				
Held-for-trading investments	24,103	24,103	-	-
Investments	128,163	93,651	-	*34,512
Derivative financial instruments	16,245	-	**16,245	-
December 31, 2017				
Financial assets				
Available-for-sale investments	93,353	75,311	-	*18,042
Derivative financial instruments	12,963	-	**12,963	-
January 1, 2017				
Financial assets				
Held-for-trading investments	806	806	-	-
Available-for-sale investments	57,025	47,049	-	*9,976
Derivative financial instruments	12,489	-	**12,489	-

* The key unobservable input used to determine this fair value is the net asset value. The higher the net asset value, the higher the fair value of the investments.

** Derivative financial instruments of the Group and the Company are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present valuation calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rate.

Reconciliation of level 3 fair value measurements:

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Unquoted investments			
Opening balance	18,042	9,976	5,479
Total net gains or (losses)			
- In profit or loss	2,301	-	-
- In other comprehensive income	41	(1,239)	604
Purchases	14,128	9,305	3,893
Closing balance	34,512	18,042	9,976

5. RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

a) Significant transactions with such related parties during the year, other than those disclosed elsewhere in the financial statements, are as follows:

	Group	
	2018 $'000	2017 $'000
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	983	987
Management fee income	(1,275)	(1,059)
Rental income	(8,407)	(8,907)
Transactions with associates:		
Management fee income	(899)	(1,335)

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

	Group	
	2018 $'000	2017 $'000
Short-term benefits	19,519	21,703
Post-employment benefits	342	286
Share-based payments	1,025	1,974
	20,886	23,963

6. CASH AND BANK BALANCES

a) As at December 31, 2018, cash and bank balances of the Group of approximately $4,292,000 (December 31, 2017: $4,206,000, January 1, 2017: $3,808,000) were pledged to the banks to secure certain credit facilities.

b) Certain bank deposits of the Group bear annual interest ranging from 0% to 5.8% (December 31, 2017: 0% to 5.0%, January 1, 2017: 0% to 5.5%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

7. HELD-FOR-TRADING INVESTMENTS

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Quoted equity shares, at fair value	24,103	-	806

The fair values of these quoted equity shares were based on closing quoted market prices on the last market day of the financial year, with fair value changes taken to profit or loss.

8. TRADE AND OTHER RECEIVABLES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Trade receivables	21,746	51,184	64,402	1,827	2,005	1,401
Less: Loss allowance	(1,079)	(533)	(450)	(59)	(22)	(7)
	20,667	50,651	63,952	1,768	1,983	1,394
Other deposits	4,588	3,049	2,474	101	644	1
Other receivables	1,956	1,659	30,236	377	373	475
Prepayments	12,999	12,466	14,725	446	488	483
Total	40,210	67,825	111,387	2,692	3,488	2,353

Interest is charged at rates ranging from 14% to 18% (December 31 and January 1, 2017: 14% to 18%) per annum on certain overdue trade balances. As at January 1, 2017, an amount of $19.3 million included in other receivables bore interest ranging from 8% to 12% per annum. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and objective evidence of impairment which includes ageing of receivables and the financial condition of the debtor.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable. The concentration of credit risk is limited due to the customer base being large and unrelated to one another.

Included in the Group's trade receivables balance are debtors with a carrying amount of $4.0 million (December 31, 2017: $3.8 million, January 1, 2017: $7.0 million) which are past due as at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 55 days (December 31 and January 1, 2017: 45 days).

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Hence, an amount of $206,000 (2017: $27,000) was written off during the financial year.

8. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Balance at beginning of year	533	450	222	22	7	-
Amount written off during the year	(206)	(27)	-	-	-	-
Net increase in loss allowance recognised in profit or loss	742	130	217	37	15	7
Exchange realignment	10	(20)	11	-	-	-
Balance at end of year	1,079	533	450	59	22	7

For the purpose of impairment assessment, the other receivables is considered to have low credit risk as there has been no significant increase in the risk of default since initial recognition. In determining the ECL, management has taken into consideration the cash receipts, adjusted for factors that are specific to the counterparties and general economic conditions of the industry and assessed that the receivables is subject to immaterial credit loss.

9. INVENTORIES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Saleable merchandise	7,200	7,432	7,155	178	202	184
Operating supplies	2,412	2,083	2,267	-	-	-
Total	9,612	9,515	9,422	178	202	184

10. COMPLETED PROPERTIES HELD FOR SALE

Group

Location	Title	Description
The Met 125 South Sathorn Road, Bangkok, Thailand	Freehold	12 (December 31, 2017: 12, January 1, 2017: 12) condominium units with an aggregate floor area of approximately 27,220 (December 31, 2017: 27,220, January 1, 2017: 27,147) square feet
Tomlinson Heights 31 Tomlinson Road, Singapore 247855	Freehold	Nil (December 31, 2017: 4, January 1, 2017: 20) condominium units with an aggregate floor area of approximately Nil (December 31, 2017: 16,188, January 1, 2017: 69,028) square feet

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11. ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
		(restated)	(restated)			
Associates (Note 12)	315,605	292,431	298,214	-	-	-
Jointly controlled entities (Note 13)	203,561	348,593	296,739	-	-	-
Total	519,166	641,024	594,953	-	-	-
Amount due from associates – current (Note 12)	10,830	61,161	140,736	5,217	5,511	5,511
Amount due from jointly controlled entities – current (Note 13)	107,370	137,977	53,646	-	-	-
Total	118,200	199,138	194,382	5,217	5,511	5,511

12. ASSOCIATES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Cost of investments in associates[(1)]	376,745	339,990	304,883
Share of post-acquisition results and reserves net of dividend received	(98,134)	(84,107)	(53,076)
Advances to associates[(2)]	37,265	36,819	46,407
Impairment loss	(271)	(271)	-
Net (Note 11)	315,605	292,431	298,214

(1) During the financial year, equity contribution of $30,342,000 (2017: $39,910,000) was made in an associate of the Group in which a director is deemed to have interest.

(2) Advances to associates are in substance net investment.

For the purpose of impairment assessment, the amount due from associates (classified as current asset) are considered to have low credit risk as there has been no significant increase in the risk of default since initial recognition. In determining the ECL, management has taken into account the financial position of the associates, adjusted for factors that are specific to the associates and general economic conditions of the industry in which the associate operates, in estimating the probability of default of the advances as well as the loss upon default and determines the advances to associates are subject to immaterial credit loss.

In the previous years, impairment loss is determined based on estimated irrecoverable amounts by reference to the financial condition of the associates and arising from this exercise, an impairment loss of $271,000 was charged to the Group's profit or loss during the financial year ended December 31, 2017.

As at December 31, 2018, the amount due from associates (current) to the Group and the Company of $10,830,000 (December 31, 2017: $61,161,000, January 1, 2017: $140,736,000) and $5,217,000 (December 31 and January 1, 2017: $5,511,000) respectively are unsecured, interest-free and repayable on demand, except for the amount of $838,000 (December 31, 2017: $808,000, January 1, 2017: $760,000) due to the Group which bears interest at 6.0% (December 31 and January 1, 2017: 6.0%) per annum.

Information relating to significant associates is shown in Note 35 to the financial statements.

13. JOINTLY CONTROLLED ENTITIES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
		(restated)	(restated)
Cost of investments in jointly controlled entities	192,986	195,606	260,937
Share of post-acquisition results and reserves net of dividend received	(67,285)	40,449	(66,035)
Advances to jointly controlled entities[1]	81,320	115,998	101,837
Impairment loss	(3,460)	(3,460)	-
Net (Note 11)	203,561	348,593	296,739

[1] Advances to jointly controlled entities are in substance net investment.

For the purpose of impairment assessment, the amount due from jointly controlled entities (classified as current asset) are considered to have low credit risk as there has been no significant increase in the risk of default since initial recognition. In determining the ECL, management has taken into account the financial position of the jointly controlled entities, adjusted for factors that are specific to the jointly controlled entities and general economic conditions of the industry in which the jointly controlled entity operates, in estimating the probability of default of the advances as well as the loss upon default and determines the advances to jointly controlled entities are subject to immaterial credit loss.

In the previous years, impairment loss is determined based on estimated irrecoverable amounts by reference to the financial condition of the jointly controlled entities and arising from this exercise, an impairment loss of $3,460,000 was charged to the Group's profit or loss during the financial year ended December 31, 2017.

As at December 31, 2018, the amount due from jointly controlled entities (current) to the Group of $107,370,000 (December 31, 2017: $137,977,000, January 1, 2017: $53,646,000) is unsecured, interest-free and repayable on demand, except for the amount of $Nil (December 31, 2017: $13,699,000, January 1, 2017: $36,490,000) which bears interest at Nil (December 31, 2017: 12.0%, January 1, 2017: interest ranging from 12.3% to 14.0%) per annum.

Information relating to significant jointly controlled entities is shown in Note 36 to the financial statements.

14. SUBSIDIARIES

	Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Total advances to subsidiaries	1,199,871	1,361,720	1,239,802
Less: Impairment loss	(23,777)	(23,777)	(18,417)
	1,176,094	1,337,943	1,221,385
Less: Amount due from subsidiaries classified as current asset	(779,013)	(994,483)	(902,429)
Non-current advances to subsidiaries	397,081	343,460	318,956
Unquoted equity shares, at cost	131,904	131,904	131,904
Total	528,985	475,364	450,860

As at December 31, 2018, advances to subsidiaries of $397,081,000 (December 31, 2017: $343,460,000, January 1, 2017: $318,956,000) bear interest at rates ranging from 1.8% to 3.9% (December 31, 2017: 1.7% to 3.9%, January 1, 2017: 1.2% to 3.9%) per annum, are unsecured and substantially non-trade in nature.

The amounts due from subsidiaries of $779,013,000 (December 31, 2017: $994,483,000, January 1, 2017: $902,429,000) are unsecured, interest-free and repayable on demand.

For the purpose of impairment assessment, the advances to/amount due from subsidiaries are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the Group and there has been no significant increase in the risk of default on the advances since initial recognition. Accordingly, for the purpose of impairment assessment of the advances, the loss allowance is measured at an amount equal to 12-month expected ECL. In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiary operates, in estimating the probability of default of the advances as well as the loss upon default and determines the advances to subsidiaries are subject to immaterial credit loss. A loss allowance of $23,777,000 (December 31, 2017: $23,777,000, January 1, 2017: $18,417,000) was provided based on individual subsidiary's financial condition assessment as at year end.

In the previous years, impairment loss is determined based on estimated irrecoverable amounts by reference to the financial condition of the subsidiaries and arising from this exercise, an impairment loss of $5,360,000 was charged to the Company's profit or loss during the financial year ended December 31, 2017.

As at December 31, 2018, the amounts due to subsidiaries of $44,456,000 (December 31 and January 1, 2017: $44,456,000) are unsecured, interest-free and repayable on demand. The advances from subsidiaries of $93,031,000 (December 31, 2017: $157,298,000, January 1, 2017: $22,980,000) bear interest at rates ranging from 1.2% to 4.3% (December 31, 2017: 1.0% to 3.2%, January 1, 2017: 2.1% to 2.4%) per annum and are unsecured.

During the financial year, interest income from subsidiaries amounted to $$9,736,000 (2017: $10,864,000).

Information relating to subsidiaries is shown in Note 34 to the financial statements.

15. INVESTMENTS

	Group
	December 31, 2018 $'000
Non-current:	
Financial assets measured at FVTPL	
Quoted equity shares	92,688
Unquoted equity shares	31,733
Financial assets measured at FVTOCI	
Designated at FVTOCI	
Unquoted equity shares	2,779
Measured at FVTOCI	
Quoted debt securities	963
	128,163

Comparative information disclosure requirements under FRS:

	Group	
	December 31, 2018 $'000	January 1, 2017 $'000
Non-current:		
Available-for-sale-investments		
Unquoted equity shares, at fair value	18,042	9,976
Quoted equity shares, at fair value	74,289	47,049
Quoted debt securities, at fair value	1,022	-
	93,353	57,025

The Group's investments in equity instruments that were previously classified as available-for-sale investments and were measured at fair value at each reporting date under FRS 39 have been designated as at FVTOCI or FVTPL on an investment-by-investment basis.

The Group's investments in debt instruments that were classified as available-for-sale investments under FRS 39 have been classified as FVTOCI as they are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

The fair values of the unquoted equity shares are determined based on the net asset values of these investments which approximate the fair values. The fair values of the quoted equity shares and debt securities are determined based on market prices at the end of the reporting period. The quoted debt securities bear fixed interest at 5.2% per annum and mature on July 19, 2024.

