ASPIAL

CORPORATION LIMITED

ANNUAL REPORT 2016

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NOVA CITY by WORLD CLASS GLOBAL
Artist's Impression

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AVANT by WORLD CLASS GLOBAL
Artist's Impression

STRENGTHENING THE FOUNDATION FOR GROWTH

CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear Shareholders

2016 was certainly a year of surprises. On the global geopolitical front, Brexit and a Trump administration were widely seen to be unexpected. These have resulted in increased volatility and uncertainty in financial and capital markets, which spilled-over onto Singapore shores.

Juxtaposed against this, the Singapore real estate market remained subdued for the better part of 2016, registering an overall dip of 3.1% in residential property prices in 2016, when compared to 2015. On the economic front, advance estimates peg the Singapore Gross Domestic Product (GDP) growth of 1.8% in 2016, while general consumer spending remained soft.

Despite these headwinds, I am pleased to report that the Group recorded several high points across our business segments, and remained profitable in financial year 2016 ("FY2016").

In March 2016, the Group's second retail bond offering met with resounding success, with overwhelming demand from investors. The total issue size was increased to the maximum of S$200.0 million, up from S$75.0 million, while the overall subscription was approximately four times of the original offer size of S$75.0 million. This was achieved just seven months after the Group's maiden retail bond offering in August 2015, which was also highly successful, with a total issuance of S$150.0 million in retail bonds.

In FY2016, the Group registered another year of robust revenue growth despite the challenging landscape. Group revenue, largely bolstered by the Real Estate Business and Financial Service Business, grew 33.8% to S$621.0 million, up from S$464.1 million in the preceding financial year ("FY2015"). In particular, the Financial Service Business delivered solid revenue growth of 34.8% to S$163.2 million, underpinned by its record high pledge book and higher sales from the retail and trading of gold and jewellery.

AVANT by WORLD CLASS GLOBAL
Artist's Impression

The Group's profit before tax of S$6.9 million in FY2016 was S$6.6 million lower than FY2015, mainly due to lower profit from the Real Estate Business and loss incurred by the Jewellery Business.

In FY2016, we also recognised several costs amounting to S$6.3 million. These included sales and marketing expenses of S$3.8 million for the marketing of the remaining residential units of Australia 108 and AVANT projects in Melbourne, as well as marketing expenses for the launch of Nova City in Cairns and the Waterfront@Faber and CityGate projects in Singapore. Other costs taken in by the Group included an impairment of S$1.5 million for the Group's investment securities and S$1.0 million in expenses relating to the intended listing of its subsidiary, World Class Global Pte. Ltd.

Rebecca Lim, Mediacorp Artiste
MODE Gold 916 Collection by GOLDHEART

Excluding these costs, the Group would have reported a pre-tax profit of S$13.2 million in FY2016.

For the year in review, we took concerted efforts to reduce total debt on several fronts. These included the repayment of S$100.0 million of bonds due in July 2016, repurchase of some of the bonds due in 2017, and repayment of project debts after obtaining the Temporary Occupation Permit (TOP) for some of our development projects. As an update, in January 2017, the Group had effectively redeemed its outstanding bonds amounting to approximately S$55.8 million due on 23 January 2017.

Despite uncertainty in the current macro-environment, we remain steadfast in the long term prospects of the Group. We have proposed a final dividend of 0.25 Singapore cents for FY2016 to thank loyal shareholders for their support.

AUSTRALIA 108 by WORLD CLASS GLOBAL
Artist's Impression

MAXI-CASH

Gold Bars by CITIGEMS

REAL ESTATE BUSINESS

The Real Estate Business continued its streak as the key revenue contributor to the Group, driving a 56.2% increase in revenue to S$338.0 million in fiscal year 2016, up from S$216.4 million. Growth in revenue was largely due to the progress recognition of sales from Waterfront@Faber and CityGate, as well as the final recognition of sales from The Hillford and Urban Vista.

The business segment delivered a lower pre-tax profit of S$7.4 million, compared to S$13.7 million in the preceding year. This was primarily due to several factors – lower margins for some of the Group's projects, the absence of a one-off gain from the sale of a property in Australia, loss of rental income with the demolition of the former Keypoint building for the construction of CityGate, as well as higher interest costs.

In the course of FY2016, the Group witnessed several milestones in its Singapore projects. Our Urban Vista, Kensington Square and The Hillford obtained TOP in April 2016, August 2016 and September 2016, respectively. Despite the challenging operating environment, all 210 units of the Waterfront@Faber project were sold by April 2016, demonstrating the sturdy appeal of the development as well as the strong execution capability of the Group.

In May 2016, construction works had already commenced on the Group's 50%-owned CityGate, which is expected to be completed by January 2019. All residential units of CityGate have been fully sold.

Further afield, the Group's Australia 108 and AVANT projects in Melbourne are already 97% and 94% sold, respectively. We expect to recognise revenue and profit upon completion of the various phases of these projects from 2018 to 2020. In October 2016, we launched the first phase of Nova City, a mixed development project in Cairns.

FINANCIAL SERVICE BUSINESS

The Financial Service Business continued to deliver a sterling set of financial numbers. Revenue grew S$42.1 million to S$163.2 million in FY2016, up 34.8% from S$121.1 million in FY2015. This was primarily made possible by a record high pledge book, as well as higher sales reported from the retail and trading of jewellery, watches and branded goods business.

Pre-tax profit tripled to S$13.1 million in FY2016, up from S$4.3 million in FY2015. Both pawnbroking and retail and trading of jewellery turned in higher pre-tax profit for fiscal year 2016.

To date, the Group has effectively bolstered its leadership position in Singapore in having the largest network of pawnshops and biggest pledge book. By leveraging its "Maxi-Cash" branding to win in the marketplace, the Group stands poised to stay ahead of the competition in the areas of innovation, sizeable store network and operational efficiency.

JEWELLERY BUSINESS

The Jewellery Business was impacted by weak consumer sentiments in 2016, which hampered discretionary spending. Consequently, the Group witnessed a marginal dip in revenue to S$129.4 million in FY2016, compared to S$131.0 million in the preceding year.

At the bottomline level, the business segment turned in a pre-tax loss of S$5.3 million, compared to a pre-tax profit of S$1.7 million in FY2015. The loss was partly attributed to a lower gross profit as gold sales contributed a larger proportion to overall sales.

Additionally, the Group invested S$4.2 million in major marketing and branding campaigns across its Goldheart and CitiGems brands to position itself in the marketplace, amid a tepid retail market environment. As part of ongoing efforts to optimise operational performance and streamline its network of stores, the Group recognised a write-off of S$0.2 million for a store closure at International Building.

If the marketing expenses and write-off were excluded, the Jewellery Business would have incurred a smaller loss of S$0.9 million in FY2016.

Looking ahead, the Group remains resolute in ensuring operational efficiency across its retail network.

PROSPECTS FOR 2017

Property Business

According to the URA real estate data dated 26 January 2017, overall prices of private residential properties fell 3.1% in 2016, extending the decline of 3.7% and 4.0% in 2015 and 2014, respectively[1].

Despite the subdued residential real estate market in Singapore, the Group made headway on several fronts. Construction of CityGate commenced in May 2016 and is expected to provide increased revenue and profit contributions in FY2017 and FY2018.

With all 210 units of Waterfront@Faber fully sold in April 2016, the Group expects it to contribute positively to the Group's cashflow as well as reduce project borrowings by about S$85 million as it approaches TOP in 1H 2017.

In Melbourne, the Group has commenced construction works for the Australia 108 and AVANT projects, and expects to book revenue and profit for sold units upon completion of the first two phases of Australia 108 and the entire AVANT project in 2018. The Group also secured construction loans totalling approximately A$335.0 million for Australia 108 and AVANT in September 2016 and January 2017, respectively. Consequently, these projects will be completed with minimal additional capital injection.

In the course of 4Q2016, the Group launched Tower 1 of its Nova City project in Cairns. As at the date of this report, more than 30% of the units launched in Tower 1 have been sold.

Over the next 12-month period, the Group will be planning the launch of a 92-storey development project located at Albert Street in Brisbane.

Based on current market prices, the Group expects to realise substantial profits from its development projects in Singapore and Australia. Going forward, the Real Estate Business is expected to be a driver of Aspial's revenue and profitability for the following reasons :

- Locked in total revenue of S$295 million, based on units sold in its property projects in Singapore which will be progressively recognised based on stage of construction;
- Locked in approximately A$1.12 billion in sales revenue from Australia 108, AVANT and Nova City Tower 1 projects which will be recognised upon completion of various stages of Australia 108 and AVANT from 2018 to 2020; Overall, the Group has locked in approximately S$1.5 billion of sales for its projects in Singapore and Australia; and
- At current market prices, the potential sales revenue from remaining local and overseas development projects is estimated to be in excess of S$1.9 billion.

The following table provides a snapshot of the Group's ongoing projects in Singapore and Australia:

Project	Type	Total Units	Launch Date	Units Launched	% Sold based on units launched
In Singapore					
Waterfront@Faber	Residential	210	2Q 2014	210	100%
CityGate*	Residential	311	3Q 2014	311	100%
CityGate*	Commercial	188	3Q 2014	188	64%
In Australia					
Australia 108 (Melbourne)	Residential & Commercial	1,103	4Q 2014	1,103	97%
AVANT (Melbourne)	Residential & Commercial	456	2Q 2015	456	94%
Nova City (Cairns)	Residential & Commercial	187	4Q 2016	101	22%

** CityGate is 50% owned by a subsidiary of the Group and jointly developed with Fragrance Group Limited.*

[1] *Urban Redevelopment Authority, Jan 26, 2017 – Release of 4th Quarter 2016 real estate statistic.*

NOVA CITY by WORLD CLASS GLOBAL
Artist's Impression

Financial Service Business

While the pawnbroking and retail and trading of pre-owned jewellery business remain challenging due to competition, volatile gold prices and a maturing local economy with an inherently weak retail sentiment, the Group is effectively equipped to address these head-on. This was clearly demonstrated in its robust financial performance in FY2016.

The Group aims to capitalise on its entrenched "Maxi-Cash" branding and largest network of pawnshops in Singapore to further grow the business. We believe these are attributes which will strongly cement our leadership position amid the keenly competitive operating environment.

We will strive to stay ahead of the curve in providing our customers with modern facilities, professionalism in customer service, and innovative business practices. These will be the cornerstones driving growth in 2017.

Additionally, the Group plans to widen its range of new and pre-owned products and enhance its distribution network so that its products and services are readily accessible to customers.

Jewellery Business

In the near term, the business operating environment for the Jewellery Business is expected to remain challenging. The Group expects consumer sentiments to be weak in 2017, arising from uncertainty in economic outlook in Singapore and the region.

Nonetheless, the Group will strive to enhance operational efficiency and stay committed to further strengthening its various brands.

ACKNOWLEDGEMENT

Although macroeconomic headwinds are not new trends, they have lasted longer than expected. Just as 2015 was a challenging year, 2016 was also a tough year. Yet, each time we are faced with challenges, we adapted and emerged stronger.

Over the years, we have laid a strong foundation across our business segments – a foundation that enabled us to not only weather challenges, but also provided us with the flexibility to invest for our future to create competitive advantage.

As we approach 2017, we will continue to invest, for the long-term, in brand-building, innovation, quality and infrastructure.

We remain firmly committed in generating value for shareholders. With our strong competitive advantages and diverse businesses, Aspial is well-positioned to deliver on our commitments.

On behalf of the Board, I would like to thank Aspial's executive leadership, senior management and employees across the business segments for their efforts, commitment and dedication.

I would also like to take the opportunity to thank all our valued customers, shareholders and business partners for their unwavering support.

Koh Wee Seng
Chief Executive Officer

(top & bottom)

Niessing Topia Collection by LEE HWA

AUSTRALIA 108 by WORLD CLASS GLOBAL
Artist's Impression

MAXI-CASH

MODE Gold 916
Si Dian Jin Collection
by GOLDHEART

ROPEWALK PIAZZA by WORLD CLASS GLOBAL
Artist's Impression

OVERVIEW

The Group registered strong revenue growth in 2016. Revenue increased by 33.8% or S$156.9 million from S$464.1 million in FY2015 to S$621.0 million in FY2016. The increase in revenue was contributed by our Real Estate Business and Financial Services Business.

The Group registered a pre-tax profit of $6.9 million in FY2016.

REAL ESTATE BUSINESS

Our Real Estate Business continued to drive our growth by contributing more than 50% of the Group's revenue. Revenue jumped 56.2% from S$216.4 million in FY2015 to S$338.0 million in FY2016. The increase in revenue was contributed by our Urban Vista, The Hillford, Waterfront@ Faber and CityGate projects.

Despite the increase in revenue, our Real Estate Business registered a drop of S$6.3 million in pre-tax profit to S$7.4 million. The lower pre-tax profit was mainly due to lower margins for some of our projects, the loss of rental income from the old Keypoint building as we had started to demolish the building for the construction of our CityGate project, the absence of a one-time gain from the sale of a building in Australia in 2015 and higher interest cost.

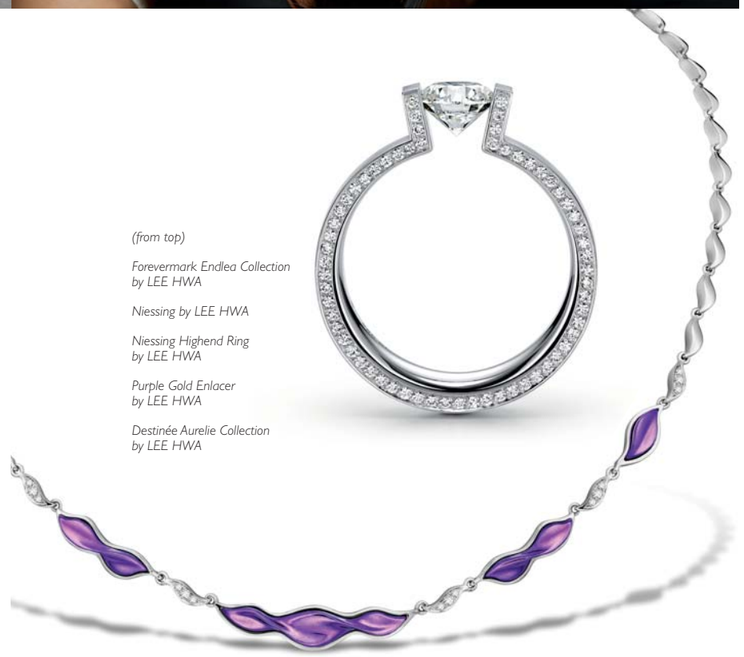
LeGold Collection by MAXI-CASH

FINANCIAL SERVICE BUSINESS

We delivered another year of double digit revenue growth in 2016. Our revenue grew 34.8% from S$121.1 million in FY2015 to S$163.2 million in FY2016.

Our pre-tax profit surged 204.7% to S$13.1 million from S$4.3 million in FY2015, due to higher profits recorded by the pawnbroking, and retail and trading of new jewellery, pre-owned jewellery and watches.

Kate Pang, Mediacorp Artiste
LeGold Collection by
MAXI-CASH



(from top)

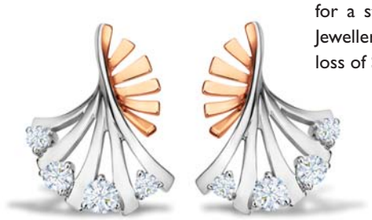
Forevermark Endlea Collection
by LEE HWA

Niessing by LEE HWA

Niessing Highend Ring
by LEE HWA

Purple Gold Enlacer
by LEE HWA

Destinée Aurelie Collection
by LEE HWA



JEWELLERY BUSINESS

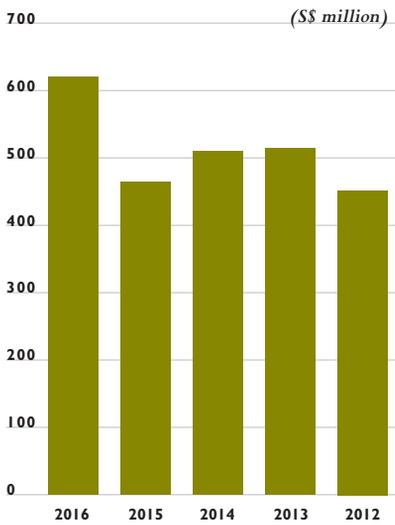
We had another challenging year for our jewellery business. The Singapore retail environment continued to be subdued amidst the slow economic growth and weak consumer sentiments.

Although revenue decreased marginally by S$1.6 million or 1.2% from S$131.0 million to S$129.4 million, we recorded a pre-tax loss of S$5.3 million in FY2016 as compared to pre-tax profit of S$1.7 million in FY2015. The loss was mainly attributable to lower profit margin as gold sales had contributed a larger proportion of the overall sales. We had also incurred higher marketing and branding expenses for our Goldheart and CitiGems brand campaigns. The cost savings from ongoing rationalisation of our retail network which were mainly the store related expenses such as staff cost and rental were insufficient to offset the drop in profit margin and the increase in marketing and branding expenses.

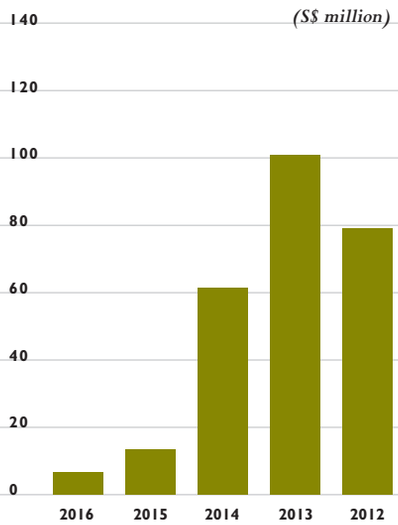
Excluding the branding and marketing expense of S$4.2 million and a write-off of about S$0.2 million for a store closure at International Building, our Jewellery Business would have incurred a smaller loss of S$0.9 million in FY2016.

FINANCIAL HIGHLIGHTS

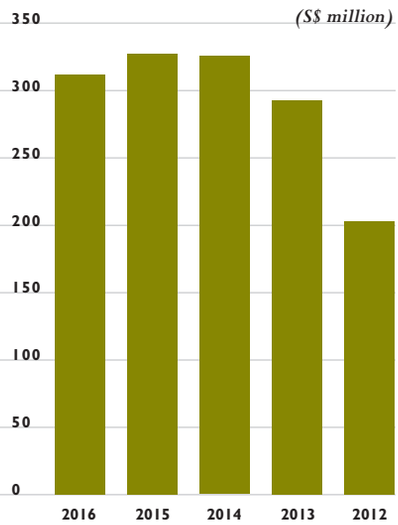
TOTAL TURNOVER



PROFIT BEFORE TAX



NET ASSET VALUE



GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS

(S$)	2016 ('000)	2015 ('000)	2014 ('000)	2013 ('000)	2012 ('000)
Total Turnover	**621,036**	464,064	510,061	515,262	451,941
Profit Before Tax	**6,888**	13,477	61,669	100,996	79,042
Profit After Tax	**4,810**	9,158	53,631	85,466	66,303
Paid-up Capital	**226,152**	215,872	202,179	152,611	76,801
Capital and Reserves	**376,870**	376,295	369,745	330,281	231,703
Net Asset Value	**311,989**	327,200	325,358	292,509	203,346
Earnings Per Share (cents)	**0.06**	0.46	2.41	4.08	3.71

DIRECTORS

Koh Wee Seng
Chief Executive Officer
Koh Lee Hwee
Executive Director
Ko Lee Meng
Non-Executive and Non-Independent Director
Wong Soon Yum
Lead Independent Director
Kau Jee Chu
Independent Non-Executive Director
Ng Bie Tjin @ Djuniarti Intan
Independent Non-Executive Director

COMPANY SECRETARY

Lim Swee Ann Felix
CPA, ACIS

REGISTERED OFFICE

50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

PRINCIPAL BANKERS

United Overseas Bank Limited
DBS Bank Ltd.
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
CIMB Bank Berhad
The Hongkong and Shanghai Banking Corporation Limited
RHB Bank Singapore

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner in charge:
Max Loh Khum Whai
(Chartered Accountant,
a member of the Institute of Singapore Chartered Accountants)
(Since the financial year ended 31 December 2016)

Koh Wee Seng is our CEO and is responsible for the strategic planning, overall management and business development of the Group. Since late 1994, when the new management led by him took over the reins, the Group has overcome the challenges posed by changing consumer demand by implementing wide ranging and fundamental changes in its jewellery business. Mr Koh has also successfully led the Group's diversification into the property business and financial service business. Mr Koh holds a Bachelor degree in Business Administration from the National University of Singapore.

Koh Lee Hwee is our Executive Director. Ms Koh is currently heading World Class Land Pte. Ltd., a subsidiary of Aspial Corporation Limited. Prior to her appointment, Ms Koh was also the CEO for our subsidiary Maxi-Cash Financial Services Corporation Ltd. ("Maxi-Cash") which is listed on Catalist of SGX. She was responsible for the strategic planning, overall management and business development of Maxi-Cash group of companies. She has held the position of Vice President (Manufacturing) of the Group, where she oversaw and spearheaded the growth of our manufacturing division and was responsible for the overall production plans, technology, management and development. Ms Koh has more than 20 years of experience in the jewellery industry. Ms Koh holds a Bachelor degree in Arts from the National University of Singapore.

Ko Lee Meng is our Non-Executive Director and Non-Independent Director. On 1 October 2015, she relinquished her role as Executive Director and remains as the Non-Executive Director of the Group. Ms Ko had more than 25 years of experience in the jewellery industry and was previously the head of the Group's retail merchandising and manufacturing departments where she oversaw the management, manufacturing, replenishment and distribution of merchandise to retail stores. Ms Ko holds a Bachelor degree in Arts from the National University of Singapore.

Wong Soon Yum is our Independent Director. Mr Wong is the Chairman of our Audit Committee. Mr Wong started his career in the banking industry in 1971 with The Chase Manhattan Bank, N.A. and retired from his position as a Senior Vice President of Oversea-Chinese Banking Corporation Limited in late 1998. Mr Wong holds a Professional Diploma in Accountancy from Singapore Polytechnic and completed the Management Programme of Stanford-National University of Singapore.

Kau Jee Chu is our Independent Non-Executive Director. Mr Kau is the Chairman of our Nominating Committee. Mr Kau is a former Chief Executive Officer of a publicly listed financial institution and has also held various senior positions in the manufacturing, finance and securities industry. Mr Kau graduated from the National University of Singapore with a Bachelor in Accountancy.

Ng Bie Tjin @ Djuniarti Intan is our Independent Non-Executive Director. Ms Ng is the Chairman of our Remuneration Committee. Ms Ng is a former finance director of Datapulse Technology Limited (a company listed on the mainboard of the SGX-ST). Ms Ng holds a Master in Business Administration from University of Southern California.

Ng Sheng Tiong, David is the Chief Executive Officer of World Class Global Pte. Ltd. (WCG). Mr. Ng is responsible for overseeing the overall management and development of our real estate business. Prior to his appointment as CEO of WCG, Mr. Ng was the Vice President of the Aspial Group, where he headed Aspial Group's property business, overseeing the strategic planning, overall management and business development of the property business. Mr. Ng has more than eight years of experience in the property industry. Before heading the property development business, Mr. Ng was Aspial Group's IT Director. Mr. Ng holds a Master of Business in Information Technology from the Royal Melbourne Institute of Technology.

