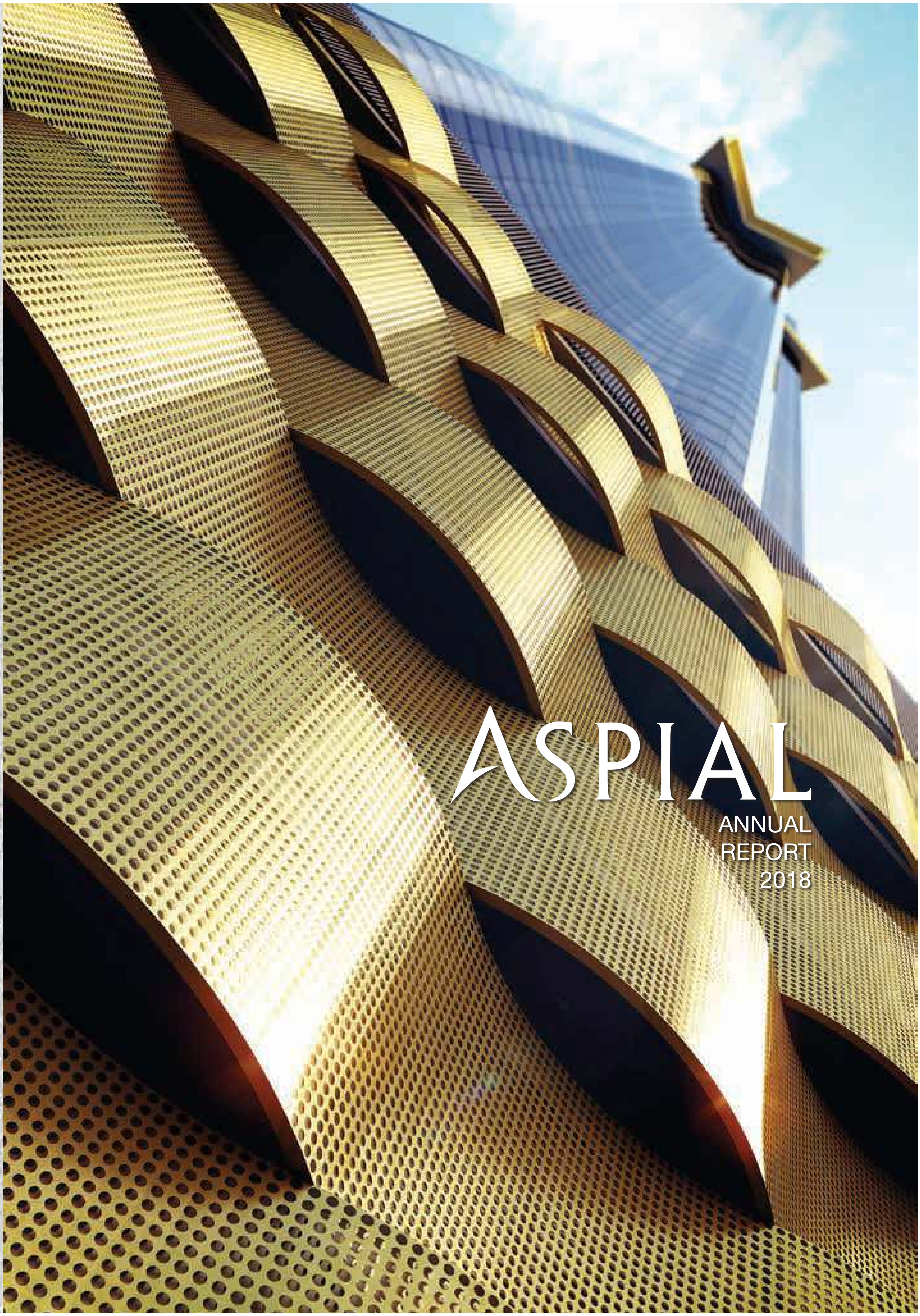
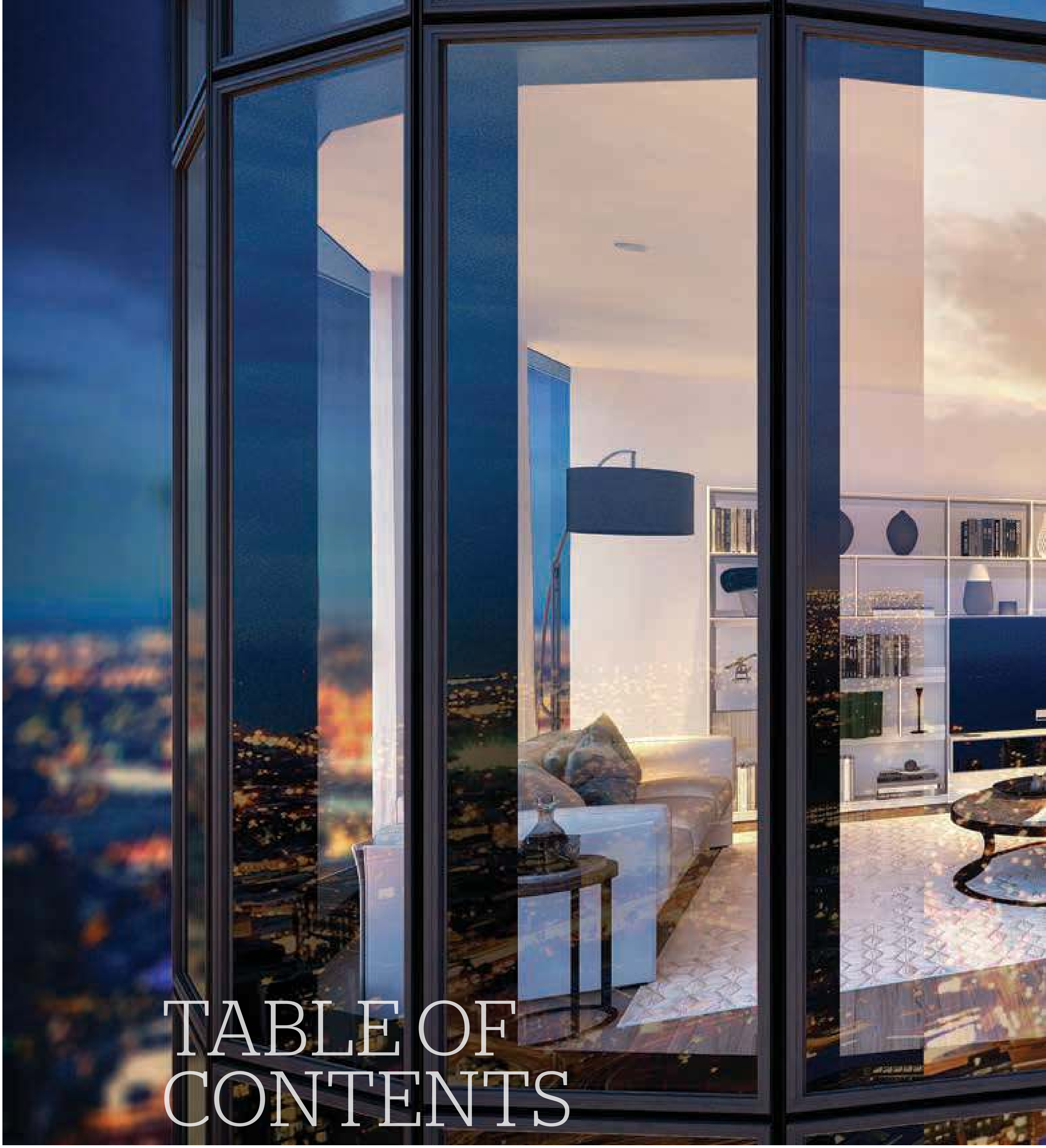


ASPIAL

ANNUAL
REPORT
2018



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Australia 108 by
World Class Global

CHIEF EXECUTIVE OFFICER'S MESSAGE

DEAR SHAREHOLDERS

In my last message to you, I emphasized building a strong foundation across the entire organisation, and how in having strong business fundamentals will enable us to better weather the uncertainty and volatility of ever-changing macroeconomic uncertainties.