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16. PROPERTY, PLANT AND EQUIPMENT

	Freehold and long-term leasehold land and buildings $'000	Leasehold land and buildings $'000	Plant and equipment, furniture, fixtures and fittings $'000	Construction-in-progress $'000	Total $'000
Group					
Cost:					
At January 1, 2017	712,886	787,255	465,344	58,969	2,024,454
Additions	51,000	15,906	13,290	73,446	153,642
Arising from acquisition of additional interests in associates	59,816	-	6,165	-	65,981
Reclassifications	396	32,123	17,043	(49,562)	-
Disposals	(63)	-	(12,523)	-	(12,586)
Exchange realignment	(476)	(44,452)	(16,677)	(3,509)	(65,114)
At December 31, 2017	823,559	790,832	472,642	79,344	2,166,377
Additions	7,464	4,425	13,961	97,990	123,840
Reclassifications	302	14,900	39,210	(54,412)	-
Disposals	(281)	(8)	(17,024)	-	(17,313)
Exchange realignment	7,243	8,117	3,081	2,060	20,501
At December 31, 2018	838,287	818,266	511,870	124,982	2,293,405
Accumulated depreciation:					
At January 1, 2017	125,647	279,799	367,006	-	772,452
Depreciation for the year	7,642	20,840	28,782	-	57,264
Disposals	(27)	-	(11,741)	-	(11,768)
Exchange realignment	(557)	(17,545)	(12,193)	-	(30,295)
At December 31, 2017	132,705	283,094	371,854	-	787,653
Depreciation for the year	8,609	20,776	33,162	-	62,547
Disposals	(183)	(8)	(16,331)	-	(16,522)
Exchange realignment	1,140	3,410	2,300	-	6,850
At December 31, 2018	142,271	307,272	390,985	-	840,528
Impairment loss:					
At January 1, 2017	220	-	-	6,335	6,555
Exchange realignment	5	-	-	97	102
At December 31, 2017	225	-	-	6,432	6,657
Exchange realignment	-	-	-	153	153
At December 31, 2018	225	-	-	6,585	6,810
Carrying amount:					
At January 1, 2017	587,019	507,456	98,338	52,634	1,245,447
At December 31, 2017	690,629	507,738	100,788	72,912	1,372,067
At December 31, 2018	695,791	510,994	120,885	118,397	1,446,067

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold and long-term leasehold land and buildings $'000	Plant and equipment, furniture, fixtures and fittings $'000	Construction-in-progress $'000	Total $'000
Company				
Cost:				
At January 1, 2017	232,916	95,067	317	328,300
Additions	-	1,606	1,564	3,170
Reclassifications	-	1,402	(1,402)	-
Disposals	-	(3,117)	-	(3,117)
At December 31, 2017	232,916	94,958	479	328,353
Additions	-	769	2,398	3,167
Reclassifications	-	2,753	(2,753)	-
Disposals	-	(1,860)	-	(1,860)
At December 31, 2018	232,916	96,620	124	329,660
Accumulated depreciation:				
At January 1, 2017	18,359	81,376	-	99,735
Depreciation for the year	419	4,526	-	4,945
Disposals	-	(2,686)	-	(2,686)
At December 31, 2017	18,778	83,216	-	101,994
Depreciation for the year	420	4,396	-	4,816
Disposals	-	(1,546)	-	(1,546)
At December 31, 2018	19,198	86,066	-	105,264
Carrying amount:				
At January 1, 2017	214,557	13,691	317	228,565
At December 31, 2017	214,138	11,742	479	226,359
At December 31, 2018	213,718	10,554	124	224,396

As at December 31, 2018, certain property, plant and equipment with total carrying amount of $953 million (December 31, 2017: $1,009 million, January 1, 2017: $1,012 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group.

17. INVESTMENT PROPERTIES

Group

Property Description/Location	Title
7 shop units at 21 Cuscaden Road, Ming Arcade, Singapore 249720	Freehold
Office and shop units at 50 Cuscaden Road, Singapore 249724	Freehold
Office and shop units at 583 Orchard Road, Singapore 238884	Freehold
64 shop units at 100 Orchard Road, Concorde Shopping Mall, Singapore 238840	Leasehold 99 years from August 17, 1979

The Group acquired two shop units amounting to $4.0 million during the previous financial year ended December 31, 2017.

Gross rental income and direct operating expenses arising from investment properties amounted to $25.8 million (2017: $26.1 million) and $8.6 million (2017: $8.5 million) respectively for the year ended December 31, 2018.

For the year ended December 31, 2018, net fair value gain recognised amounted to $3.2 million (2017: $12 million).

As at December 31, 2018, certain investment properties amounting to approximately $668 million (December 31, 2017: $665 million, January 1, 2017: $653 million) were mortgaged to banks to secure credit facilities for the respective subsidiaries of the Group.

The fair values of the investment properties at December 31, 2018 and 2017 and January 1, 2017, have been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification based on income capitalisation approach and direct comparison method that reflects prevailing property market conditions and existing tenancies as at the respective dates.

Details of the investment properties and information about the fair value hierarchy as at December 31, 2018 are as follows:

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group				
December 31, 2018				
Investment properties	705,570	-	-	705,570
December 31, 2017				
Investment properties	702,359	-	-	702,359
January 1, 2017				
Investment properties	686,348	-	-	686,348

The Group considers certain unobservable inputs used by the independent valuers in determining the fair value measurement of the Group's investment properties as sensitive to the fair value measurement. A change in these inputs will have a corresponding increase/decrease in the fair valuation as follows:

a) The higher the rental, the higher the fair value;

b) The higher the capitalisation rate which ranges from 3.0% to 4.5% (December 31, 2017: 3.0% to 5.0%, January 1, 2017: 3.0% to 5.0%), the lower the fair value; and

c) The higher the transacted price of comparable units which range from $19,400 to $53,800 (December 31, 2017: $17,200 to $54,900, January 1, 2017: $17,600 to $55,600) per square metre, the higher the fair value.

18. INTANGIBLE ASSETS

	Goodwill $'000	Franchise rights $'000	Total $'000
Group			
Cost:			
At January 1, 2017	5,709	6,338	12,047
Additions	83	-	83
Arising from acquisition of additional interests in associates	9,409	388	9,797
Exchange realignment	-	41	41
At December 31, 2017	15,201	6,767	21,968
Exchange realignment	-	94	94
At December 31, 2018	15,201	6,861	22,062
Accumulated amortisation:			
At January 1, 2017	-	5,199	5,199
Amortisation charged against other operating expense	-	341	341
Exchange realignment	-	43	43
At December 31, 2017	-	5,583	5,583
Amortisation charged against other operating expense	-	307	307
Exchange realignment	-	74	74
At December 31, 2018	-	5,964	5,964
Impairment loss:			
At January 1, 2017, December 31, 2017 and 2018	688	-	688
Carrying amount:			
At January 1, 2017	5,021	1,139	6,160
At December 31, 2017	14,513	1,184	15,697
At December 31, 2018	14,513	897	15,410

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill attributable to certain property, plant and equipment is approximately $14.5 million (December 31, 2017: $14.5 million, January 1, 2017: $5.0 million) respectively.

The recoverable amounts of the CGUs are determined from professional valuations based on income approach on properties held by the CGUs.

19. BORROWINGS AND OTHER LONG-TERM LIABILITIES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Due after twelve months						
Long-term bank loans	414,588	456,311	281,067	132,965	149,737	31,233
Notes payable	200,402	350,892	426,583	199,741	349,507	424,270
Other long-term liabilities	1,753	1,985	2,437	-	-	-
	616,743	809,188	710,087	332,706	499,244	455,503
Due within twelve months						
Current portion of long-term bank loans	45,404	119,731	256,939	-	-	-
Notes payable	49,986	74,993	24,992	49,986	74,993	24,992
Current portion of other long-term liabilities	273	267	289	-	-	-
	95,663	194,991	282,220	49,986	74,993	24,992
Bankers' guarantees	1,039	24,770	24,934	263	246	207

a) During the year, bank loans (secured) bear floating interest rates ranging from 1.0% to 4.9% (2017: 1.0% to 4.8%) per annum, and certain notes payable (unsecured) and other long-term liabilities (secured) bear fixed interest rates ranging from 3.5% to 5.0% (2017: 3.5% to 5.0%) per annum. The carrying amount and fair value of these notes and other long-term liabilities are $252,414,000 and $252,534,000 (December 31, 2017: $428,137,000 and $433,769,000, January 1, 2017: $454,301,000 and $459,323,000) respectively. The notes and other long-term liabilities are classified under level 2 of the fair value hierarchy and the fair value has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate. The facilities are repayable from 2019 to 2026 (December 31, 2017: 2018 to 2026, January 1, 2017: 2017 to 2026).

b) Securities include legal mortgages on properties of the Company and certain subsidiaries (Notes 16 and 17); subordinated mortgages over certain subsidiaries' lease rights, fixed and floating charges on the assets of the Company and certain subsidiaries; pledge of shares of certain subsidiaries and corporate guarantees from the Company, certain subsidiaries and certain non-controlling shareholders.

c) Bank loans at floating interest rates are contractually repriced on a short-term basis, typically six months or less.

d) The Group has obtained bankers' guarantees in favour of various statutory boards and government regulatory authorities. These guarantees are secured by the assets and undertakings as disclosed in (b) above and/or pledge of fixed deposits (Note 6) of certain subsidiaries.

20. TRADE AND OTHER PAYABLES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Trade payables	71,255	63,383	67,795	6,430	6,654	5,904
Accrued employee-related expenses	38,128	35,436	26,305	17,094	14,514	10,572
Accrued operating expenses	31,171	28,136	25,786	3,751	3,589	3,233
Due to companies in which certain directors have interests*	318	316	383	-	-	-
Interest payable to non-related companies	3,078	5,355	5,328	1,967	4,338	4,386
Others	6,236	2,739	1,232	494	571	509
Total	150,186	135,365	126,829	29,736	29,666	24,604

* Amounts due to companies in which certain directors have interests are unsecured, interest-free and repayable on demand.

The average credit period on purchases of goods and services ranges from 1 to 2 months (December 31 and January 1, 2017: 1 to 2 months).

21. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Non-current:						
Cross currency swaps	16,245	12,963	12,489	16,245	12,963	12,489

The Group uses cross currency swaps to manage its exposure to exchange rate movements on its investments. At the end of the reporting period, the notional value of outstanding cross currency swaps to which the Group has committed is $100 million (December 31 and January 1, 2017: $100 million).

The fair values of swaps entered into at December 31, 2018 are estimated at $16.2 million (December 31, 2017: $13.0 million, January 1, 2017: $12.5 million). At the Group level, all of these swaps are designated and effective as net investment hedges and the fair values thereof have been deferred in equity. At the Company level, one of the swaps is designated and effective as cash flow hedge and the fair value has been deferred in equity. Fair value of the other swap not designated in hedge accounting relationship have been charged to profit or loss for the year.

21. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Hedging instruments used in the Group's hedging strategy in 2018:

	Carrying amounts		Changes in fair value used in calculating hedge ineffectiveness		
	Assets/ (Liabilities) $'000	Financial statement line item $'000	Hedging instrument $'000	Hedged item $'000	Hedge ineffectiveness recognised in profit or loss $'000
Group					
Net investment hedge *Foreign currency risk* - Cross currency swaps to hedge net investments in foreign operations	16,245	Derivative financial instruments	3,282	(3,282)	-
Company					
Cash flow hedge *Foreign currency risk* - Cross currency swaps to hedge foreign currency receivables	7,201	Derivative financial instruments	1,781	(1,781)	-

22. DEFERRED TAX ASSETS / LIABILITIES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Deferred tax assets	(3,391)	(3,367)	(4,236)	-	-	-
Deferred tax liabilities	17,330	18,084	15,221	767	855	1,004
Net	13,939	14,717	10,985	767	855	1,004

22. DEFERRED TAX ASSETS / LIABILITIES (CONT'D)

The following are the major deferred tax assets and liabilities recognised by the Group and the Company and movements thereon during the year:

	Tax losses $'000	Net accelerated tax depreciation $'000	Other temporary differences $'000	Total $'000
Group				
At January 1, 2017	(496)	8,642	2,839	10,985
Charge to (Reversal from) profit or loss (Note 28)	472	(363)	339	448
Arising from acquisition of additional interests in associates	-	425	3,359	3,784
Reversal from other comprehensive income	-	-	(154)	(154)
Exchange realignment	24	(454)	84	(346)
At December 31, 2017	-	8,250	6,467	14,717
Charge to (Reversal from) profit or loss (Note 28)	-	(1,058)	123	(935)
Charge to other comprehensive income	-	-	75	75
Exchange realignment	-	67	15	82
At December 31, 2018	-	7,259	6,680	13,939

	Accelerated tax depreciation $'000
Company	
At January 1, 2017	1,004
Reversal from profit or loss	(149)
At December 31, 2017	855
Reversal from profit or loss	(88)
At December 31, 2018	767

23. SHARE CAPITAL AND OPTIONS

	Group and Company					
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	Number of ordinary shares			$'000	$'000	$'000
Issued and fully paid:						
At beginning of year	520,434,551	520,082,651	519,630,751	721,143	719,693	717,895
Issue of shares	351,900	351,900	451,900	1,450	1,450	1,798
At end of year	520,786,451	520,434,551	520,082,651	722,593	721,143	719,693

The Company has one class of ordinary shares which carries no right to fixed income and has no par value.

Options to subscribe for the Company's ordinary shares may be granted to executives of the Company under the Hotel Properties Employee Share Option Scheme 2010 ("Scheme 2010"). The scheme is administered by the Remuneration Committee. The exercise price of the granted options was determined based on the average last business done price for the shares of the Company for the five market days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years for options granted at a discounted exercise price, and 1 year for options granted without discount. The share options have a validity period of 10 years from the date of grant, unless they have been forfeited prior to that date.

Details of the share options outstanding during the year are as follows:

	Group and Company					
	December 31, 2018		December 31, 2017		January 1, 2017	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	14,225,000	3.08	13,045,000	3.16	10,645,000	3.24
Granted during the year	-	-	2,400,000	3.10	2,400,000	2.82
Lapsed during the year	-	-	(1,220,000)	4.00	-	-
Outstanding at the end of the year	14,225,000	3.08	14,225,000	3.08	13,045,000	3.16
Exercisable at the end of the year	11,825,000	3.07	9,425,000	3.14	4,620,000	3.42

The options outstanding at the end of the year have a weighted average remaining contractual life of 6.6 (December 31, 2017: 7.3, January 1, 2017: 7.2) years.