Lim Swee Ann, Felix currently serves as the Chief Finance Officer of our Group. Before joining the Group, he worked for two listed companies, one each in Singapore and Malaysia. He has more than 20 years of experience working in the finance organisation of various industries including ship building, manufacturing, retail and property development. He holds a Bachelor degree in Commerce and Administration from Victoria University of Wellington in New Zealand and a Master of Business from Victoria University of Technology (Australia). He is a member of CPA Australia and a member of The Singapore Association of the Institute of Chartered Secretaries and Administrators.

Koh Teck Hoe, Steven is our Group's Senior Director for Retail Operations. His primary responsibility is to strategise and plan to spearhead the growth and in managing the Group's jewellery retail chain business operations and manpower both in Singapore and Vietnam. This also include managing the Group's retail training department, logistics and administration, renovations and customer care call centre. This is done in line with overall business plans. He has more than 26 years of experience in retail operations management with 17 years being in the jewellery industry. Before joining the Group, he was in both the food & beverage and retail operations management. He holds a Master of Business Administration from The University of Hull.

Tan Chiew Hoon, Theresa is currently our Group's Corporate Human Resource Director and manages all aspects of the human resource function. She is responsible for developing, managing and administering human resource strategies and initiatives in support of business imperatives and operations of the Group. She joined us in 1999 as an Assistant Human Resource Manager and has since grown and progressed with our Group to her current employment status. She has more than 17 years experience in the jewellery industry. She holds a Bachelor degree of Arts from The National University of Singapore and Master of Human Resource Management from Rutgers, The State University of New Jersey. Since her graduation, she has anchored her career in the human resource profession and assumed numerous human resource roles and function in the construction, retail as well as information technology industry.

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**" or the "**Directors**") of Aspial Corporation Limited (the "**Company**") is committed to setting and maintaining a high standard of corporate governance to promote greater transparency, accountability, performance and integrity. The Company has substantially complied with the revised Code of Corporate Governance 2012 (the "**Code**") through effective self-regulatory corporate practices to protect and enhance the interests and value of its shareholders.

This report describes the Company's corporate governance practices with specific reference to the Code in its annual report. Unless otherwise stated, the Company has complied with all the principles and guidelines of the Code.

BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Effective Board to lead and control the Company

The Board directs and leads the business affairs of the Company and its subsidiaries (collectively, the "**Group**") and is responsible for setting the strategic direction and establishing goals for protection and enhancement of long-term value and returns for the shareholders. The Board works with the senior management team of the Company ("**Management**") to achieve these goals set for the Group. To ensure smooth operations, facilitate decision-making and ensure proper controls, the Board has delegated some of its powers to its committees and Management. The committees and Management remain accountable to the Board.

In addition to its statutory duties, the principal functions of the Board are to:

- provide entrepreneurial leadership, set strategic directions, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enable risks to be assessed and managed;
- review management performance; and
- set the Group's corporate values and standards which include ethical standards and ensure that obligations to shareholders and others are understood and met.

The Company has internal guidelines setting forth matters that require Board's approval. The material transactions that require Board's approval under such guidelines are as follows:

- approval of quarterly results announcements;
- approval of full year results and financial statements;
- declaration of interim dividends and proposal for final dividends;
- convening of shareholders' meetings;
- authorisation of merger and acquisition transactions; and
- authorisation of major transactions.

The Board has, without abdicating its responsibilities, delegated certain matters to specialised committees of the Board. The committees include the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). The Board Committees assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. The Board Committees function within clearly defined terms of reference and operating procedures. The effectiveness of the Board is also reviewed by the Board on an annual basis.

For the financial year ended 31 December 2016 ("**FY2016**"), the Board has met on a quarterly basis as warranted. Ad-hoc meetings are held to address significant issues or transactions. The Board members also meet regularly with Management to discuss the business operations of the Group.

The Company's Constitution provides for the Board to convene meetings by way of telephone conference and/or by means of similar communication equipment where all Directors participating in the meeting are able to hear each other. Decision of the Board and the Board Committees may also be obtained through circular resolutions.

BOARD MATTERS *(continued)*

THE BOARD'S CONDUCT OF ITS AFFAIRS *(continued)*

Principle 1: Effective Board to lead and control the Company *(continued)*

The Board met four times in FY2016. The details of the number of the Board and the Board Committees meetings held in the calendar year and the attendance of each Director at those meetings are set out below:

Name of Directors	*Board*		*Audit Committee*		*Nominating Committee*		*Remuneration Committee*	
	No. of meeting held	*No. of meeting attended*	*No. of meeting held*	*No. of meeting attended*	*No. of meeting held*	*No. of meeting attended*	*No. of meeting held*	*No. of meeting attended*
Koh Wee Seng	4	4	4*	4*	1	1	1*	1*
Koh Lee Hwee	4	4	4*	4*	1*	1*	1*	1*
Ko Lee Meng	4	3	4	3	1*	1*	1	1
Wong Soon Yum	4	4	4	4	1	1	1	1
Kau Jee Chu	4	4	4	4	1	1	1	1
Ng Bie Tjin @ Djuniarti Intan	4	4	4	4	1	1	1	1

* *By invitation*

Newly appointed Directors are given an orientation on the Group's businesses and strategic directions, so as to familiarise them with the Group's operations and encourage effective participation in Board discussion. All Directors are updated on major developments of the Group. Familiarisation visits would be organised, if necessary, to facilitate a better understanding of the Group's business operations.

Directors are encouraged to attend any relevant courses conducted by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), business and financial institutions to keep themselves updated on the latest changes and developments concerning the Group and to keep abreast of the latest regulatory changes. Directors will also receive regular updates on changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions.

Currently, a formal letter of appointment is not provided to the existing Non-Executive Directors. The Board noted that such formal letter of appointment should be provided to the newly appointed Directors setting out their duties and obligations as a Director in respect of potential conflicts of interest, their interested person transactions and disclosure of Director's interests. Going forward, the Company will provide such letter to all newly appointed Directors.

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independence element on the Board

The Board exercises objective judgment on the corporate affairs of the Group independently from Management and its 10% shareholders. No individual or a small group of individuals dominate the decisions of the Board.

As at the date of this report, the Board comprises two (2) Executive Directors, one (1) Non-Executive and Non-Independent Director and three (3) Independent Non-Executive Directors. No Alternate Director is appointed. The Independent Non-Executive Directors make up half of the Board and this composition is in compliance with the Code's requirement whereby the Chairman is part of Management team.

Executive Directors

Koh Wee Seng	Chief Executive Officer
Koh Lee Hwee	Executive Director

Non-Executive Directors

Wong Soon Yum	Lead Independent Director
Kau Jee Chu	Independent Non-Executive Director
Ng Bie Tjin @ Djuniarti Intan	Independent Non-Executive Director
Ko Lee Meng	Non-Executive and Non-Independent Director

BOARD COMPOSITION AND GUIDANCE *(continued)*

Principle 2: Strong and independence element on the Board *(continued)*

The Board considers a Director as "independent" Director if the Director has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group.

The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an Independent Director in its review. The NC has reviewed and determined that Mr Wong Soon Yum, Mr Kau Jee Chu, and Ms Ng Bie Tjin @ Djuniarti Intan are independent. After taking into account the views of the NC, the Board has determined that the Directors concerned remain independent of character and judgement and there were no relationships or circumstances which were likely to affect, or could appear to affect, the Directors' judgement.

In respect of the two Independent Non-Executive Directors, namely, Mr Wong Soon Yum and Mr Kau Jee Chu who have served as Board members for more than nine (9) years, the NC has considered their length of service and their continued independence. The independence of character and judgement of both Directors were not in any way affected or impaired by the length of their service. The NC has also conducted a review on the performance of each of the two Independent Directors and considers that each of these Directors brings invaluable expertise, experience and knowledge to the Board and that they continue to contribute to the Board. The Board concurs with the views of the NC and is satisfied with the performance and continued independence of judgement of the two Independent Non-Executive Directors.

The Board does not consider it to be in the interests of the Company and shareholders to require all Directors who have served for more than nine (9) years to retire. The Board is of the view that the continuity and stability of the Board provide effective decision making.

The Directors consider the Board's present size of six (6) members and composition appropriate to facilitate effective decision making, taking into account the nature and scope of the Group's operations, the wide spectrum of skills and knowledge of the Directors.

The Independent Non-Executive Directors participate actively in the Board meetings. Their professional expertise and competency in their respective fields in the banking, finance and accounting provide constructive advice and guidance for effective discharge by the Board of the Group's strategies and business affairs.

The Independent Non-Executive Directors would also constructively challenge and help develop proposals on the Group's business strategy and review the performance of Management in meeting agreed goals and objectives as well as monitoring the reporting of performance.

Where necessary, the Independent Non-Executive Directors meet and discuss on the Group's affairs without the presence of Management. The Company would make available its premises for use by the Non-Executive Directors to meet without the presence of Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear division of responsibilities and balance of power and authority

The Company currently does not have a Chairman to preside over the Board. All Board meetings are usually chaired by the Company's Chief Executive Officer ("**CEO**"), Mr Koh Wee Seng. The Board is of the opinion that the process of decision making by the Board has been independent and had been based on collective decisions without any individual exercising any considerable concentration of power or influence. All Directors would ensure that they have collectively taken decisions in the interests of the Company.

As Chairman of the meeting, Mr Koh is responsible for:

- leading the Board to ensure its effectiveness;
- setting agenda for Board meetings and to ensure adequate time for discussion;

CHAIRMAN AND CHIEF EXECUTIVE OFFICER *(continued)*

Principle 3: Clear division of responsibilities and balance of power and authority *(continued)*

- promoting openness and discussion during the Board meetings;
- ensuring that Directors receive complete, adequate and timely information;
- ensuring effective communication with the shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating effective contributions of Non-Executive Directors; and
- promoting high standards of corporate governance.

In line with the Code's recommendation, the Board has appointed Mr Wong Soon Yum, an Independent Non-Executive Director, as the Lead Independent Director since the Chairman and the CEO is the same person. The Lead Independent Director would be available to shareholders where they have concerns for which contact through the normal channels of the CEO or the Chief Finance Officer ("**CFO**") has failed to resolve or is inappropriate.

Where necessary, the Lead Independent Director shall lead the meetings among the Independent Non-Executive Directors without the presence of other Directors. The Lead Independent Director shall provide feedback to the Chairman after such meetings, if it is necessary.

BOARD MEMBERSHIP

Principle 4: Formal and transparent process for the appointment and re-appointment of Directors to the Board

The Chairman of the NC, Mr Kau Jee Chu, is an Independent Non-Executive Director who is neither a substantial shareholder nor directly associated with a substantial shareholder.

The NC comprises the following four (4) members, three (3) of whom, including the Chairman, are Independent Non-Executive Directors:

Kau Jee Chu	Chairman
Wong Soon Yum	Member
Ng Bie Tjin @ Djuniarti Intan	Member
Koh Wee Seng	Member

The NC carries out its duties in accordance with a set of written terms of reference which includes, mainly, the following:

- reviewing, assessing, making recommendations to the Board on the appointment of all Directors, including making recommendations on the composition of the Board (taking into account Guidelines 2.1, 2.2, 2.3 and 3.3 of the Code, progressive renewal of the Board, each Director's qualifications, competency, the number of other listed company board representations and whether he/she is independent);
- reviewing the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the Directors individually and as a group. The NC shall make recommendations to the Board with regard to any adjustments that may be deemed necessary;
- reviewing, assessing and recommending nominee(s) or candidate(s) for re-appointment or re-election to the Board and to consider his/her competencies, commitment, contribution, performance and whether or not he/she is independent;
- making plans for succession, in particular for the Chairman of the Board and the CEO;
- determining, on an annual basis, if a Director is independent bearing in mind the circumstances set forth in Guidelines 2.3 and/or 2.4 of the Code and other salient factors. If the NC determines that a Director, who has one or more relationships mentioned therein or who has served on the Board beyond nine (9) years, can be considered independent, the Company should disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he/she should be considered independent. Conversely, the NC has the discretion to determine that a Director is non-independent even if the said Director does not fall under the circumstances set forth in Guidelines 2.3 and/or 2.4 of the Code;
- recommending Directors who are retiring by rotation to be put forward for re-election;

BOARD MEMBERSHIP *(continued)*

Principle 4: Formal and transparent process for the appointment and re-appointment of Directors to the Board *(continued)*

- deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations, and/or other principal commitments;
- recommending to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold;
- assessing the effectiveness of the Board as a whole, and Board Committees and the contribution of each individual Director to the effectiveness of the Board;
- recommending to the Board the development of a process for evaluation and deciding how the performance of the Board may be evaluated and proposing objective performance criteria. The Chairman of the NC should act on the results of the performance evaluation and, where appropriate, propose new members be appointed to the Board or seek the resignation of Directors, in consultation with the NC; and
- recommending to the Board comprehensive induction training programmes for new Directors and to review training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks.

In its selection of new Directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. The Board conducts an initial assessment to review the candidate's qualifications, attributes and past experiences followed by interviewing short-listed candidates. The proposed candidate's independence, expertise, background and right skills will be considered before the Board makes its final decision on the appointment. For re-appointment of Directors to the Board, the Board will take into consideration, amongst others, the Director's integrity, competencies, independence, commitment, contribution and performance (such as attendance, participation, preparedness and candour).

As the ability to commit time and attention to the Group's affairs is essential for the individual Director's contribution and performance, the Board has considered the number of listed directorship each of its Directors can hold. As a guide, Directors should not have more than five (5) listed company board representations. The NC has reviewed and is satisfied that in FY2016, where Directors have other listed company board representations, the Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately carry out their duties as Directors of the Company.

BOARD PERFORMANCE

Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board

The NC determines the criteria on which Board performance is to be evaluated and, subject to the approval of the Board, proposes objective performance criteria which address how the Board has enhanced long-term shareholders' value. The NC will continue to review formal assessment processes for evaluating Board performance, as well as the contribution of individual Directors to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as Director.

For FY2016, the Directors participated in the evaluation by providing feedback to the NC in the form of completing a Board performance evaluation questionnaire which covers several parameters such as Board composition, conduct of meetings, Board process, Board accountability, risk management, measuring and monitoring performance as well as communication with shareholders. The assessment results are presented to the Board by the NC and follow-up actions are taken to address any areas for improvement.

The Company's Constitution requires at least one-third of the Directors (apart from CEO) to retire by rotation and subject to re-election at every Annual General Meeting ("**AGM**") of the Company. The Board, with the recommendation of the NC, has nominated Mr Wong Soon Yum and Ms Ko Lee Meng, who are retiring pursuant to Article 104 of the Company's Constitution, for re-election as a Director at the forthcoming AGM of the Company. Mr Wong and Ms Ko, being eligible for re-election, have offered themselves for re-election.

ACCESS TO INFORMATION

Principle 6: Board members should be provided with complete, adequate and timely information

To enable the Board to fulfill its responsibilities, Management provides the Board with management reports on a regular and timely basis, with relevant and adequate information prior to the Board meetings. The Board also has separate and independent access to the Company Secretary and the Company's Management.

The Company Secretary attends all Board meetings and ensures that Board procedures are followed. The Company Secretary also ensures that the requirements under the Companies Act, Cap. 50 and all other regulations of the SGX-ST are complied with.

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

Subject to the approval of the CEO, the Directors may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors

The RC comprises the following four (4) members, three (3) of whom, including the Chairman, are Independent Non-Executive Directors:

Ng Bie Tjin @ Djuniarti Intan	Chairman
Wong Soon Yum	Member
Kau Jee Chu	Member
Ko Lee Meng	Member

The RC carries out its duties in accordance with a set of written terms of reference which includes, mainly, the following:

- reviewing and submitting a general framework of remuneration for endorsement by the entire Board, which is used to determine the specific remuneration packages and terms of employment for each of the Directors (including the CEO), key management personnel and any other employees related to the Executive Directors and controlling shareholders of the Group;
- reviewing and submitting its recommendations for endorsement by the entire Board, share-based incentives or awards or any long term incentive schemes which may be set up from time to time, in particular to review whether Directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith;
- carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time; and
- ensuring all aspects of remuneration including, but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered.

As part of its review, the RC shall take into consideration:

- that the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Director's and key management personnel's performance. A significant and appropriate proportion of Executive Directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance;
- that the remuneration packages of employees related to Executive Directors and substantial or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;
- that the level and structure of remuneration should be aligned with the long-term interests and risk policies of the Company and Guidelines 8.1 to 8.4 of the Code; and
- the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

REMUNERATION MATTERS *(continued)*

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES *(continued)*

Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors *(continued)*

The RC ensures that a formal and transparent procedure is in place for determining the remuneration packages of individual Directors and key management personnel. All aspects of remuneration including, but not limited to, Directors' fees, salaries, allowances, bonuses and other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. None of the members of the RC or any Directors is involved in deciding his/her own remuneration package.

While none of the RC members specialises in the field of executive remuneration, they do possess general knowledge in this area. The RC will engage professional advice in relation to remuneration matters as and when the need arises. The RC will ensure that existing relationships between the Company and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the remuneration consultants.

The Company's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise.

Service agreements for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses. The RC reviews the fairness and reasonableness of termination clauses of the service agreements of the Executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

The Non-Executive Directors do not have service agreements with the Company.

LEVEL AND MIX OF REMUNERATION

Principle 8: Level of remuneration of Directors should be appropriate but not excessive

The remuneration of employees related to Executive Directors and controlling shareholders of the Group will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he/she will abstain from participating in the review.

The remuneration package of the Executive Directors and the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. The performance-related component of the remuneration package is designed to align the interests of the Executive Directors with those of the shareholders and link rewards to the Group's financial performance.

Directors' fees are set in accordance with a remuneration framework based on the level of responsibility and scope of work. The Non-Executive Directors are paid fixed Directors' fees appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities on the Board and the Board Committees. The Independent Non-Executive Directors have not been over-compensated to the extent that their independence is compromised. The fees to Independent Non-Executive Directors are subject to shareholders' approval at the AGMs of the Company. The Board has endorsed the remuneration framework.

The Company does not have contractual provisions to allow the Group to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors and key management personnel in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The Board has not included a separate annual remuneration report to shareholders in the annual report on the remuneration of Directors and the top five key management personnel (who are not Directors or the CEO of the Company) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this report and in the financial statements of the Company.

The Board has reviewed the disclosure of the remuneration of the Directors and key management personnel (who are not Directors or the CEO of the Company) and has decided not to disclose the name and remuneration details of the key management personnel and remuneration of the Directors as the Board believes that the disclosure may be prejudicial to its businesses given the competitive business environment and the disadvantages such as staff retention issues that it may bring.

Disclosure on Directors' Fees and Remuneration
A breakdown of the level and mix of the remuneration payable to each individual Director for FY2016 are as follows:

		FY2016			
Remuneration Band	*Director*	*Salary (including CPF)* %	*Bonus, profit sharing* %	*Fee* %	*Other Benefits* %
S$750,000 to below S$1,000,000	Koh Wee Seng	24.30	73.36	2.34	-
	Koh Lee Hwee	24.08	73.61	2.31	
Below S$250,000	Wong Soon Yum	-	-	100.00	-
	Kau Jee Chu	-	-	100.00	-
	Ng Bie Tjin @ Djuniarti Intan	-	-	100.00	-
	Ko Lee Meng	-	-	100.00	-

Remuneration of Key Management Personnel (who are not Directors or the CEO)
The remuneration of the top eight (8) key management personnel comprises of fixed component and variable component. Fixed component is in the form of fixed monthly salary whereas variable component is linked to the performance of the Group's businesses and individual performance.

The remuneration for FY2016 of the top eight (8) key management personnel are as follows:

S$500,000 to below S$750,000	:	1
S$250,000 to below S$500,000	:	2
Below S$250,000	:	5

The total remuneration paid to the above eight (8) key management personnel was S$2,490,688 for FY2016.

Remuneration of Employees who are Immediate Family Members of a Director or the CEO
For FY2016, the remuneration of the employee who is an immediate family member of a Director or the CEO whose remuneration exceed S$50,000 during the year is as follows:

S$500,000 to S$750,000 : Mr Ng Sheng Tiong (spouse of Ms Koh Lee Hwee)

Share-Based Incentive Plan
The Aspial Share Award Scheme (the "**Share Award**") was approved by shareholders on 15 December 2006. The RC is designated as the Scheme Committee and its members are as follows:

Ng Bie Tjin @ Djuniarti Intan	Chairman
Wong Soon Yum	Member
Kau Jee Chu	Member
Ko Lee Meng	Member

DISCLOSURE ON REMUNERATION *(continued)*

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration *(continued)*

The objectives of the Share Award are to give recognition to employees for their past contributions and services and to motivate them to contribute towards the Group's long-term growth and prosperity. Participation in the Share Award is open to the Non-Executive Directors of the Company and any awards that may be granted to any such Non-Executive Directors would be intended only as a token of the Company's appreciation.

During the financial year, performance share awards granted were based on the terms of the Share Award. A total of 753,177 shares were granted to its employees under the Share Award. No awards were granted to the Directors of the Group.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: Presentation of a balanced and understandable assessment of the Company's performance, position and prospects

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards prescribed by the Accounting Standards Council. In presenting the annual financial statements and announcements of financial results, the Board ensures it has taken adequate steps to ensure compliance with the legislative and regulatory requirements including SGX-ST Listing Manual. The Board also aims to provide shareholders with a balanced and understandable assessment of the Group's performance, financial position and prospect.

Management provides the Board with appropriate detailed management accounts of the Group's performance, position and prospect on a regular basis. The Board will update the shareholders on the financial positions and operations of the Company and the Group through quarterly and full year announcements as well as timely announcement of other matters required by the relevant rules and regulations.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Sound system of risk management and internal controls

The Audit Steering Committee acts as the primary reporting line to the internal audit function, which reviews and endorses the internal audit plans and internal audit reports. The internal audit function performs risk assessment and conducts the review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, information technology controls and risk management systems. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Steering Committee and the AC respectively.

The internal controls in place maintained by the Company's Management throughout the year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The Company's internal control systems serve as the key in identifying and managing risks that are significant to the achievement of its business objectives. The risks are proactively identified and addressed. The ownership of these risks lies with the respective business and function heads with stewardship residing with the Board. The process of risk management has been integrated into the Group's business planning and monitoring process.

The Company regularly reviews the Group's business and operational activities to identify areas of significant business risks. Appropriate measures are taken to assess, control and mitigate these risks.

RISK MANAGEMENT AND INTERNAL CONTROLS *(continued)*

Principle 11: Sound system of risk management and internal controls *(continued)*

The AC reviews the Group's financial controls and risk management policies and processes, and based on its assessment and reports of the internal auditors, the AC and the Board are assured that adequate internal controls are in place.

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 various Board Committees and the Board, the Board, with the concurrence of the AC is of the opinion that the Group internal controls addressing the financial, operational, compliance risks, information technology controls and risk management systems are adequate and effective to meet the needs of the Group for the type and volume of businesses conducted in the current business environment. The Company has complied with Rule 1207(10) of the SGX-ST Listing Manual.