Fiscal year 2018 was, by all measures, a commendable year for the Group. Broad-based revenue growth was evident across our core business segments, largely driven by our Real Estate Business. What is noteworthy is that our latest set of financial performance was achieved against the backdrop of challenging macroeconomic conditions.

We crossed significant milestones in our Real Estate Business across different geographies. We witnessed the completion of AVANT, a 56-storey residential skyscraper in the heart of the Melbourne CBD and the successful Temporary Occupation Permit ("**TOP**") of CityGate, our mixed development property along Beach Road in Singapore. Development of the 101-storey Australia 108 project in Melbourne is ahead of schedule, where the overall structure and floor slabs have already been constructed for more than 70 levels. In Cairns, we have commenced sales for Nova City and stand poised to launch a development project in Brisbane when the macroeconomics and real estate environment are conducive.

Closer to home, we own and operate six hotels in Georgetown, Penang, with total room capacity of 85. Another hotel, with an additional 36 rooms, is targeted to commence operations in April 2019.

More importantly, in the course of 2018, we balanced our focus on growth with an emphasis on long-term profitability and capital management. We took proactive measures and made concerted efforts to improve our debt profile.

The Group's total debt declined significantly in 4Q 2018. As at 31 December 2018, total loans and borrowings stood at S$566.0 million, compared to S$707.3 million in the preceding financial quarter. This was primarily due to the repayment of loans for CityGate, AVANT and Australia 108 projects.

Of the total loans and borrowings of S$566.0 million, approximately S$220.9 million are in relation to property development-related loans for the Real Estate Business, with the balance of S$345.1 million attributable to working capital/mortgage loan for our Financial Service Business and Jewellery Business, as well as investments in properties and securities.

As at 31 December 2018, the Group has outstanding term notes and bonds of S$587.9 million, which was S$55.9 million lower than the previous quarter due to redemption of notes maturing in November 2018 and market purchases of bonds and term notes by the Group.

Effectively, in the course of 2018, the Group's debt, equity and cash positions were substantially strengthened.

In 2019, we will continue to execute our strategy with discipline. We will have an emphasis on balancing efficiency and investments for growth, with the overarching objective of creating sustainable long-term value for our shareholders. Here are some of the upcoming developments and plans for our different businesses:

Rebecca Lim,
MediaCorp Artiste/
Goldheart Brand
Ambassador.
Seen wearing Mode
Gold 916 collection

1. *916 Gold Charms by Maxi-Cash*
2. *LuxeSTYLE by Maxi-Cash*

CHIEF EXECUTIVE OFFICER'S MESSAGE

REAL ESTATE BUSINESS

Going forward, the Group intends to further unlock the value of its portfolio of assets and development sites.

In the next 12 months, it will continue with the sale of its Nova City project in Cairns. To date, a total of 61 residential units out of 101 units launched at Nova City Tower 1 have been sold.

Additionally, the Group targets to launch its 92-storey development project along Albert Street in 2020, should prevailing market conditions and macroeconomics environment at that time prove conducive.

In Penang, the Group has completed the refurbishment, upgrading and building works of some properties and will continue with the construction of some of the remaining properties. Its current portfolio of six hotels in Georgetown, Penang with a combined room capacity of 85 rooms, is currently seeing encouraging business and occupancy, underpinned by an increase in tourist arrivals to Penang. The Group's seventh hotel, with a total of 36 rooms, will open in April 2019; and the intention is for more of the Group's sites in Penang to be developed into hotels.

Looking ahead, the Group expects to realise substantial profits from its Australia 108 project. In the line with this, the Real Estate Business is expected to contribute significantly to Group revenue and profitability in FY2019 and FY2020, for the following reasons in relation to the Australia 108 project:

– Approximately S$610 million of unbilled contracts have been locked in;
– Profit margins of the latter phases are relatively higher than earlier ones as the average selling prices of the higher floors are better than those of lower floors;
– Group is expected to book in revenue and profit from the project progressively as the construction, completion and handover of completed units will be carried out progressively from 2019 to 2020.

FINANCIAL SERVICE BUSINESS

Global economic and geopolitical uncertainties are likely to affect the growth of the countries that the Group operates in. As such, the Financial Service Business will need to navigate through headwinds such as rising interest rates, higher operating costs, volatile gold prices, fluctuating foreign exchange rates and intense competition. To better surmount these challenges, the Group will need to increasingly explore and carve out new markets, products and service offerings.

JEWELLERY BUSINESS

According to the Ministry of Trade & Industry ("**MTI**"), the pace of growth in the Singapore economy is expected to slow in 2019 as compared to 2018. Taking into account the global and domestic economic environment, MTI has maintained the 2019 GDP growth forecast at "1.5 to 3.5 per cent", with growth expected to come in slightly below the mid-point of the forecast range. For the whole of 2018, the Singapore economy grew by 3.2 per cent, a moderation from the 3.9 per cent growth recorded in 2017.

While the Group anticipates consumer sentiments to remain fairly stable in 2019, it will continue to sharpen its focus in improving operational effectiveness and efficiency of its Jewellery Business.

The Niessing brand and its contemporary jewellery designs have been well received and we are exploring further expansion into new markets.

OTHER INVESTMENTS

AF Global Limited's ("**AFG**") core business of hotel and serviced residences is expected to provide stable income to the Group. Its Holiday Inn Phuket hotel will undergo a partial refurbishment in 2019.

In December 2018, the Group had announced that AFG had entered into a sales and purchase agreement to hive off its entire paid-up ordinary shares of L.C. (London) Ltd which owns Crowne Plaza London Kensington hotel in London. An estimated net gain of approximately S$14.0 million is expected from this transaction, which is expected to be completed in mid-April 2019.

Looking ahead, AFG will continue to seek asset enhancement opportunities, potential acquisitions and divestments of its portfolio of hospitality assets.

In China, the dispute with the AFG's local joint venture partner is in court proceedings and AFG has obtained an interim asset-freeze order from the local court to protect its interest.

In Singapore, AFG expects its agency business to remain stable as the improved outlook for office and hotel segments is expected to offset the relatively slower residential market.

3. Maxi-Cash Financial Services

4. New experiential store concept at Lee Hwa's Jewelspace, Suntec City

5. Global bridal brands with Lee Hwa Romance, by Lee Hwa Jewellery

3

4


5

CHIEF EXECUTIVE OFFICER'S MESSAGE

DEBT ANALYSIS

Moving into 2019, the Group expects to further strengthen its cashflow and improve its debt profile, for the following reasons:

– Proceeds of about S$615 million, subject to actual settlements, are expected from the successful handover of units for AVANT and Australia 108;
– Up to S$35.4 million is expected from the Certificate of Statutory Completion and Subsidiary Strata Certificate of Title arising from the CityGate project obtaining TOP in November 2018;
– Intention to repay the outstanding June 2019 term notes of about S$68 million.