The estimated fair value of the options granted during the previous financial year was $0.30. The fair value determined using The Black-Scholes pricing model was based on a share price of $3.87 at the date of grant, and an expected life of 2 years. The risk-free interest rate was based on the yield curve of Singapore Government securities as at grant date. The expected volatility was 13% based on historical volatility of the Company's share prices over the previous 2.5 years.

23. SHARE CAPITAL AND OPTIONS (CONT'D)

The Company also has a Hotel Properties Limited Performance Share Plan that is administered by the Remuneration Committee. Fully paid shares are awarded to participants taking into consideration certain performance criteria and vesting period. Details of the performance shares outstanding during the year are as follows:

	Group and Company		
	December 31, 2018	December 31, 2017	January 1, 2017
	Number of performance shares	Number of performance shares	Number of performance shares
Outstanding at the beginning of the year	1,055,700	1,407,600	1,759,500
Granted during the year	-	-	100,000
Released during the year	(351,900)	(351,900)	(451,900)
Outstanding at the end of the year	703,800	1,055,700	1,407,600

The Group recognised total expenses of $1,167,000 (2017: $2,296,000) related to equity-settled share-based payment transactions during the year.

24. OTHER RESERVES

	Asset revaluation reserve $'000	Exchange fluctuation reserve $'000	Hedge reserve $'000	Option reserve $'000	Other capital reserve $'000	Total $'000
Group						
Balance as at January 1, 2017	221,479	(87,268)	(1,500)	11,234	(30,376)	113,569
Restatement (Note 37)	-	(2,044)	-	-	-	(2,044)
Effect of adoption of SFRS(I) 1	(221,479)	89,312	-	-	-	(132,167)
Balance as at January 1, 2017, as restated	-	-	(1,500)	11,234	(30,376)	(20,642)
Total comprehensive income (loss) for the year	-	(8,047)	-	-	22,281	14,234
Recognition of share-based payments	-	-	-	2,296	-	2,296
Transfer during the year	-	-	-	(1,450)	-	(1,450)
Balance as at December 31, 2017	-	(8,047)	(1,500)	12,080	(8,095)	(5,562)
Effect of adoption of SFRS(I) 1 and 9	-	4,454	-	-	(13,560)	(9,106)
Balance as at January 1, 2018, as restated	-	(3,593)	(1,500)	12,080	(21,655)	(14,668)
Total comprehensive income (loss) for the year	-	(3,018)	-	-	(58)	(3,076)
Recognition of share-based payments	-	-	-	1,167	-	1,167
Transfer during the year	-	-	-	(1,450)	-	(1,450)
Balance as at December 31, 2018	-	(6,611)	(1,500)	11,797	(21,713)	(18,027)

24. OTHER RESERVES (CONT'D)

	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Total $'000
Company				
Balance as at January 1, 2017	110,785	(1,443)	11,234	120,576
Effect of adoption of SFRS(I) 1	(110,785)	-	-	(110,785)
Balance as at January 1, 2017, as restated	-	(1,443)	11,234	9,791
Total comprehensive income for the year	-	883	-	883
Recognition of share-based payments	-	-	2,296	2,296
Transfer during the year	-	-	(1,450)	(1,450)
Balance as at December 31, 2017	-	(560)	12,080	11,520
Total comprehensive income for the year	-	70	-	70
Recognition of share-based payments	-	-	1,167	1,167
Transfer during the year	-	-	(1,450)	(1,450)
Balance as at December 31, 2018	-	(490)	11,797	11,307

Asset revaluation reserve recorded the revaluation surplus arising from valuation of properties. This amount had been reclassified to retained earnings as at January 1, 2017, upon adoption of SFRS(I) 1.

Hedge reserve records the fair value changes on the derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be an effective hedge.

Option reserve represents the equity-settled share options and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and performance shares. The expense for services received will be recognised over the vesting period.

The exchange fluctuation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency and exchange differences arising from translation of monetary items that form part of a net investment in a foreign entity.

Other capital reserves include the cumulative fair value changes of financial assets at FVTOCI until they are derecognised or impaired, as well as reserve on consolidation which represents the difference between the fair value of the consideration paid and the amount by which the non-controlling interest are reduced during the acquisition of additional interests from non-controlling shareholders. An amount of $13,560,000 was reclassified from other capital reserves to retained earnings as at January 1, 2018, upon adoption of SFRS(I) 9 when the Group designated certain available-for-sale investments as financial assets at FVTPL.

25. PERPETUAL CAPITAL SECURITIES

The Company issued $150 million in aggregate principal amount of 4.650% perpetual capital securities on May 5, 2017. The securities are recorded at the proceeds received, net of direct issue costs.

The securities are perpetual and confer a right to receive distribution payments. Such distribution is payable semi-annually in arrear unless the Company, at its sole discretion, elect to defer any distribution in accordance with the conditions of the securities. The rate of distribution applicable to the securities is as follows:

(i) from May 5, 2017 to May 5, 2022 (the "First Reset Date") at 4.650% per annum;

(ii) from the First Reset Date to May 5, 2027 (the "Step-Up Date"), the applicable Reset Distribution Rate as defined in the conditions of the securities; and

(iii) from the Step-Up Date to each subsequent reset date occurring on each date falling every five years after the Step-Up Date with each such date, a "Reset Date", the applicable Reset Distribution Rate as defined in the conditions of the securities.

The securities constitute direct, unsecured and subordinated obligations of the Company and rank *pari passu* and without any preference or priority among themselves. The securities may be redeemed at the option of the Company on May 5, 2022 or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the securities.

During the financial year ended December 31, 2017, the Company redeemed $150 million in aggregate principal amount of 6.125% perpetual capital securities. The securities were issued on May 4, 2012 and were recorded at the proceeds received, net of direct issue costs.

26. REVENUE

An analysis of the Group's revenue for the year is as follows:

	Group	
	2018 $'000	**2017 $'000**
Sales	45,643	143,148
Hotel revenue	505,253	487,039
Rental income	26,397	26,567
Management fee	2,180	2,406
Total	579,473	659,160

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27. PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2018 $'000	**2017 $'000**
Staff costs (including share-based payments)	164,461	158,563
Cost of defined contribution plans included in staff costs	8,807	8,113
Cost of inventories recognised as expense	72,452	143,642
Depreciation and amortisation	62,854	57,605
Audit fees paid to auditors:		
Auditors of the Company	597	591
Other auditors	604	550
Non-audit fees paid to auditors:		
Auditors of the Company	67	69
Other auditors	73	71
Impairment in advances to associates and jointly controlled entities*	-	3,731
Loss allowance for trade receivables*	742	130
Net foreign exchange (gain) loss*	(1,880)	461
Net fair value loss (gain) in held-for-trading investments*	294	(87)
Net fair value gain in investments*	(4,041)	-
Interest income*	(1,552)	(1,116)
Insurance proceeds*	-	(935)
Dividend income (gross)*	(1,346)	(3,542)
Gain on deemed disposal of associates*	-	(10,843)
Net loss (gain) on disposal of property, plant and equipment*	8	(201)

* These are included in other operating (income) expenses.

28. INCOME TAX EXPENSE

	Group	
	2018 $'000	**2017 $'000**
Current tax	16,472	17,784
Deferred tax (Note 22)	(935)	448
	15,537	18,232
(Over) Under provision in prior years	(720)	1,728
Tax on share of profits from partnership classified as jointly controlled entity	14,249	17,855
	29,066	37,815

28. INCOME TAX EXPENSE (CONT'D)

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

	Group	
	2018 $'000	2017 $'000
Profit before income tax and share of results of associates and jointly controlled entities	60,996	88,379
Tax calculated at a tax rate of 17% (2017: 17%)	10,369	15,024
Non-deductible items (net)	3,162	713
Tax exemption	(483)	(353)
Utilisation of unabsorbed tax losses brought forward	(12)	-
Utilisation of unabsorbed capital allowances brought forward	(12)	(10)
Deferred tax asset on tax losses arising during the year not recorded	2,213	1,881
Effect of different tax rate of overseas operations	300	977
	15,537	18,232
Effective tax rate	25.5%	20.6%

Subject to the agreement with the relevant tax authorities and compliance with certain conditions of the relevant tax legislations, in the respective countries in which the subsidiaries operate, the Group has unrecognised tax losses and capital and investment allowances totaling approximately $51,965,000 and $12,488,000 (2017: $55,448,000 and $14,183,000) respectively which are available for set off against future taxable income of the respective subsidiaries. No deferred tax asset has been recognised in respect of these due to unpredictability of future profit stream. Tax losses approximating $37,480,000 (2017: $34,689,000) will expire within the next 5 years.

29. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group net profit attributable to owners of the Company after deducting provision for distribution to perpetual capital securities holders divided by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is based on adjusted Group earnings and adjusted weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares, assuming the full exercise of outstanding share options and release of performance shares during the year.

	Group	
	2018 $'000	2017 $'000
		(restated)
Profit attributable to owners of the Company less distribution to perpetual capital securities holders	114,348	170,141
Adjusted profit attributable to owners of the Company less distribution to perpetual capital securities holders	114,348	170,375

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29. EARNINGS PER SHARE (CONT'D)

	Group	
	2018 No. of shares ('000)	2017 No. of shares ('000)
		(restated)
Weighted average number of ordinary shares used to compute basic earnings per share	520,748	520,396
Adjustment for potential dilutive ordinary shares	1,496	1,905
Weighted average number of ordinary shares used to compute diluted earnings per share	522,244	522,301
Basic earnings per share	21.96 cents	32.69 cents
Diluted earnings per share	21.90 cents	32.62 cents

30. DIVIDENDS

In 2017, the Company declared and paid a first and final one-tier tax exempt dividend of 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend of 4 cents per ordinary share of the Company, totaling $41,635,000 in respect of the financial year ended December 31, 2016.

In 2018, the Company declared and paid a first and final one-tier tax exempt dividend of 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend of 6 cents per ordinary share of the Company, totaling $52,079,000 in respect of the financial year ended December 31, 2017.

Subsequent to December 31, 2018, the directors of the Company recommended that a first and final one-tier tax exempt dividend be paid at 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend be paid at 6 cents per ordinary share of the Company, totaling $52,079,000 for the financial year ended December 31, 2018. The proposed dividends are not accrued as a liability for the current financial year in accordance with SFRS(I) 10 – *Events After The Reporting Period*.

31. CAPITAL COMMITMENTS

As at the end of the financial year, the Group has capital commitments contracted but not provided for in the financial statements in respect of the following:

	Group	
	2018 $'000	2017 $'000
Capital expenditure	30,041	72,556
Associates, jointly controlled entities and other investments	225,803	97,475

32. OPERATING LEASE COMMITMENTS

	Group	
	2018 $'000	2017 $'000
The Group as lessee		
Minimum lease payments under operating lease included in profit or loss	11,042	10,197

At the end of the reporting period, commitments in respect of operating leases for office premises and islands for periods up to 50 (2017: up to 50) years are as follows:

	Group	
	2018 $'000	2017 $'000
Future minimum lease payable:		
Within 1 year	10,442	9,151
Within 2 to 5 years	44,058	36,982
After 5 years	297,503	214,667
Total	352,003	260,800

The Group as lessor

At the end of the reporting period, the Group has contracted with tenants for the following minimum lease receivable:

	Group	
	2018 $'000	2017 $'000
Future minimum lease receivable:		
Within 1 year	30,122	31,887
Within 2 to 5 years	28,521	29,385
Total	58,643	61,272

The tenancy arrangements range from one to four (2017: one to four) years. Rental income earned during the year is disclosed in Note 26 to the financial statements. Included in the future minimum lease receivable is an amount of $12,617,000 (2017: $15,070,000) relating to tenancy arrangements with companies in which certain directors are deemed to have interests.

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33. SEGMENT INFORMATION

a) The segment information of the Group is organised into the following reportable segments:

Hotels

These refer mainly to the operations of the hotels and the shopping galleries of the Group as well as the provision of hotel management services. Income is derived mainly from the rental of rooms and shop units, sale of food and beverage and management fee.

Properties

These refer to the rental and sale operations on residential properties and commercial units. Sales and profit from the condominium development projects in Singapore are recognised based on percentage of completion method, and those from overseas projects are recognised based on completion of construction method.

Others

These refer to distribution and retail operations, activities on quoted and unquoted investments and others.

b) The following segment information is prepared on the same basis as the Group's accounting policies described in Note 2:

i) Segment revenue and expenses are revenue and expenses reported in the Group's income statement that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.

ii) Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation. Share of results of associates and jointly controlled entities are allocated as they are specifically attributable to a segment.

iii) Segment assets are all operating assets that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude interest-producing assets. Investments in associates and jointly controlled entities are included as segment assets of the Group.

iv) Segment liabilities are all operating liabilities of a segment and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities exclude interest-bearing liabilities and income tax liabilities.

v) Segment revenue and non-current assets are analysed based on the location of those assets.