The Board has received the assurance of the CEO and the CFO that:

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

(b) They have evaluated the effectiveness of the Group's risk management and internal controls and assessed the internal auditor's reports on the Group's ability operations and external auditors' reports on the financial statements and management letter and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's to record, process, summarise or report financial information. The Group's risk management and internal controls systems (including financial, operational, compliance and information technology controls) are in place and effective.

The CEO and the CFO have obtained similar assurances from the business and function heads in the Group.

AUDIT COMMITTEE

Principle 12: Establishment of Audit Committee with written terms of reference

The AC comprises the following four (4) members, three (3) of whom, including the Chairman, are Independent Non-Executive Directors, who have accounting related or financial management experience:

Wong Soon Yum	Chairman
Kau Jee Chu	Member
Ng Bie Tjin @ Djuniarti Intan	Member
Ko Lee Meng	Member

No former partner or Director of the Company's existing audit firm is a member of the AC.

The AC met on a quarterly basis during the year. The AC carries out its duties in accordance with a set of written terms of reference which includes, mainly, the following:

- reviewing with the external auditors the audit plan and their evaluation of the system of internal accounting controls, their audit report, their management letter and Management's response;
- ensuring co-ordination where more than one audit firm is involved where necessary;
- reviewing the quarterly and full year financial statements before submission to the Board for approval, particularly in relation to changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, compliance with the SGX-ST Listing Manual and statutory/regulatory requirements;
- discussing problems and concerns, if any, arising from the quarterly (if applicable), interim and final audits, in consultation with the external auditors and the internal auditors where necessary;
- meeting with external auditors and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have;
- reviewing the assistance given by Management to the external auditors;

AUDIT COMMITTEE *(continued)*

Principle 12: Establishment of Audit Committee with written terms of reference *(continued)*

- reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually. Where the auditors also supply non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be affected;
- reviewing the internal audit programme and ensuring co-ordination between the internal and external auditors and Management;
- reviewing the scope and results of the internal audit procedures;
- evaluating the effectiveness of both the internal and external audit efforts through regular meetings;
- determining that no unwarranted management restrictions are being placed upon to either the internal or external auditors;
- ensuring that the internal audit function is adequately staffed and well qualified;
- reviewing and discussing with the external auditors, any suspected fraud and irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management response;
- investigating any matter within its terms of reference, having full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
- reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- reviewing the interested person transactions falling within the scope of the SGX-ST Listing Manual including transactions that fall within the scope of Rule 912 (i.e. review and approval of proposed sale(s) of any units of property projects to the Company's interested persons and/or relatives of a Director, CEO or controlling shareholder);
- undertaking such other reviews and projects as may be requested by the Board;
- undertaking such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and such amendments made thereto from time to time;
- considering the appointment/re-appointment of the external auditors, the audit fee and matters relating to the resignation or dismissal of the auditors; and
- reviewing and approving the property development which are not meant for personal use for Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee.[1]

Note:

*(1) This is following a review done by the Board in 2014 regarding the Group's procedures in relation to the conflict of interest. The Board resolved that the Mr Koh Wee Seng, Ms Koh Lee Hwee and Ms Ko Lee Meng (collectively the "**Relevant Directors**") are allowed to purchase any property for investment and invest in any property companies so long that they are not the Directors of the property companies. However, for any property development which are not meant for personal use, the Relevant Directors must seek AC's approval.*

The AC has been given full access to Management and has reasonable resources to enable it to discharge its function properly. The AC has full discretion to invite any Director or key management personnel to attend its meetings. The AC has full access to the external auditors and has met with them at least once during the calendar year without the presence of Management.

The AC has reviewed all the non-audit services provided by the external auditors, namely, tax services and services related to the initial public offering of a subsidiary and is satisfied that the provision of such services did not affect their independence.

The AC will undertake a review of the scope of services provided by the external auditors, the independence and the objectivity of the external auditors on annual basis. Messrs Ernst & Young LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with Accounting and Corporate Regulatory Authority and provided a confirmation of their independence to the AC. The AC had assessed the external auditors based on factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, given the size and complexity of the Group.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

The AC has recommended that Messrs Ernst & Young LLP be nominated for re-appointment as the Company's auditors at the forthcoming AGM of the Company. A breakdown of the audit and non-audit fees paid to the external auditors can be found on page 70 of this annual report.

AUDIT COMMITTEE *(continued)*

Principle 12: Establishment of Audit Committee with written terms of reference *(continued)*

The Company has put in place a whistle blowing policy, endorsed by the AC where employees of the Company may in confidence, raise concerns about the wrongdoing or malpractice within the Group and ensure arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. All concerns would be kept confidential. There have been no incidents pertaining to whistle blowing for FY2016.

Any changes to accounting standards and issues which have a direct impact on the financial statements would be raised by the external auditors, keeping the AC members abreast of such changes.

INTERNAL AUDIT

Principle 13: Effective and independent internal audit function

The Company has established an in-house Internal Audit Department which performs financial audits, implements operational and compliance controls, oversees risk management and audits of other management processes. The internal auditors report findings and recommendations to the Chairman of the AC and administratively to the CEO.

The internal audit function is independent of the activities it audits and carries out its activities in compliance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Board, the AC and the Audit Steering Committee are of the opinion that the internal audit function is sufficiently resourced. Internal audits are performed by competent professional staff with relevant qualifications and experience. In order that their technical knowledge remains current and relevant, the Company identifies and provides training and development opportunities to the staff.

The AC reviews the activities of the internal audit on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied with its adequacy and effectiveness.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders rights
Principle 15: Communication with shareholders
Principle 16: Conduct of shareholder meetings

The Board is mindful of the obligation to provide timely and fair disclosure of material information. The Board is accountable to the shareholders while Management is accountable to the Board. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via quarterly announcements of results and other ad-hoc announcements as required by the SGX-ST.

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

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders of the Company are informed of shareholders' meetings through notices published in the newspaper and reports or circulars sent to all shareholders. At the shareholders' meetings, shareholders are given the opportunity to express their views and ask Directors or Management questions regarding the Company. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of auditors' report.

The Company does not have a formal dividend policy. Dividends are declared based on the Group's financial performance, the consideration of the Group's future business plans, the position of the Group's retained earnings, and other factors as the Board may deem appropriate.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES *(continued)*

Principle 14: Shareholders rights *(continued)*
Principle 15: Communication with shareholders *(continued)*
Principle 16: Conduct of shareholder meetings *(continued)*

All shareholders receive reports or circulars of the Company which include notice of general meeting by post within the mandatory period. Notice of general meeting is released through SGXNet and published in the Business Times within the same period.

All shareholders can provide feedback to the Company Secretary via the electronic mail address or registered address.

All registered shareholders are encouraged to participate during the general meetings. The Company's Constitution allows a member of the Company to appoint not more than two (2) proxies to attend and vote in his/her stead at all general meetings. The Company also allows corporations which provide nominee or custodial services to appoint more than two (2) proxies, so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

Matters which require shareholders' approval are presented and proposed as a separate resolution. The Company practises having separate resolutions at general meetings on each substantially separate issue. Each item of special business in the notice of general meeting is accompanied by an explanatory note, where appropriate. Proxy form is also sent with the notice of general meeting to all shareholders.

All Directors, Management, Company Secretary, external auditors and legal advisors (if necessary) attend the general meetings. The procedures of the general meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Shareholders are encouraged to provide their views on matters relating to the Company.

The Company Secretary prepares minutes of the general meetings which include substantial and relevant comments or queries from shareholders relating to the agendas of the meetings, and responses from the Board and Management, and to record these minutes. These minutes are subsequently approved by the Board and make available to shareholders during office hours at the registered office upon their written request.

As the authentication of shareholder identity and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

In support of greater transparency of the voting process and to enhance shareholders' participation, the Company puts all resolutions proposed at the general meetings to vote by poll. A scrutineer is appointed to count and validate the votes cast at the general meetings. The total number of votes cast for and against each resolution and the respective percentage to the audiences at the general meetings is also announced to the SGX-ST via SGXNet. Shareholders who are present in person or represented by proxies will be entitled to one vote for each share held.

DEALING IN SECURITIES

The Company has adopted an internal Code of Best Practice to provide to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1207(19) of the SGX-ST Listing Manual. During the financial year, the Company issues quarterly memo to its Directors, officers and employees prohibiting dealing in its shares commencing two (2) weeks before the announcement of the Company's quarterly results and one (1) month before the announcement of full year financial results and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group at all times.

In addition, the Company discourages the Directors, key management personnel and employees of the Group from dealing in the Company's securities on short term considerations. The Group confirmed that it adhered to its Code of Best Practice for FY2016.

The guidelines on share purchase in accordance with the Share Purchases Mandate which will be renewed at the forthcoming AGM of the Company also provides that the Company will not repurchase any shares during the period commencing two (2) weeks before the announcement of the Company's quarterly results for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company's full year financial results and ending on the date of the announcement of the relevant results.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. All interested person transactions are subject to review by the AC when a potential conflict of interest arises and the Director concerned does not participate in discussions and refrained from exercising any influence over other members of the Board.

The aggregate value of interested person transactions above S$100,000 entered into during the financial year under review is as follows:

Name of interested person	*Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)*
Rental	
- 8G Investment Pte. Ltd.[1]	552
Subscription of 4-year 5.30 per cent. bonds due 2020 issued by Aspial Treasury Pte. Ltd.	
- Mr Koh Wee Seng	636
- Mdm Tan Su Lan	318
- Ms Ko Lee Meng	424
Acquisition of shares in the capital of AF Global Limited[2] by AF Corporation Pte. Ltd.[3] from the disposal of shares in the capital of AF Global Limited by Mr Koh Wee Seng, Mdm Tan Su Lan and the Company	37,080
Provision of an interest free loan	
Bayfront Ventures Pte. Ltd.[3]	3,700
Bayfront Realty Pte. Ltd.[3]	150
WCL (QLD) Margaret St Pty. Ltd.[4]	1,071
Fragrance Group Limited[5] and AF Corporation Pte. Ltd.[3]	31,750

Note:

(1) *8G Investment Pte. Ltd., a company in which Mr Koh Wee Seng has an interest of 30 per cent. or more.*

(2) *AF Global Limited, a company listed on the SGX-ST in which Mr Koh Wee Seng and Mr Koh Wee Meng have an interest of 30 per cent. or more. Mr Koh Wee Meng is the brother of Mr Koh Wee Seng.*

(3) *Bayfront Ventures Pte. Ltd., Bayfront Realty Pte. Ltd. and AF Corporation Pte. Ltd., these are the companies in which Mr Koh Wee Seng and Mr Koh Wee Meng have an interest of 30 per cent. or more.*

(4) *WCL (QLD) Margaret St Pty. Ltd., a company in which Mr Koh Wee Seng, Ms Koh Lee Hwee, Ms Ko Lee Meng and Mdm Tan Su Lan have an interest of 30 per cent. or more.*

(5) *Fragrance Group Limited, a company listed on the SGX-ST in which Mr Koh Wee Seng and Mr Koh Wee Meng have an interest of 30 per cent. or more.*

INTERESTED PERSON TRANSACTIONS *(continued)*

For the purposes of Rules 905(2) and 906(1)(b) of the SGX-ST Listing Manual, the interested persons are treated as the same interested person and the transactions entered into between the Group and such interested persons are aggregated in determining whether the designated financial thresholds under Rules 905(2) and 906(1)(b) of the SGX-ST Listing Manual are triggered. Accordingly, the Company had made announcement concerning the interested person transactions on 10 August 2016.

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

MATERIAL CONTRACTS

Saved as disclosed above in the section entitled "Interested Person Transactions" and in the financial statements of the Company, there were no material contracts of the Group involving the interest of the CEO, Directors or controlling shareholders subsisting at the end of FY2016 or have been entered into since the end of the previous financial year.

BOARD OF DIRECTORS

Mr Koh Wee Seng
Chairman and Group Chief Executive Officer

Date of first appointment as a director : 9 October 1989
Date of last re-election as a director : N.A.
Length of service as a director (as at 31 December 2016) : 27 years 3 months

Board Committee(s) served on:
- Nominating Committee (member)

Academic & professional Qualification(s):
- Bachelor of Business Administration, National University of Singapore.

Present Directorship in listed companies
- Maxi-Cash Financial Services Corporation Ltd.
- AF Global Limited

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)
- Nil

Ms Koh Lee Hwee
Executive Director

Date of first appointment as a director : 15 August 1988
Date of last re-election as a director : 27 April 2016
Length of service as a director (as at 31 December 2016) : 28 years 5 months

Board Committee(s) served on:
- Nil

Academic & professional Qualification(s):
- Bachelor of Arts, National University of Singapore.

Present Directorship in listed companies
- Maxi-Cash Financial Services Corporation Ltd.

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)
- Nil

BOARD OF DIRECTORS *(continued)*

Ms Ko Lee Meng
Non-Executive Director and Non-Independent Director

Date of first appointment as a director : 1 May 1987
Date of last re-election as a director : 28 April 2015
Length of service as a director (as at 31 December 2016) : 29 years 8 months

Board Committee(s) served on:
- Audit Committee (member)
- Remuneration Committee (member)

Academic & professional Qualification(s):
- Bachelor of Arts, National University of Singapore.

Present Directorship in listed companies
- Maxi-Cash Financial Services Corporation Ltd.
- Global Premium Hotels Limited

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)
- Nil

Mr Wong Soon Yum
Lead Independent and Non-Executive Director

Date of first appointment as a director : 27 May 1999
Date of last re-appointment as a director : 28 April 2015
Length of service as a director (as at 31 December 2016) : 17 years 8 months

Board Committee(s) served on:
- Audit Committee (Chairman)
- Nominating Committee (member)
- Remuneration Committee (member)

Academic & professional Qualification(s):
- Professional Diploma in Accountancy, Singapore Polytechnic; Executive Programme, Stanford-National University of Singapore

Present Directorship in listed companies
- Nil

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)
- Nil

BOARD OF DIRECTORS *(continued)*

Mr Kau Jee Chu
Independent Non-Executive Director

Date of first appointment as a director	:	1 November 2002
Date of last re-appointment as a director	:	28 April 2015
Length of service as a director (as at 31 December 2016)	:	14 years 2 months

Board Committee(s) served on:
- Nominating Committee (Chairman)
- Audit Committee (member)
- Remuneration Committee (member)

Academic & professional Qualification(s):
- Bachelor in Accountancy, National University of Singapore

Present Directorship in listed companies
- Global Premium Hotels Limited

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)
- Nil

Ms Ng Bie Tjin @ Djuniarti Intan
Independent Non-Executive Director

Date of first appointment as a director	:	20 January 2014
Date of last re-election as a director	:	27 April 2016
Length of service as a director (as at 31 December 2016)	:	2 years 11 months

Board Committee(s) served on:
- Remuneration Committee (Chairman)
- Audit Committee (member)
- Nominating Committee (member)

Academic & professional Qualification(s):
- Masters in Business Administration, University of Southern California

Present Directorship in listed companies
- Nil

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)
- Datapulse Technology Limited

FINANCIAL REPORT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Aspial Corporation Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date, and

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

DIRECTORS

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

Koh Wee Seng
Koh Lee Hwee
Ko Lee Meng
Wong Soon Yum
Kau Jee Chu
Ng Bie Tjin @ Djuniarti Intan

In accordance with Article 104 of the Company's Constitution, Ko Lee Meng and Wong Soon Yum retire and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Held by directors			*Other shareholdings in which directors are deemed to have an interest*		
	1 January 2016	*31 December 2016*	*21 January 2017*	*1 January 2016*	*31 December 2016*	*21 January 2017*
Aspial Corporation Limited						
Ordinary shares						
Koh Wee Seng	347,479,901	372,164,929	372,164,929	1,122,273,082	1,142,907,178	1,142,907,178
Koh Lee Hwee	30,888,888	30,888,888	30,888,888	1,135,400,921	1,156,816,957	1,156,816,957
Ko Lee Meng	33,443,824	33,639,865	33,639,865	1,118,264,239	1,138,979,974	1,138,979,974

DIRECTORS' INTEREST IN SHARES OR DEBENTURES *(continued)*

	Held by directors			*Other shareholdings in which directors are deemed to have an interest*		
	1 January 2016	*31 December 2016*	*21 January 2017*	*1 January 2016*	*31 December 2016*	*21 January 2017*
Holding company						
MLHS Holdings Pte. Ltd.						
Ordinary shares						
Koh Wee Seng	1,410,000	1,410,000	1,410,000	–	–	–
Koh Lee Hwee	607,500	607,500	607,500	–	–	–
Ko Lee Meng	772,500	772,500	772,500	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng are deemed to have an interest in the shares of all the subsidiaries to the extent held by the Company.

As at the beginning of the financial year, Koh Wee Seng, Koh Lee Hwee, Ko Lee Meng and Ng Bie Tjin @ Djuniarti Intan held term notes and bonds aggregating to $2,730,000, $730,000, $3,500,000 and $500,000 respectively. As at the end of the financial year, Koh Wee Seng, Koh Lee Hwee, Ko Lee Meng and Ng Bie Tjin @ Djuniarti Intan held term notes and bonds aggregating to $5,618,000, $500,000, $3,576,000 and $1,250,000 respectively. The bonds bear a fixed interest rate of 5.25% and 5.30% and are due in 2020 while the term notes bear fixed interest rates of 5.05%, 5.50% and 4.50% and are due in 2019, 2018 and 2017 respectively. There is no change in the term notes and bonds held by the directors as at 21 January 2017.

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

OPTIONS

No options were issued by the Company during the financial year. As at 31 December 2016, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

AUDIT COMMITTEE

The Audit Committee performed the functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Koh Wee Seng
Director

Koh Lee Hwee
Director

Singapore
27 March 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Aspial Corporation Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 31 December 2016, statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Financial Reporting Standards in Singapore ("**FRSs**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

1. ***Estimation of budgeted cost and valuation of development properties***

   As at 31 December 2016, the Group's development properties amounted to $798,011,000, which represented 46.3% of the Group's total assets. These development properties are located in and outside of Singapore.

   For the development properties located in Singapore, the Group applies the percentage of completion method when accounting for these development properties, and the stage of completion is measured by reference to the survey of work determined by external architects. On application of the percentage of completion method, the amount of project costs and resultant profit recognised in a year is dependent, amongst others, on the total budgeted costs to be incurred for each project. The estimation of budgeted costs for each project is subject to uncertainty as a result of the extent of estimation involved in assessing the construction costs to complete and amounts of variation claims from contractors.

   For development properties located outside of Singapore, a significant proportion of these development properties relate to projects that are in planning phases and have not been launched as at 31 December 2016. In ascertaining net realisable value ("**NRV**"), significant judgment is involved as management either estimates the expected selling price (taking into account estimated costs to complete construction) based on the future property market and economic conditions in the respective markets, or uses external appraisers to support its determination of market prices.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

Key audit matters *(continued)*

1. ***Estimation of budgeted cost and valuation of development properties*** *(continued)*

   As significant judgment is involved in estimating the total budgeted cost of construction and development for development properties located in Singapore, and significant estimation uncertainty is involved in determining the NRV of development properties outside of Singapore, we have identified estimation of budgeted costs and valuation of development properties as a key audit matter.

   To address the risk of material misstatement relating to estimation of budgeted costs of development properties, our audit procedures included, amongst others, obtaining an understanding of the internal controls with respect to project budgeting and monitoring process, inquiring management on the status and development of on-going and significant projects on a timely and regular basis, and assessing the adequacy of provision for any foreseeable losses. We also evaluated the appropriateness of the budgeted costs and performed sensitivity testing on the estimated selling price of the remaining unsold units, and considered the implications of identified errors and changes in budget estimates.

   To address the risk of material misstatement relating to valuation of development properties, our audit procedures included, amongst others, inquiry of management on the existence of any impairment indicators. Where impairment indicators exist, we examined documentation of material projects such as costs incurred to-date/costs to complete, timing of completion and evaluated the appropriateness of management's assessment on NRV of the development properties. Where expected selling prices are used in management's NRV assessment, we reviewed reasonableness of such selling prices, taking into account market prices for similar properties in the respective markets, where applicable. Where management used external appraisers to support its NRV determination, we involved our internal real estate specialists in assessing the appropriateness of the valuation method and key assumptions used in the valuations.

   Further, we assessed the adequacy of disclosures related to development properties in Note 2.19 Development properties, Note 3.2(e) Estimation of net realisable value for development properties and Note 20(a) Development properties to the financial statements.

2. ***Allowance for doubtful trade receivables of the Group's financial service business***

   Trade receivables mainly relate to the Group's financial service business, and are significant to the Group as they represent 14.2% of the Group's total assets as at 31 December 2016.

   The collectability of the trade receivables of the Group's financial service business is a key element of the Group's working capital management, which is managed on an ongoing basis by management based on historical non-renewal and non-redemption data of each individual pawnshop outlet as well as monitoring of fluctuations of gold prices, and market prices of pre-owned jewellery and watches. Significant judgment and estimation is involved in using the historical non-renewal and non-redemption data to derive the probability of non-redemption as the pawn loan ages. Accordingly, we have identified the allowance for doubtful trade receivables from the Group's financial service business as a key audit matter.

   To address the risk of material misstatement relating to the allowance for doubtful trade receivables from the Group's financial service business, our audit procedures included, amongst others, evaluating management's procedures in respect of monitoring and managing the risk of impairment. This consists of management's process in monitoring the volatility of market prices of gold, jewellery and watches. We have also reviewed management's assessment of the probability of non-redemption based on historical non-renewal and non-redemption data, and assessed the adequacy of the allowance for doubtful loans to customers.

   Furthermore, we assessed the adequacy of disclosures related to trade receivables in Note 21 Trade and other receivables to the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

Key audit matters *(continued)*

3. Existence of pledges, cash and inventories

We focused on pledges, cash and inventories as their total carrying amounts are material to the financial statements, and there is a higher inherent risk of theft and pilferage.

As part of our audit of the financial service business, we obtained an understanding of the internal controls with respect to physical safeguards over pledges, cash and inventories. On a sample basis, we attended and observed surprise outlet audits (which include the verification of pledges, cash and inventories counts), daily cash counts and inventory cycle counts performed by the internal auditors of the Group. On a sampling basis, we also attended year-end inventory counts and cash counts at outlets, and sighted to pledges from pawnshop outlets. To verify the existence of bank balances, we obtained bank confirmations and reviewed management's monitoring of the cash balances.

As part of our audit of the jewellery business, we obtained an understanding of the internal controls with respect to physical safeguards over inventories. On a sample basis, we attended and observed surprise outlet audits (which include inventories count) and inventory cycle counts performed by the internal auditors of the Group.

Furthermore, we assessed the adequacy of the disclosures related to total cash on hand, pledges held (trade receivables of the Group's financial service business) and inventories in Note 24 Cash and bank balances, Note 21 Trade and other receivables and Note 19 Inventories respectively to the financial statements.