The Group intends to use part of the above cash proceeds to purchase some of its remaining term notes and bonds, including those due in 2019 and 2020, prior to the maturity dates of these notes and bonds.

ACKNOWLEDGEMENT

The strength of our strategic choices and diversified businesses came through in 2018, as we delivered an overall strong financial performance despite challenging market conditions. We are pleased with the trajectory of the business, reaffirming our plans for sustainable growth. We will strive to build on this, operating with discipline and adapting with agility.

We have invested, and will continue to invest, to expand and leverage our customer base, brand and infrastructure as we move to firmly establish ourselves as a leading player across our core business segments, and across expanded geographies. We will digitalise our services and internal processes so that we can grow and scale up our operations, while staying nimble in the markets we operate in.

1. *AVANT by World Class Global*
2. *Nova City by World Class Global*


1

2

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

PROJECT	TYPE	TOTAL UNITS	LAUNCH DATE	NO. OF UNITS LAUNCHED	% SOLD BASED ON NO. OF UNIT LAUNCHED[1]
IN AUSTRALIA					
Australia 108 (Melbourne)	Residential	1,103	4Q 2014	1,103	89%
Nova City Tower 1 (Cairns)	Mixed use development	187	4Q 2016	101	61%

[1] Computed based on the number of sale and purchase agreements that have been entered into and still subsisting (less any sale and purchase agreements for those completed units that have been rescinded) or fully settled as at the end of February 2019.

CHIEF EXECUTIVE OFFICER'S MESSAGE


1


2

1. *Phuket Rawai Beach Resort by AF Global Artist's Impression*
2. *Niessing Ring® Lucia*
3. *Niessing Berlin store*
4. *Niessing Antares rings*
5. *Niessing Mirage pendants*
6. *Niessing Hong Kong store*

We believe that a key measure of our success will be the shareholder value we create over the long term. As we look ahead to the future, we have a plan to not only generate long-term growth and shareholder value for the company, but to continue to build brands that carry a strong connection with business partners and customers.

On behalf of our leadership team and all at the Group, I would like to thank you for your continued support and confidence in our future.

I look forward to meeting you at the upcoming Annual General Meeting.

KOH WEE SENG
Chief Executive Officer

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6

BUSINESS REVIEW

OVERVIEW

The Group fired on all cylinders in 2018, delivering topline growth across its three core business segments of Real Estate, Financial Service and Jewellery. Group revenues surged 83.5% to S$898.5 million from S$489.5 million in the previous year, largely boosted by the Real Estate Business having achieved significant milestones for its AVANT and Australia 108 development projects in Melbourne, Australia and the CityGate development in Singapore. Both the Financial Service and Jewellery Businesses also registered a year-on-year expansion in revenue.

Correspondingly, Group pre-tax profit grew more than three-fold to S$56.6 million in FY2018, compared to S$17.6 million in FY2017. Excluding the net foreign exchange loss of S$19.9 million in FY2018, the pre-tax profit would have been S$76.5 million.

REAL ESTATE BUSINESS

Real Estate Business registered a revenue growth of 209.2% to S$574.2 million compared to S$185.7 million in FY2017. The expanded revenue was primarily driven by the recognition of sales from the CityGate which obtained TOP, as well as proceeds from the settlement of completed residential units for AVANT and Australia 108 projects in Melbourne, Australia.

Pre-tax profit for the Real Estate Business surged 358.5% to S$56.4 million from S$12.3 million in FY2017 mainly due to profit contribution from the CityGate, AVANT, and Australia 108 projects, and partially offset by foreign exchange loss. Excluding net foreign exchange loss of S$14.0 million in FY2018, the pre-tax profit would have been S$70.4 million.

In November 2018, the Group obtained TOP for its CityGate project and will continue to sell the remaining commercial units in the course of 2019. In Australia, the AVANT was successfully completed in August 2018 while development of the Australia 108 project is currently ahead of schedule. As at the date of this annual report, construction of Australia 108 has reached 70 out of a total of 101 levels. Three out of the remaining main stages of the development are expected to be completed by the end of 2019.


1


2

1. *Featuring 916 Gold Si Dian Jin by Goldheart*
2. *Featuring Glitz Collection by Goldheart*
3. *Goldheart's new concept store "The Contemporary Communal"*
4. *City Gate by World Class Land*

3

4

In Penang, the Group currently owns and operates six hotels with a total of 85 rooms in Georgetown, Penang. Occupancy at its hotels has been encouraging as a result of heightened tourist arrivals.

FINANCIAL SERVICE BUSINESS

Financial Service Business turned in a strong performance with a 5.6% growth in revenue to S$203.7 million, up from S$192.9 million in the year ago period. This was primarily attributed to higher interest income from its growing pledge book in its pawnbroking business, higher sales from the retail and trading of jewellery and branded merchandise, as well as contribution from the secured lending business.

The Financial Service Business registered a pre-tax profit of S$12.1 million as compared to S$15.0 million in FY2017. The decline in pre-tax profit was due to higher finance costs and foreign exchange loss. Excluding the foreign exchange loss, the pre-tax profit would have been S$18.0 million in FY2018.

JEWELLERY BUSINESS

Despite a smaller retail network in Singapore, revenue for the Jewellery Business grew 14.7% to S$135.8 million, up from S$118.4 million previously. The higher revenue was largely due to the maiden recognition of sales from its Niessing operations and increased sales from its gold bullion business.

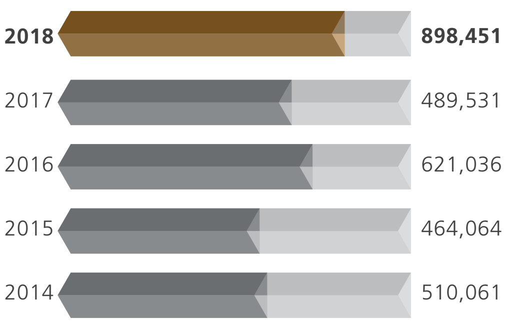
Correspondingly, the segment halved its pre-tax loss to S$4.2 million in FY2018, compared to a loss of S$8.3 million in FY2017. The lower pre-tax loss was mainly due to maiden profit contribution from its Niessing operations and lower loss from its retail business in Singapore as a result of the closure of non-performing retail outlets in 2018.

OTHER INVESTMENTS

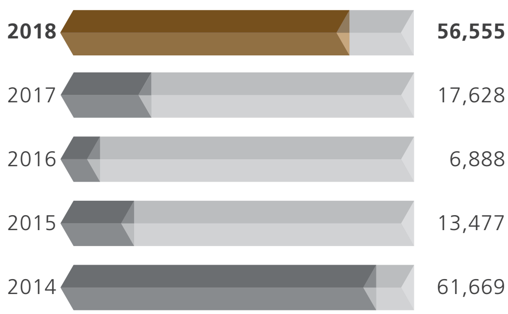
The share of results of associates and a joint venture decreased by S$2.2 million to S$0.2 million in FY2018. This was mainly due to lower profit from its 50:50 joint venture company, AF Corporation Pte Ltd, which holds 83.5% of the issued shares of AF Global Limited.