33. SEGMENT INFORMATION (CONT'D)

c) Information by business segment:

Group	Hotels 2018 $'000	Hotels 2017 $'000	Properties 2018 $'000	Properties 2017 $'000 (restated)	Others 2018 $'000	Others 2017 $'000	Elimination 2018 $'000	Elimination 2017 $'000	Consolidation 2018 $'000	Consolidation 2017 $'000 (restated)
REVENUE										
External sales	506,830	488,958	72,637	170,196	6	6	-	-	579,473	659,160
Inter-segment sales	-	-	421	411	-	-	(421)	(411)	-	-
Total revenue	506,830	488,958	73,058	170,607	6	6	(421)	(411)	579,473	659,160
RESULTS										
Earnings before interest, tax and fair value changes in investment properties	64,659	73,646	14,384	27,332	4,669	2,950	-	-	83,712	103,928
Segment results	64,659	73,646	14,384	27,332	4,669	2,950	-	-	83,712	103,928
Finance costs									(27,479)	(28,665)
Interest income									1,552	1,116
Share of results of equity accounted investees	(1,493)	3,167	94,818	126,798	(569)	(1,072)	-	-	92,756	128,893
Fair value changes in investment properties	-	-	3,211	12,000	-	-	-	-	3,211	12,000
Income tax expense									(29,066)	(37,815)
Non-controlling interests									(3,363)	(5,775)
Net profit									121,323	173,682
OTHER INFORMATION										
Segment assets	1,526,827	1,455,021	742,150	798,631	150,262	91,399	-	-	2,419,239	2,345,051
Investment in equity accounted investees	305,498	302,765	327,767	530,209	4,101	7,188	-	-	637,366	840,162
Unallocated corporate assets									98,321	186,203
Consolidated total assets									3,154,926	3,371,416
Segment liabilities	132,951	122,258	11,765	12,807	5,238	83	-	-	149,954	135,148
Unallocated corporate liabilities									748,704	1,051,525
Consolidated total liabilities									898,658	1,186,673

33. SEGMENT INFORMATION (CONT'D)

c) Information by business segment (cont'd):

Group	Hotels 2018 $'000	Hotels 2017 $'000	Properties 2018 $'000	Properties 2017 $'000	Others 2018 $'000	Others 2017 $'000	Elimination 2018 $'000	Elimination 2017 $'000	Consolidation 2018 $'000	Consolidation 2017 $'000
Additions to non-current assets (excluding fair value changes)	173,944	400,670	38,397	25,029	-	-	-	-	212,341	425,699
Depreciation and amortisation	61,998	56,757	853	845	3	3	-	-	62,854	57,605
Impairment loss (Write-back of impairment loss)	-	3,731	-	-	-	-	-	-	-	3,731
Non-cash expenses (income) other than depreciation, amortisation and impairment loss	258	(11,585)	(1,452)	900	(3,756)	263	-	-	(4,950)	(10,422)

d) Information by geographic regions:

Group	Revenue 2018 $'000	Revenue 2017 $'000	Non-current assets 2018 $'000	Non-current assets 2017 $'000 (restated)
Singapore	230,148	321,983	1,216,559	1,220,695
The Maldives	187,173	189,600	422,456	355,345
The rest of Asia	139,399	120,750	620,994	612,301
United Kingdom and Europe	603	487	295,272	416,294
Others	22,150	26,340	130,932	126,512
	579,473	659,160	2,686,213	2,731,147

Others consist of mainly U.S.A., Australasia and Africa.

34. SUBSIDIARIES

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest		
			December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Held by the Company					
Cleaton Investments Pte Ltd	Investment holding company	Singapore	93.3	93.3	93.3
HPL Hotels & Resorts Pte Ltd	Hotel management and investment holding company	Singapore	100	100	100
HPL Investment & Development Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Leisure Holdings Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Orchard Place Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Properties Pte Ltd	Property development, hotelier and investment holding company	Singapore	100	100	100
HPL Properties (Australasia) Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Properties (Indian Ocean) Pte Ltd	Investment holding company	Singapore	70	70	70
HPL Properties (Pacific Ocean) Pte Ltd ##	Investment holding company	Singapore	70	70	-
HPL Properties (SEA) Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Properties (West) Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Properties (West Asia) Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Singapore Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Tourism & Leisure Pte Ltd	Investment holding company	Singapore	100	100	100
Luxury Holdings Pte Ltd	Investment holding company	Singapore	100	100	100
Maxford Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Super Vista Sdn Bhd (1)	Hotelier	Malaysia	100	100	100

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34. SUBSIDIARIES (CONT'D)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest		
			December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Held by subsidiaries of the Company					
21st Century Holding Pte Ltd	Investment holding company	Singapore	100	100	100
Allegro Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Amberwood Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Asia Hotel Growth Fund (1)	Investment holding company	Thailand	100	100	100
Astrid Holdings Co., Ltd (1)	Investment holding company	Thailand	49**	49**	49**
Bayford Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Baywood Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Berkley Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Boathouse Holding Co., Ltd (1)	Investment holding company	Thailand	49**	49**	49**
Boathouse Kata Co., Ltd (1)	Hotelier	Thailand	74	74	74
Campden Hill Investment LLP (1)	Investment holding company	United Kingdom	100	100	100
Chatsworth Development Management Pte Ltd	Project management company	Singapore	100	100	100
Concorde Hotel Management Inc. (7)	Investment holding company	U.S.A.	100	100	100
Concorde Hotel New York Inc. (7)	Investment holding company	U.S.A.	100	100	100
Concorde Hotels & Resorts (Malaysia) Sdn Bhd (1)	Hotel management	Malaysia	100	100	100
Coralbell Pty Ltd (7)	Investment holding company	Australia	100	100	100
East Phuket Holdings Pte Ltd ##	Investment holding company	Singapore	100	100	-
Eastpoint Investments Limited (1)	Investment holding company	United Kingdom	100	100	100
Hermill Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Hotel Holdings USA Inc (5)	Investment holding company	U.S.A.	100	100	100
Hotel Properties Lanka Investments (Private) Limited * (2)	Investment holding company	Sri Lanka	100	-	-

34. SUBSIDIARIES (CONT'D)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Held by subsidiaries of the Company					
HPL (Campden) Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Residential Pte Ltd (now known as HPL Ealing Pte Ltd)	Investment holding company	Singapore	-	^	100
HPL (Eaton) Ltd (1)	Dormant	United Kingdom	100	100	100
HPL Gateway Investments Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Hotels Pty Ltd (7)	Provision of administrative services	Australia	100	100	100
HPL Investers Pte Ltd	Trading in quoted investments and share dealing	Singapore	100	100	100
HPL (Kensington) Pte Ltd	Investment holding company	Singapore	100	100	100
HPL (Mayfair) Pte Ltd	Investment holding company	Singapore	100	100	100
HPL (Paddington) Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Properties Management Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Properties (North Asia) Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Resorts (Maldives) Private Limited (2)	Hotelier and investment holding company	Maldives	70	70	70
HPL Retail Pte Ltd	Trading in quoted investments and investment holding company	Singapore	100	100	100
HPL Services Pte Ltd	Privilege card services operations and investment holding company	Singapore	100	100	100
HPL (Southbank) Pte Ltd	Investment holding company	Singapore	100	100	100
HPL Tulip Pte Ltd *	Investment holding company	Singapore	100	-	-
HPL Tulip Holdings Pte Ltd *	Dormant	Singapore	100	-	-
HPL (UK) Limited (1)	Provisions of information and services	United Kingdom	100	100	100
HPL (Whitechapel) Pte Ltd	Investment holding company	Singapore	100	100	100

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34. SUBSIDIARIES (CONT'D)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Held by subsidiaries of the Company					
HRH Merchandise (M) Sdn Bhd (1)	Retailer	Malaysia	100	100	^^
Kata Boathouse Holdings Pte Ltd	Investment holding company	Singapore	100	100	100
Laem Ka Properties Co. Ltd (3)	Hotelier and property developer	Thailand	90	90	90
Landaa Giraavaru Private Limited (2)	Hotelier	Hong Kong / Maldives	70	70	70
Landeal Properties Pte Ltd	Investment holding company	Singapore	100	100	100
Leisure Beach Private Limited (2)	Developer and hotelier	Maldives	70	70	70
Leisure Development Koror Inc. ##	Hotel development	Palau	70	70	-
Leisure Frontiers Private Limited (2)	Hotelier	Maldives	70	70	70
Leisure Holidays Private Limited (2)	Developer and hotelier	Maldives	70	70	70
Leisure Horizon Private Limited (2)	Developer and hotelier	Maldives	70	70	70
Luxury Complex Pte Ltd	Investment holding company	Singapore	100	100	100
Luxury Hotels (1989) Pte Ltd	Hotelier	Singapore	100	100	100
Luxury Properties Pte Ltd	Investment holding company	Singapore	100	100	100
McMing Investments Pte Ltd	Investment holding company	Singapore	100	100	100
McShope Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Minwyn Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Moonstone Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Naka Yai Holdings Co. Limited ##(1)	Investment holding company	Thailand	49**	49**	-
Naka Yai Hotel Co. Limited *(1)	Hotelier	Thailand	74	-	-
Naka Yai Land Co. Limited ##(1)	Hotelier	Thailand	74	74	-
Nawarat Land Pte Ltd	Investment holding company	Singapore	70	70	70
NYC 55., Corp. (4)	Hotelier	U.S.A.	100	100	100
Palmco Hotels Sdn Bhd (1)	Hotelier	Malaysia	100	100	^^

34. SUBSIDIARIES (CONT'D)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Held by subsidiaries of the Company					
Pebble Bay (Thailand) Co. Ltd (3)	Property development	Thailand	74	74	74
PT Amanda Arumdhani (1)	Hotelier	Indonesia	100	100	100
PT Amanda Citra (7)	Dormant	Indonesia	100	100	100
PT Amanda Natha (1)	Hotelier	Indonesia	100	100	100
PT Amanda Pramudita (1)	Hotelier	Indonesia	100	100	100
PT Amanda Surya (7)	Investment holding company	Indonesia	100	100	100
PT Bali Girikencana (1)	Hotelier	Indonesia	93.3	93.3	93.3
Quin Properties Pte Ltd	Investment holding company	Singapore	100	100	100
Seaside Hotel (Thailand) Co. Ltd (1)	Hotelier	Thailand	74	74	74
Seaside Properties (Thailand) Co. Ltd (3)	Hotelier	Thailand	74	74	74
South West Pacific Investments Limited (6)	Hotelier / Casino operator	Vanuatu	100	100	100
Sovereign Builders & Development Sdn Bhd (1)	Investment holding company	Malaysia	100	100	100
Straits Realty Co. Ltd (1)	Investment holding company	Thailand	74	74	74
Supreme Prospects Sdn Bhd (1)	Hotelier	Malaysia	100	100	100
Suseem Pty Ltd (7)	Dormant	Australia	100	100	100
Tangalla Bay Hotels Private Limited #(2)	Hotelier	Sri Lanka	46**	-	-
The Island Development Pte Ltd	Investment holding company	Singapore	100	100	100
Travel Bug Touring Pte Ltd	Investment holding company	Singapore	100	100	100
Wesclove Investments Pte Ltd	Investment holding company	Singapore	100	100	100
West Asia Investments (Private) Limited *(2)	Investment holding company	Sri Lanka	49**	-	-
Xspand Investments Pte Ltd	Investment holding company	Singapore	100	100	100
Yarra Investments Pte Ltd	Property development and investment holding company	Singapore	100	100	100

34. SUBSIDIARIES (CONT'D)

All companies are audited by Deloitte & Touche LLP, Singapore except for the following:

(1) Audited by overseas practices of Deloitte Touche Tohmatsu
(2) Audited by overseas practices of KPMG International
(3) Audited by overseas practices of Ernst & Young
(4) Audited by overseas practices of BDO International Limited
(5) Audited by Cohen & Schaeffer P.C.
(6) Audited by Barrett & Partners
(7) Not required to be audited by law in country of incorporation and subsidiary not considered material.
* Incorporated during the current financial year.
Incorporated during the previous financial year.
Acquired during the current financial year.
** This company is considered a subsidiary as the Group is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.
^ This company was reclassified as a jointly controlled entity due to divestment during the previous financial year.
^^ These companies were reclassified from associates due to additional equity interests acquired during the previous financial year.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests December 31, 2018	December 31, 2017	January 1, 2017	Profit (loss) allocated to non-controlling interests 2018 $000	2017 $000	Accumulated non-controlling interests December 31, 2018 $000	December 31, 2017 $000	January 1, 2017 $000
HPL Resorts (Maldives) Private Limited	Maldives	30%	30%	30%	5,791	7,791	83,751	73,772	71,051
Individually immaterial subsidiaries with non-controlling interests					(2,428)	(2,016)	22,406	21,436	15,709
Total					3,363	5,775	106,157	95,208	86,760

34. SUBSIDIARIES (CONT'D)

Summarised financial information in respect of HPL Resorts (Maldives) Private Limited and its subsidiaries is set out below:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	42,159	54,578	67,677
Non-current assets	446,786	376,183	371,444
Current liabilities	(57,623)	(62,499)	(57,012)
Non-current liabilities	(152,108)	(122,313)	(145,231)
Equity attributable to owners of the Company	195,463	172,177	165,827
Non-controlling interests	83,751	73,772	71,051
Revenue	187,173	189,600	
Expenses	(167,871)	(163,629)	
Profit for the year	19,302	25,971	
Profit attributable to owners of the Company	13,511	18,180	
Profit attributable to the non-controlling interests	5,791	7,791	
Profit for the year	19,302	25,971	
Other comprehensive income (loss) attributable to owners of the Company	3,646	(13,313)	
Other comprehensive income (loss) attributable to the non-controlling interests	1,291	(4,493)	
Other comprehensive income (loss) for the year	4,937	(17,806)	
Total comprehensive income attributable to owners of the Company	17,157	4,867	
Total comprehensive income attributable to the non-controlling interests	7,082	3,298	
Total comprehensive income for the year	24,239	8,165	
Net cash inflow from operating activities	63,025	55,787	
Net cash outflow from investing activities	(79,352)	(42,185)	
Net cash inflow (outflow) from financing activities	11,635	(12,507)	
Net cash (outflow) inflow	(4,692)	1,095	

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35. ASSOCIATES

Information relating to significant associates is as follows:

Associate	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Ankerite Pte Ltd [3]	Property development	Singapore	25	25	25
Bankside Quarter (Jersey) Limited [2]	Investment holding company	Jersey	30	30	30
Leisure Ventures Pte Ltd [1]	Investment holding company	Singapore	50	50	50
Morganite Pte Ltd [3]	Property development	Singapore	22.5	22.5	22.5

(1) Audited by Deloitte & Touche LLP, Singapore
(2) Audited by overseas practices of Deloitte Touche Tohmatsu
(3) Audited by KPMG Singapore

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I)s adjusted by the Group for equity accounting purposes.