OTHER INFORMATION

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Max Loh Khum Whai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
27 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	*2016 $'000*	*2015 $'000*
Revenue	4	621,036	464,064
Materials and subcontract costs		(473,549)	(318,979)
Employee benefits	5	(43,713)	(42,964)
Depreciation and amortisation		(4,673)	(4,593)
Finance costs	6	(33,427)	(20,089)
Other operating expenses		(79,266)	(83,744)
Interest income		12,956	6,502
Rental income		2,276	6,968
Other income	7	4,190	4,502
Share of results of associates		(637)	3,381
Share of results of a joint venture		1,695	(1,571)
Profit before tax	8	6,888	13,477
Income tax expense	28(a)	(2,078)	(4,319)
Profit for the year		4,810	9,158
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Share of other comprehensive income of a joint venture		830	12,275
Items that may be reclassified subsequently to profit or loss			
Net fair value changes of available-for-sale financial assets		(5,823)	(2,402)
Foreign currency translation		1,387	(3,109)
Share of other comprehensive income of a joint venture		(3,936)	(2,015)
Other comprehensive income for the year, net of tax		(7,542)	4,749
Total comprehensive income for the year		(2,732)	13,907
Profit for the year attributable to:			
Owners of the Company		1,092	8,573
Non-controlling interests		3,718	585
		4,810	9,158
Total comprehensive income attributable to:			
Owners of the Company		(6,650)	13,435
Non-controlling interests		3,918	472
		(2,732)	13,907
Earnings per share (cent)			
Basic	9	0.06	0.46
Diluted	9	0.06	0.46

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Property, plant and equipment	10	42,304	23,252	880	864
Investment properties	11	45,700	45,700	–	–
Intangible assets	12	6,964	7,474	35	35
Investment in subsidiaries	13	–	–	180,013	161,712
Investment in associates	14	18,033	18,961	–	–
Investment in joint ventures	15	12,092	40,815	5,025	5,025
Investment securities	17	1,365	13	–	–
Other investment	18	–	–	–	29,614
Other receivables	21	5,328	5,423	6	6
Prepaid rent	22	–	42	–	–
Deferred tax assets	28(c)	9,587	8,369	–	428
		141,373	150,049	185,959	197,684
Current assets					
Inventories	19	141,517	128,836	–	–
Development properties	20(a)	798,011	875,597	–	–
Properties held for sale	20(b)	16,944	8,929	–	–
Trade and other receivables	21	298,877	229,443	322	350
Prepaid rent	22	42	53	–	–
Prepayments		9,496	9,225	1,211	2,098
Due from subsidiaries (non-trade)	23	–	–	370,488	434,082
Due from associates (non-trade)	23	6,350	17,660	–	–
Due from a joint venture (non-trade)	23	82,897	55,605	82,897	55,313
Investment securities	17	155,985	152,868	–	–
Cash and bank balances	24	70,284	132,995	751	3,316
		1,580,403	1,611,211	455,669	495,159
Total assets		1,721,776	1,761,260	641,628	692,843

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Current liabilities					
Trade and other payables	25	59,213	45,999	3,934	11,014
Due to subsidiaries (non-trade)	23	–	–	97,338	2,807
Due to an associate (non-trade)	23	5,260	4,980	–	–
Provision for taxation		17,539	5,162	77	50
Interest-bearing loans and borrowings	26	447,748	480,057	–	–
Term notes and bonds	27	55,750	100,000	55,750	100,000
		585,510	636,198	157,099	113,871
Net current assets		994,893	975,013	298,570	381,288
Non-current liabilities					
Other payables	25	1,696	4,176	–	–
Interest-bearing loans and borrowings	26	175,612	265,125	–	–
Term notes and bonds	27	574,000	460,000	230,000	310,000
Deferred tax liabilities	28(c)	8,088	19,466	109	–
		759,396	748,767	230,109	310,000
Total liabilities		1,344,906	1,384,965	387,208	423,871
Net assets		376,870	376,295	254,420	268,972
Equity attributable to owners of the Company					
Share capital	29(a)	226,152	215,872	226,152	215,872
Treasury shares	29(b)	(2,589)	(2,796)	(2,589)	(2,796)
Other reserves	29(c)	(5,329)	2,560	1,413	1,429
Revenue reserves		93,755	111,564	29,444	54,467
		311,989	327,200	254,420	268,972
Non-controlling interests		64,881	49,095	–	–
Total equity		376,870	376,295	254,420	268,972
Total equity and liabilities		1,721,776	1,761,260	641,628	692,843

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Treasury shares	Other reserves	Revenue reserves	Equity attributable to owners of the Company		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
As at 1 Jan 2015		202,179	(2,473)	(44)	125,696	325,358	44,387	369,745
Profit for the year		–	–	–	8,573	8,573	585	9,158
Other comprehensive income								
Net loss on fair value changes of available-for-sale financial assets		–	–	(1,360)	–	(1,360)	–	(1,360)
Adjustment on acquisition of equity interests in a joint venture	18	–	–	(1,042)	–	(1,042)	–	(1,042)
Foreign currency translation		–	–	(2,996)	–	(2,996)	(113)	(3,109)
Share of other comprehensive income of a joint venture		–	–	10,260	–	10,260	–	10,260
Other comprehensive income for the year, net of tax		–	–	4,862	–	4,862	(113)	4,749
Total comprehensive income for the year		–	–	4,862	8,573	13,435	472	13,907
Contributions by and distributions to owners								
Dividend on ordinary shares								
- Cash and scrip dividends		–	–	–	(14,825)	(14,825)	(14,814)	(29,639)
- Dividend *in specie*		–	–	–	(7,880)	(7,880)	7,880	–
Ordinary shares issued under scrip dividend	29(a)	13,693	–	–	–	13,693	–	13,693
Purchase of treasury shares	29(b)	–	(867)	–	–	(867)	–	(867)
Treasury shares re-issued pursuant to employee share award	29(b)	–	544	68	–	612	–	612
Capital contribution from non-controlling interests		–	–	–	–	–	10,102	10,102
Capital return to non-controlling shareholder upon liquidation of subsidiary		–	–	–	–	–	(474)	(474)
Total contributions by and distributions to owners		13,693	(323)	68	(22,705)	(9,267)	2,694	(6,573)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary	13	–	–	(2,331)	–	(2,331)	1,531	(800)
Disposal of equity interests without a change in control	13	–	–	5	–	5	11	16
Total changes in ownership interests in subsidiaries		–	–	(2,326)	–	(2,326)	1,542	(784)
Total transactions with owners in their capacity as owners		13,693	(323)	(2,258)	(22,705)	(11,593)	4,236	(7,357)
At 31 December 2015		215,872	(2,796)	2,560	111,564	327,200	49,095	376,295

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Treasury shares	Other reserves	Revenue reserves	Equity attributable to owners of the Company		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
As at 1 Jan 2016		215,872	(2,796)	2,560	111,564	327,200	49,095	376,295
Profit for the year		–	–	–	1,092	1,092	3,718	4,810
Other comprehensive income								
Net loss on fair value changes of available-for-sale financial assets		–	–	(5,823)	–	(5,823)	–	(5,823)
Foreign currency translation		–	–	1,187	–	1,187	200	1,387
Share of other comprehensive income of a joint venture		–	–	(3,106)	–	(3,106)	–	(3,106)
Other comprehensive income for the year, net of tax		–	–	(7,742)	–	(7,742)	200	(7,542)
Total comprehensive income for the year		–	–	(7,742)	1,092	(6,650)	3,918	(2,732)
Contributions by and distributions to owners								
Dividend on ordinary shares								
- Cash and scrip dividends		–	–	–	(18,916)	(18,916)	(1,272)	(20,188)
Ordinary shares issued under scrip dividend	29(a)	10,280	–	–	–	10,280	–	10,280
Premium on dilution of interests in subsidiary		–	–	(120)	–	(120)	–	(120)
Capital contribution from non-controlling interests		–	–	–	–	–	13,146	13,146
Treasury shares re-issued pursuant to employee share award	29(b)	–	207	(16)	–	191	–	191
Total contributions by and distributions to owners		10,280	207	(136)	(18,916)	(8,565)	11,874	3,309
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary	13	–	–	(11)	–	(11)	(6)	(17)
Ordinary shares issued under scrip dividend scheme by a subsidiary		–	–	–	15	15	–	15
Total changes in ownership interests in subsidiaries		–	–	(11)	15	4	(6)	(2)
Total transactions with owners in their capacity as owners		10,280	207	(147)	(18,901)	(8,561)	11,868	3,307
At 31 December 2016		226,152	(2,589)	(5,329)	93,755	311,989	64,881	376,870

	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Total equity $'000
Company						
As at 1 Jan 2015		202,179	(2,473)	2,403	(18,527)	183,582
Profit for the year		–	–	–	95,617	95,617
Other comprehensive income						
Adjustment on acquisition of equity interest in a joint venture	18	–	–	(1,042)	–	(1,042)
Total comprehensive income for the year		–	–	(1,042)	95,617	94,575
Contributions by and distributions to owners						
Dividends on ordinary shares						
- Cash and scrip dividends	30	–	–	–	(14,825)	(14,825)
- Dividend *in specie*	30	–	–	–	(7,798)	(7,798)
Ordinary shares issued under scrip dividend	29(a)	13,693	–	–	–	13,693
Purchase of treasury shares	29(b)	–	(867)	–	–	(867)
Treasury shares reissued pursuant to employee share award		–	544	68	–	612
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		13,693	(323)	68	(22,623)	(9,185)
At 31 December 2015 and 1 January 2016		215,872	(2,796)	1,429	54,467	268,972
Loss for the year, representing total comprehensive income for the year		–	–	–	(6,107)	(6,107)
Contributions by and distributions to owners						
Dividends on ordinary shares						
- Cash and scrip dividends	30	–	–	–	(18,916)	(18,916)
Ordinary shares issued under scrip dividend	29(a)	10,280	–	–	–	10,280
Treasury shares reissued pursuant to employee share award		–	207	(16)	–	191
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		10,280	207	(16)	(18,916)	(8,445)
At 31 December 2016		226,152	(2,589)	1,413	29,444	254,420

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Operating activities			
Profit before tax		6,888	13,477
Adjustments for:			
Property, plant and equipment written-off		916	290
Interest receivable written-off		42	–
Loss on disposal of a joint venture		211	–
Impairment loss on investment securities		1,500	–
Depreciation of property, plant and equipment	10	4,110	3,870
Impairment loss on property, plant and equipment	10	–	374
Employee Share Award Scheme expenses	5	191	612
Write down of inventories	19	407	343
(Write back)/allowance for doubtful receivables	21	(241)	282
Interest expense	6	33,427	20,089
Interest income		(12,956)	(6,502)
Amortisation of prepaid rent	22	53	212
Amortisation of intangible assets	12	510	511
Amortisation of prepaid commitment fee		2,410	1,542
Net (gain)/loss on disposal of investment securities		(191)	242
Dividend income from investment securities		(2)	(3)
Share of results of associates		637	(3,381)
Share of results of a joint venture		(1,695)	1,571
Unrealised foreign exchange differences		(1,710)	10,023
Listing expenses of a subsidiary		980	800
Operating cash flows before changes in working capital		35,487	44,352
Changes in working capital			
(Increase)/decrease in inventories		(13,088)	1,959
Decrease in development properties		99,526	2,055
(Increase)/decrease in properties held for sale		(8,271)	8,565
Increase in trade and other receivables		(66,658)	(4,038)
Decrease/(increase) in prepayments		2,081	(3,379)
Increase/(decrease) in trade and other payables		9,396	(16,231)
Total changes in working capital		22,986	(11,069)
Cash flows generated from operations		58,473	33,283
Interest paid		(53,052)	(35,930)
Income taxes paid		(845)	(18,910)
Net cash flows generated from/(used in) operating activities		4,576	(21,557)

	Note	2016 $'000	2015 $'000
Investing activities			
Proceeds from disposal of equity interest in a subsidiary without loss of control		–	16
Purchase of property, plant and equipment	10	(24,192)	(3,026)
Proceeds from sale of property, plant and equipment		113	9
Investment in associate		–	(3,881)
Investment in joint venture		–	(5,000)
Disposal of investment		27,101	–
Interest received		10,716	6,502
Purchase of investment securities		(290,250)	(109,972)
Dividend income from investment securities		2	3
Dividend income from a joint venture		–	2,513
Proceeds from disposal of investment securities		248,187	70,844
Acquisition of non-controlling interests in a subsidiary	13	(17)	(800)
Due to/(from) associates (non-trade), net		11,880	(3,400)
Due from a joint venture (non-trade), net		(27,292)	(55,605)
Net cash flows used in investing activities		(43,752)	(101,797)
Financing activities			
Dividends paid to shareholders of the Company		(8,621)	(1,131)
Dividends paid to non-controlling interests of subsidiaries		(1,272)	(14,814)
Capital return to non-controlling shareholder upon liquidation of subsidiary		–	(474)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests		13,026	10,102
Proceeds from issuance of term notes and bonds		200,000	150,000
Repayment of term notes		(100,000)	(85,000)
Purchase of treasury shares		–	(867)
Proceeds from term loans		85,393	97,622
Repayment of term loans		(251,070)	(106,657)
Proceeds from short-term bank borrowings, net		44,648	128,441
Term notes and bonds commitment fee paid		(4,571)	(3,320)
Listing expenses paid by a subsidiary		(1,153)	(754)
Proceeds from finance lease obligations		146	–
Repayment from finance lease obligations		(21)	–
Net cash flows (used in)/generated from financing activities		(23,495)	173,148
Net (decrease)/increase in cash and cash equivalents		(62,671)	49,794
Effect of exchange rate changes on cash and cash equivalents		(40)	(418)
Cash and cash equivalents at beginning of year		132,995	83,619
Cash and cash equivalents at end of year	24	70,284	132,995

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

1. CORPORATE INFORMATION

Aspial Corporation Limited (the "**Company**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The immediate and ultimate holding company is MLHS Holdings Pte. Ltd., which is also incorporated in Singapore.

The address of the Company's registered office is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The address of its principal place of business is located at 55 Ubi Avenue 1, #07-11, Ubi 55, Singapore 408935.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with FRSs.

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

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

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 40 Transfers of Investment Property	1 January 2018
Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

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

2.3 Standards issued but not yet effective *(continued)*

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets, and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit loss requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

For the financial years ended 31 December 2016 and 2015, the Group recognises revenue from the sale of its development properties located outside of Singapore when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method). On implementation of FRS 115, revenue from the sale of certain development properties may be recognised as work progresses. The Group will continue to evaluate the terms of the contracts entered into with the buyers of the development properties, taking into account inter alia, industry practice and specific laws and regulations in the respective jurisdictions that the Group operates in.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group currently plans to adopt FRS 115 on the required effective date.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

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

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

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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

2.4 Basis of consolidation and business combinations *(continued)*

(b) Business combinations and goodwill *(continued)*

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

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

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

2.6 Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

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

2.7 Joint arrangements *(continued)*

(a) Joint operations

The Group recognises in relation to its interest in a joint operation,

(a) its assets, including its share of any assets held jointly;
(b) its liabilities, including its share of any liabilities incurred jointly;
(c) its revenue from the sale of its share of the output arising from the joint operation;
(d) its share of the revenue from the sale of the output by the joint operation; and
(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint ventures is set out in Note 2.8.

2.8 Associates and joint ventures

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

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

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

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

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

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

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

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

2.9 Foreign currency

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

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

2.10 Property, plant and equipment

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

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress is not depreciated until it is ready for its intended use.

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

Freehold properties	– 50 years
Leasehold property	– 63 to 69 years
Renovations, electrical fittings, furniture and fittings	– 3 to 5 years
Air-conditioners, security equipment and office equipment	– 3 to 5 years
Machinery, tools and equipment	– 5 years
Computers	– 3 years
Motor vehicles	– 3 to 7 years

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

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

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

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

2.11 Investment properties

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

Investment properties are initially measured at cost, including transaction costs.

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

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

2.12 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Brands

The brands were acquired in business combinations. The useful lives of the brands are estimated to be 15 years and are amortised on a straight-line basis.

(ii) Trademark

Trademark acquired separately is measured on initial recognition at cost. Following initial recognition, it is carried at cost less accumulated amortisation and any accumulated impairment losses. It is amortised on a straight line basis over its finite useful life of 15 years.

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

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

Impairment losses are recognised in profit or loss.

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

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as financial assets designated at fair value through profit or loss nor loans and receivables. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

2.14 Financial instruments *(continued)*

(a) Financial assets *(continued)*

De-recognition

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

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand and cash amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects. These also include bank overdrafts that form an integral part of the Group's cash management.

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

2.16 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

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

2.16 Impairment of financial assets *(continued)*

(c) Available-for-sale financial assets *(continued)*

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.17 Other investment

Other investment refers to the Company's direct investment in an entity which became a subsidiary of the Company's joint venture during the financial year ended 31 December 2015.

In the Group's consolidated financial statements, the carrying amount of other investment is aggregated as the Group's net investment in the joint venture, and accounted for using the equity method from the date on which the entity became a subsidiary of the joint venture.

In the Company's separate financial statements, other investment is accounted for at cost less impairment losses.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Raw materials – purchase costs on a weighted average basis; and

Finished goods – cost of raw materials, labour and an attributable portion of overheads, determined on a specific identification basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.19 Development properties

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

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

The cost of development properties include:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Non-refundable sales agent commission.

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

2.19 Development properties *(continued)*

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are capitalised and amortised to profit or loss as the Group expects to recognise the related revenue.

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

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.20 Properties held for sale

Properties held for sale are properties constructed or purchased which are intended for sale in the ordinary course of business. Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employees' entitlement to annual leave is recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

(c) Employees share award plan

The Company's treasury shares can be awarded to certain employees and directors of the Group. Share award expense is recognised as an expense in the same period in which the related service is performed. The fair value of the share award expense is determined based on the market value of the shares at the distribution dates. Any difference between the weighted average cost of the treasury shares and the fair value of the share award expense is recorded in "Gain on reissuance of treasury shares" within equity.

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

2.23 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, taxes or duty.

(a) Sales of goods

Revenue from sale of jewellery

Revenue from sale of jewellery is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from sale of completed development property

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Revenue from sale of development property under construction

Where development property is under construction and agreement has been reached to sell such property when construction is complete, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

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

2.24 Revenue *(continued)*

(a) Sales of goods *(continued)*

Revenue from sale of development property under construction *(continued)*

In the Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements ("**SPAs**") prescribed in the Housing Developers Rules.

In the abovementioned situations, the percentage of work completed is measured by reference to the survey of work performed by external architects.

(b) Interest income

Interest income from loans to customers and quoted debt securities is recognised using the effective interest method.

(c) Rental income from operating leases

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

(d) Dividend income

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

2.25 Taxes

(a) Current income tax

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

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

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

2.25 Taxes *(continued)*

(b) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

2.26 Share capital and share issuance expenses

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

2.27 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to income, the government grant is recognised in profit or loss upon receipt of the grant. Grants related to income are presented under other income.

2.28 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.30 Financial guarantees

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(continued)*

3.1 Judgments in applying accounting policies

Management is of the opinion that there is no significant judgment made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.2 Key sources of estimation uncertainty

The Group, on its own or in reliance on third parties, also applied estimates, assumptions and judgments in the following areas. These estimates, assumptions and judgments are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as disclosed in the notes to the financial statements within the next financial year.

(a) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment for trade receivables of the Group's financial service business, the Group considers factors such as the historical non-redemption data and significant decline in values of collaterals. To determine whether there is objective evidence of impairment for trade receivables of the Group's other businesses, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 21 to the financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by $78,000 (2015: $102,000).

(b) Income taxes

The Group has exposure to income taxes in the countries where the Group operates. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's provision for taxation, deferred tax liabilities and deferred tax assets at the end of the reporting period was $17,539,000 (2015: $5,162,000), $8,088,000 (2015: $19,466,000) and $9,587,000 (2015: $8,369,000) respectively.

(c) Impairment of inventories

The Group periodically assesses the allowance for inventory obsolescence. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an impairment against the inventory balance. To determine whether there is objective evidence of impairment, the Group estimates future demand for the product. Any possible changes in these estimates could result in revision to the valuation of inventory. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 19 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty *(continued)*

(d) Revenue recognition on development properties

The Group recognises revenues and costs of certain types of development properties which meet the criteria under INT FRS 115 and the accompanying note on application of INT FRS 115 by reference to the stage of completion using the percentage of completion method. The stage of completion is measured by reference to the survey of work performed by external architects.

Significant assumptions are required to estimate the total development costs which are recognised by reference to the stage of completion of a project at the end of the reporting period. In making these estimates, management has relied on costs actually paid or contracted for, and in respect of costs not paid or contracted for, management's estimates of the costs to be incurred taking into consideration historical trends of its project costs.

Management has reviewed the status of all its projects and is satisfied that the estimates are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery. The carrying amounts of the development properties and accrued expenses relating to development properties are disclosed in Note 20(a) and Note 25 to the financial statements.

(e) Estimation of net realisable value for development properties

Development properties are stated at the lower of cost and net realisable value ("**NRV**").

NRV in respect of the Group's development properties located in Singapore is assessed with reference to market prices at the reporting date for similar properties less estimated costs to complete construction. As at 31 December 2016 and 2015, the carrying amounts of development properties located in Singapore disclosed in Note 20(a) to the financial statements are stated at cost. A 10% increase in the estimated costs to complete construction would not have a material impact to the carrying amounts of the development property as at 31 December 2016 and 2015.

As at 31 December 2016 and 2015, a substantial portion of the Group's development properties located outside of Singapore are in their planning phases, some of which the Group is in the process of obtaining the necessary development permits from the relevant authorities in the respective jurisdictions. NRV in respect of these development properties is assessed based on management's best estimates of expected selling prices and estimated construction costs based on prevailing conditions in the respective markets where the properties are located, with the assumption that the required development permits will be obtained. Management has also made estimates of NRV with references to gross development values as assessed by independent valuers for certain development projects. The gross development value of a development property is derived from estimated sales proceeds less estimated construction costs.

In terms of expected selling prices, management has made the estimates with reference to market prices at the reporting date for similar properties in the respective markets where applicable. Where market prices are not available, management has taken into account input from property agents and the property type as well as targeted segment. Estimated construction costs or costs to complete construction take into account construction contracts entered into or input from project managers.

As at 31 December 2016 and 2015, the carrying amounts of development properties located outside of Singapore disclosed in Note 20(a) to the financial statements are stated at cost. A 5% decrease in gross development values as assessed in independent valuation reports for the Group's significant development properties is not expected to have a significant impact on the Group's financial statements as at 31 December 2016 and 2015.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty *(continued)*

(f) Estimation of net realisable value for property held for sale

Property held for sale is stated at the lower of cost and NRV.

NRV in respect of property held for sale is assessed with reference to market prices at the reporting date for similar completed properties less estimated costs necessary to make the sale. As at 31 December 2016, the carrying amount of property held for sale disclosed in Note 20(b) to the financial statements is stated at cost.

4. REVENUE

	Group	
	2016 *$'000*	*2015* *$'000*
Sale of jewellery, pre-owned jewellery and watches	250,613	219,490
Revenue from sale of development properties	337,951	216,425
Interest income from providing collateral loan services	32,472	28,149
	621,036	464,064

5. EMPLOYEE BENEFITS

	Group	
	2016 *$'000*	*2015* *$'000*
Employee benefits expense (including executive directors):		
Salaries and bonuses	38,391	37,376
Central Provident Fund contributions	5,131	4,976
Share Award Scheme expenses	191	612
	43,713	42,964

Share Awards

During the financial year, the Company distributed 753,000 (2015: 1,975,000) shares out of treasury shares to its employees under the Aspial Share Award Scheme at a reissue price of $0.255 (2015: $0.310) per share.