FINANCIAL HIGHLIGHTS

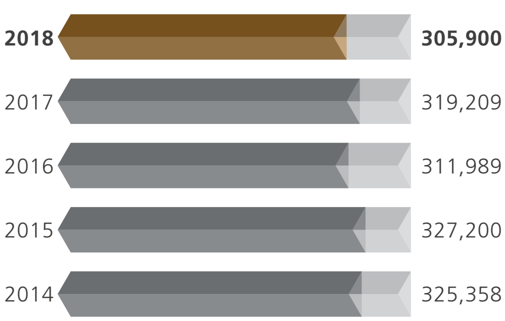
TOTAL TURNOVER (S$'000)



PROFIT BEFORE TAX (S$'000)



NET ASSET VALUE (S$'000)



GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS

(S$)	2018 ('000)	2017 ('000)	2016 ('000)	2015 ('000)	2014 ('000)
Total Turnover	898,451	489,531	621,036	464,064	510,061
Profit Before Tax	56,555	17,628	6,888	13,477	61,669
Profit After Tax	37,106	8,654	4,810	9,158	53,631
Paid-up Capital	226,930	226,930	226,152	215,872	202,179
Total Equity	406,563	408,659	376,870	376,295	369,745
Net Asset Value	305,900	319,209	311,989	327,200	325,358
Earnings Per Share (cents)	1.46	0.25	0.06	0.46	2.41

CORPORATE INFORMATION

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

Oversea-Chinese Banking Corporation Limited

DBS Bank Ltd.

The Hongkong and Shanghai Banking Corporation Limited

Malayan Banking Berhad

CIMB Bank Berhad

RHB Bank Singapore

National Australia Bank

Hong Leong Finance Limited

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 financial year ended
31 December 2016)

BOARD OF DIRECTORS

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 team, led by Mr Koh, 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 real estate business and financial service business. Mr Koh holds a Bachelor's 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's 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 has 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 our jewellery retail stores. Ms Ko holds a Bachelor's degree in Arts from the National University of Singapore.

WONG SOON YUM is our Lead 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 and Chairman of Nominating Committee. He has more than 35 years of working experience in areas of accounting, manufacturing, finance and securities. His past careers included serving as the Regional Accountant of Commonwealth Development Corporation, General Manager of Federal Chemical Industries (Singapore) Pte. Ltd., General Manager of Singapura Building Society Ltd., CEO/Executive Director of Overseas Union Trust Ltd. and Chairman of OUB Securities Pte. Ltd.. Mr Kau is an accountant by profession and is a fellow of the Association of the Chartered Certified Accountants, United Kingdom.

NG BIE TJIN @ DJUNIARTI INTAN is our Independent Non-Executive Director. Ms Ng is the Chairman of our Remuneration Committee and member of Audit Committee and Nominating Committee. Ms Ng was a director of Datapulse Technology Limited from 7 January 1994 to 30 November 2014, and during that time, was a member of the Nominating Committee. During the 22 years period, Ms Ng was the Finance Director. Apart from overseeing the daily operations of the finance functions including accounting, finance, treasury and capital management, she was responsible for administration and implementation of corporate finance strategies and policies, corporate governance and internal control policies and procedures, investor relations, and identification and evaluation of new business opportunities. She is also an independent director of SunMoon Food Company Limited from 31 August 2017 and is the Chairman of the Audit and Risk Committee and member of Remuneration and Nominating Committee. She is also a director of Uniseraya Holdings Pte. Ltd. from January 2015. Ms Ng holds a Masters in Business Administration from the University of Southern California.

KEY MANAGEMENT

LIM SWEE ANN, FELIX currently serves as the Chief Financial 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's 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.

NG KEAN SEEN is our Group's Senior Director for jewellery business. He overlooks the Group's jewellery retail business and manages the Group's investments in Niessing jewellery, bullion and safe keeping businesses. He is currently spearheading Niessing's expansion into key Asia Pacific cities. Mr. Ng has more than 18 years' experience in the jewellery trade. Prior to joining the Group, he was working in engineering and construction, automobile and financial services sectors. He graduated with a Bachelor of Engineering with Management (Hons) from University of Leeds (UK) and obtained a Master of Science in Marketing from City University of New York (US). He has also attended Chicago Business School and ESSEC Business School.

CHAN GEK CHING, JOCELYN is currently our Human Resource Director and manages all aspects of the human resource functions. Her key priority is to work together with the leadership team to inspire and achieve organisational effectiveness through business partnerships, attract and develop the best talents, and build a culture of collaboration and innovation. Jocelyn has more than 15 years of HR experience from the retail and tourism industries, and is a certified IHRP-Senior Professional. She holds a Master of Business from Nanyang Technological University and a Master of Science in Advanced Leadership Practise from University of Edinburgh Napier.

LIM JULIE is currently our Group's Corporate Information Technology Director and manages all aspects of the IT functions ranging from infrastructure, hardware to applications. She has spent majority of her career in the IT industry and has more than 25 years of experience, and out of which 15 years in the IT project management and planning. Julie is a certified Project Manager from both the Project Management Institution (PMI) and Infocomm Development Authority of Singapore (IDA) as well as a certified Enterprise Architecture (TOGAF). Before joining the Group, she was in IT consulting and banking arena. She holds a Honors Degree in Computing and Information System from University of London and Degree in Psychology from University of Singapore Institute of Management.

Australia 108,
by World Class Global

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**" or the "**Directors**") of Aspial Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") 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 AFFAIRS

Principle 1: Effective Board to lead and control the Company

The Board directs and leads the business affairs of 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 objectively. The Board Committees function within clearly defined terms of reference and operating procedures. The effectiveness of the Board Committees is also reviewed by the Board on an annual basis.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS (CONTINUED)

THE BOARD'S CONDUCT OF AFFAIRS (Continued)

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

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 either formally or informally.

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 meetings are able to hear each other. Decision of the Board and the Board Committees may also be obtained through circular resolutions.

The Board met four times in respect of the financial year ended 31 December 2018 ("**FY2018**"). 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	2*	2*
Koh Lee Hwee	4	4	4*	4*	1*	1*	2*	1*
Ko Lee Meng	4	4	4	4	1*	1*	2	2
Wong Soon Yum	4	4	4	4	1	1	2	2
Kau Jee Chu	4	4	4	4	1	1	2	2
Ng Bie Tjin @ Djuniarti Intan	4	4	4	4	1	1	2	2

* *By invitation*

A formal letter of appointment would be provided to the existing Non-Executive Directors which sets out the Directors' duties and responsibilities and the Board governance policies and practices. In line with the corporate governance best practices, formal letter of appointment would be provided to new Director, setting out his duties and responsibilities and obligations as a Director in respect of potential conflicts of interest, their interested person transactions and disclosure of Director's interests.

Newly appointed Directors are also given 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.

To enhance Director's performance as Board member or Board Committee member, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to directors' duties and responsibilities, corporate governance, key changes in the relevant regulatory requirements, changes in financial reporting standards and industry related matters. 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. All Directors were updated on the revised Code of Corporate Governance 2018 which applies to the Annual Report covering financial years commencing from 1 January 2019. Some of the Directors had attended the courses conducted by Singapore Institute of Directors such as Family Business Director Fundamentals. The Group's external auditors would also provide regular updates and periodic briefing to the AC on changes or amendments to the accounting standards and their impact on the financial statements, if any.