Ankerite Pte Ltd

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	90,556	178,219	433,937
Non-current assets	-	-	4,879
Current liabilities	(23,948)	(79,626)	(204,231)
Revenue	73,966	202,930	
Profit for the year, representing total comprehensive income for the year	21,207	45,698	
Dividends received from the associate during the year	12,875	44,375	

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ankerite Pte Ltd recognised in the consolidated financial statements:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net assets of Ankerite Pte Ltd	66,608	98,593	234,585
Proportion of the Group's ownership interest	25%	25%	25%
Intercompany eliminations	(255)	(678)	(1,725)
Carrying amount of the Group's interest	16,397	23,970	56,921

35. ASSOCIATES (CONT'D)

Bankside Quarter (Jersey) Limited and its subsidiaries

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	395,778	376,261	367,093
Non-current assets	253,320	256,308	226,606
Current liabilities	(142,812)	(11,984)	(17,997)
Non-current liabilities	(198,419)	(317,408)	(307,925)
Revenue	8,876	40,719	
(Loss) Profit for the year	(4,676)	31,315	
Other comprehensive (loss) income for the year	(12,012)	4,083	
Total comprehensive (loss) income for the year	(16,688)	35,398	

Reconciliation of the above summarised financial information to the carrying amount of the interest in Bankside Quarter (Jersey) Limited and its subsidiaries recognised in the consolidated financial statements:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net assets of Bankside Quarter (Jersey) Limited and its subsidiaries	307,867	303,177	267,777
Proportion of the Group's ownership interest	30%	30%	30%
Intercompany eliminations	(505)	(376)	(247)
Carrying amount of the Group's interest	91,855	90,577	80,086

Leisure Ventures Pte Ltd and its subsidiaries

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	35,575	27,332	19,909
Non-current assets	326,547	267,175	144,432
Current liabilities	(25,861)	(22,954)	(14,794)
Non-current liabilities	(96,709)	(85,499)	(38,263)
Revenue	74,361	59,884	
Loss for the year	(6,381)	(3,110)	
Other comprehensive income (loss) for the year	800	(574)	
Total comprehensive loss for the year	(5,581)	(3,684)	

35. ASSOCIATES (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Leisure Ventures Pte Ltd and its subsidiaries recognised in the consolidated financial statements:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net assets of Leisure Ventures Pte Ltd and its subsidiaries	239,552	186,054	111,284
Proportion of the Group's ownership interest	50%	50%	50%
Carrying amount of the Group's interest	119,776	93,027	55,642

Morganite Pte Ltd

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	61,865	373,254	840,882
Non-current assets	-	-	13,228
Current liabilities	(31,807)	(342,839)	(802,058)
Revenue	235,432	310,531	
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	52,928	(13,835)	
Dividends received from the associate during the year	10,350	-	

Reconciliation of the above summarised financial information to the carrying amount of the interest in Morganite Pte Ltd recognised in the consolidated financial statements:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net assets of Morganite Pte Ltd	30,058	30,415	52,052
Proportion of the Group's ownership interest	22.5%	22.5%	22.5%
Intercompany eliminations	-	(1,639)	(3,395)
Shareholder's advances [1]	-	-	-
Carrying amount of the Group's interest	6,763	5,204	8,317

[1] There is an amount of approximately $Nil (December 31, 2017; $45 million, January 1, 2017: $120 million) due from Morganite Pte Ltd classified as current asset as at reporting date.

Aggregate information of associates that are not individually material

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
The Group's share of profit for the year	2,470	3,042	4,350
The Group's share of other comprehensive (loss) income for the year	(952)	2,802	(5,536)
The Group's share of total comprehensive income (loss) for the year	1,518	5,844	(1,186)
Aggregate carrying amount of the Group's interests in these associates	80,814	79,653	97,248

36. JOINTLY CONTROLLED ENTITIES

Information relating to significant jointly controlled entities is as follows:

Jointly Controlled Entity	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest		
			December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
GC Campden Hill LLP	Property development	United Kingdom	50	50	50
Great Western Enterprises Ltd	Investment holding company	Jersey	70	70	70
Ten Acre (Mayfair) Ltd	Investment holding company	Jersey	65	65	65

All companies are audited by overseas practices of Deloitte Touche Tohmatsu.

Summarised financial information in respect of each of the Group's material jointly controlled entities is set out below. The summarised financial information below represents amounts shown in the jointly controlled entity's financial statements prepared in accordance with SFRS(I)s adjusted by the Group for equity accounting purposes.

GC Campden Hill LLP

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	123,728	514,875	672,782
Current liabilities	(30,394)	(88,721)	(394,653)
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	7,205	23,428	1,665
Current financial liabilities (excluding trade and other payables and provisions)	-	-	(282,292)
Revenue	445,802	437,957	
Profit for the year	146,583	133,312	
Other comprehensive (loss) income for the year	(1,957)	4,150	
Total comprehensive income for the year	144,626	137,462	
Dividends received from the jointly controlled entity during the year	162,832	-	
The above profit for the year include the following:			
Interest income	991	2	

36. JOINTLY CONTROLLED ENTITIES (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in GC Campden Hill LLP recognised in the consolidated financial statements:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net assets of GC Campden Hill LLP	93,334	426,154	278,129
Proportion of the Group's ownership interest	50%	50%	50%
Carrying amount of the Group's interest	46,667	213,077	139,065

Great Western Enterprises Ltd and its subsidiary

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
		(restated)	(restated)
Current assets	386,337	321,956	296,023
Current liabilities	(37,290)	(189,043)	(176,309)
Non-current liabilities	(176,442)	(73,477)	(66,774)
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	24,230	1,015	4,999
Current financial liabilities (excluding trade and other payables and provisions)	-	(117,875)	(116,214)
Non-current financial liabilities (excluding trade and other payables and provisions)	(176,442)	(73,477)	(66,774)
Revenue	1,662	4,279	
Profit for the year	1,521	3,018	
Other comprehensive (loss) income for the year	(9,101)	768	
Total comprehensive (loss) income for the year	(7,580)	3,786	

Reconciliation of the above summarised financial information to the carrying amount of the interest in Great Western Enterprises Ltd and its subsidiary recognised in the consolidated financial statements:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
		(restated)	(restated)
Net assets of Great Western Enterprises Ltd and its subsidiary	172,605	59,436	52,940
Proportion of the Group's ownership interest	70%	70%	70%
Intercompany eliminations	(25,673)	(21,527)	(14,118)
Shareholder's advances [1]	-	51,434	46,742
Carrying amount of the Group's interest	95,151	71,512	69,682

[1] There is an amount of approximately $23 million (December 31, 2017: $20 million, January 1, 2017: $12 million) due from Great Western Enterprises Ltd and its subsidiary classified as current asset as at reporting date.

36. JOINTLY CONTROLLED ENTITIES (CONT'D)

Ten Acre (Mayfair) Ltd and its subsidiaries

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
		(restated)	
Current assets	47,842	67,984	394,305
Current liabilities	(23,354)	(25,787)	(289,915)
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	6,982	9,697	4,907
Current financial liabilities (excluding trade and other payables and provisions)	-	-	(184,402)
Revenue	38,364	396,515	
Profit for the year	11,889	74,105	
Other comprehensive (loss) income for the year	(1,094)	7,737	
Total comprehensive income for the year	10,795	81,842	
Dividends received from the jointly controlled entity during the year	17,200	6,734	
The above profit for the year include the following:			
Interest income	491	779	

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ten Acre (Mayfair) Ltd and its subsidiaries recognised in the consolidated financial statements:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
		(restated)	
Net assets of Ten Acre (Mayfair) Ltd and its subsidiaries	24,488	42,197	104,390
Proportion of the Group's ownership interest	65%	65%	65%
Intercompany eliminations	(2,412)	(3,739)	(13,392)
Shareholder's advances [1]	-	-	-
Carrying amount of the Group's interest	13,505	23,689	54,462

[1] There is an amount of approximately $Nil (December 31, 2017: $Nil, January 1, 2017: $41 million) due from Ten Acre (Mayfair) Ltd and its subsidiaries classified as current asset as at reporting date.

36. JOINTLY CONTROLLED ENTITIES (CONT'D)

Aggregate information of jointly controlled entities that are not individually material

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
The Group's share of loss for the year	(4,415)	(2,706)	(3,669)
The Group's share of other comprehensive (loss) income for the year	(3,857)	3,698	1,906
The Group's share of total comprehensive (loss) income for the year	(8,272)	992	(1,763)
Aggregate carrying amount of the Group's interests in these jointly controlled entities	48,238	40,315	33,530

37. RESTATEMENT

Certain restatements have been made to the prior year's financial statements due to prior period adjustments of the Group's jointly controlled entities.

As a result, certain line items have been restated in the consolidated statement of financial position, consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and the related notes to the financial statements.

The items were restated as follows:

	Group			
	December 31, 2017		January 1, 2017	
	Previously reported $'000	After restatement $'000	Previously reported $'000	After restatement $'000
Consolidated Statement of Financial Position				
Associates and jointly controlled entities	631,522	641,024	590,339	594,953
Reserves [1]	1,210,137	1,219,639	1,073,536	1,078,150
Consolidated Income Statement				
Share of results of associates and jointly controlled entities	128,893	133,424	N.A.	N.A.
Consolidated Statement of Other Comprehensive Income				
Share of other comprehensive income of associates and jointly controlled entities	14,723	15,080	N.A.	N.A.

N.A. - Not Applicable

[1] This restatement relates to retained profits and other reserves as disclosed in the Group's Consolidated Statetment of Changes in Equity.

The above restatement have no impact on the Company's financial statements.

ADDITIONAL INFORMATION

CORPORATE GOVERNANCE REPORT

This report describes Hotel Properties Limited's ("HPL") corporate governance practices and structures that were in place during the financial year ended December 31, 2018, with specific reference to the principles of the Code of Corporate Governance 2012 (the "2012 Code") for listed companies in Singapore issued by the Monetary Authority of Singapore, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual").

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

The Board meets at least four times a year and as warranted by circumstances. The Company's Constitution provides for telephonic and videoconference meetings. The number of meetings held in the year and the attendance of the Directors are as follows:

	HPL Board	**Audit Committee**	**Remuneration Committee**	**Nominating Committee**
	No. of Meetings held : 4	No. of Meetings held : 4	No. of Meetings held : 1	No. of Meetings held : 1
Name of Directors	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Ong Beng Seng	4	N.A.	1	N.A.
Christopher Lim Tien Lock	4	N.A.	N.A.	N.A.
Arthur Tan Keng Hock	4	4	1	N.A.
Leslie Mah Kim Loong	4	4	N.A.	1
Michael S. Dobbs-Higginson #	3	3	1	1
David Fu Kuo Chen	4	N.A.	N.A.	1
Stephen Lau Buong Lik	4	N.A.	N.A.	N.A.
William Fu Wei Cheng	4	N.A.	N.A.	N.A.
Stephen Ng Tin Hoi ##	4	N.A.	N.A.	N.A.

N.A. = Not Applicable

Resigned on March 1, 2019

Resigned on December 28, 2018

All Directors exercise due diligence and independent judgement and make decisions objectively in the best interest of HPL Group. The principal responsibilities of the Board are to:

- approve the broad policies, strategies and financial objectives of the Group and monitor its performance;
- approve major funding proposals, investments, disposals and capital expenditure;
- review the Group's financial performance and authorising announcements issued by the Company;
- oversee and review the processes for evaluating risk policies, including the adequacy and effectiveness of internal controls and risk management;
- approve the nominations of Board Directors; and
- assume responsibility for corporate governance and compliance with the Companies Act (Chapter 50) of Singapore ("Companies Act") and the rules and requirements of regulatory bodies.

Matters which are specifically reserved for the full Board's decisions are those involving material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividends. Additionally, the Board delegates certain of its functions to the Committee of Directors, Audit, Nominating and Remuneration Committees.

The Committee of Directors, established in May 1993, comprises three Directors, namely Messrs Ong Beng Seng, Christopher Lim Tien Lock and David Fu Kuo Chen. The Committee of Directors is authorised and delegated by the Board to approve and/or carry into effect certain operational and administrative matters as stipulated in the Regulations of the Committee of Directors.

The Company worked closely with its company secretaries and professionals to provide its Directors with regular updates on relevant legal, regulatory and technical developments. Changes to regulations and accounting standards are monitored closely by Management. The Directors are provided with updates, reports and press releases issued by regulatory authorities and institutes on directors' duties and responsibilities, corporate governance, changes in financial reporting standards in Singapore, developments in Companies Act and Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules, so as to update and refresh them on matters that may affect or enhance their performance as Board or Board Committee members. Appropriate external trainings will be arranged where necessary.

Upon the appointment of a new director, the Company will provide him/her with a formal letter, setting out his/her duties and obligations. No new director was appointed during the year under review.

Principle 2: Board Composition and Balance

Following the recent resignations of a non-executive/independent Director, Mr. Michael S. Dobbs-Higginson and a non-executive/non-independent Director, Mr. Stephen Ng Tin Hoi, the Board now comprises seven Directors of whom three are executive Directors, two are non-executive/non-independent Directors and two are non-executive/independent Directors. The Board will fill the vacancies in the Board, Audit Committee, Nominating Committee and Remuneration Committee in due course. Consistent with the Code 2012, the Company has no alternate director on its board.