6. FINANCE COSTS

	Group	
	2016 *$'000*	*2015* *$'000*
Interest expense on:		
– Term loans/short-term borrowings	8,451	13,780
– Term notes	46,440	25,779
– Others	3	–
	54,894	39,559
Less: Interest expense capitalised in development properties	(21,467)	(19,470)
Total finance costs	33,427	20,089

7. OTHER INCOME

	Group	
	2016 $'000	2015 $'000
Marketing rebate	–	48
Cash purchase discount	46	172
Corporate charges to a subsidiary of a joint venture	328	273
Dividend income from investment securities	2	3
Forfeiture of option fees on sale of development properties	8	241
Foreign exchange gain	1,990	–
Net gain on disposal of investment securities	197	–
Gain from sale of properties held for sale	37	2,643
Government grants and other miscellaneous income	1,582	1,122
	4,190	4,502

8. PROFIT BEFORE TAX

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

	Note	Group	
		2016 $'000	2015 $'000
Audit fees to:			
– Auditors of the Company		481	493
– Other auditors		45	43
Non-audit fees to:			
– Auditors of the Company		239	259
Amortisation of prepaid rent	22	53	212
Amortisation of intangible assets	12	510	511
Directors' fees		226	248
Depreciation of property, plant and equipment	10	4,110	3,870
Impairment loss on property, plant and equipment	10	–	374
Fixed rental expense on operating leases		31,063	31,196
Contingent rental expense on operating leases		1,752	2,256
Property, plant and equipment written-off		916	290
(Write back of)/allowance for trade doubtful receivables		(241)	145
Write down of inventories	19	407	343
Net (gain)/loss on disposal of investment securities		(197)	242
Net foreign exchange (gain)/loss		(1,819)	9,601
Financial losses on pledged items not fully covered/(recovered) by insurance		34	(49)
Impairment loss on investment securities		1,500	–

9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The weighted average number of shares takes into account the weighted average effect of issue of bonus shares, bonus element in rights issue and changes in treasury shares transactions during the year. Comparatives have been adjusted accordingly, as applicable.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2016 $'000	2015 $'000
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	1,092	8,573
Weighted average number of ordinary shares ('000) (excluding treasury shares) for basic and diluted earnings per share computation	1,913,227	1,873,148
Earnings per share (cent)		
– basic	0.06	0.46
– diluted	0.06	0.46

10. PROPERTY, PLANT AND EQUIPMENT

Group	*Freehold properties*	*Leasehold property*	*Renovations, electrical fittings, furniture and fittings*	*Air-conditioners, security equipment and office equipment*	*Machinery, tools and equipment*	*Computers*	*Motor vehicles*	*Work-in-progress*	*Total*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Cost:									
At 1 January 2015	11,165	4,629	23,334	5,356	1,558	4,923	479	1,198	52,642
Additions	–	–	536	243	47	1,021	–	1,179	3,026
Disposals	–	–	(36)	–	–	–	–	–	(36)
Written-off	–	–	(2,102)	(252)	(4)	(17)	–	(32)	(2,407)
Transfer in/(out)	–	–	647	–	–	–	–	(647)	–
At 31 December 2015 and 1 January 2016	11,165	4,629	22,379	5,347	1,601	5,927	479	1,698	53,225
Additions	4,748	11,549	1,647	535	93	598	239	4,783	24,192
Disposals	–	–	(285)	(65)	(94)	(71)	(95)	–	(610)
Written-off	–	–	(5,174)	(749)	(38)	(152)	–	(107)	(6,220)
Transfer in/(out)	–	–	4,234	(3)	–	83	–	(4,314)	–
Exchange differences	–	–	–	–	–	(1)	–	–	(1)
At 31 December 2016	15,913	16,178	22,801	5,065	1,562	6,384	623	2,060	70,586
Accumulated depreciation and impairment:									
At 1 January 2015	17	337	17,995	3,680	1,222	4,303	319	–	27,873
Depreciation charge for the year	10	68	2,505	581	118	549	39	–	3,870
Impairment loss	374	–	–	–	–	–	–	–	374
Disposals	–	–	(27)	–	–	–	–	–	(27)
Written-off	–	–	(1,926)	(173)	(4)	(14)	–	–	(2,117)
At 31 December 2015 and 1 January 2016	401	405	18,547	4,088	1,336	4,838	358	–	29,973
Depreciation charge for the year	3	139	2,631	511	108	659	59	–	4,110
Disposals	–	–	(217)	(43)	(94)	(48)	(95)	–	(497)
Written-off	–	–	(4,430)	(707)	(24)	(143)	–	–	(5,304)
At 31 December 2016	404	544	16,531	3,849	1,326	5,306	322	–	28,282
Net carrying amount:									
At 31 December 2015	10,764	4,224	3,832	1,259	265	1,089	121	1,698	23,252
At 31 December 2016	15,509	15,634	6,270	1,216	236	1,078	301	2,060	42,304

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company	*Renovations, electrical fittings, furniture and fittings* *$'000*	*Air-conditioners, security equipment and office equipment* *$'000*	*Machinery, tools and equipment* *$'000*	*Computers* *$'000*	*Work-in-progress* *$'000*	*Total* *$'000*
Cost:						
At 1 January 2015	782	408	78	2,807	–	4,075
Additions	2	3	–	743	66	814
At 31 December 2015 and 1 January 2016	784	411	78	3,550	66	4,889
Additions	5	9	–	318	105	437
Disposal	–	(1)	–	(1)	–	(2)
At 31 December 2016	789	419	78	3,867	171	5,324
Accumulated depreciation and impairment:						
At 1 January 2015	660	370	78	2,594	–	3,702
Depreciation charge for the year	29	12	–	282	–	323
At 31 December 2015 and 1 January 2016	689	382	78	2,876	–	4,025
Depreciation charge for the year	30	13	–	378	–	421
Disposal	–	(1)	–	(1)	–	(2)
At 31 December 2016	719	394	78	3,253	–	4,444
Net carrying amount:						
At 31 December 2015	95	29	–	674	66	864
At 31 December 2016	70	25	–	614	171	880

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Assets pledged as security

A floating charge has been placed on property, plant and equipment of certain subsidiaries with a carrying amount aggregating to $34,111,000 (2015: $17,102,000) as security for bank borrowings (Note 26).

Impairment of assets

During the financial year ended 31 December 2016, no impairment of assets was recognised.

During the financial year ended 31 December 2015, a subsidiary of the Group, World Financial Property Pte. Ltd. carried out a review of the recoverable amount of its freehold property and an impairment loss of $374,000, representing the write-down of the freehold property to its recoverable amount was recognised in the "Other operating expenses" line item of profit or loss for the financial year ended 31 December 2015. The recoverable amount of the freehold property was based on its fair value determined by an independent valuer.

11. INVESTMENT PROPERTIES

	Group	
	2016	*2015*
	$'000	*$'000*
Statement of financial position:		
At 1 January and 31 December	45,700	45,700
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	1,125	1,221
- Contingent rent based on tenant's turnover	36	27
	1,161	1,248
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	430	646

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2016 and 31 December 2015. The valuations were performed by Jones Lang LaSalle Property Consultants Pte. Ltd., an independent valuer with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of the valuation technique and inputs used are disclosed in Note 36.

Properties pledged as security

As at 31 December 2016, investment properties with a carrying value of $45,700,000 (2015: $45,700,000) are pledged as security for bank borrowings (Note 26).

The investment properties held by the Group as at 31 December are as follows:

Description and location	*Existing Use*	*Tenure*
#01-08, #01-47, #01-48, #01-49, #01-64, #01-65, #01-67, #01-68 East Village, Bedok Road, Singapore	Shops	Freehold

12. INTANGIBLE ASSETS

	Group			*Group and Company*	*Group*
	Brands	*Trademark*	*Goodwill*	*Club membership*	*Total*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Cost:					
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	8,421	723	4,994	49	14,187
Accumulated amortisation and impairment:					
At 1 January 2015	5,647	541	–	14	6,202
Amortisation	463	48	–	–	511
At 31 December 2015 and 1 January 2016	6,110	589	–	14	6,713
Amortisation	462	48	–	–	510
At 31 December 2016	6,572	637	–	14	7,223
Net carrying amount:					
At 31 December 2015	2,311	134	4,994	35	7,474
At 31 December 2016	1,849	86	4,994	35	6,964

Amortisation expense

The brand and trademark acquired are amortised on a straight-line basis over their estimated economic useful lives of 15 years. The remaining amortisation period for the brand and trademark are 5 years and 3 years (2015: 6 years and 4 years) respectively.

Impairment testing of goodwill

Goodwill was tested for impairment by comparing the carrying amount of goodwill with its recoverable amount.

The recoverable amount of goodwill was determined based on value in use calculations using cash flow projections from financial budgets of the business unit approved by management covering a five year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgment. The growth rate applied is 3% (2015: 2%) and the pre-tax discount rate applied in the cash flow projections is 11.1% (2015: 11.1%), which reflects management's estimation of the risks specific to the segment.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	*2015*
	$'000	*$'000*
Shares, at cost	161,712	161,712
Acquisition of shares issued by subsidiaries during the year	18,301	–
	180,013	161,712

13. INVESTMENT IN SUBSIDIARIES *(continued)*

Composition of the Group

The Group has the following investment in subsidiaries:

	Name of Company	*Principal place of business*	*Principal activities*	*Proportion of ownership interest* 2016 %	2015 %
	Held by the Company				
(c)	Aspial International Pte. Ltd.	Singapore	Jewellery wholesaling and exporting	100	100
(a)	World Class Land Pte. Ltd.	Singapore	Property development	90	90
(a)	World Class Global Pte. Ltd.	Singapore	Investment holding	90	90
(h)	Gold Purple Pte. Ltd.	Singapore	Jewellery manufacturing (dormant)	100	100
(h)	Belgium – Singapore Diamond Corporation Pte. Ltd.	Singapore	Diamond trading (dormant)	100	100
(a)	Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.	Singapore	Jewellery retailing and manufacturing	100	100
(a)	Maxi-Cash Financial Services Corporation Ltd. ("**Maxi-Cash**")	Singapore	Investment holding	68.21	67.91
(a)	World Financial Property Pte. Ltd.	Singapore	Real estate activities	100	100
(a)	Aspial Investment Holding Pte. Ltd.	Singapore	Investment holding	100	100
(a)	Aspial Treasury Pte. Ltd.	Singapore	Investment holding	100	100
(e)	ACL International Services Sdn. Bhd.	Malaysia	Investment holding and corporate management services	100	100
(g)	Aspial Capital (Brimingham) Pte. Ltd.	Singapore	Investment holding	100	–
	Held through subsidiaries				
	Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.				
(a)	Citigems Pte. Ltd.	Singapore	Jewellery retailing	73.01	73.01
(a)	Aspial-Lee Hwa Jewellery Pte. Ltd.	Singapore	Jewellery retailing	100	100
(a)	Goldheart Jewelry Pte. Ltd.	Singapore	Jewellery retailing	100	100
(g),(i)	Aspial Capital (Ubi) Pte. Ltd.	Singapore	Investment holding	84.11	–

13. INVESTMENT IN SUBSIDIARIES *(continued)*

	Name of Company	*Principal place of business*	*Principal activities*	*Proportion of ownership interest* 2016 %	2015 %
	Held through subsidiaries *(continued)*				
	Aspial International Pte. Ltd.				
(c)	BU2 Services Pte. Ltd.	Singapore	Investment holding	100	100
	World Class Land Pte. Ltd.				
(d)	World Class Developments Pte. Ltd.	Singapore	Property development	100	100
(c)	Advance Property Pte. Ltd.	Singapore	Investment holding	100	100
(d)	World Class Property Pte. Ltd.	Singapore	Property development	100	100
(j)	World Class Capital Pte. Ltd.	Singapore	Property development	80	80
	Advance Property Pte. Ltd.				
(c)	Headway Construction Pte. Ltd.	Singapore	Building construction and contractors	100	100
(c)	Dynamic Project Management Services Pte. Ltd.	Singapore	Property management	100	100
	World Class Property Pte. Ltd.				
(j)	World Class Property (Eastcoast) Pte. Ltd.	Singapore	Property development	100	100
(d)	World Class Investments Pte. Ltd.	Singapore	Property investment	100	100
(j)	World Class Property (Dunearn) Pte. Ltd.	Singapore	Property development	100	100
(j)	World Class Property (Central) Pte. Ltd.	Singapore	Property development	100	100
(d)	World Class Property (Telok Kurau) Pte. Ltd.	Singapore	Property development	100	100
	World Class Developments Pte. Ltd.				
(a)	World Class Developments (Bedok) Pte. Ltd.	Singapore	Property development	80	80
(d)	World Class Developments (Central) Pte. Ltd.	Singapore	Property development	100	100
(d)	World Class Developments (City Central) Pte. Ltd.	Singapore	Property development	90	90
(a)	World Class Developments (North) Pte. Ltd.	Singapore	Property development	100	100

13. INVESTMENT IN SUBSIDIARIES *(continued)*

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 2016 %	2015 %
	Held through subsidiaries *(continued)*				
	World Class Global Pte. Ltd.				
(e)	World Class Land (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100
(h)	World Class Land (Australia) Pty. Ltd.	Australia	Investment holding	100	100
	World Class Land (Malaysia) Sdn. Bhd.				
(e)	World Class Land (Penang) Sdn. Bhd.	Malaysia	Property development	100	100
	World Class Land (Penang) Sdn. Bhd.				
(e)	World Class Land (Georgetown) Holdings Sdn. Bhd.	Malaysia	Property development	95	90
	World Class Land (Georgetown) Holdings Sdn. Bhd.				
(b)	World Class Land (Georgetown) Sdn. Bhd.	Malaysia	Property development	100	100
(b)	WCL (Magazine) Sdn. Bhd.	Malaysia	Property development	100	100
(b)	WCL (Macallum) Sdn. Bhd.	Malaysia	Property development	100	100
(b)	WCL (Noordin St) Sdn. Bhd.	Malaysia	Property development	100	100
(b)	WCL (Bertam R) Sdn. Bhd.	Malaysia	Property development	100	100
(b)	WCL (Bertam L) Sdn. Bhd.	Malaysia	Property development	100	100
(b),(g)	Dynamic PMS (M) Sdn. Bhd.	Malaysia	Investment holding	100	–
	World Class Land (Australia) Pty. Ltd.				
(f),(h)	WCL-Cairns (QLD) Pty. Ltd.	Australia	Property development	100	100
(f),(h)	WCL-Central Park (QLD) Pty. Ltd.	Australia	Property development	100	100
(h)	WCL-King (VIC) Pty. Ltd.	Australia	Property development	100	100
(f),(h)	WCL-Southbank (VIC) Pty. Ltd.	Australia	Property development	100	100
(f),(h)	WCL-A Beckett (VIC) Pty. Ltd.	Australia	Property development	100	100
(h)	WCL (QLD) Holdings Pty. Ltd.	Australia	Property development	100	100
	WCL-Cairns (QLD) Pty. Ltd.				
(h)	Dynamic Ideas Pty. Ltd. (formerly known as WCL (CNS) Aplin Pty. Ltd.)	Australia	Property development	100	100
(f),(h)	WCL (CNS) CBD Pty. Ltd.	Australia	Property development	100	100

13. INVESTMENT IN SUBSIDIARIES *(continued)*

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 2016 %	2015 %
	Held through subsidiaries *(continued)*				
	WCL (QLD) Holdings Pty. Ltd.				
(f),(h)	WCL (QLD) Albert St Pty. Ltd.	Australia	Property development	100	100
(f),(h)	WCL (QLD) Margaret St Pty. Ltd.	Australia	Property development	65	65
	Maxi-Cash Financial Services Corporation Ltd.				
(a)	Maxi-Cash Group Pte. Ltd.	Singapore	Pawn brokerage and investment holding	100	100
(a)	Maxi-Cash Jewellery Group Pte. Ltd.	Singapore	Jewellery retailing	100	100
(a)	Gold N Gems Pte. Ltd.	Singapore	Jewellery retailing	100	100
	Maxi-Cash Group Pte. Ltd.				
(a)	Maxi-Cash (North) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (East) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Central) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (West) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Clementi) Pte. Ltd.	Singapore	Pawn brokerage	70	70
(a)	Maxi-Cash Capital Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash Assets Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash Ventures Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Central 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (East 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (North East) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (North East 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100

(a) Audited by Ernst & Young LLP, Singapore
(b) Audited by a member firm of EY Global
(c) Audited by David Yeung & Co PAC, Singapore
(d) Audited by CG Alliance, Singapore
(e) Audited by Baker Tilly Monteiro Heng, Malaysia
(f) Audited by Ernst & Young LLP, Singapore for consolidation purposes
(g) Newly incorporated during the financial year ended 31 December 2016
(h) Exempted from statutory audit
(i) During the financial year ended 31 December 2016, Aspial Capital (Ubi) Pte. Ltd. was incorporated as a joint operations between Maxi-Cash Financial Service Corporation Ltd. and Aspial-Lee Hwa Jewellery Singapore Pte. Ltd., each holding 50% interest in the ownership and voting rights. The proportion of ownership interest of 84.11% represents the effective interest held by the Company.
(j) In the process of liquidation as at 31 December 2016

13. INVESTMENT IN SUBSIDIARIES *(continued)*

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	*Principal place of business*	*Proportion of ownership interest held by NCI*	*Profit/(loss) allocated to NCI during the reporting period $'000*	*Accumulated NCI at the end of reporting period $'000*	*Dividends paid to NCI $'000*
31 December 2016					
Financial service segment	Singapore	31.79%	3,725	30,813	1,272
Real estate segment	Singapore	10.00%	850	38,516	–
Citigems Pte. Ltd. ("**CTG**")	Singapore	26.99%	(857)	(4,448)	–
31 December 2015					
Financial service segment	Singapore	32.09%	1,075	21,739	213
Real estate segment	Singapore	10.00%	254	30,947	14,601
CTG	Singapore	26.99%	(744)	(3,591)	–

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	Financial service segment		*Real estate segment*		*CTG*	
	2016 $'000	*2015 $'000*	*2016 $'000*	*2015 $'000*	*2016 $'000*	*2015 $'000*
Current						
Assets	301,022	254,699	927,964	1,025,345	1,527	1,398
Liabilities	(210,489)	(193,455)	(654,547)	(662,089)	(23,900)	(20,156)
Net current assets/(liabilities)	90,533	61,244	273,417	363,256	(22,373)	(18,758)
Non-current						
Assets	6,239	6,335	66,419	66,280	1,563	1,123
Liabilities	(150)	(88)	(175,395)	(279,892)	–	–
Net non-current assets/(liabilities)	6,089	6,247	(108,976)	(213,612)	1,563	1,123
Net assets/(liabilities)	96,622	67,491	164,441	149,644	(20,810)	(17,635)

13. INVESTMENT IN SUBSIDIARIES *(continued)*

Summarised financial information about subsidiaries with material NCI *(continued)*

Summarised statement of comprehensive income

	Financial service segment		*Real estate segment*		*CTG*	
	2016 $'000	*2015 $'000*	*2016 $'000*	*2015 $'000*	*2016 $'000*	*2015 $'000*
Revenue	163,188	121,053	337,951	216,426	28,843	24,035
Profit/(loss) before income tax	13,149	4,335	7,407	13,702	(3,175)	(1,932)
Income tax expense	(1,699)	(425)	(343)	(4,710)	–	–
Profit/(loss) after tax	11,450	3,910	7,064	8,992	(3,175)	(1,932)
Other comprehensive income	–	–	1,258	(3,109)	–	–
Total comprehensive income	11,450	3,910	8,322	5,883	(3,175)	(1,932)

Other summarised information

	Financial service segment		*Real estate segment*		*CTG*	
	2016 $'000	*2015 $'000*	*2016 $'000*	*2015 $'000*	*2016 $'000*	*2015 $'000*
Net cash flows used in operations	(28,050)	(9,505)	(71,395)	(80,586)	(2,985)	(2,105)

Acquisition of ownership interest in subsidiary, without loss of control

(a) Citigems

On 31 December 2015, the Group's subsidiary company, Aspial-Lee Hwa Jewellery Singapore Pte. Ltd., acquired an additional 11.5% equity interest in Citigems Pte. Ltd. from its non-controlling interests for a cash consideration of $800,000. As a result of this acquisition, Citigems Pte. Ltd. became 73.0% owned by Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.. The carrying value of the net liabilities of Citigems Pte. Ltd. at 31 December 2015 was $17,635,000 and the carrying value of the additional interest acquired was $1,531,000. The difference of $2,331,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in Citigems Pte. Ltd. on the equity attributable to owners of the Company:

	2015 $'000
Consideration for acquisition of non-controlling interests	800
Increase in equity attributable to non-controlling interests	1,531
Decrease in equity attributable to owners of the Company	2,331

(b) World Class Land (Georgetown) Holdings Sdn. Bhd.

On 12 February 2016, the Group acquired an additional 5% equity interest in World Class Land (Georgetown) Holdings Sdn. Bhd. from its non-controlling interests for a cash consideration of MYR 50,000 (equivalent to approximately $17,000). As a result of this acquisition, World Class Land (Georgetown) Holdings Sdn. Bhd. became 95% owned by the Group. The carrying value of the net assets of World Class Land (Georgetown) Holdings Sdn. Bhd. at 12 February 2016 was MYR 644,000 (equivalent to approximately $215,000) and the carrying value of the additional interest acquired was MYR 32,000 (equivalent to approximately $11,000). The difference of MYR 18,000 (equivalent to approximately $6,000) between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

13. INVESTMENT IN SUBSIDIARIES *(continued)*

Acquisition of ownership interest in subsidiary, without loss of control *(continued)*

(b) World Class Land (Georgetown) Holdings Sdn. Bhd. *(continued)*

The following summarises the effect of the changes in the Group's ownership interest in World Class Land (Georgetown) Holdings Sdn. Bhd. on the equity attributable to owners of the Company:

	2016 $'000
Consideration for acquisition of non-controlling interests	17
Decrease in equity attributable to non-controlling interests	(6)
Decrease in equity attributable to owners of the Company	11

Ordinary shares issued under scrip dividend scheme by a subsidiary

On 27 June 2016, Maxi-Cash issued 19,387,675 new shares at an issue price of $0.128 to eligible shareholders who have elected to participate in the Company's scrip dividend scheme. Following the issuance, the Company's direct ownership interest in Maxi-Cash increased from 67.91% to 68.21%.

Disposal of ownership interest in subsidiary, without loss of control

On 1 April 2015, the Group disposed of a 5% equity interest in World Class Land (Georgetown) Holdings Sdn. Bhd.. Following the disposal, the Group still controls World Class Land (Georgetown) Holdings Sdn. Bhd., retaining 90% of the ownership interests. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting in:

	2015 $'000
Proceeds from disposal of 5% equity interest	16
Increase in equity attributable to non-controlling interests	(11)
Increase in equity attributable to owners of the Company	5

Distribution of dividend in specie of shares in a subsidiary

On 28 April 2015, the Group declared a dividend *in specie* of shares in Maxi-Cash on the basis of 0.04 Maxi-Cash's shares for each ordinary share in the capital of the Company. Following the distribution, the Company's direct ownership interest in Maxi-Cash decreased from 81.08% to 67.91%.