CORPORATE GOVERNANCE REPORT

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

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 is of the view 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. Greater emphasis is placed on whether they have demonstrated independent judgement and professionalism in discharging their duties and how they have contributed to the progress of the Group. The Board is of the view that the continuity and stability of the Board provide for a more effective decision making process with the Directors thoroughly familiar with the Group's various business activities.

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 and 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.

BOARD COMPOSITION AND GUIDANCE (CONTINUED)

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

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;
- 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 of the meeting 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 Financial Officer ("**CFO**") has failed to resolve.

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 of the meeting after such meetings, if it is necessary.

CORPORATE GOVERNANCE REPORT

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;
- 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 to 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.

BOARD MEMBERSHIP (CONTINUED)

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

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).

The Directors on the current Board have professional expertise and competency in their respective fields in banking, finance, accounting and real estate business. The Board is of the view that diversity is important to enhance the Board's effectiveness as it provides unique insights and more effective decision-making. Gender is an important aspect of diversity. The Board comprises 50%, or three out of six members who are female.

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 six (6) listed company board representations. The NC determines annually whether a director with other listed company board representations is able to and has been adequately carrying out his or her duties as a director of the Company. In FY2018, the NC has reviewed and is satisfied that 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 annual 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 FY2018, 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 assessment parameters for each Director include their knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The NC and the Board have relied on the abovementioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

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 Ms Ng Bie Tjin @ Djuniarti Intan ("**Ms Ng**"), who is retiring pursuant to Regulation 104 of the Company's Constitution, for re-election as a Director at the forthcoming AGM of the Company. Ms Ng, being eligible for re-election, has offered herself for re-election.

The Company has complied with Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as the information relating to the re-elected Directors is set out from pages 167 to 169 of this Annual Report.

CORPORATE GOVERNANCE REPORT

ACCESS TO INFORMATION

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

To enable the Board to fulfil 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 so that the Directors may better understand the matters and discussion may be focused on questions that the Directors may have.

The Board also receives regular updates pertaining to the operational and financial performance of the Group from Management. Such updates enable the Directors to keep abreast of key issues and developments in the Group's core businesses as well as challenges and opportunities for the Group.

The Board also has separate and independent access to the Company Secretary and the Company's Senior Management. In the Board meetings, the Chairperson will provide an update on the Group's business review and outlook. Furthermore, the Group CFO presents the financial highlights and performance. The Chairperson of each Board Committee will update the Board on any significant matters discussed at the Board Committees' meetings.

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 include, 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.

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)

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.

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. There are no termination, retirement and post-employment benefits granted over and above what has been disclosed.

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

The Company does not have any long-term incentive plans.

CORPORATE GOVERNANCE REPORT

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 four (4) 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.

In FY2018, there were no termination, retirement and post-employment benefits granted to the Directors, the CEO and the top four (4) key management personnel.

DISCLOSURE ON REMUNERATION (CONTINUED)

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

Disclosure on Directors' Fees and Remuneration

A breakdown of the level and mix of the remuneration payable to each individual Director for FY2018 are as follows:

Remuneration Band	Director	Salary (including CPF) %	FY2018 Bonus, profit sharing %	Fee %	Other Benefits %
S$1,250,000 to below	Koh Wee Seng	16.00	80.93	3.07	–
S$1,500,000	Koh Lee Hwee	16.00	80.93	3.07	–
Below S$250,000	Wong Soon Yum	–	–	100.00	–
	Kau Jee Chu	–	–	100.00	–
	Ng BieTjin @ 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 four (4) key management personnel comprises both fixed and variable components. 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 FY2018 of the top four (4) 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: 1

The total remuneration paid to the above four (4) key management personnel was S$1,423,572 for FY2018.

Share-Based Incentive Plan

The Aspial Performance Share Plan (the "**Performance Share Plan**") was approved by the shareholders of the Company at the extraordinary general meeting held on 26 April 2017. The RC is designated as the Scheme Committee and its members are as follows:

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

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON REMUNERATION (CONTINUED)

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

Share-Based Incentive Plan (Continued)

The objectives of the Performance Share Plan 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 Performance Share Plan is open to all employees of the Group, including the Executive Directors and the Non-Executive Directors of the Company. Any awards that may be granted to any Non-Executive Directors would be intended as a token of the Company's appreciation.

During FY2018, 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 Listing Manual of the SGX-ST. 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 Board has overall responsibility for the governance of risk and exercises oversight of the material risks of the Group. The Board determines the nature and extent of the material risks which the Board is willing to take in achieving its strategic objectives. The Company's Management recommends risk tolerance and strategy to the Board and where appropriate, report and recommend to the Board for its determination on the nature and extent of significant risks which the Group may take in achieving its strategic objectives.

Management identifies and manages the risks of the Group. Management is responsible for the effective implementation of risk management strategy, policy and processes to ensure the achievement of business plans and goals within the risk tolerance established by the Board. The Board 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. The process of risk management has been integrated into the Group's business planning and monitoring process.

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 AC.

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

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

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 internal controls in place maintained by the Company's Management throughout the year and up to the date of this report provide 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 AC reviews the Group's financial controls and risk management policies and processes, and based on its assessment and reports of the internal and external 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's 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 Listing Manual of the SGX-ST.

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 auditors' reports on the Group's 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 ability 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 assurance 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 Board is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities. The Chairman of AC – Mr Wong Soon Yum, Mr Kau Jee Chu and Ms Ng Bie Tjin @ Djuniarti Intan have accounting and financial management experience.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (CONTINUED)

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

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;
- reviewing and reporting to the Board on the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls.
- 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 Listing Manual of the SGX-ST 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;
- 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 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 Listing Manual of the SGX-ST 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 Listing Manual of the SGX-ST, 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 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 as 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 the AC's approval.*

AUDIT COMMITTEE (CONTINUED)

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

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 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 an annual basis. Messrs Ernst & Young LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with the 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 audit 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 Listing Manual of the SGX-ST.

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 90 of this Annual Report.

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 in FY2018.

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 AC approves the hiring, removal, evaluation and compensation of the head of internal audit function.

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 and the AC are of the opinion that the internal audit function is sufficiently resourced and has appropriate standing within the Company. 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.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

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

The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Listing Manual of SGX-ST and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

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. To ensure the fairness and effectiveness of the market, there is no selective disclosure of unpublished price-sensitive information. When there is inadvertent disclosure made to a selected group in a rare occasion, the information will be released to the public via SGXNet as promptly as possible.

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 via SGXNet, Reports or circulars are sent to all shareholders who opted for printed copies. Such reports and circulars are published in the Company's website. 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 revenue reserves, and other factors as the Board may deem appropriate.

All shareholders receive 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. During the general meetings, shareholders are informed of the rules including voting procedures governing such meetings.

Matters which require shareholders' approval are presented and proposed as a separate resolution. The Company practises having separate resolutions at general meetings on each substantial 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.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES (CONTINUED)

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

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 made 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 via SGXNet. Shareholders who are present in person or represented by proxies will be entitled to one vote for each share held.

Annual Report will be uploaded to the Company's website at www.aspial.com.

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 Listing Manual of the SGX-ST. 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 FY2018.