The Chairman of the Board is Mr. Arthur Tan Keng Hock (non-executive and independent). The executive Directors are Mr. Ong Beng Seng (Managing Director), Mr. Christopher Lim Tien Lock (Group Executive Director) and Mr. Stephen Lau Buong Lik (Executive Director).

The majority of our Directors is non-executive and includes professionals with financial and commercial backgrounds. This provides Management with the benefit of an external diverse and objective perspective of issues that are brought before the Board.

The Board has no dissenting view on the Chairman's statement for the year in review.

Key information regarding the Directors of the Company is provided as follows:-

Mr. Arthur Tan Keng Hock

Date of appointment as Director	:	July 5, 1996
Date of appointment as Chairman	:	May 14, 2013
Date of last re-election	:	April 27, 2017
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of Audit Committee since May 14, 2013, from July 5, 1996 to March 13, 1997 Chairman of Audit Committee from March 13, 1997 to May 13, 2013 Member of Remuneration Committee since May 14, 2013

On May 14, 2013, Mr. Arthur Tan was appointed as Non-Executive Chairman of HPL.

Mr. Arthur Tan is the Managing Director of Advance Investment Management Capital Pte Ltd. Mr. Tan, who has been an investment banker for over 15 years, has held senior management positions including Managing Director of Smith New Court (Thailand) Co. Ltd, Director of Merrill Lynch (Singapore) Pte Ltd, Director, Corporate Finance, of Schroders International Merchant Bank Limited, Executive Director of Guthrie GTS Limited and directorships in various listed companies. He graduated from the National University of Singapore with a bachelor's degree in Business Administration.

Mr. Ong Beng Seng

Date of appointment as Director	:	March 5, 1980
Date of last re-election	:	Prior to January 1, 2019, Managing Director is not subject to retirement by rotation in accordance with Article 77 of the Company's Constitution
Nature of Appointment	:	Managing Director
Board Committees served on	:	Member of the Remuneration Committee since November 1, 2002

Mr. Ong Beng Seng is the co-founder of the Company with more than 30 years of experience in the hotel and property development, hotel management, real estate and retail industries. He is responsible for all aspects of strategic planning and business development activities of the Hotel Properties Limited Group. He joined Motor & General Underwriters Investment Holdings Ltd in 1972. In 1977, Mr. Ong joined his father-in-law, Mr. Peter Y. S. Fu in Kuo International as an oil trader. The move thrust him into hotel and property development. Mr. Ong is an associate member of the Chartered Insurance Institute of England.

Mr. Christopher Lim Tien Lock

Date of appointment as Director	:	January 7, 1998
Date of last re-election	:	April 28, 2016
Nature of Appointment	:	Group Executive Director

Mr. Lim Tien Lock, Christopher is the Group Executive Director of Hotel Properties Limited ("HPL"). He is responsible for the overall management of the HPL Group. Prior to joining HPL in 1989, Mr. Lim held the position of Director and Head of Corporate Finance of N M Rothschild and Sons (Singapore) Limited with 10 years of experience in the field of investment banking. He graduated from the National University of Singapore with a bachelor's degree in Business Administration.

Mr. Leslie Mah Kim Loong

Date of appointment as Director	:	August 5, 1997
Date of last re-election	:	April 26, 2018
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of Audit Committee since May 14, 2013 Member of the Audit Committee from November 1, 2002 to May 13, 2013 Chairman of the Nominating Committee since July 28, 2009

Mr. Leslie Mah is a Life member of the Institute of Singapore Chartered Accountants. Mr. Mah retired as an Executive Director of Eu Yan Sang International Limited in 2009. Prior to joining Eu Yan Sang, Mr. Mah was an Executive Director and Company Secretary of Cerebos Pacific Limited for 15 years. Prior to his tenure at Cerebos, he was Finance Director of Harper Gilfillan Limited for 10 years. He also sits on the board of Stamford Tyres Corporation Ltd as an Independent Director.

Mr. David Fu Kuo Chen

Date of appointment as Director	:	August 5, 2005
Date of last re-election	:	April 28, 2016
Nature of Appointment	:	Non-Executive and Non-Independent
Board Committees served on	:	Member of Nominating Committee since August 5, 2005

Mr. David Fu is a Director of Avant Hotel (S) Pte Ltd. He graduated from the University of Southern California. He also sits on the board of NSL Ltd.

Mr. Stephen Lau Buong Lik

Date of appointment as Director	:	May 13, 2008
Date of last re-election	:	April 27, 2017
Nature of Appointment	:	Executive Director

Mr. Stephen Lau was appointed on May 13, 2008 as an Executive Director. He holds a B.A. Hons major in Accounting. He is a Member of the Institute of Chartered Accountants in England and Wales. He is currently Head of the Hotel Division. Previously, he headed positions in the Retail and Leisure divisions of the Company.

Mr. William Fu Wei Cheng

Date of appointment as Director	:	November 6, 2009
Date of last re-election	:	April 27, 2017
Nature of Appointment	:	Non-Executive and Non-Independent

Mr. William Fu graduated with a Bachelor of Accountancy Degree from the University of Singapore in 1969. After graduation, Mr. Fu acquired his financial experience from working for several listed companies before he joined the Kuo Group of Companies in Hong Kong.

The Nominating Committee annually reviews the composition of the Board and independence of each Director.

Apart from having to fill the vacancies in the Board, Audit Committee, Nominating Committee and Remuneration Committee, the Nominating Committee is of the view that the current Board is appropriate in view of the nature and scope of the Group's operations.

Having regard to the depth and breadth of commercial knowledge, management expertise as well as business experience of individual Directors, the Nominating Committee is of the view that the current Board comprises persons who, as a group, provide core competencies necessary to govern and manage the Group's affairs.

Principle 3: Role of Chairman and Managing Director

The Company has a separate Chairman and Managing Director. The Chairman is a non-executive and independent director who bears responsibility for the workings of the Board while the Managing Director is the most senior executive in the Company who bears executive responsibility for the management of the Company and Group. The Chairman, Managing Director and Group Executive Director set the Board meeting agenda in consultation with the other Directors. Both the Chairman and Managing Director are responsible for the adherence by Management with Corporate Governance policies as laid down by the Board.

BOARD COMMITTEES

To facilitate effective management, certain functions have been delegated to various Board Committees, each with its own terms of reference.

Nominating Committee ("NC")

Principle 4: Board Membership

Principle 5: Board Performance

The NC was formed on November 1, 2002 and currently comprises two non-executive Directors following the recent resignation of Mr. Michael S. Dobbs-Higginson, a non-executive independent Director. The vacancy in the NC will be filled up in due course. The NC is chaired by Mr. Leslie Mah Kim Loong, a non-executive and independent Director. Mr. Mah is not associated with the substantial shareholders of the Company. The other member is Mr. David Fu Kuo Chen, a non-executive and non-independent Director.

The NC's role is to establish an objective and transparent process for:

- the appointment or re-appointment of members of the Board and of the various Board Committees;
- evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board;
- review and make recommendations to the Board on succession plans for Directors, in particular, the Chairman and Managing Director;
- determining the independence of Directors; and
- reviewing the multiple board representations of each Director individually (if any) to ensure that sufficient time and attention is given to the affairs of the Company.

The process for selecting, appointing, identifying and re-electing non-executive Directors to the Board is as follows:

(a) The NC will at least annually carry out proactive review of the Board composition and on each occasion that an existing non-executive Director gives notice of his intention to retire or resign. This is to assess the collective skills of non-executive Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve the Group's strategic and operational objectives;

(b) In carrying out the review, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity;

(c) The NC will assist to identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board;

(d) External consultants may be used from time to time to access a wide base of non-executive Directors;

(e) The NC will make recommendations to the Board on candidates it considers appropriate for appointment. New Directors are appointed by way of board resolutions;

(f) With regard to the re-election of existing Directors each year, the NC will advise the Board of those Directors who are retiring in accordance with the provisions of the Constitution of the Company;

(g) The NC will make recommendations to the Board as to whether the Board should support the re-election of a Director retiring in accordance with the provisions of the Constitution; and

(h) In making recommendations, the NC will undertake a process of review of the retiring non-executive Director's performance during the period in which the non-executive Director has been a member of the Board.

The above process will be reviewed periodically at the discretion of the Board.

New Directors will submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. Article 80 of the Company's Constitution requires at least one third of the Board to retire by rotation at every AGM. All directors shall retire at least once every three years.

With effect from January 1, 2019, all directors, including executive directors, must submit themselves for re-nomination and re-appointment at least once every three years, in accordance to Rule 720(5) of the SGX-ST Listing Manual.

Accordingly, the directors due for re-nomination and re-appointment at the forthcoming AGM under Rule 720(5) of the SGX-ST Listing Manual/Article 80 of the Company's Constitution are Messrs Ong Beng Seng, Christopher Lim Tien Lock and David Fu Kuo Chen.

The NC has recommended the re-election of Messrs Ong Beng Seng, Christopher Lim Tien Lock and David Fu Kuo Chen who are retiring pursuant to Rule 720(5) of the SGX-ST Listing Manual/Article 80 of the Company's Constitution at the forthcoming AGM. The retiring Directors have offered themselves for re-election. The Board has accepted the recommendations of the NC.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested.

Information relating to Directors seeking re-election as set out in Appendix 7.4.1 to the SGX-ST Listing Manual, is set out on pages 126 to 128 .

For the purpose of its evaluation of the directors' performance, the NC focuses on whether the Directors, individually or collectively possesses the background, experience, competencies in finance and management skills critical to the Group's business as well as whether each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has adopted a system of assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. Some factors taken into consideration by the NC include attendance at Board and Committee meetings, quality and value of contributions at Board and Committee meetings and how resolute in maintaining own views and resisting pressure from others.

The NC is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist, which is drawn up in accordance with the guidelines provided by the 2012 Code and the SGX-ST Listing Rules, and the NC requires each Independent Director to complete and execute a form declaring and affirming his own independence and confirming that there exist no conditions that would impair his independence. This declaration of independence is tabled before the NC, and if accepted, the Director's independence is then recommended by the NC to the Board.

As at December 31, 2018, two independent Directors have served on the Board for more than nine years. They are Mr. Arthur Tan Keng Hock and Mr. Leslie Mah Kim Loong. The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis on the length of time. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management in the best interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent Directors. However, the Board and NC will exercise due and careful review, taking into consideration other factors, in assessing the independence of a Director. These factors include, inter alia, if the Director has any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived to compromise his independence and interfere with the exercise of his independent business judgment. After due and careful rigorous review, taking into account the views of the NC, the Board is of the view that Mr. Arthur Tan Keng Hock and Mr. Leslie Mah Kim Loong are independent in the light of the 2012 Code and Rule 210(5)(d) of the SGX-ST Listing Rules.

CORPORATE GOVERNANCE REPORT

The NC has assessed that each Director in the Company is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they were in full time employment and their other responsibilities.

Audit Committee ("AC")

Principle 11 : Risk Management and Internal Controls

Principle 12 : Audit Committee

Principle 13 : Internal Audit

The AC was formed in 1991 and was re-constituted on November 1, 2002 in compliance with the spirit of the Code of Corporate Governance.

Following the recent resignation of Mr. Michael S. Dobbs-Higginson, a non-executive and independent Director, the AC currently comprises two non-executive independent Directors namely, Mr. Leslie Mah Kim Loong and Mr. Arthur Tan Keng Hock, both are independent Directors. The vacancy in the AC will be filled up in due course. The AC is chaired by Mr. Leslie Mah Kim Loong, a Life Member of the Institute of Singapore Chartered Accountants. The Board considers Mr. Leslie Mah, who has extensive and practical financial management knowledge and experience, is well qualified to chair the AC. The Board is satisfied that the AC members, collectively have many years of experience in accounting, finance and business management and are appropriately qualified to discharge their responsibilities.

The AC performs the following main functions:

- reviews with the external auditors, the audit plan, impact of new, revised or proposed changes in accounting standards, significant financial reporting issues and results of their examination and evaluation of accounting controls;
- reviews with the internal auditors, the scope and results of internal audit procedures and their evaluation of the internal control systems;
- reviews the quarterly and full year announcements of the results and financial position of the Company and the Group and the financial statements of the Company and consolidated financial statements of the Group prior to their submission to the Board;
- reviews interested person transactions;
- reviews the co-operation given by the Company's officers to the internal and external auditors;
- makes recommendations to the Board on the appointment of the internal and external auditors;
- reviews with the external and internal auditors the adequacy and effectiveness of the Group's internal control systems within the scope of their audits, including financial, operational, compliance and information technology controls;
- reviews the independence of the external auditors annually and the aggregate amount of fees paid to the external auditors for that financial year; and
- commissions and reviews the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any law, rule or regulation which is likely to have a material impact on the Company's operating results or financial position.

The AC meets with the internal and external auditors separately (without the presence of the Company's Management) at least once a year to review any matter that might be raised.

The AC received co-operation from Management and was not obstructed or impeded by Management in carrying out its functions during the year. Throughout the year, there was no instance of any suspected misdeed or irregularity, which was likely to have a material impact on the Group's operating results and financial position.

The AC has full discretion to invite any Director or executive officer of the Company to attend its meetings.

To keep abreast of the changes in financial reporting standards and related issues which have a direct impact on financial statements, discussions are held with the external auditors where applicable when they attend the AC meetings quarterly.

The AC reviewed the scope and results of the audit carried out by the external auditors, the independence and objectivity of the external auditors. The AC has conducted an annual review of all non-audit services by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors. The fees paid to the external auditors are disclosed on page 83 of this Annual Report.