14. INVESTMENT IN ASSOCIATES

The Group's investments in associates are summarised below:

	2016 $'000	*2015 $'000*
Kensington Land Pte. Ltd.	5,209	5,235
Kensington Village Pte. Ltd.	8,837	8,539
WCS Engineering Construction Pte. Ltd.	–	1,152
Niessing Manufaktur GmbH & Co. KG.	3,987	4,035
	18,033	18,961

14. INVESTMENT IN ASSOCIATES *(continued)*

	Name of Company	*Principal place of business*	*Principal activities*	*Proportion of ownership interest 2016 %*	*2015 %*
Held through subsidiaries					
i	WCS Engineering Construction Pte. Ltd.	Singapore	Civil engineering construction and general building engineering services	49	49
ii	Kensington Land Pte. Ltd.	Singapore	Property development	40	40
ii	Kensington Village Pte. Ltd.	Singapore	Property development	40	40
iii	Niessing Manufaktur GmbH & Co. KG.	Germany	Jewellery trading and manufacturing	30	30

i Audited by CG Alliance
ii Audited by Deloitte & Touche LLP
iii Audited by Reuter Thoben

The activities of the associates are strategic to the Group's activities.

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2016 $'000	*2015 $'000*
(Loss)/profit after tax, representing total comprehensive income	(2,351)	78

14. INVESTMENT IN ASSOCIATES *(continued)*

The summarised financial information in respect of Kensington Land Pte. Ltd. ("**KEL**"), Kensington Village Pte. Ltd. ("**KEV**") and Niessing Manufaktur GmbH & Co. KG. ("**NMG**") based on their FRS financial statements and a reconciliation with the carrying amount of investments in the consolidated financial statements are as follows:

Summarised statement of financial position

	KEL		*KEV*		*NMG*	
	2016 $'000	*2015 $'000*	*2016 $'000*	*2015 $'000*	*2016 $'000*	*2015 $'000*
Current assets	13,434	14,172	69,403	163,823	15,403	15,171
Non-current assets	1	3	11,500	–	1,778	540
Total assets	13,435	14,175	80,903	163,823	17,181	15,711
Current liabilities	412	1,088	58,810	139,124	9,069	6,265
Non-current liabilities	–	–	–	3,351	–	712
Total liabilities	412	1,088	58,810	142,475	9,069	6,977
Net assets	13,023	13,087	22,093	21,348	8,112	8,734
Proportion of Group's ownership	40%	40%	40%	40%	30%	30%
Group's share of net assets	5,209	5,235	8,837	8,539	2,434	2,620
Goodwill on acquisition	–	–	–	–	1,491	1,491
Other adjustments	–	–	–	–	62	(76)
Carrying amount of the investment	5,209	5,235	8,837	8,539	3,987	4,035
Revenue	–	–	16,480	96,022	24,946	24,729
(Loss)/profit after tax, representing total comprehensive income	(65)	(1,444)	745	9,417	807	846

15. INVESTMENT IN JOINT VENTURES

The Group's investments in joint ventures are summarised below:

	Group		*Company*	
	2016 $'000	*2015 $'000*	*2016 $'000*	*2015 $'000*
Jewelfest Pte. Ltd.	25	25	25	25
AF Corporation Pte. Ltd. ("**AFC**") (formerly known as AF Global Pte. Ltd.)	12,067	40,790	5,000	5,000
	12,092	40,815	5,025	5,025

15. INVESTMENT IN JOINT VENTURES *(continued)*

Name of Company	*Principal place of business*	*Principal activities*	*Proportion of ownership interest 2016 %*	*2015 %*
Held by the Company				
(a) Jewelfest Pte. Ltd.	Singapore	Management of trade shows and exhibitions	40*	40*
(b) AFC	Singapore	Investment holding	50	50

(a) Audited by K Y Chik & Associates, Singapore
(b) Audited by Ernst & Young LLP, Singapore
** 40% equity interest is held as to 20% by the Company and 20% by Goldheart Jewelry Pte. Ltd.*

All joint ventures are incorporated in Singapore and are strategic ventures in the business. The Group jointly controls the ventures with other partners under the respective contractual agreements which provide the Group with rights to the net assets of the joint ventures and requires unanimous consent for all major decisions over the relevant activities.

The results of Jewelfest Pte. Ltd. have not been accounted for using the equity method as they are not material to the Group.

The summarised financial information in respect of AFC based on its separate FRS financial statements prepared in accordance with FRS 27: *Separate Financial Statements* for which AFC equity accounts for its investment in AF Global Limited ("AFG") (formerly known as LCD Global Investments Limited). The reconciliation with the carrying amount of the investment in the Group's consolidated financial statements are as follows:

Summarised statement of financial position

	AFC 2016 $'000	*AFC 2015 $'000*
Cash and cash equivalents	429	14,549
Other current assets	–	11,143
Current assets	429	25,692
Investment in Subsidiary	217,827	192,597
Total assets	218,256	218,289
Current and other payables and provisions	164,704	110,717
Other liabilities	3,000	84,229
Current liabilities	167,704	194,946
Non-current liabilities	50,000	–
Total liabilities	217,704	194,946
Net assets	552	23,343
Adjustments		
Purchase price adjustments not taken up in consolidated financial statements	(234)	(1,345)
Impairment of investment in subsidiary, reversed on consolidation	22,190	–
Adjusted net assets	22,508	21,998
Proportion of Group's ownership	50%	50%
Group's share of net assets	11,254	10,999
Share of AFG reserves arising from previous interest directly held by the Company	813#	–
Adjustment for interests directly held by the Company	–	29,791##
Carrying amount of the investment	12,067	40,790

15. INVESTMENT IN JOINT VENTURES *(continued)*

Summarised statement of financial position *(continued)*

\# *On 31 May 2016, the Company disposed its 9.52% direct equity interests held in AFG to AFC. This adjustment represents the shares of the reserves in AFC transferred.*

\## *On 12 March 2015, AFC acquired a 54.61% equity interests in AFG, upon which AFG became a subsidiary of AFC. During the financial year ended 31 December 2015, the Company also held a 9.52% direct equity interest in AFG. This adjustment amount of $29,791,000 represents the aggregate of the cost of the Company's 9.52% direct equity interests in AFG of $29,614,000, and the Group's share of AFG's results from 12 March 2015 to 31 December 2015 arising from its 9.52% direct equity interests held in AFG, which amounted to $2,690,000, partially offset by dividend income from AFG arising from the Group's direct equity interests held in AFG, which amounted to $2,513,000.*

Summarised statement of comprehensive income

	AFC 2016 $'000	*AFC 2015 $'000*
Administrative expenses	(15)	(326)
Other operating expenses	(22,332)	(1,716)
Finance costs	(1,158)	(1,395)
Share of results of subsidiaries	2,863	1,534
Loss before tax	(20,642)	(1,903)
Income tax expense	–	–
Loss after tax	(20,642)	(1,903)
Other comprehensive income	(2,149)	15,250
Total comprehensive income	(22,791)	13,347

16. INVESTMENT IN JOINT OPERATIONS

The Group has a 50% (2015: 50%) equity interest in the ownership and voting rights in two joint operations, Bayfront Ventures Pte. Ltd. and Bayfront Realty Pte. Ltd. that are held through a subsidiary, World Class Land Pte. Ltd.

All joint operations are incorporated in Singapore and are strategic ventures of the business. The Company jointly controls the joint operations with the other partner under the contractual agreements which provide the Company with rights to assets and obligations for the liabilities relating to the joint operations and requires unanimous consent for all major decisions over the relevant activities.

Details of the joint operations as at 31 December are as follows:

Name of Company		*Principal place of business*	*Principal activities*	*Proportion of ownership interest 2016 %*	*2015 %*
Held through a subsidiary					
(a)	Bayfront Ventures Pte. Ltd.	Singapore	Property development	50	50
(a)	Bayfront Realty Pte. Ltd.	Singapore	Property development	50	50
(b)	Bayfront Land Pte. Ltd.	Singapore	Property development	–	50

(a) Audited by Ernst & Young LLP, Singapore
(b) Struck off during the financial year ended 31 December 2016.

17. INVESTMENT SECURITIES

	Group 2016 $'000	*Group 2015 $'000*	*Company 2016 $'000*	*Company 2015 $'000*
Current:				
Available-for-sale financial assets				
- Quoted debt securities, at fair value	155,985	152,868	–	–
Non-current:				
Available-for-sale financial assets				
- Unquoted equity shares, at cost	1,365	13	–	–

The investment in unquoted equity shares is carried at cost as management is of the opinion that it is not practicable to determine with sufficient reliability the fair value of the unquoted investment.

Investment pledged as securities

A floating charge has been placed on investment securities with a carrying value of $155,985,000 (2015: $152,868,000) as security for bank borrowings (Note 26).

Impairment loss

During the financial year ended 31 December 2016, the Company recognised an impairment loss of $1,500,000 for its quoted debt securities from a debtor that is placed under judicial management.

18. OTHER INVESTMENT

Other investment refers to the cost of the Company's 9.52% direct equity interests held in AFG as at 31 December 2015. The Company's 9.52% direct equity interests in AFG has been included in the carrying amount of the Group's investment in a joint venture, AFC, in the Group's statement of financial position. AFC is an investment holding company with a 83.49% (2015: 54.61%) equity interest in AFG (Note 15).

Such investment was included in "Investment securities" in the financial year ended 31 December 2014. On reclassification of the investment to be included in the Group's net investment in AFG in the financial year ended 31 December 2015, the cumulative fair value change on revaluation of the investment amounting to $1,042,000 was adjusted through other comprehensive income.

19. INVENTORIES

	Group	
	2016 $'000	2015 $'000
Consolidated statement of financial position:		
Finished goods, at cost	106,320	94,646
Finished goods, at net realisable value	29,285	25,427
Raw materials, at cost	5,630	8,475
Packaging materials, at cost	282	288
Total inventories at lower of cost and net realisable value	141,517	128,836
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in profit or loss	178,865	144,866
Inclusive of the following charge:		
- Write down of inventories	407	343

There was no charge placed on the Group's inventories as at 31 December 2016.

20. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE

(a) Development properties

	Group	
	2016 $'000	2015 $'000
Land costs	605,390	817,351
Development charges	25,087	35,357
Construction costs	173,036	96,078
Property tax	6,202	6,431
Interest costs	51,140	43,282
Other development expenditure	115,315	113,318
	976,170	1,111,817
Attributable profits	24,892	91,040
	1,001,062	1,202,857
Progress billings	(203,051)	(327,260)
	798,011	875,597
Relating to development properties:		
- Located in Singapore	321,548	530,848
- Located outside of Singapore	476,463	344,749
	798,011	875,597

During the financial year ended 31 December 2016, borrowing costs amounting to $21,467,000 (2015: $19,470,000) arising from borrowings obtained specifically for the development properties were capitalised.

A weighted average interest capitalisation rate of 4.10% (2015: 4.03%) per annum was used, representing the actual borrowing cost of the loans used to finance the projects.

Development properties amounting to $665,894,000 (2015: $841,522,000) are pledged as security for bank borrowings (Note 26).

Development properties amounting to $8,700,000 (2015: $60,214,000) were transferred to properties held for sale during the financial year ended 31 December 2016.

20. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE *(continued)*

(a) Development properties *(continued)*

Details of development properties held by the Group are as follows:

Location	*Description and use*	*Land area (square metre)*	*Estimated gross floor area (square metre)*	*Tenure*	*Stage of completion/ development*
World Class Land Pte. Ltd.					
Waterfront @ Faber Lot 08870V MK 05 at Faber Walk	Residential units	15,125	23,283	99 years from 17 September 2013	88% completed. Expected completion: 2017
Bayfront Ventures Pte. Ltd.					
CityGate 371 Beach Road Singapore^	Residential/ commercial units	7,269	38,525	99 years from 25 April 2014	21% completed. Expected completion: 2019
WCL-Southbank (VIC) Pty. Ltd.					
Australia 108 68-82 Southbank Boulevard, Southbank, Melbourne, Victoria, Australia	Residential	2,642	138,282	Freehold	Construction works commenced in November 2015. Expected completion for the final phase: 2020
WCL-A Beckett (VIC) Pty. Ltd.					
Avant 54-64 A'Beckett Street, Melbourne, Victoria, Australia	Residential	1,298	46,560	Freehold	Construction works commenced in February 2016. Expected completion: 2018
WCL-Central Park (QLD) Pty. Ltd.					
Nova City 81-83 Spence Street and 112-114 Bunda Street, Cairns, Queensland, Australia	Mixed use development	25,874	115,510	Freehold	Planning and designing.
WCL (CNS) CBD Pty. Ltd.					
17 Hartley Street and 6 Kenny Street, Cairns, Queensland, Australia	Mixed use development	16,351	88,295	Freehold	Planning and designing.
WCL (QLD) Margaret St Pty. Ltd.					
240 Margaret Street, Brisbane, Queensland, Australia	Residential	1,715	61,252	Freehold	Planning and designing.
WCL (QLD) Albert St Pty. Ltd.					
30 Albert Street and 131A Margaret Street, Brisbane, Queensland, Australia	Residential	2,007	76,301	Freehold	Planning and designing.

20. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE *(continued)*

(a) Development properties *(continued)*

Location	*Description and use*	*Land area (square metre)*	*Estimated gross floor area (square metre)*	*Tenure*	*Stage of completion/ development*
World Class Land (Georgetown) Sdn. Bhd.					
240, 242, 244, 246, 248, 250, 252 & 254 Jalan Dato Kramat and 1, 3, 5, 7, 9, 9A & 9B Lebuh Melaka, Penang, Malaysia	Mixed use development	2,067	12,037	Freehold	Planning and designing.
57, 59, 61, 63 & 65 Jalan Tan Sri Teh Ewe Lim and 1, 3, 5, 7, 9 & 11 Lorong Juru, Penang, Malaysia	Residential and retail	859	1,478	Freehold	Planning and designing.
83, 85, 87 & 89 Jalan Macalister and 1, 3, 5, 7 & 9 Lebuh Naning, Penang, Malaysia	Residential and retail	1,077	1,739	Freehold	Planning and designing.
128, 128A, 128B, 128C, 128D, 128E, 128F & 128G Jalan Transfer, Penang, Malaysia	Residential and retail	487	803	Freehold	Refurbishment, upgrading and building works commenced in August 2016.
2, 4, 6, 8 & 10 Jalan Hutton, Penang, Malaysia	Residential and retail	568	897	Freehold	Refurbishment, upgrading and building works commenced in August 2016.
41, 43 & 51 Gat Jalan Prangin, Penang, Malaysia	Residential and retail	248	349	Freehold	Planning and designing.
WCL (Magazine) Sdn. Bhd.					
237, 239, 241 & 243 Jalan Magazine and 2-G, 2-H & 2-I Jalan Gurdwara, Penang, Malaysia	Mixed use development	646	979	Freehold	Planning and designing.
Lots 18, 479, 480 & 10026 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang and 119 Lebuh Noordin, Penang, Malaysia	Mixed use development	2,966	17,496	Freehold	Planning and designing.
WCL (Macallum) Sdn. Bhd.					
1, 3, 5 & 7 Lebuh Macallum and 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194 & 196 Jalan C.Y. Choy, Penang, Malaysia	Mixed use development	2,703	15,651	Freehold	Planning and designing.
4, 6, 8, 10, 12, 14, 16 & 18 Lebuh Katz, Penang, Malaysia	Mixed use development	1,470	7,415	Freehold	Planning and designing.
206 Jalan C.Y. Choy, Penang, Malaysia	Residential and retail	187	251	Freehold	Refurbishment, upgrading and building works commenced in August 2016.

20. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE *(continued)*

(a) Development properties *(continued)*

Location	*Description and use*	*Land area (square metre)*	*Estimated gross floor area (square metre)*	*Tenure*	*Stage of completion/ development*
WCL (Macallum) Sdn. Bhd. *(continued)*					
50, 52, 54, 56, 58, 60, 62, 64, 66 & 68 Lebuh Cecil, Penang, Malaysia	Mixed use development	1,722	10,490	Freehold	Planning and designing.
55 Lebuh Cecil, Penang, Malaysia	Residential and retail	106	172	Freehold	Refurbishment, upgrading and building works commenced in August 2016.
51, 53, 55, 57, 59, 61, 63, 65, 67 & 69 Lebuh Macallum, Penang, Malaysia	Residential and retail	694	1,153	Freehold	Refurbishment, upgrading and building works commenced in May 2016.
81 Lebuh Macallum, Penang, Malaysia	Residential and retail	202	219	Freehold	Refurbishment, upgrading and building works commenced in August 2016.
WCL (Noordin St) Sdn. Bhd.					
32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56 & 56A-I Jalan Gurdwara and 190, 192, 194, 196, 198, 200, 202, 204, 206 & 208 Lebuh Noordin and 2, 4, 6, 8 & 10 Lebuh Ceti, Penang, Malaysia and Lot 1076 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang, Penang, Malaysia	Mixed use development	3,873	4,432	Freehold	Planning and designing.
68 Lebuh Presgrave, Penang, Malaysia	Residential	158	214	Freehold	Refurbishment, upgrading and building works commenced in June 2016.
69 & 71 Lebuh Presgrave, Penang, Malaysia	Residential and retail	236	384	Freehold	Refurbishment, upgrading and building works commenced in July 2016.
171 Lebuh Noordin, Penang, Malaysia	Residential and retail	344	614	Freehold	Refurbishment, upgrading and building works commenced in September 2016.
95, 97 & 99 Lebuh Noordin, Penang, Malaysia	Residential and retail	369	654	Freehold	Refurbishment, upgrading and building works commenced in August 2016.
36, 38, 38-A, 38-B & 38-C Lebuh Tye Sin, Penang, Malaysia and Lot 711 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang, Penang, Malaysia	Mixed use development	1,174	7,410	Freehold	Planning and designing.
15 Lebuh Tye Sin, Penang, Malaysia	Residential and retail	220	336	Freehold	Refurbishment, upgrading and building works commenced in August 2016.

20. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE *(continued)*

(a) Development properties *(continued)*

Location	*Description and use*	*Land area (square metre)*	*Estimated gross floor area (square metre)*	*Tenure*	*Stage of completion/ development*
WCL (Noordin St) Sdn. Bhd. *(continued)*					
80 & 82 Lebuh Tye Sin, Penang, Malaysia	Residential and retail	361	586	Freehold	Planning and designing.
140, 142, 144, 146, 148, 150, 150-A, 150-B, 150-C, 150-D & 150-E Lebuh Noordin, Penang, Malaysia	Residential and retail	1,270	1,339	Freehold	Planning and designing.
WCL (Bertam R) Sdn. Bhd.					
424, 426 & 428 Jalan Penang and 2, 4, 6, 8, 10, 12, 14, 16 & 18 Lorong Bertam, Penang, Malaysia	Residential and retail	911	1,467	Freehold	Planning and designing.
WCL (Bertam L) Sdn. Bhd.					
430, 432 & 434 Jalan Penang and 1, 3, 5, 7, 9, 11, 13, 15, 17, 19 & 21 Lorong Bertam, Penang, Malaysia	Residential and retail	951	1,707	Freehold	Planning and designing.

^ *The Group's share of development properties using the proportionate consolidation method*

The following table provides information about agreements that are in progress at the end of the reporting period whose revenue are recognised on a percentage of completion basis:

	Group	
	2016 $'000	*2015 $'000*
Aggregate costs incurred and recognised to-date	660,799	419,509
Attributable profits recognised to date	114,841	95,685
Development properties recognised as an expense in the consolidated statement of comprehensive income	312,245	172,239

(b) Properties held for sale

	Group	
	2016 $'000	*2015 $'000*
At cost		
At 1 January	8,929	8,565
Transferred from development properties	8,700	60,214
Enhancement works incurred	97	–
	17,726	68,779
Properties sold during the year	(782)	(59,850)
At 31 December	16,944	8,929

20. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE *(continued)*

(b) Properties held for sale *(continued)*

Details of the properties held for sale by the Group is as follows:

Location	*Description and use*	*Land area (square metre)*	*Tenure*
WCL-Cairns (QLD) Pty. Ltd.			
The Woods Lots 10, 11, 15, 16, 17 & 19, 136-166 Moore Road, Kewarra Beach, Cairns, Queensland, Australia	Residential	2,699	Freehold
World Class Land (Georgetown) Sdn. Bhd.			
Ropewalk Piazza 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154 & 156 Jalan Pintal Tali, Penang, Malaysia	Commercial	1,085	Freehold
Bahari Parade 69, 71, 73, 75, 77, 79 & 81 Jalan Sri Bahari, Penang, Malaysia	Commercial	846	Freehold
World Class Development (North) Pte. Ltd.			
The Hillford #01-52 & #01-67 at Jalan Jurong Kechil	Commercial	315	60 years from 19 February 2013
Bayfront Realty Pte Ltd			
Urban Vista Lot 10765A MK27 at Tanah Merah Kechil Link	Commercial	113	99 years from 5 November 2012

As at 31 December 2016, properties held for sale with a carrying value of $14,045,000 (2015: $5,944,000) is pledged as security for bank borrowings (Note 26).

21. TRADE AND OTHER RECEIVABLES

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade and other receivables (current)					
Trade receivables		273,402	222,890	–	2
Other debtors		21,438	3,420	–	293
Deposits		4,037	3,133	322	55
		298,877	229,443	322	350
Other receivables (non-current)					
Deposits		5,328	5,423	6	6
Total trade and other receivables (current and non-current)		304,205	234,866	328	356
Add:					
Due from subsidiaries (non-trade)		–	–	370,488	434,082
Due from associates (non-trade)		6,350	17,660	–	–
Due from a joint venture (non-trade)		82,897	55,605	82,897	55,313
Cash and bank balances	24	70,284	132,995	751	3,316
Total loans and receivables		463,736	441,126	454,464	493,067

Trade receivables of the Group's financial service business comprise loans to customers, interest receivables on loans to customers and trade receivables from retail and trading of pre-owned jewellery and watches. Other trade receivables relate to trade receivables of the Group's jewellery, real estate and other businesses.

Loans to customers are loans extended under pawnbroking which are interest-bearing, ranging between 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months (2015: 1.0% for the first month and 1.5% for the subsequent 6 months). The quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group.

All other trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

A floating charge has been placed on trade and other receivables with a carrying value of $230,868,000 (2015: $178,532,000) as security for bank borrowings (Note 26).

21. TRADE AND OTHER RECEIVABLES *(continued)*

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group 2016 $'000	Group 2015 $'000
Trade receivables – nominal amounts	1,107	1,991
Less: Allowance for impairment	(783)	(1,024)
	324	967
Movement in allowance accounts:		
At 1 January	1,024	879
Charge for the year	–	282
Written-back	(241)	(137)
At 31 December	783	1,024

Receivables that are past due

The Group has no receivables that are past due as at 31 December 2016 and 2015.

22. PREPAID RENT

	Group 2016 $'000	Group 2015 $'000
Cost		
At 1 January	185	1,323
Write-off	(35)	(1,138)
At 31 December	150	185
Accumulated amortisation		
At 1 January	90	1,016
Amortisation for the year	53	212
Write-off	(35)	(1,138)
At 31 December	108	90
Balance at 31 December	42	95
Current portion	42	53
Non-current portion	–	42
	42	95

Prepaid rent relates to payments for assignments of operating leases. It is amortised over the balance lease period if new leases are entered into upon the assignments or the expected balance lease period of the leases if no new leases are entered into upon the assignments, subject to a maximum of 3 years period.