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 ("**IPTs**"). All IPTs 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.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS (CONTINUED)

The aggregate value of IPTs 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)
Corporate charges	
Dynamic Project Management Services Pte. Ltd.	720
Maxi-Cash Financial Services Corporation Limited	1,200
AF Global Limited	360
Bayfront Ventures Pte. Ltd.(1)	960
Provision of an interest free loan	
Bayfront Ventures Pte. Ltd.(1)	1,000
Kensington Village Pte. Ltd.(1)	400
Fragrance Group Limited(2) *and AF Corporation Pte. Ltd.*(1)	1,650
Subscription of 3-year 6.25 per cent. Notes due 2021 issued by Aspial Treasury Pte. Ltd.	
AF Global Limited	562
Mr Koh Wee Seng	2,063
Madam Tan Su Lan	1,219
Madam Koh Lee Hwee	656
Madam Ko Lee Meng	750
Madam Ng Bie Tjin @ Djuniarti Intan	188
Subscription of 3-year 5.9 per cent. Notes due 2021 issued by Aspial Treasury Pte. Ltd.	
Mr Koh Wee Seng	1,195
Madam Tan Su Lan	88
Madam Koh Lee Hwee	1,062
Madam Ko Lee Meng	398
Purchase of all ordinary shares in the capital of Citigems Pte. Ltd. from Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.	
Maxi-Cash Financial Services Corporation Limited	1,828
Rental	
Maxi-Cash Capital Pte. Ltd.	234
Maxi-Cash (East) Pte. Ltd.	264
Maxi-Cash (Central) Pte. Ltd.	338

Notes:

(1) Bayfront Ventures Pte. Ltd., Kensington Village 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% or more.

(2) 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% or more.

INTERESTED PERSON TRANSACTIONS (CONTINUED)

For the purposes of Rules 905(2) and 906(1)(b) of the Listing Manual of the SGX-ST, 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 Listing Manual of the SGX-ST are triggered.

The Company does not have a general mandate from shareholders for IPTs.

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 FY2018 or have been entered into since the end of the previous financial year.

BOARD OF DIRECTORS

Mr Koh Wee Seng
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 2018)	:	29 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 Limited
- World Class Global Limited
- AF Global Limited

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2016 to 31 December 2018)
- Nil

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (CONTINUED)

Ms Koh Lee Hwee
Executive Director

Date of first appointment as a director	:	15 August 1988
Date of last re-election as a director	:	26 April 2018
Length of service as a director (as at 31 December 2018)	:	30 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 Limited
- World Class Global Limited

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2016 to 31 December 2018)
- Nil

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	:	26 April 2017
Length of service as a director (as at 31 December 2018)	:	31 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 Limited

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2016 to 31 December 2018)
- Nil

BOARD OF DIRECTORS (CONTINUED)

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	:	26 April 2017
Length of service as a director (as at 31 December 2018)	:	19 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 2016 to 31 December 2018)
- Nil

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	:	26 April 2018
Length of service as a director (as at 31 December 2018)	:	16 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
- Nil

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2016 to 31 December 2018)
- Global Premium Hotels Limited

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (CONTINUED)

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 2018)	:	4 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
- SunMoon Food Company Limited

Major Appointments (other than Directorship)
- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2016 to 31 December 2018)
- Nil

FINANCIAL REPORT

Celestial Crux,
by Goldheart

DIRECTORS' STATEMENT

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 2018.

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 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date, and

(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 Regulation 104 of the Company's Constitution, Koh Lee Hwee and Kau Jee Chu 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' STATEMENT

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:

	Direct interest held by directors			Other shareholdings in which directors are deemed to have an interest		
	1 January 2018	**31 December 2018**	**21 January 2019**	**1 January 2018**	**31 December 2018**	**21 January 2019**
The Company						
Aspial Corporation Limited						
Ordinary shares						
Koh Wee Seng	373,463,357	373,463,357	373,463,357	1,142,907,178	1,142,907,178	1,142,907,178
Koh Lee Hwee	30,890,888	30,890,888	30,890,888	1,156,999,571	1,156,999,571	1,156,999,571
Ko Lee Meng	33,639,865	33,639,865	33,639,865	1,138,979,974	1,138,979,974	1,138,979,974
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	727,500	–	–	–
Ko Lee Meng	772,500	772,500	772,500	–	–	–
Subsidiaries						
World Class Global Limited						
Ordinary shares						
Koh Wee Seng	22,750,000	22,750,000	22,750,000	742,828,700	742,828,700	742,828,700
Koh Lee Hwee	–	–	–	742,828,700	742,828,700	742,828,700
Ko Lee Meng	–	–	–	742,828,700	742,828,700	742,828,700
Ng Bie Tjin @ Djuniarti Intan	1,000,000	1,000,000	1,000,000	–	–	–
Maxi-Cash Financial Services Corporation Ltd.						
Ordinary shares						
Koh Wee Seng	90,967,613	96,181,017	96,181,017	648,729,474	727,571,074	727,571,074
Koh Lee Hwee	2,153,888	14,288,888	14,288,888	653,555,978	734,687,805	734,687,805
Ko Lee Meng	2,813,326	2,813,326	2,813,326	649,988,202	728,765,805	728,765,805
Ng Bie Tjin @ Djuniarti Intan	302,464	332,710	332,710	–	–	–
World Class Land Pte. Ltd.						
Ordinary shares						
Koh Wee Seng	250,000	250,000	250,000	4,500,000	4,500,000	4,500,000
Koh Lee Hwee	–	–	–	4,500,000	4,500,000	4,500,000
Ko Lee Meng	–	–	–	4,500,000	4,500,000	4,500,000
Joint Venture						
AF Global Limited						
Ordinary shares						
Koh Wee Seng	–	–	–	881,383,569	881,383,569	881,383,569
Koh Lee Hwee	–	–	–	881,383,569	881,383,569	881,383,569
Ko Lee Meng	4,754,000	4,754,000	4,754,000	881,383,569	881,383,569	881,383,569

DIRECTORS' STATEMENT

DIRECTORS' INTEREST IN SHARES OR DEBENTURES (CONTINUED)

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 $2,291,000, $1,650,000, $5,591,000 and $1,000,000 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 $18,724,000, $4,150,000, $9,097,000 and $1,000,000 respectively. The bonds bear fixed interest rates of 5.25% and 5.30% per annum and are due in 2020 while the term notes bear fixed interest rates of 5.05%, 5.50%, 5.90% and 6.25% per annum and are due in 2019, 2018, 2020 and 2021 respectively.

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

OPTIONS

No options were issued by the Company during the financial year. As at 31 December 2018, 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
29 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 Company as at 31 December 2018, statements of changes in equity of the Group and 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 Singapore Financial Reporting Standards (International) ("**SFRS(I)**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

Assessment of carrying values of development properties and properties held for sale

As at 31 December 2018, the Group's development properties and properties held for sale amounted to $590,335,000 and $76,135,000 respectively, which in aggregate represented approximately 40% of the Group's total assets. The Group's development properties are located outside of Singapore, whilst its properties held for sale are located in and outside of Singapore.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Assessment of carrying values of development properties and properties held for sale (Continued)

A proportion of the Group's development properties relate to projects that are in planning phases and have not been launched or completed as at 31 December 2018. In ascertaining net realisable value ("**NRV**"), significant judgment is involved as management either needs to estimate 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 use external appraisers to support its determination of market prices.

For properties held for sale, in ascertaining NRV, significant judgment is involved as management either needs to estimate the expected selling price based on the current property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

Given the magnitude of these assets and significant judgment involved in estimating the total budgeted cost of construction and development for development properties located in Singapore, and significant estimation uncertainty involved in determining the NRV of development properties and properties held for sale, we have identified the assessment of carrying values of development properties and properties held for sale as a key audit matter.