The Group has complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual in relation to its auditors. The AC has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming AGM.

A Policy on Business Related Conduct has also been put in place by the AC to provide an independent feedback channel for employees to report any corporate wrongdoings and to ensure appropriate investigation and follow up action on such report, if any. There have been no reported incidents pertaining to whistle-blowing for FY2018.

The AC is tasked to oversee the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

The internal audit function is currently outsourced to One e-Risk Services Pte Ltd which reports directly to the AC. The internal auditors support the AC in their role to assess the effectiveness of the Group's overall system of operational and financial controls. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The AC is also satisfied that the internal audit function is independent, effective and adequately resourced.

The AC reviews and approves the internal audit plan proposed by the internal auditors. Material non-compliance and internal control weaknesses noted during the internal audits are reported together with the internal auditors' recommendations to the AC.

The Board has received assurance from the Managing Director, Group Financial Controller and other Senior Management that (a) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances and (b) regarding the effectiveness of the Company's risk management and internal control systems.

The AC, together with Management meets with the internal auditors and external auditors to review accounting, auditing and financial reporting matters to ensure that an effective system of controls is maintained in the Group.

CORPORATE GOVERNANCE REPORT

The internal auditors and external auditors have, during the course of their audits, carried out a review of the effectiveness of key internal controls within the scope of their audits. Material non-compliance and internal control weaknesses noted during their respective audits and their recommendations are reported to the AC (if any). It was noted that there were no systemic issues to be highlighted. The AC has reviewed the internal auditors' and external auditors' comments and findings to ensure that there are adequate internal controls in the Group and follow up on actions implemented in their next audit review.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate and effective as at December 31, 2018 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Significant financial statement reporting matter

The significant issue considered by the AC in relation to the financial statements during the year ended December 31, 2018 is detailed below, alongside the actions taken by the AC to address the issue:

Significant matter considered	**How the issue was addressed by the AC**
Accounting for investment properties	The AC considered the approach and methodology applied to the valuation model in assessing the fair value of the investment properties of the Group. The AC also discussed the above with the external auditors. The auditors have included the valuation of investment properties as a key audit matter in the auditor's report for the financial year ended December 31, 2018. This is on page 22 of the annual report.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The RC was formed on November 1, 2002 and following the recent resignation of Mr. Michael S. Dobbs-Higginson, a Non-Executive Independent Director (formerly the Chairman of the RC), the RC currently comprises two Directors, one of whom is a Non-Executive and Independent Director. The vacancy in the RC will be filled up in due course.

The remaining two members of the RC are Mr. Arthur Tan Keng Hock and Mr. Ong Beng Seng. The Board is of the view that it is appropriate for the Group's Managing Director, Mr. Ong Beng Seng to remain as a member of the RC as he does not receive monthly remuneration from the Group and is not eligible for grants under the Company's Executive Share Option Scheme and Performance Share Plan.

The RC's principal responsibilities are to:

- review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required caliber to manage the Group successfully;
- review and recommend senior management remuneration package and that of the executive Directors whose remuneration packages include a variable bonus component which is performance-related, and also share options and performance shares which have been designed to align their interests with those of the shareholders;
- review Company's obligations arising in the event of termination of executive Directors and key management personnel's contract of service.
- review the recommendation of the executive Directors, for approval of the Board, the Directors' fees and such payment as may be payable pursuant to Article 73 of the Company's Constitution;
- administer the Hotel Properties Limited Performance Share Plan 2017 approved by the shareholders on April 27, 2017 ("HPL PSP 2017"); and
- administer the Hotel Properties Employee Share Option Scheme 2010 which was approved by the shareholders on April 29, 2010 ("Scheme 2010").

While none of the members of the RC specialises in the area of executive compensation, the Committee is entitled to have access to independent industry data and professional advice, if necessary. Moreover, they have unrestricted access to the Company's records and information so as to enable them to carry out their duties.

For the financial year 2018, there were no termination, retirement and post-employment benefits granted to Directors, the Managing Director and the top five key management personnel.

The remuneration for executive Directors and senior management is structured to link rewards to corporate and individual performance. The remuneration policy for executive Directors and senior management staff consists of both fixed and variable components. The fixed component includes salary and pension fund contributions. The variable component comprises a bonus element share options and performance shares which are performance-based. At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Non-executive Directors are paid Directors' fees that are based on corporate and individual responsibilities and are subject to approval of the shareholders at the AGM.

The RC recommends the payment of the Directors' fees, subject to approval by shareholders at the AGM of the Company.

CORPORATE GOVERNANCE REPORT

Non-executive Directors have no service contracts and their terms are specified in the Articles.

The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that full disclosure of the specific remuneration of each individual Director and the Group's top five key management personnel (who are not Directors) is not in the best interests of the Company and therefore shareholders. Inter alia, the Board took into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in and the irrevocable negative impact such disclosure would have on the Group.

Details of remuneration and benefits of Directors for the financial year ended December 31, 2018 are set out below:

	Fee** %	**Salary** %	**Bonus and Other benefits*** %	**Total** %
Between $4,000,000 and $4,250,000				
Christopher Lim Tien Lock	2	20	78	100
Ong Beng Seng	2	-	98	100
Between $3,250,000 and $3,500,000				
Stephen Lau Buong Lik	2	23	75	100
Below $250,000				
Michael S. Dobbs-Higginson#	100	-	-	100
Arthur Tan Keng Hock	100	-	-	100
Leslie Mah Kim Loong	100	-	-	100
David Fu Kuo Chen	100	-	-	100
William Fu Wei Cheng	100	-	-	100
Stephen Ng Tin Hoi##	100	-	-	100

* exclude share options and performance shares which are disclosed in the Directors' Statement

** these fees are subject to approval by shareholders as a lump sum at the AGM for FY2018

\# Mr Michael S. Dobbs-Higginson resigned as a Director on March 1, 2019

\## Mr Stephen Ng Tin Hoi resigned as a Director on December 28, 2018

There is no employee who is related to a Director or the Managing Director whose remuneration exceeds $50,000 in the Group's employment for the financial year ended December 31, 2018.

The RC administers the Scheme 2010 in accordance with the rules as approved by shareholders. Executive Directors (except Mr. Ong Beng Seng who is also a deemed substantial shareholder of the Company) were granted share options under the Scheme 2010 but not non-executive Directors. The Company holds the view that, at this point in its development, the interests of maintaining the objectivity and independence of the non-executive Directors is best served by a cash-based remuneration package. The objectives of Scheme 2010 is to motivate the executives of the Group to optimise their performance standards and efficiency and to retain key executives whose contributions are important to the long term growth and profitability of the Group.

In addition to Scheme 2010, the shareholders have approved the HPL PSP 2017 on April 27, 2017 to give the Company greater flexibility to align the interests of the employees, especially key executives, with those of shareholders. It is also intended that the HPL PSP 2017 complements the Scheme 2010 in its continuing effects to reward, retain and motivate employees to achieve superior performance which creates and enhances economic value for shareholders.

Other details of Scheme 2010 and HPL PSP 2017 are found in the Directors' Statement.

Principle 6 : Access to Information

Principle 10 : Accountability and Audit

In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board with quarterly financial statements, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staffs are invited to attend the Board/Committee meetings to answer queries and provide detailed insights into their areas of responsibilities.

Where a decision has to be made before a Board meeting, a Directors' resolution is circulated in accordance with the Constitution of the Company and the Directors are provided with all necessary information to enable them to make informed decisions.

In addition, Directors have separate and independent access to the advice and services of the company secretary, who is responsible to the Board for ensuring board procedures are followed and advising on the implementation of compliance requirements pursuant to the relevant statutes and regulations. The company secretary assists in scheduling Board and Committee meetings and prepares agenda in consultation with the Board Chairman, Committee Chairman and Executive Directors. The company secretary attends all Board and Committee meetings and prepares minutes. The appointment and removal of the company secretary is a matter for the Board as a whole.

Each Director also has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their roles and responsibilities as Directors.

In line with the SGX-ST Listing Manual, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company, had pursuant to the amended Rule 720(1) of the SGX-ST Listing Manual, received undertakings from all its Directors and executive officers that they each shall, in the exercise of their powers and duties as Directors and officers comply with the best of their abilities with the provisions of the SGX-ST Listing Manual and will procure the Company to do so.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Greater Shareholder Participation

The Company does not practise selective disclosure. Price sensitive announcements including quarterly and full-year results are released through SGXNET and subsequently posted on the Company's website. All shareholders of the Company receive the Annual Report and Notice of AGM which can be accessed from the Company's website. At AGMs, shareholders are given the opportunity to air their views and ask questions regarding the Group and its businesses. The Chairman of each of the AC, NC and RC, external auditors, Management are also present to address shareholders' queries.

To promote greater transparency and effective participation, the Company has conducted the voting of all its resolutions by employing electronic poll voting for all its resolutions passed at its AGM held since 2016. The detailed results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, were released immediately at the AGM and announced to SGX-ST via SGXNET thereafter.

CORPORATE GOVERNANCE REPORT

Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A "Relevant Intermediary" means:

(i) a banking corporation licensed under the Banking Act of Singapore (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act of Singapore (Chapter 289), and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act of Singapore (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

The Company is not implementing absentia voting methods such as voting via mail, emails or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company does not have a fixed dividend policy. The frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow and general business conditions, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, the Company has been declaring final dividends at year end. Any payouts are clearly communicated to shareholders via announcements on SGXNET when the Company releases its financial results.

Interested Person Transactions ("IPT")

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out procedures for review and approval of the Company's interested person transactions. Details of the significant interested person transactions for the financial year ended December 31, 2018 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2018 (excluding transactions below $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below $100,000)
	$'000	$'000
***Associates of Mr. Ong Beng Seng / Mr. David Fu Kuo Chen**		
Rental income	8,407	-
Management fee income	1,275	-
Management fee expense	983	-
Joint ventures	73,656	-

All the above interested person transactions were done on commercial terms.

Note:

"Associate" in relation to a director, chief executive officer or controlling shareholder means:

- his immediate family;
- the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

DEALINGS IN SECURITIES

In compliance with Rule 1207 (19) of the SGX-ST Listing Manual, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full year results, and ending on the date of such announcements. Directors, officers and employees are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Group's securities on short-term considerations.

STATISTICS OF SHAREHOLDINGS
AS AT MARCH 20, 2019

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	73	2.45	868	0.00
100 - 1,000	615	20.65	476,131	0.09
1,001 - 10,000	1,838	61.72	6,899,349	1.32
10,001 - 1,000,000	436	14.64	23,805,909	4.57
1,000,001 AND ABOVE	16	0.54	489,956,094	94.02
TOTAL	**2,978**	**100.00**	**521,138,351**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	194,985,695	37.42
2	NASSIM DEVELOPMENTS PTE. LTD.	117,347,282	22.52
3	RAFFLES NOMINEES (PTE.) LIMITED	51,859,147	9.95
4	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	27,273,555	5.23
5	DB NOMINEES (SINGAPORE) PTE LTD	25,116,200	4.82
6	FU KUO CHEN DAVID	24,326,307	4.67
7	FU CHRISTINA MRS CHRISTINA ONG	23,457,308	4.50
8	CITIBANK NOMINEES SINGAPORE PTE LTD	10,645,232	2.04
9	OCBC SECURITIES PRIVATE LIMITED	2,776,100	0.53
10	LEE PINEAPPLE COMPANY PTE LTD	2,750,000	0.53
11	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,611,896	0.50
12	PHILLIP SECURITIES PTE LTD	1,787,672	0.34
13	GOEI BENG KIONG ALAN	1,681,500	0.32
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,210,100	0.23
15	UOB KAY HIAN PRIVATE LIMITED	1,096,100	0.21
16	LAU ENG TIONG	1,032,000	0.20
17	LAU BUONG LIK STEPHEN	868,000	0.17
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	807,800	0.16
19	MORPH INVESTMENTS LTD	790,000	0.15
20	CHOO MEILEEN	742,000	0.14
	TOTAL	**493,163,894**	**94.63**

SUBSTANTIAL SHAREHOLDERS
AS AT MARCH 20, 2019

As shown in the Company's Register of Substantial Shareholders

Substantial Shareholder	Direct/ Beneficial Interest No. of Shares	%*	Deemed Interest No. of Shares	%*
68 Holdings Pte. Ltd.	176,020,924	33.78	-	-
Ong Beng Seng	100,434,455	19.27	199,478,232 (1)	38.28
Cuscaden Partners Pte. Ltd.	-	-	176,020,924 (2)	33.78
Nassim Developments Pte. Ltd.	117,347,282	22.52	-	-
WPS Capital Pte. Ltd.	-	-	117,347,282 (3)	22.52
Wheelock Properties (Singapore) Limited	-	-	117,347,282 (3)	22.52
Star Attraction Limited	-	-	117,347,282 (3)	22.52
Wheelock Investments Limited	-	-	117,347,282 (3)	22.52
Wheelock and Company Limited	-	-	117,347,282 (3)	22.52

Notes:

(1) Mr. Ong Beng Seng is deemed to have an interest in the shares held by 68 Holdings Pte. Ltd. and held by his spouse.

(2) Cuscaden Partners Pte. Ltd. is deemed to have an interest in the shares held by 68 Holdings Pte. Ltd.

(3) WPS Capital Pte. Ltd., Wheelock Properties (Singapore) Limited, Star Attraction Limited, Wheelock Investments Limited, Wheelock and Company Limited are deemed to have an interest in the 117,347,282 shares held by Nassim Developments Pte. Ltd.

* Based on 521,138,351 ordinary shares as at March 20, 2019.