23. DUE FROM/(TO) SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE

The amounts due from/(to) subsidiaries, associates and a joint venture are unsecured, receivable/repayable on demand and are to be settled in cash. These amounts are non-interest bearing except for an amount due from subsidiaries of $337,751,000 (2015: $293,077,000) which bear interest ranging from 3.88% to 6.00% (2015: 1.80% to 5.50%) per annum.

24. CASH AND BANK BALANCES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash at banks and on hand	70,284	132,995	751	3,316

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currency which differ from the functional currency of the companies within the Group at 31 December is as follows:

	Group	
	2016 $'000	2015 $'000
United States Dollars	64	695
Australian Dollars	328	103

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2016 $'000	2015 $'000
Cash held under "Project Account (Amendment) Rules – 1997"	16,762	63,190
Cash at banks and on hand	53,522	69,805
Cash and cash equivalents	70,284	132,995

A floating charge has been placed on cash and bank balances with a carrying value of $32,306,000 (2015: $107,692,000) as security for certain bank borrowings (Note 26).

Purchasers' deposit monies of AUD114,809,000(equivalent to approximately $119,471,000)(2015: AUD107,687,000(equivalent to approximately $111,165,000) pertaining to the development projects for which sale has commenced are placed in escow held by a third party. In addition, purchasers' deposits in the form of banker's guarantees of AUD9,755,000 (equivalent to approximately $10,151,000) (2015: AUD8,944,000 to equivalent to approxiately $9,233,000) pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. These balances are not included in cash and cash equivalents of the Group as at 31 December 2016 and 2015. The Group will only have access to these funds upon completion and hand over of the development projects to the purchasers.

25. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current:					
Trade payables		8,538	6,486	–	–
Other payables		6,412	3,712	795	514
Accrued operating expenses					
- payroll related		7,401	6,948	559	589
- property development		22,327	7,237	–	–
- others		13,339	16,090	2,577	5,466
Deferred revenue		275	35	–	–
Deposits received		663	5,143	3	4,445
Withholding tax payable		258	348	–	–
		59,213	45,999	3,934	11,014
Non-current:					
Other payables					
- amount due to a non-controlling shareholder of a subsidiary		1,696	4,176	–	–
Total trade and other payables (current and non-current)		60,909	50,175	3,934	11,014
Add:					
Due to subsidiaries (non-trade)		–	–	97,338	2,807
Due to an associate (non-trade)		5,260	4,980	–	–
Interest-bearing loans and borrowings	26	623,360	745,182	–	–
Term notes and bonds	27	629,750	560,000	285,750	410,000
Less:					
Accrued operating expenses					
- payroll related		(982)	(898)	(151)	(140)
Deferred revenue		(275)	(35)	–	–
Withholding tax payable		(258)	(348)	–	–
Total financial liabilities carried at amortised cost		1,317,764	1,359,056	386,871	423,681

Trade and other payables are unsecured, non-interest bearing and repayment is based on payment terms and conditions agreed.

Related party balances

The non-current amount due to a non-controlling shareholder of a subsidiary is unsecured, interest-free and not expected to be repaid in the next 12 months.

The following foreign currency denominated amounts which differ from the functional currency of the companies within the Group included in trade and other payables are as follows:

	Group	
	2016 $'000	2015 $'000
United States Dollars	2,141	1,073
Hong Kong Dollars	492	827
Others	99	78

26. INTEREST-BEARING LOANS AND BORROWINGS

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Secured borrowings					
Current					
Obligation under finance lease		49	–	–	–
Bank borrowings		304,798	260,150	–	–
Term loans		142,901	219,907	–	–
		447,748	480,057	–	–
Non-current					
Obligation under finance lease		77	–	–	–
Term loans		175,535	265,125	–	–
		623,360	745,182	–	–
Add:					
Term notes and bonds	27	629,750	560,000	285,750	410,000
Total loans and borrowings		1,253,110	1,305,182	285,750	410,000

(a) Details of securities granted for the secured borrowings are as follows:

Subsidiaries/Joint operations

Interest-bearing loans and borrowings comprise bank borrowings of $371,848,000 (2015: $279,970,000), term loans of $85,662,000 (2015: $111,247,000), land loans of $165,725,000 (2015: $353,965,000).

(i) Bank borrowings of $173,550,000 (2015: $129,610,000) are secured by way of a fixed and floating charge on all assets of certain subsidiaries and corporate guarantee by the Company.

(ii) Revolving loans of $131,248,000 (2015: $150,360,000) bear interest ranging from 1.02% to 3.16% (2015: 1.42% to 2.99%) and are secured by way of a fixed and floating charge on all assets of certain subsidiaries and corporate guarantee by the Company. These loans are repayable on demand.

(iii) The term loans of $11,896,000 (2015: $9,388,000) bear interest ranging from 2.10% to 3.06% (2015: 1.35% to 2.76%) per annum and are secured by way of legal mortgage over the leasehold properties. These loans are repayable in 2020, 2032, 2033, 2036 and 2042.

(iv) In 2015, the Group has a term loan of $5,000,000 which is secured by way of a corporate guarantee by the Company. This loan bears interest ranging from 2.16% to 2.62% per annum and is repayable in two instalments, comprising $2,500,000 per instalment with the final instalment in August 2016.

(v) The land loans, term loans and revolving loans of $306,540,000 (2015: $450,824,000) bear interest ranging from 1.92% to 6.32% (2015: 2.11% to 6.27%) per annum and are secured by way of:

- legal mortgages over subsidiaries' development properties (Note 20(a)) and investment properties (Note 11);
- legal assignments of subsidiaries' interest under the Sale and Purchase agreements and tenancy agreements in respect of the development properties or investment properties units therein which includes the assignment of all the sale and rental proceeds;
- legal assignments of subsidiaries' interest in the Project Account and Rental Account, and a charge over such sales proceeds and rentals and all sums in credit in such accounts; and
- a corporate guarantee by the Company.

26. INTEREST-BEARING LOANS AND BORROWINGS *(continued)*

(a) Details of securities granted for the secured borrowings are as follows: *(continued)*

Subsidiaries/Joint operations *(continued)*

The loans relating to the respective development projects in Singapore are repayable in one lump sum within 40 months from the date of the loan agreement or 6 months after the issuance of TOP, whichever is earlier.

The loans relating to the respective development projects outside Singapore are repayable via monthly instalments or one lump sum by their respective maturity dates.

The loans include financial covenants which require the subsidiaries/joint operations to achieve certain cumulative sales targets and to maintain aggregate outstanding debt secured against the properties not exceeding 50.0% to 80.0% of the security value of the relevant development properties at all times.

(b) Maturity of borrowings

Loans due after one year are estimated to be repayable as follows:

	Group 2016 $'000	Group 2015 $'000
Years after end of reporting period:		
After one year but within two yesars	6,818	113,286
After two years but within five years	149,990	129,667
After five years	18,804	22,172
	175,612	265,125

27. TERM NOTES AND BONDS

Date issued	Interest rate %	Maturity dates	Aggregate principal amount outstanding: Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Current						
22 July 2013 (1)	5.00	22 July 2016	–	50,000	–	50,000
29 July 2013 (1)	5.00	22 July 2016	–	25,000	–	25,000
1 October 2013 (1)	5.00	22 July 2016	–	25,000	–	25,000
23 January 2014 (2)	4.50	23 January 2017	55,750	–	55,750	–
			55,750	100,000	55,750	100,000
Non-current						
23 January 2014 (2)	4.50	23 January 2017	–	80,000	–	80,000
12 June 2014 (2)	5.05	12 June 2019	81,000	85,000	85,000	85,000
3 July 2014 (2)	5.05	12 June 2019	45,000	45,000	45,000	45,000
27 November 2014 (2)	5.50	27 November 2018	98,000	100,000	100,000	100,000
28 August 2015 (3)	5.25	28 August 2020	150,000	150,000	–	–
1 April 2016 (4)	5.30	1 April 2020	200,000	–	–	–
			574,000	460,000	230,000	310,000
Total term notes and bonds			629,750	560,000	285,750	410,000

27. TERM NOTES AND BONDS *(continued)*

Note:

(1) During the financial year ended 31 December 2013, unsecured term notes issued by the Group and the Company under the Multicurrency Debt Issuance Programme ("**MDI Programme**") amounted to $100,000,000. During the financial year ended 31 December 2016, these term notes issued under the MDI Programme were redeemed by the Group and the Company.

(2) During the financial year ended 31 December 2014, unsecured term notes issued by the Group and the Company under the MDI Programme amounted to $310,000,000. During the financial year ended 31 December 2016, unsecured term notes amounting to $24,250,000 issued under the MDI Programme were purchased and cancelled by the Group and Company.

(3) During the financial year ended 31 December 2015, unsecured bonds issued by a subsidiary of the Company under the MDI Programme amounted to $150,000,000.

(4) During the financial year ended 31 December 2016, unsecured bonds issued by a subsidiary of the Company under the MDI Programme amounted to $200,000,000.

Under the MDI Programme, the Group and the Company may issue both multicurrency medium term notes and perpetual securities. As at 31 December 2016 and 2015, no perpetual securities have been issued. Interest is payable semi-annually. Unless previously redeemed or purchased and cancelled, the term notes are redeemable at the principal amounts on their respective maturity dates.

28. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group	
	2016	*2015*
	$'000	*$'000*
Consolidated statement of comprehensive income		
Current income tax		
– Current income taxation	13,216	158
– Over provision in respect of previous years	(257)	(782)
– Withholding tax	423	258
	13,382	(366)
Deferred income tax		
– Origination and reversal of temporary differences	(11,055)	2,416
– (Over)/under provision in respect of previous years	(249)	2,269
	(11,304)	4,685
Income tax expense recognised in profit or loss	2,078	4,319

28. INCOME TAX EXPENSE *(continued)*

(a) Major components of income tax expense *(continued)*

	Group	
	2016	*2015*
	$'000	*$'000*
Consolidated statement of comprehensive income *(continued)*		
Deferred tax credit related to other comprehensive income		
– Net loss on fair value changes of available-for-sale financial assets	(1,292)	(645)

(b) Relationship between tax expense and profit before tax

The reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	Group	
	2016	*2015*
	$'000	*$'000*
Profit before tax	6,888	13,477
Tax at the domestic rates applicable to profits in the countries where the Group operates	940	2,440
Adjustments:		
– Non-deductible expenses	5,319	6,960
– Income not subject to taxation	(3,497)	(4,287)
– Deferred tax assets not recognised	566	1,730
– Effect of partial tax exemption and tax relief	(1,061)	(1,681)
– (Over)/under provision in respect of previous years	(506)	1,487
– Benefits from previously unrecognised tax losses	(1)	(2,271)
– Share of results of associates and a joint venture	(87)	(308)
– Withholding tax	423	258
– Others	(18)	(9)
Income tax expense recognised in profit or loss	2,078	4,319

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

(c) Deferred income tax

	Group	
	2016	*2015*
	$'000	*$'000*
Balance at 1 January	11,097	7,057
Tax (credited)/charged to profit or loss	(11,304)	4,685
Tax credited to other comprehensive income	(1,292)	(645)
Balance at 31 December	(1,499)	11,097

28. INCOME TAX EXPENSE *(continued)*

(c) Deferred income tax *(continued)*

Deferred income tax as at 31 December relates to the following:

Deferred tax liabilities, net

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Differences in depreciation for tax purposes	366	240	149	–
Attributable profits from development properties	3,580	16,693	–	–
Uncompleted project expenses	(433)	(2,522)	–	–
Revaluations to fair value:				
– Investment properties	5,102	5,102	–	–
Provisions	(54)	(43)	(26)	–
Unutilised tax losses	(468)	(2)	(14)	–
Others	(5)	(2)	–	–
	8,088	19,466	109	–

Deferred tax assets, net

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Differences in depreciation for tax purposes	(122)	(31)	–	129
Uncompleted project expenses	(3,563)	(2,743)	–	–
Provisions	(65)	(69)	–	(24)
Unutilised tax losses	(3,064)	(3,823)	–	(154)
Revaluations to fair value:				
– Available-for-sale financial assets	(1,937)	(645)	–	–
Unutilised capital allowance	(670)	(950)	–	(379)
Allowance for doubtful receivables	(139)	(91)	–	–
Others	(27)	(17)	–	–
	(9,587)	(8,369)	–	(428)

At the end of the reporting period, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $37,167,000 (2015: $42,991,000) and $5,513,000 (2015: $3,915,000) that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

29. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES

(a) Share capital

	Group and Company			
	2016		2015	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
At 1 January	1,901,785	215,872	1,862,661	202,179
Scrip dividend scheme [(1), (2)]	41,118	10,280	39,124	13,693
At 31 December	1,942,903	226,152	1,901,785	215,872

Note:

(1) On 23 June 2016, the Company issued 41,117,827 new shares at an issue price of $0.25 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.

(2) On 24 June 2015, the Company issued 39,123,996 new shares at an issue price of $0.35 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.

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

(b) Treasury shares

	Group and Company			
	2016		2015	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 January	10,158	2,796	9,583	2,473
Share buyback through open market	–	–	2,550	867
Reissued pursuant to Share Award Scheme	(753)	(207)	(1,975)	(544)
At 31 December	9,405	2,589	10,158	2,796

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company reissued 753,000 (2015: 1,975,000) treasury shares pursuant to its employee share award scheme, the Aspial Share Award Scheme, at a weighted average exercise price of $0.255 (2015: $0.310) each.

(c) Other reserves

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Gain on reissuance of treasury shares	1,413	1,429	1,413	1,429
Premium on dilution of interests in subsidiary	3,804	3,924	–	–
Foreign currency translation reserve	(9,898)	(7,200)	–	–
Premium paid on acquisition of non-controlling interests	(4,632)	(4,621)	–	–
Fair value adjustment reserve	(9,121)	(3,247)	–	–
Asset revaluation reserve	13,105	12,275	–	–
	(5,329)	2,560	1,413	1,429

29. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES *(continued)*

(c) Other reserves *(continued)*

Gain on reissuance of treasury shares

This represents the gain arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

Premium on dilution of interests in subsidiary

This represents the difference between the consideration received and the carrying value of non-controlling interests adjusted upon dilution of interests in subsidiary.

Premium paid on acquisition of non-controlling interests

This represents the difference between the consideration paid and the carrying value of non-controlling interests adjusted upon acquisition of interests in subsidiary.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Fair value adjustment reserve

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

Asset revaluation reserve

The asset revaluation reserve represents increases in the fair values of land and building, net of tax, and decreases to the extent that such decrease does not exceed the amount held in asset revaluation reserve for that same asset. Revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred to the revenue reserve on retirement or disposal of the asset.

30. DIVIDENDS

	Group
	$'000
Dividends on ordinary shares declared and payable/paid during the year:	
Financial year ended 31 December 2016	
– Final exempt (one-tier) dividend for FY2015: 1.00 cent per share on 1,891,627,581 shares	18,916
Financial year ended 31 December 2015	
– Final exempt (one-tier) dividend for FY2014: 0.80 cent per share on 1,853,078,585 shares	14,825
– Dividend *in specie* of shares in Maxi-Cash: 0.04 Maxi-Cash's shares per share on 1,853,078,585 shares	7,880
	22,705

	Group	
	2016	*2015*
	$'000	*$'000*
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at AGM:		
– Final exempt (one-tier) dividend for FY2016: 0.25 cent per share on 1,933,498,585 shares	4,834	–
– Final exempt (one-tier) dividend for FY2015: 1.00 cent per share on 1,891,627,581 shares	–	18,916
	4,834	18,916

31. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods, services and shares

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

	Group	
	2016	*2015*
	$'000	*$'000*
Construction expenses paid/payable to an associate	22,908	18,050
Sale of properties to directors of the Company/ subsidiaries of the Group	–	875
Sale of properties to a director-related company	–	3,922
Goods purchased from an affiliated company	1,756	2,782
Rental paid/payable to a director-related company	552	462
Purchase of goods from an associate	608	13
Corporate charges received from a subsidiary of a joint venture	328	273
Purchase of 10% equity interest in a subsidiary by directors of the Company/ subsidiaries of the Group	–	1,602

(b) Commitments with related parties

WCS Engineering Construction Pte. Ltd. ("**WCS**")

As at 31 December 2015, the Group entered into contractual agreements with WCS, an associate of the Group, for the construction of development properties. The total capital expenditure contracted for with WCS as at the end of the reporting period but not recognised in the financial statements amounted to $14,798,000.

31. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel

	Group	
	2016 $'000	2015 $'000
Short-term employee benefits	4,380	3,968
Central Provident Fund contributions	170	161
Share-based payments	192	289
Total compensation paid to key management personnel	4,742	4,418
Comprise amounts paid to:		
Directors of the Company	2,251	1,588
Directors of the subsidiaries	544	792
Other key management personnel	1,947	2,038
	4,742	4,418

32. COMMITMENTS

(a) Capital commitments

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

	Group	
	2016 $'000	2015 $'000
Capital commitments in respect of properties acquired	–	4,500
Capital commitments in respect of acquisition of properties for development	–	10,928
Capital commitments in respect of property development expenditure	666,410	86,886
	666,410	102,314

(b) Operating lease commitments - As lessor

The Group has entered into commercial property leases on its leasehold building and standing property at the development site acquired for development properties. The non-cancellable leases on its standing property have remaining lease terms of between one to three years.

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

	Group	
	2016 $'000	2015 $'000
Not later than one year	1,574	1,680
Later than one year but not later than five years	629	768
	2,203	2,448

32. COMMITMENTS *(continued)*

(c) Operating lease commitments - As lessee

As at the end of the reporting period, the Group and the Company had lease commitments in respect of office and retail outlet premises. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised as an expense in the consolidated statement of comprehensive income for the financial year ended 31 December 2016 amounted to $32,829,000 (2015: $33,452,000).

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

	Group	
	2016 $'000	2015 $'000
Not later than one year	29,458	27,145
Later than one year but not later than five years	33,009	31,922
	62,467	59,067

33. CONTINGENCIES

Guarantees

The Company has provided the following guarantees at the end of the reporting period:

- It has guaranteed its interest in its share of the bank loans of joint operations and joint venture amounting to $118,975,000 (2015: $175,362,000).
- It has guaranteed part of the loans and borrowings of the associates to a maximum amount of $39,986,000 (2015: $37,412,000), which it is severally liable for in the event of default by the associates.
- It has guaranteed the obligations of a subsidiary for bonds issued under the MDI Programme amounting to total principal amount of $350,000,000 (2015: $150,000,000).

The Company has provided corporate guarantees to banks for an aggregate of $547,273,000 (2015: $659,264,000) in respect of bank borrowings drawn down by certain subsidiaries, joint operations and associates (Note 26).

34. SEGMENT INFORMATION

Business segments

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into three main operating business segments, namely:

(a) Manufacture and sale of jewellery;
(b) Real estate business; and
(c) Financial service business

Other operations include rental of properties and provision of other support services.

34. SEGMENT INFORMATION *(continued)*

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax liabilities, corporate assets, liabilities and expenses.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Capital expenditure comprises additions to property, plant and equipment.

	Jewellery $'000	*Real estate $'000*	*Financial service $'000*	*Others $'000*	*Elimination $'000*	*Group $'000*	*Note*
2016							
Revenue	128,569	337,951	154,516	–	–	621,036	
Inter-segment revenue	796	–	8,672	438	(9,906)	–	A
Results							
Segment results	(3,094)	16,189	17,684	(8,047)	3,816	26,548	
Unallocated expenses	–	–	–	–	–	(247)	
Share of results of a joint venture	–	–	–	1,695	–	1,695	
Share of results of associates	242	(879)	–	–	–	(637)	
Interest income	–	590	–	48,564	(36,198)	12,956	
Finance costs	(2,430)	(8,493)	(4,535)	(47,641)	29,673	(33,427)	
(Loss)/profit before tax from operations	(5,282)	7,407	13,149	(5,429)		6,888	
Segment assets	127,020	973,906	306,898	1,189,108	(914,868)	1,682,064	B
Investment in joint ventures	–	–	–	12,092	–	12,092	
Investment in associates	3,987	14,046	–	–	–	18,033	
Unallocated assets	–	–	–	–	–	9,587	
Total assets	131,007	987,952	306,898	1,201,200		1,721,776	
Segment liabilities	86,412	806,957	208,763	948,978	(731,831)	1,319,279	C
Unallocated liabilities						25,627	
Total liabilities						1,344,906	
Capital expenditure	4,679	166	2,608	16,739	–	24,192	
Depreciation and amortisation	2,550	115	1,382	578	48	4,673	
Other significant non-cash expenses	654	–	428	1,542	–	2,624	D

34. SEGMENT INFORMATION *(continued)*

	Jewellery $'000	*Real estate $'000*	*Financial service $'000*	*Others $'000*	*Elimination $'000*	*Group $'000*	*Note*
2015							
Revenue	130,663	216,426	116,975	–	–	464,064	
Inter-segment revenue	300	–	4,078	428	(4,806)	–	A
Results							
Segment results	3,041	16,521	8,362	(1,168)	(1,254)	25,502	
Unallocated expenses	–	–	–	–	–	(248)	
Share of results of a joint venture	–	–	–	(1,571)	–	(1,571)	
Share of results of associates	154	3,227	–	–	–	3,381	
Interest income	–	140	–	30,487	(24,125)	6,502	
Finance costs	(1,468)	(6,186)	(4,027)	(30,956)	22,548	(20,089)	
Profit/(loss) before tax from operations	1,727	13,702	4,335	(3,208)		13,477	
Segment assets	130,809	1,071,336	260,086	973,657	(742,808)	1,693,080	B
Investment in joint ventures	–	–	–	40,815	–	40,815	
Investment in associates	4,035	14,926	–	–	–	18,961	
Unallocated assets	–	–	–	–	–	8,404	
Total assets	134,844	1,086,262	260,086	1,014,472		1,761,260	
Segment liabilities	84,214	919,866	192,688	748,292	(584,723)	1,360,337	C
Unallocated liabilities						24,628	
Total liabilities						1,384,965	
Capital expenditure	1,346	120	704	856	–	3,026	
Depreciation and amortisation	2,377	123	1,640	405	48	4,593	
Other significant non-cash expenses	647	–	268	374	–	1,289	D

34. SEGMENT INFORMATION *(continued)*

Notes

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016 *$'000*	*2015* *$'000*
Inter-segment assets	914,868	742,808

C The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 *$'000*	*2015* *$'000*
Inter-segment liabilities	731,831	584,723

D Other non-cash expenses consist of impairment and write off of property, plant and equipment, impairment loss on investment securities, interest receivable written off, (write-back)/allowance for doubtful debts and allowance for write down of inventories as presented in the respective notes to the financial statements.

	2016 *$'000*	*2015* *$'000*
Impairment of loss on investment securities	1,500	–
Impairment loss on property, plant and equipment	–	374
Interest receivable written-off	42	–
Property, plant and equipment written-off	916	290
Write down of inventories	407	343
(Write-back)/allowance for doubtful receivables	(241)	282
	2,624	1,289

Non-current assets information presented above consist of property, plant and equipment, investment properties, intangible assets and prepaid rent.

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		*Non-current assets*	
	2016 *$'000*	*2015* *$'000*	*2016* *$'000*	*2015* *$'000*
Singapore	621,036	464,064	94,919	76,412
Malaysia	–	–	49	56
	621,036	464,064	94,968	76,468

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, interest rate risk, foreign currency risk, credit risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Finance Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities for its business other than the real estate business. As for the real estate business there is no liquidity risk as loans and borrowings are repayable upon TOP whereupon receipts exceed the repayment of loans and borrowings. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that not more than 95% (2015: 95%) of loans and borrowings should mature in the next one year, and that to maintain sufficient liquid financial assets and stand-by credit facilities.