To address the risk of material misstatement relating to carrying values of development properties and properties held for sale, our audit procedures included, amongst others, inquiry of management on the existence of any indicators that the NRV is lower than their respective costs. We assessed the reasonableness of the estimated selling prices, taking into account market prices for similar properties in the respective markets, where applicable. Where management used external appraisers to support its determination of estimated selling prices, we evaluated the objectivity, competence and capabilities of the appraisers. We also involved our internal real estate specialists in assessing the appropriateness of the valuation method and certain key assumptions used in the valuations.

In addition to the above procedures, in assessing the appropriateness of management's NRV assessment of the development properties, we performed procedures to evaluate the reasonableness of the estimated costs of completing the development properties. We obtained an understanding of the Group's internal controls with respect to project budgeting and monitoring process and inquired with management on the development status of on-going and significant projects. We also examined documentation of the progress of material projects such as costs incurred to-date, estimated costs to complete and timing of completion.

Further, we assessed the adequacy of disclosures related to development properties in Note 2.18 Development properties, Note 2.19 Properties held for sale, Note 3.2(e) Estimation of net realisable value for development properties, Note 3.2(f) Estimation of net realisable value for properties held for sale and Note 19 Development properties/properties held for sale, to the financial statements.

KEY AUDIT MATTERS (CONTINUED)

Allowance for expected credit losses on trade receivables of the Group's financial service business

Included in trade receivables of the Group's financial service business are pawnshop loans and interest receivables on pawnshop loans, which are significant to the Group. The collectability of trade receivables is a key element of the Group's working capital management.

The Group adopted SFRS(I) 9 *Financial Instruments* on 1 January 2018 and used a provision matrix to estimate the allowance for expected credit losses ("**ECL**") on pawnshop loans and interest receivables on pawnshop loans. The key inputs of the Group's ECL model are the probability of default and loss exposure on default. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of individual pawnshop outlets. The Group has estimated the loss exposure on default after considering the expected realisable value of the customers' pledges.

Significant judgment and estimation is involved in using the historical non-redemption data to derive the probability of default as the pawnshop loans age as well as considering any forward-looking economic information. Accordingly, we have identified that the Group's ECL assessment on pawnshop loans and interest receivables on pawnshop loans from the Group's financial service business as a key audit matter.

Our audit procedures included, among others, obtaining an understanding of the Group's implementation of SFRS(I) 9 and testing the reasonableness of the key inputs and assumptions used by the Group in the ECL model which is largely dependent on the Group's historical loss experience and loan-to-valuation data. We reviewed and tested the overall process and key controls relating to the collection of non-redemption data used in the ECL model including checking the arithmetic accuracy of the probability of default. We also considered forward-looking macroeconomic factors that may affect the recoverability of the pawnshop loans and related interest receivables. Furthermore, we assessed the adequacy of the disclosures related to trade receivables in Note 20 to the financial statements.

Allowance for expected credit losses on quoted debt securities with fixed maturity

Quoted debt securities with fixed maturity dates are carried at fair value through other comprehensive income and amounted to $49,081,000 as at 31 December 2018. The impairment assessment of these debt instruments and the determination of ECL requires significant management judgment and involved estimation uncertainty as the instruments are issued by corporations operating in various industries and countries, and management's impairment assessment requires consideration of the specific local market risks which the corporations are subject to. As such, we determined this to be a key audit matter.

Our audit procedures included, amongst others, evaluating the Group's implementation of SFRS(I) 9 *Financial Instruments* and whether the ECL model applied by the Group is consistent with the requirements of SFRS(I) 9. We obtained an understanding of the Group's processes and controls relating to the impairment review of the quoted debt securities. We also examined the appropriateness of the key inputs and assumptions used by management in the ECL model, where management has assessed for any significant increase in credit risk criteria since initial recognition by considering actual or expected significant changes in the financial instruments' external credit rating, actual or expected significant changes in the financial performance of the issuer or existing or forecasted adverse changes in the issuer's business, financial or economic conditions that are expected to cause a significant change in the issuer's ability to meet its debt obligations. We held discussions with management and corroborated the assumptions used in the ECL model using publicly available information, where available, in relation to the estimation of loss exposure at default and forward-looking adjustments determined by the Group. Furthermore, we assessed the adequacy of the disclosures related to quoted debt securities with fixed maturity in Note 17 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

KEY AUDIT MATTERS (CONTINUED)

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.

Our audit procedures included, among others, obtaining an understanding of the internal controls with respect to the 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), daily cash counts and inventory cycle counts at selected outlets. We also attended the year-end inventory count and cash count conducted at the head office. To check 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 the physical safeguards over inventories. On a sample basis, we attended and observed surprise outlet audits (which include inventories count) and inventory cycle counts at selected outlets.

Furthermore, we assessed the adequacy of the disclosures related to total cash on hand, pledges held (trade receivables of the Group's financial services business) and inventories in Note 23 Cash and bank balances, Note 20 Trade and other receivables and Note 18 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 SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with SSAs, we exercise professional judgment 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

29 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Revenue	4	898,451	489,531
Materials and subcontract costs		(644,048)	(327,932)
Employee benefits	5	(58,398)	(50,033)
Depreciation and amortisation		(6,547)	(5,613)
Finance costs	6	(31,334)	(29,801)
Other operating expenses		(129,625)	(80,369)
Interest income		13,711	10,257
Rental income		2,703	2,785
Other income	7	11,432	6,400
Share of results of associates		637	(498)
Share of results of a joint venture		(427)	2,901
Profit before tax	8	56,555	17,628
Income tax expense	27(a)	(19,449)	(8,974)
Profit for the year		37,106	8,654
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net fair value changes on equity instruments at fair value through other comprehensive income		(6,174)	–
Items that may be reclassified subsequently to profit or loss			
Net fair value changes of available-for-sale financial assets		–	1,055
Net fair value changes on debt instruments at fair value through other comprehensive income		(2,298)	–
Foreign currency translation		(16,934)	428
Share of other comprehensive income of a joint venture		(1,430)	138
Share of other comprehensive income of an associate		(23)	–
Other comprehensive income for the year, net of tax		(26,859)	1,621
Total comprehensive income for the year		10,247	10,275
Profit for the year attributable to:			
Owners of the Company		28,346	4,836
Non-controlling interests		8,760	3,818
		37,106	8,654
Total comprehensive income attributable to:			
Owners of the Company		6,397	6,472
Non-controlling interests		3,850	3,803
		10,247	10,275
Earnings per share (cent)			
Basic	9	1.46	0.25
Diluted	9	1.46	0.25