Approximately 14.65% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Ninth Annual General Meeting of Hotel Properties Limited (the "Company") will be held at Crescent Ballroom, Level 2 Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Monday, April 29, 2019 at 4.00 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended December 31, 2018 and the Auditors' Report thereon. **Resolution 1**

2. To declare a first and final one-tier tax exempt dividend of 4 cents per ordinary share and a one-tier tax exempt special dividend of 6 cents per ordinary share for the year ended December 31, 2018. **Resolution 2**

3. To approve the proposed Directors' fees of S$728,000 for the year ended December 31, 2018 (2017: S$728,000). **Resolution 3**

4. To re-appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without any modification:

5. That Mr. Ong Beng Seng be and is hereby re-elected as a Director of the Company in accordance with Rule 720(5) of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"). [See Explanatory Note (a)] **Resolution 5**

6. That Mr. Christopher Lim Tien Lock be and is hereby re-elected as a Director of the Company in accordance with Article 80 of the Company's Constitution. [See Explanatory Note (b)] **Resolution 6**

7. That Mr. David Fu Kuo Chen be and is hereby re-elected as a Director of the Company in accordance with Article 80 of the Company's Constitution. [See Explanatory Note (c)] **Resolution 7**

8. That pursuant to Section 161 of the Companies Act, Cap 50 and the Listing Rules of SGX-ST, authority be and is hereby given to the Directors to: **Resolution 8**

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

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

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

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

provided 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) shall not exceed 50 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with paragraph (ii) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with paragraph (ii) below);

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

(a) 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 this Resolution is passed; and

(b) any subsequent bonus issue or consolidation or subdivision of shares.

(iii) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note (d)]

9. That: **Resolution 9**

(a) for the purposes of the Companies Act, Cap 50 (the “Companies Act”), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares (“Share Buy-Backs”) in the capital of the Company (“Shares”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) an on-market Share Buy-Back (“Market Share Buy-Back”) transacted through SGX-ST trading system; and/or

(ii) an off-market Share Buy-Back (“Off-Market Share Buy-Back”), otherwise than on a securities exchange, effected in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all conditions prescribed by the Listing Manual of the SGX-ST and the Companies Act,

and otherwise in accordance with the applicable provisions of the Companies Act and the Listing Manual of the SGX-ST, be and is hereby authorised and approved generally and unconditionally (the “Share Buy-Back Mandate”);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on:

(i) the date on which the next annual general meeting of the Company (“AGM”) is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated,

whichever is the earlier;

(c) in this Resolution:

“Prescribed Limit” means 10% of the total number of Shares (excluding any treasury shares that may be held by the Company and subsidiary holdings) as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of Shares shall be taken to be the total number of Shares as altered (excluding any treasury shares that may be held by the Company and subsidiary holdings from time to time);

“Relevant Period” means the period commencing from the date of passing of this Resolution and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other purchase-related expenses) to be paid for a Share, which shall not exceed:

(i) in the case of a Market Share Buy-Back, 5% above the average of the closing market prices of the Shares over the last 5 Market Days (a “Market Day” being a day on which the SGX-ST is open for trading of securities) on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day of the Market Share Buy-Back by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and

(ii) in the case of an Off-Market Share Buy-Back pursuant to an equal access scheme, 30% above the average of the closing market prices of the Shares over the last 5 Market Days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders, stating the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated by this Resolution. [See Explanatory Note (e)]

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on May 13, 2019 at 5.00 p.m. for the purpose of determining shareholders' entitlements to the proposed first and final one-tier tax exempt dividend of 4 cents per ordinary share and a one-tier tax exempt special dividend of 6 cents per ordinary share for the financial year ended December 31, 2018 (the "Proposed Dividends").

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00 p.m. on May 13, 2019 will be registered to determine shareholders' entitlement to the Proposed Dividends. Members whose securities accounts with the Central Depository (Pte) Limited ("CDP") are credited with the shares as at 5.00 p.m. on May 13, 2019 will be entitled to such Proposed Dividends.

The Proposed Dividends, if approved at the Annual General Meeting to be held on April 29, 2019, will be paid on May 23, 2019.

By Order of the Board

Lo Swee Oi
Company Secretary
April 12, 2019
Singapore

Explanatory Notes:

(a) Detailed information pursuant to Rule 720(6) of the Listing Manual of SGX-ST on Mr. Ong Beng Seng can be found under the section entitled "Additional Information on Director Seeking Re-election" on pages 126 to 128 of 2018 Annual Report of the Company.

(b) Detailed information pursuant to Rule 720(6) of the Listing Manual of SGX-ST on Mr. Christopher Lim Tien Lock can be found under the section entitled "Additional Information on Director Seeking Re-election" on pages 126 to 128 of 2018 Annual Report of the Company.

(c) Detailed information pursuant to Rule 720(6) of the Listing Manual of SGX-ST on Mr. David Fu Kuo Chen can be found under the section entitled "Additional Information on Director Seeking Re-election" on pages 126 to 128 of 2018 Annual Report of the Company.

(d) Ordinary Resolution 8 will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.

(e) Ordinary Resolution 9, if passed, will empower the Directors to purchase or otherwise acquire Shares on the terms of the Share Buy-Back Mandate as set out in Ordinary Resolution 9 and the Letter to Shareholders dated April 12, 2019. Please refer to the Letter to Shareholders dated April 12, 2019 for more details. The Company may use internal sources of funds and/or external borrowings to finance the purchase or acquisition of Shares. The amount of financing required and the impact on the Company's financial position cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the aggregate number of Shares purchased, the purchase prices, how the purchase is funded, whether the purchase is made out of capital or profits, and whether the Shares purchased or acquired are cancelled or held as treasury shares. Illustrative financial effects are set out in paragraph 2.8 of the said Letter to Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

(2) If a proxy is to be appointed, the form must be deposited at the registered office of the Company, at 50 Cuscaden Road #08-01 HPL House, Singapore 249724, not less than 48 hours before the meeting.

(3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(4) In the case of joint shareholders, all holders must sign the form of proxy.

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), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, 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.

Photographic, sound and/or video recordings of the above meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

In addition, the Company may upon the request of any shareholder, provide such shareholder with a copy of the minutes of the above meeting which may contain member's personal data as explained above. By participating in the meeting, raising any questions and/or proposing/seconding any motion, a member will be deemed to have consented to have his personal data recorded and dealt with the purposes and in the manner explained above.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Ong Beng Seng, Mr. Christopher Lim Tien Lock and Mr. David Fu Kuo Chen are the Directors seeking re-election at the annual general meeting of the Company on April 29, 2019 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of SGX-ST is set out below:

Name of Director	Mr. Ong Beng Seng	Mr. Christopher Lim Tien Lock	Mr. David Fu Kuo Chen
Date of appointment	March 5, 1980	January 7, 1998	August 5, 2005
Date of last re-appointment (if applicable)	N.A.	April 28, 2016	April 28, 2016
Age	73	63	58
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recom-mendation of the NC and has reviewed and considered the performance, contributions, in-depth experience in the hotel and property industry as well as the suitability of Mr. Ong Beng Seng for re-election as the Managing Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr. Ong continue to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. The HPL Group will continue to grow and benefit under the stewardship of Mr. Ong.	The Board has considered, among others, the recom-mendation of the NC and has reviewed and considered the performance, contributions, qualifications, expertise, work experience and suitability of Mr. Christopher Lim Tien Lock for re-election as the Group Executive Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr. Lim continue to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. The HPL Group will continue to benefit from Mr. Lim's leadership.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualifications, expertise, work experience and suitability of Mr. David Fu Kuo Chen for re-election as the Non-Executive/ Non-Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr. Fu continue to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether Board appointment is executive, and if so, the area of responsibility	Executive. Responsible for all aspects of strategic planning and business development activities of the Group.	Executive. Responsible for the overall management of the Group.	Non-Executive

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

Name of Director	Mr. Ong Beng Seng	Mr. Christopher Lim Tien Lock	Mr. David Fu Kuo Chen
Job Title (e.g. Lead ID, AC Chairman, AC Member)	Managing Director, Member of Remuneration Committee	Group Executive Director	Non-Executive and Non-Independent Director Member of Nominating Committe
Academic / professional qualifications	Associate member of the Chartered Insurance Institute of England	Bachelor's degree in Business Administration from National University of Singapore	Bachelor of Science in Engineering from University of Southern California, USA
Working experience and occupation(s) during the past 10 years	Managing Director of Hotel Properties Limited	Group Executive Director of Hotel Properties Limited	Director of Avant Hotel (Singapore) Pte Ltd
Any relationship (including immediate family relationships) with any existing director/existing executive officer of the Company or any of its principal subsidiaries and/or substantial shareholder	Brother-in-law of Mr. David Fu Kuo Chen Cousin-in-law of Mr. William Fu Wei Cheng	Nil	Brother-in-law of Mr. Ong Beng Seng Cousin of Mr. William Fu Wei Cheng
Conflict of interest (including any competing business)	Mr. Ong has beneficial interest in companies which have similar businesses as the Group that own hotels/resorts and property developments.	Nil	Mr. Fu has beneficial interest in companies which have similar businesses as the Group that own hotels/resorts and property developments.
Other Principal Commitments including Directorships			
Past 5 years	Directorships Kuo International (Pte) Ltd Kuo Oil (S) Pte Ltd Kuo International Oil Inc Kuo Hotel Corporation	Directorship Raffles Education Corporation Ltd Thomson Medical Pte Ltd	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

Name of Director	Mr. Ong Beng Seng	Mr. Christopher Lim Tien Lock	Mr. David Fu Kuo Chen
Present	Directorships Managing Director of Hotel Properties Limited Director of Hotel Properties Limited's subsidiaries and associated companies. Sextant Investments Limited group of companies Moco Private Limited Reef Holdings group of companies 68 Holdings Pte Ltd Cuscaden Partners Pte Ltd Cobs Holdings Pte. Ltd. Como Holdings group of companies Kuo Investments Limited Kuo International Oil Ltd Kuo Properties Inc Sovereign Enterprises Sdn Bhd Como Holdings Inc Rizona (Hong Kong) Ltd True Harmony Investments Ltd	Directorships Group Executive Director of Hotel Properties Limited Director of Hotel Properties Limited's subsidiaries and associated companies.	Directorships NSL Limited Avant Apartments Pte Ltd Avant Hotels (Singapore) Pte Ltd group of companies Avant Properties Pte Ltd Avant Retail Pte Ltd ED & CO Pte Ltd Excelfin Pte Ltd Excel Partners Pte Ltd Heritage Holdings Pte Ltd Kuo International Pte Ltd group of companies Y.S. Fu Holdings (2002) Pte Ltd 98 Holdings Pte Ltd Zenith Securities Pte Ltd Anchorage View Pte Ltd HPL Ealing Pte Ltd Maytrade Holdings Limited Vickers Ballas Philippines Fund Limited Argyle Resources Limited Avant Hotels Australia Pty Ltd Pacific Avant Holdings Limited Relax Beach Ltd MND (THAILAND) LTD RHD (THAILAND) LTD Morrol Investment Ltd Saddlehorn International Ltd Lakenham Holdings Ltd Dutton Company, N.V. Coldharbour Ltd Mighty Wise Ltd Model Perfect Ltd Mighty Fit Ltd Mighty Three Ltd

Messrs Ong Beng Seng, Christopher Lim Tien Lock and David Fu Kuo Chen have each:

- Provided an undertaking set out in Appendix 7.7 under Rule 720(1) of SGX-ST; and
- Individually confirmed that on each of the questions as set out in paragraphs (a) to (k) of Appendix 7.4.1 to the Listing Manual of the SGX-ST, the answer is "No".

The shareholding interest in the Company and its subsidiaries of each of these Directors are disclosed in the Directors' Statement on pages 18 and 19.

The disclosure on prior experience as a director of an issuer listed on the Exchange and details of prior experience is not applicable as disclosure is applicable to the appointment of Director only.

PROXY FORM

ANNUAL GENERAL MEETING

HOTEL PROPERTIES LIMITED
(Incorporated in Singapore)
Company Reg No : 198000348Z

Important

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We ______________________ (Name) ________________ (NRIC/Passport/Company Registration No.) of____ (Address) being a member/members of HOTEL PROPERTIES LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Thirty-Ninth Annual General Meeting of the Company to be held at Crescent Ballroom, Level 2 Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Monday, April 29, 2019 at 4.00 p.m. and at any adjournment thereof.

I/We have indicated with an "x" in the appropriate box below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of a First and Final Dividend and a Special Dividend		
3.	Approval of Directors' Fees		
4.	Re-appointment of Auditors		
5.	Re-election of Director (Mr. Ong Beng Seng)		
6.	Re-election of Director (Mr. Christopher Lim Tien Lock)		
7.	Re-election of Director (Mr. David Fu Kuo Chen)		
8.	Authority to issue shares pursuant to Share Issue Mandate		
9.	Renewal of Share Buy-Back Mandate		

Dated this __________ day of ________________ 2019

Total No. of Shares Held	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

Notes:

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289)) of Singapore, you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2 Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore ("the Act"), a member is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3 Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary, is entitled to appoint more than two (2) proxies to attend and vote at the meeting, but each proxy must be appointed to exercise rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares held by such member in relation to which each proxy has been appointed shall be specified in the proxy form.

4 A proxy need not be a member of the Company.

5 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 50 Cuscaden Road #08-01 HPL House Singapore 249724 not less than 48 hours before the time appointed for the meeting.

6 The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.

7 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8 Completion and return of this instrument appointing a proxy 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.

9 A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Act.

10 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the meeting.

11 An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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 dated April 12, 2019.

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HOTEL
PROPERTIES
LIMITED

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