At the end of the reporting period excluding the real estate business, approximately 29% (2015: 28%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. 20% (2015: 24%) of the Company's loans and borrowings will mature in less than one year at the end of the reporting period.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Liquidity risk *(continued)*

Analysis of financial instruments by remaining contractual maturities

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

	1 year or less *$'000*	*1 to 5 years* *$'000*	*Over 5 years* *$'000*	*Total* *$'000*
2016				
Group				
Financial assets:				
Investment securities	155,985	1,365	–	157,350
Trade and other receivables	298,877	5,328	–	304,205
Due from associates (non-trade)	6,350	–	–	6,350
Due from a joint venture (non-trade)	82,897	–	–	82,897
Cash and bank balances	70,284	–	–	70,284
Total undiscounted financial assets	614,393	6,693	–	621,086
Financial liabilities:				
Trade and other payables	57,698	1,696	–	59,394
Due to an associate (non-trade)	5,260	–	–	5,260
Interest-bearing loans and borrowings	454,822	171,834	24,847	651,503
Term notes and bonds	86,441	639,222	–	725,663
Total undiscounted financial liabilities	604,221	812,752	24,847	1,441,820
Total net undiscounted financial assets/(liabilities)	10,172	(806,059)	(24,847)	(820,734)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Liquidity risk *(continued)*

	1 year or less *$'000*	*1 to 5 years* *$'000*	*Over 5 years* *$'000*	*Total* *$'000*
2015				
Group				
Financial assets:				
Investment securities	152,868	13	–	152,881
Trade and other receivables	229,443	5,423	–	234,866
Due from associates (non-trade)	17,660	–	–	17,660
Due from a joint venture (non-trade)	55,605	–	–	55,605
Cash and bank balances	132,995	–	–	132,995
Total undiscounted financial assets	588,571	5,436	–	594,007
Financial liabilities:				
Trade and other payables	44,718	4,176	–	48,894
Due to an associate (non-trade)	4,980	–	–	4,980
Interest-bearing loans and borrowings	498,297	256,767	26,123	781,187
Term notes and bonds	126,348	515,665	–	642,013
Total undiscounted financial liabilities	674,343	776,608	26,123	1,477,074
Total net undiscounted financial liabilities	(85,772)	(771,172)	(26,123)	(883,067)

	1 year or less *$'000*	*1 to 5 years* *$'000*	*Total* *$'000*
2016			
Company			
Financial assets:			
Trade and other receivables	322	6	328
Due from subsidiaries (non-trade)	370,488	–	370,488
Due from a joint venture (non-trade)	82,897	–	82,897
Cash and bank balances	751	–	751
Total undiscounted financial assets	454,458	6	454,464
Financial liabilities:			
Trade and other payables	3,783	–	3,783
Due to subsidiaries (non-trade)	97,338	–	97,338
Term notes	67,966	244,451	312,417
Total undiscounted financial liabilities	169,087	244,451	413,538
Total net undiscounted financial assets/(liabilities)	285,371	(244,445)	40,926

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Liquidity risk *(continued)*

	1 year or less *$'000*	*1 to 5 years* *$'000*	*Total* *$'000*
2015			
Company			
Financial assets:			
Trade and other receivables	350	6	356
Due from subsidiaries (non-trade)	434,082	–	434,082
Due from a joint venture (non-trade)	55,313	–	55,313
Cash and bank balances	3,316	–	3,316
Total undiscounted financial assets	493,061	6	493,067
Financial liabilities:			
Trade and other payables	10,874	–	10,874
Due to subsidiaries (non-trade)	2,807	–	2,807
Term notes	118,473	336,819	455,292
Total undiscounted financial liabilities	132,154	336,819	468,973
Total net undiscounted financial assets/(liabilities)	360,907	(336,813)	24,094

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Other than the term notes and bonds and certain bank borrowings which are at fixed rates, the Group's loans and borrowings are at floating rates which are contractually repriced at intervals of less than 6 months from the end of the reporting period.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts. At the end of the reporting period, term notes and bonds of $629,750,000 (2015: $560,000,000) and bank borrowings of $371,848,000 (2015: $344,590,000) are at fixed rates of interest.

Sensitivity analysis for interest rate risk

For the jewellery retail business, at the end of the reporting period, if SGD interest rates had been 50 (2015: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $nil (2015: $21,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Interest rate risk *(continued)*

Sensitivity analysis for interest rate risk (continued)

For the real estate business, at the end of the reporting period, if SGD, Malaysia Ringgit ("**MYR**") and Australia Dollars ("**AUD**") interest rates had been 100 (2015: 100) basis points lower/higher with all other variables held constant, the Group's development properties would have been $1,657,000 (2015: $2,893,000), $497,000 (2015: $418,000) and $240,000 (2015: $551,000) lower/higher respectively, arising mainly as a result of lower/higher capitalised borrowing cost on floating rate loans and borrowings.

For the Group's other businesses, at the end of the reporting period, if SGD interest rates had been 50 (2015: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $49,000 (2015: $39,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(c) Foreign currency risk

The jewellery business has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD. The foreign currencies in which these transactions are denominated are mainly United States Dollars ("**USD**"), Hong Kong Dollars ("**HKD**") and Euro ("**EUR**"). Approximately 27% (2015: 41%) of the jewellery business purchases are denominated in foreign currencies. Trade payable balances at the end of the reporting period have similar exposures.

The real estate business has transactional currency exposures arising from loans extended by World Class Global Pte. Ltd. ("**WCG**"), a subsidiary of the Group, to WCG's subsidiaries in Malaysia and Australia. These loans are denominated in MYR and AUD, whereas WCG's functional currency is SGD.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The Group did not hedge any of its foreign currency purchases during the financial years ended 31 December 2016 and 2015. There was no outstanding forward currency contract as at 31 December 2016 and 2015.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Australia. The Group's net investments in Malaysia and Australia are not hedged as currency positions in MYR and AUD are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, HKD, MYR and AUD exchange rates (against SGD), with all other variables held constant.

	2016 *Profit net of tax* *$'000* *(lower)/higher*	*2015* *Profit net of tax* *$'000* *(lower)/higher*
USD - strengthened 5% (2015: 5%)	(89)	(19)
- weakened 5% (2015: 5%)	89	19
HKD - strengthened 5% (2015: 5%)	(25)	(41)
- weakened 5% (2015: 5%)	25	41
MYR - strengthened 5% (2015: 5%)	3,477	2,803
- weakened 5% (2015: 5%)	(3,477)	(2,803)
AUD - strengthened 5% (2015: 5%)	10,712	2,143
- weakened 5% (2015: 5%)	(10,712)	(2,143)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and cash and bank balances. No other financial asset carries a significant exposure to credit risk.

Excessive risk concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group focuses on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. As at 31 December 2016 and 2015, there was no significant concentration of credit risk. The Group does not apply hedge accounting.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21.

Financial assets that neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21 (Trade and other receivables).

(e) Market price risk

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

Sensitivity analysis for market price risk

At the end of the reporting period, if the quoted market price of the debt securities had been 2% (2015: 2%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been $3,120,000 (2015:$3,057,000) higher/lower, arising as a result of an increase/decrease in the fair value of debt securities classified as available-for-sale.

36. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

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

(b) Assets measured at fair value

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

	Quoted prices in active markets for identical assets (Level 1) $'000	*Significant observable inputs other than quoted prices (Level 2) $'000*	*Significant unobservable inputs (Level 3) $'000*	*Total $'000*
Group				
2016				
Assets measured at fair value				
Financial assets				
Available-for-sale financial assets (Note 17)				
Quoted debt securities	155,985	–	–	155,985
Non-financial assets				
Investment properties (Note 11)				
Commercial	–	–	45,700	45,700

36. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(b) Assets measured at fair value *(continued)*

	Quoted prices in active markets for identical assets (Level 1) $'000	*Significant observable inputs other than quoted prices (Level 2) $'000*	*Significant unobservable inputs (Level 3) $'000*	*Total $'000*
Group				
2015				
Assets measured at fair value				
Financial assets				
Available-for-sale financial assets (Note 17)				
Quoted debt securities	152,868	–	–	152,868
Non-financial assets				
Investment properties (Note 11)				
Commercial	–	–	45,700	45,700

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	*Fair value at 31 December 2016 $'000*	*Valuation techniques*	*Unobservable inputs*	*Range of unobservable inputs $*
Recurring fair value measurements				
Investment properties:				
Commercial	45,700	Market comparison approach	Price per square feet	5,067 - 5,110

Description	*Fair value at 31 December 2015 $'000*	*Valuation techniques*	*Unobservable inputs*	*Range of unobservable inputs $*
Recurring fair value measurements				
Investment properties:				
Commercial	45,700	Market comparison approach	Price per square feet	5,067 - 5,110

For commercial investment properties, a significant increase/(decrease) in price per square feet based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

36. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(c) Level 3 fair value measurements *(continued)*

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	Fair value measurements using significant unobservable inputs (Level 3) Investment properties
	Commercial $'000
Group	
2016	
At beginning and end of year	45,700
2015	
At beginning and end of year	45,700

(iii) Valuation policies and procedures

The Group's Chief Financial Officer oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

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

36. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(d) Assets and liabilities not carried at fair value but for which fair value is disclosed

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

	Quoted prices in active markets for identical assets (Level 1) $'000	*Significant observable inputs other than quoted prices (Level 2) $'000*	*Significant unobservable inputs (Level 3) $'000*	*Total $'000*	*Carrying amount $'000*
Group					
2016					
Assets:					
Non-current:					
Other receivables	–	–	5,207	5,207	5,328
Liabilities:					
Current:					
Term notes	–	55,564	–	55,564	55,750
Non-current:					
Term notes	–	206,641	–	206,641	224,000
Bonds	326,450	–	–	326,450	350,000
Other payables	–	–	1,632	1,632	1,696

	Quoted prices in active markets for identical assets (Level 1) $'000	*Significant observable inputs other than quoted prices (Level 2) $'000*	*Significant unobservable inputs (Level 3) $'000*	*Total $'000*	*Carrying amount $'000*
Group					
2015					
Assets:					
Non-current:					
Other receivables	–	–	5,203	5,203	5,423
Liabilities:					
Current:					
Term notes	–	100,181	–	100,181	100,000
Non-current:					
Term notes	–	307,441	–	307,441	310,000
Bonds	152,100	–	–	152,100	150,000
Other payables	–	–	4,019	4,019	4,176

36. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(d) Assets and liabilities not carried at fair value but for which fair value is disclosed *(continued)*

	Quoted prices in active markets for identical assets (Level 1) $'000	*Significant observable inputs other than quoted prices (Level 2) $'000*	*Significant unobservable inputs (Level 3) $'000*	*Total $'000*	*Carrying amount $'000*
Company					
2016					
Assets:					
Non-current:					
Investment in a quoted subsidiary	79,399	–	–	79,399	56,502
Other receivable	–	–	6	6	6
Liabilities:					
Current:					
Term notes	–	55,564	–	55,564	55,750
Non-current:					
Term notes	–	212,157	–	212,157	230,000

	Quoted prices in active markets for identical assets (Level 1) $'000	*Significant observable inputs other than quoted prices (Level 2) $'000*	*Significant unobservable inputs (Level 3) $'000*	*Total $'000*	*Carrying amount $'000*
Company					
2015					
Assets:					
Non-current:					
Investment in a quoted subsidiary	45,084	–	–	45,084	40,201
Other investment	26,638	–	–	26,638	29,614
Other receivable	–	–	6	6	6
Liabilities:					
Current:					
Term notes	–	100,181	–	100,181	100,000
Non-current:					
Term notes	–	307,441	–	307,441	310,000

36. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(d) Assets and liabilities not carried at fair value but for which fair value is disclosed *(continued)*

Determination of fair value

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

Term notes
The fair values as disclosed in the table above are determined directly by reference to the bid price quotation of the term notes at the end of the reporting period.

Bonds
The fair values as disclosed in the table above are determined directly by reference to the quoted price of the bonds at the end of the reporting period.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Carrying amount		*Fair value*	
	2016 $'000	*2015 $'000*	*2016 $'000*	*2015 $'000*
Group				
Financial assets:				
Non-current:				
Unquoted equity shares, at cost	1,365	13	*	*
Other receivables	5,328	5,423	5,207	5,203
Financial liabilities:				
Current:				
Term notes and bonds	55,750	100,000	55,564	100,181
Non-current:				
Other payables	1,696	4,176	1,632	4,019
Term notes and bonds	574,000	460,000	533,091	459,541

* Investment in unquoted equity shares carried at cost

Fair value information has not been disclosed for the Group's investments in unquoted equity shares that are carried at cost because fair value cannot be measured reliably. The investee company is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

36. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value *(continued)*

	Carrying amount		*Fair value*	
	2016 $'000	*2015 $'000*	*2016 $'000*	*2015 $'000*
Company				
Financial assets:				
Non-current:				
Other receivables	6	6	6	6
Financial liabilities:				
Current:				
Term notes and bonds	55,750	100,000	55,564	100,181
Non-current:				
Term notes and bonds	230,000	310,000	212,157	307,441

37. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or procedures during the years ended 31 December 2016 and 31 December 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest-bearing loans and borrowings, term notes and bonds, trade and other payables, less cash and bank balances. The gearing ratios for the jewellery segment, real estate segment and financial service segment are 42% (2015: 43%), 67% (2015: 74%) and 64% (2015: 65%) respectively. Due to the nature of the business, the real estate segment will generally have a higher gearing ratio than the jewellery segment. The table below shows the capital and net debt for the Group.

	Note	*2016 $'000*	*2015 $'000*
Interest-bearing loans and borrowings	26	623,360	745,182
Term notes and bonds	27	629,750	560,000
Trade and other payables	25	60,909	50,175
Less: Cash and bank balances	24	(70,284)	(132,995)
Net debt		1,243,735	1,222,362
Equity attributable to owners of the Company		311,989	327,200
Capital and net debt		1,555,724	1,549,562
Gearing ratio		80%	79%

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 20 January 2017, the Group's subsidiary company, Aspial Capital (Ubi) Pte. Ltd., entered into an option to purchase a building, subject to the approval of the Housing Development Board of Singapore.

On 20 January 2017, the Group entered into a subscription agreement and other ancillary transaction documents for the issuance of AUD 135.0 million 6.6% fixed rate notes (the "**Notes**") due January 2021 to be issued in three separate tranches. All three tranches of the Notes are expected to mature on 23 May 2019, with the final maturity date on 23 January 2021. The first tranche of the Notes, with a principal amount of AUD 60.0 million, was issued on 23 January 2017. The second tranche amounting to AUD 35.0 million and the third tranche amounting to AUD 40.0 million are expected to be issued on 24 July 2017 and 23 January 2018 respectively, subject to certain relevant conditions being met. The proceeds from the issuance of the Notes can and will only be primarily used to fund one of the Group's development projects in Australia.

On 25 January 2017, the Group's subsidiary company, Maxi-Cash Financial Services Corporation Ltd incorporated a wholly owned subsidiary, Maxi-Cash Property Pte. Ltd. with $1 share capital.

On 23 February 2017, upon the satisfaction of certain attaching conditions, the Group drew down AUD 5,044,000 (equivalent to approximately $5,249,000) of the AUD 200,000,000 (equivalent to approximately $208,120,000) UOB-Maybank Loan secured on 6 September 2016.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 27 March 2017.

STATISTICS OF SHAREHOLDINGS

As At 15 March 2017

NO. OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	1,933,498,585
NUMBER/PERCENTAGE OF TREASURY SHARES	:	9,405,143 (0.49%)
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS (EXCLUDING TREASURY SHARES)	:	ONE VOTE PER SHARE

Size of Shareholdings	*No. of Shareholders*	*%*	*No. of Shares*	*%*
1 - 99	75	4.09	3,170	0.00
100 - 1,000	104	5.67	59,711	0.00
1,001 - 10,000	405	22.10	1,880,561	0.10
10,001 - 1,000,000	1,211	66.07	81,118,432	4.20
1,000,001 & ABOVE	38	2.07	1,850,436,711	95.70
TOTAL	1,833	100.00	1,933,498,585	100.00

Twenty Largest Shareholders as at 15 March 2017		*No. of Shares*	*%*
1	MLHS HOLDINGS PTE LTD	1,137,825,087	58.85
2	CITIBANK NOMINEES SINGAPORE PTE LTD	152,681,096	7.90
3	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	117,728,348	6.09
4	PHILLIP SECURITIES PTE LTD	54,580,595	2.82
5	HSBC (SINGAPORE) NOMINEES PTE LTD	52,092,136	2.69
6	SING INVEST & FINANCE NOMINEES PTE LTD	38,663,606	2.00
7	MAYBANK KIM ENG SECCURITES PTE LTD	34,834,709	1.80
8	HONG LEONG FINANCE NOMINEES PTE LTD	31,264,489	1.62
9	KOH LEE HWEE	30,888,888	1.60
10	CIMB SECURITIES (SINGAPORE) PTE LTD	27,523,834	1.42
11	KO LEE MENG	22,642,785	1.17
12	NG SHENG TIONG	18,991,870	0.98
13	RAFFLES NOMINEES (PTE) LTD	17,654,273	0.91
14	UOB KAY HIAN PTE LTD	13,478,153	0.70
15	TAN BOY TEE	11,845,526	0.61
16	DBS NOMINEES PTE LTD	11,061,885	0.57
17	LIM SENG KUAN	10,558,199	0.55
18	KOH TECK HOE	7,451,270	0.39
19	KOH YONG HUI, KELVIN	6,985,799	0.36
20	OCBC SECURITIES PRIVATE LTD	6,937,140	0.36
		1,805,689,688	93.39

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

10.18% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual SGX-ST.

Substantial Shareholders (As recorded in the Register of Substantial Shareholders)		*Direct*	*Deemed*
1	MLHS Holdings Pte Ltd	1,137,825,087	–
2	Koh Wee Seng[1]	372,164,929	1,142,907,178
3	Koh Lee Hwee[2]	30,888,888	1,156,816,957
4	Ko Lee Meng[3]	33,639,865	1,138,979,974

Notes:

1 Mr Koh Wee Seng's direct interest derived from 3,404,065 shares held in his own name and 368,760,864 shares held in the name of nominee accounts. The deemed interest derived from 1,137,825,087 shares held by MLHS Holdings Pte Ltd and 5,082,091 shares held by his spouse.

2 Ms Koh Lee Hwee's direct interest derived from 30,888,888 shares held in her own name. The deemed interest derived from 1,137,825,087 shares held by MLHS Holdings Pte Ltd and 18,991,870 shares held by her spouse.

3 Ms Ko Lee Meng's direct interest derived from 22,642,785 shares held in her own name and 10,997,080 shares held in the name of nominee account. The deemed interest derived from 1,137,825,087 shares held by MLHS Holdings Pte Ltd and 1,154,887 shares held by her spouse.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aspial Corporation Limited (the "**Company**") will be held at 55 Ubi Avenue 1, #06-05, Ubi 55, Singapore 408935 on Wednesday, 26 April 2017 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon. (Resolution 1)

2. To declare a final dividend of 0.25 Singapore cent per ordinary share (tax-exempt one-tier) for the financial year ended 31 December 2016 (2015: 1.0 Singapore cent per ordinary share (tax-exempt one-tier)). (Resolution 2)

3. To re-elect the following Directors of the Company, retiring pursuant to Article 104 of the Company's Constitution:

   Ms Ko Lee Meng (Resolution 3)
   Mr Wong Soon Yum (Resolution 4)

   Ms Ko Lee Meng will, upon re-election as a Director of the Company, remain as a member of the Audit and the Remuneration Committees respectively, and will be considered non-independent.

   Mr Wong Soon Yum will, upon re-election as a Director of the Company, remain as the Lead Independent Director, the Chairman of the Audit Committee and a member of the Nominating and the Remuneration Committees respectively, and will be considered independent.

4. To approve the payment of Directors' fees of S$226,000 for the financial year ended 31 December 2016 (2015: S$248,000). (Resolution 5)

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. (Resolution 6)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. **Authority to issue shares** (Resolution 7)

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, 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 of the Company 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 Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

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

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

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

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

(c) any subsequent bonus issue, consolidation or subdivision of shares;

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

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)]

8. **Renewal of Share Purchase Mandate** (Resolution 8)

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in Appendix 1 to the Annual Report to shareholders ("**Appendix 1**"), in accordance with the "Guidelines on Share Purchases" set out in the Appendix 1 and this mandate shall, unless revoked or varied by the Company in a general meeting, 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 earlier.
[See Explanatory Note (ii)]

9. **Authority to issue shares under the Aspial Corporation Limited Scrip Dividend Scheme** (Resolution 9)

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to the Aspial Corporation Limited Scrip Dividend Scheme from time to time in accordance with the "Terms and Conditions of the Scrip Dividend Scheme" set out in pages 17 to 22 of the Circular to Shareholders dated 21 December 2011 and that such authority shall, unless revoked or varied by the Company in a general meeting, 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 earlier.
[See Explanatory Note (iii)]

By Order of the Board

Lim Swee Ann
Company Secretary
Singapore, 10 April 2017

Explanatory Notes:

(i) The Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective 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, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 8, if passed, will empower the Directors of the Company effective 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, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in Appendix 1. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 are set out in greater detail in Appendix 1.

(iii) The Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective 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 or when such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the Aspial Corporation Limited Scrip Dividend Scheme.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "**Meeting**").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

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

3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

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

PROXY FORM

ASPIAL CORPORATION LIMITED
(COMPANY REGISTRATION NO. 197001030G)
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____

of _____

being a member/members of Aspial Corporation Limited (the "**Company**"), hereby appoint:

Name	*NRIC/Passport No.*	*Proportion of Shareholdings*	
		No. of Shares	*%*
Address			

and/or (delete as appropriate)

Name	*NRIC/Passport No.*	*Proportion of Shareholdings*	
		No. of Shares	*%*
Address			

or failing the person, or either or both of the persons, referred to above , the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held on Wednesday, 26 April 2017 at 3.00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion, as he/she/they* will on any other matter arising at the Meeting and at any adjournment thereof.

No.	*Resolutions relating to:*	*Number of Votes For* (1)	*Number of Votes Against* (1)
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016		
2	Payment of proposed final dividend (tax-exempt one-tier)		
3	Re-election of Ms Ko Lee Meng as a Director		
4	Re-election of Mr Wong Soon Yum as a Director		
5	Approval of Directors' fees amounting to S$226,000		
6	Re-appointment of Messrs Ernst & Young LLP as Auditors		
7	Authority to issue shares		
8	Renewal of Share Purchase Mandate		
9	Authority to issue shares under the Aspial Corporation Limited Scrip Dividend Scheme		

(1) If you wish to exercise all your votes "For" or "Against", please indicate with a 'X' within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

_____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total number of Shares in:	*No. of Shares*
a. CDP Register	
b. Register of Members	

** Delete where inapplicable*

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 (Cap. 289)), you should insert that number of shares. If you have Shares registered in your name in the Register of Members, you should insert that number of shares. 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 of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 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;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 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.

5. 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.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her 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 seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which 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 Companies Act (Cap. 50) of Singapore.

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 10 April 2017.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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