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 $'000	Group 31 December 2017 $'000	Group 1 January 2017 $'000	Company 31 December 2018 $'000	Company 31 December 2017 $'000	Company 1 January 2017 $'000
Non-current assets							
Property, plant and equipment	10	91,155	75,511	42,304	191	398	880
Investment properties	11	72,523	60,566	45,700	–	–	–
Intangible assets	12	10,244	7,456	6,964	1,054	299	35
Investment in subsidiaries	13	–	–	–	227,204	210,738	180,013
Investment in associates	14	19,324	22,086	18,033	–	–	–
Investment in joint ventures	15	13,346	15,106	12,092	5,000	5,000	5,025
Investment securities	17	99,303	163,984	108,361	500	–	–
Trade and other receivables	20	16,686	49,018	5,328	–	–	6
Prepayments		1	8,538	–	–	–	–
Deferred tax assets	27(c)	3,530	8,430	9,587	87	–	–
		326,112	410,695	248,369	234,036	216,435	185,959
Current assets							
Contract assets	4(b)	44,918	112,274	131,128	–	–	–
Inventories	18	147,413	133,781	141,517	–	–	–
Development properties	19(a)	590,335	845,411	682,946	–	–	–
Properties held for sale	19(b)	76,135	22,313	16,944	–	–	–
Trade and other receivables	20	326,229	289,941	277,123	2,202	62	322
Prepayments		6,798	8,959	9,538	231	600	1,211
Due from subsidiaries (non-trade)	21	–	–	–	211,712	287,389	370,488
Due from associates (non-trade)	21	276	1,305	6,350	–	–	–
Due from joint ventures (non-trade)	21	86,099	84,517	82,897	86,093	84,570	82,897
Investment securities	17	3,679	18,341	48,989	–	–	–
Derivatives	22	2,537	–	–	–	–	–
Cash and bank balances	23	59,020	54,888	70,284	164	448	751
		1,343,439	1,571,730	1,467,716	300,402	373,069	455,669
Total assets		1,669,551	1,982,425	1,716,085	534,438	589,504	641,628
Current liabilities							
Trade and other payables	24	73,887	66,644	59,213	8,158	2,282	3,934
Due to subsidiaries (non-trade)	21	–	–	–	185,665	109,019	97,338
Due to an associate (non-trade)	21	2,028	2,360	5,260	–	–	–
Due to a joint venture (non-trade)	21	25	–	–	–	–	–
Provision for taxation		14,250	3,790	17,539	–	154	77
Interest-bearing loans and borrowings	25	461,655	679,159	447,748	–	–	–
Term notes and bonds	26	82,750	98,000	55,750	83,000	100,000	55,750
		634,595	849,953	585,510	276,823	211,455	157,099
Net current assets		708,844	721,777	882,206	23,579	161,614	298,570

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 $'000	Group 31 December 2017 $'000	Group 1 January 2017 $'000	Company 31 December 2018 $'000	Company 31 December 2017 $'000	Company 1 January 2017 $'000
Non-current liabilities							
Other payables	24	3,121	2,708	1,696	–	–	–
Interest-bearing loans and borrowings	25	104,346	165,899	175,612	–	–	–
Term notes and bonds	26	505,122	541,500	574,000	–	123,500	230,000
Deferred tax liabilities	27(c)	15,804	13,706	8,088	–	80	109
		628,393	723,813	759,396	–	123,580	230,109
Total liabilities		1,262,988	1,573,766	1,344,906	276,823	335,035	387,208
Net assets		406,563	408,659	371,179	257,615	254,469	254,420
Equity attributable to owners of the Company							
Share capital	28(a)	226,930	226,930	226,152	226,930	226,930	226,152
Treasury shares	28(b)	(2,589)	(2,589)	(2,589)	(2,589)	(2,589)	(2,589)
Other reserves	28(c)	(27,776)	(11,876)	(18,433)	1,413	1,413	1,413
Revenue reserves		109,335	106,744	101,737	31,861	28,715	29,444
		305,900	319,209	306,867	257,615	254,469	254,420
Non-controlling interests		100,663	89,450	64,312	–	–	–
Total equity		406,563	408,659	371,179	257,615	254,469	254,420
Total equity and liabilities		1,669,551	1,982,425	1,716,085	534,438	589,504	641,628

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Equity attributable to owners of the Company $'000	$'000	$'000
Group								
At 1 January 2017								
– As previously reported		226,152	(2,589)	(5,329)	93,755	311,989	64,881	376,870
– Effects of adopting SFRS (I) 1		–	–	(13,104)	13,104	–	–	–
– Effect of adopting SFRS (I) 15		–	–	–	(5,122)	(5,122)	(569)	(5,691)
– As restated		226,152	(2,589)	(18,433)	101,737	306,867	64,312	371,179
Profit for the year		–	–	–	4,836	4,836	3,818	8,654
Other comprehensive income								
Net gain on fair value changes of available-for-sale financial assets		–	–	948	–	948	107	1,055
Foreign currency translation		–	–	550	–	550	(122)	428
Share of other comprehensive income of a joint venture		–	–	138	–	138	–	138
Other comprehensive income for the year, net of tax		–	–	1,636	–	1,636	(15)	1,621
Total comprehensive income for the year		–	–	1,636	4,836	6,472	3,803	10,275
Contributions by and distributions to owners								
Dividend on ordinary shares								
– Cash and scrip dividends	29	–	–	–	(4,834)	(4,834)	–	(4,834)
Dividend paid to non-controlling interests of subsidiaries								
– Cash and scrip dividends		–	–	–	–	–	(1,244)	(1,244)
Ordinary shares issued under scrip dividends	28(a)	778	–	–	–	778	–	778
Premium on dilution of interests in subsidiary		–	–	9,262	–	9,262	18,294	27,556
Capital contribution from non-controlling interests		–	–	(60)	–	(60)	12,770	12,710
Capital return to non-controlling shareholders upon liquidation of subsidiaries		–	–	–	–	–	(1,889)	(1,889)
Total contributions by and distributions to owners		778	–	9,202	(4,834)	5,146	27,931	33,077

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Equity attributable to owners of the Company $'000	$'000	$'000
Group								
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary	13	–	–	(5,163)	–	(5,163)	(542)	(5,705)
Change in ownership interests in subsidiaries without a change in control		–	–	882	5,005	5,887	(6,054)	(167)
Total changes in ownership interests in subsidiaries		–	–	(4,281)	5,005	724	(6,596)	(5,872)
Total transactions with owners in their capacity as owners		778	–	4,921	171	5,870	21,335	27,205
At 31 December 2017		226,930	(2,589)	(11,876)	106,744	319,209	89,450	408,659

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Equity attributable to owners of the Company $'000	$'000	$'000
Group								
At 1 January 2018								
– As previously reported		226,930	(2,589)	16,438	96,231	337,010	89,738	426,748
– Effects of adopting SFRS (I) 1		–	–	(28,314)	13,104	(15,210)	–	(15,210)
– Effects of adopting SFRS (I) 15		–	–	–	(2,591)	(2,591)	(288)	(2,879)
– As restated		226,930	(2,589)	(11,876)	106,744	319,209	89,450	408,659
– Effects of adopting SFRS (I) 9		–	–	7,835	(9,367)	(1,532)	–	(1,532)
		226,930	(2,589)	(4,041)	97,377	317,677	89,450	407,127
Profit for the year		–	–	–	28,346	28,346	8,760	37,106
Other comprehensive income								
Net fair value changes on debt instruments at FVOCI		–	–	(2,038)	–	(2,038)	(260)	(2,298)
Net fair value changes on equity instruments at FVOCI		–	–	(5,351)	–	(5,351)	(823)	(6,174)
Foreign currency translation		–	–	(13,107)	–	(13,107)	(3,827)	(16,934)
Share of other comprehensive income of an associate and a joint venture		–	–	(1,453)	–	(1,453)	–	(1,453)
Other comprehensive income for the year, net of tax		–	–	(21,949)	–	(21,949)	(4,910)	(26,859)
Total comprehensive income for the year		–	–	(21,949)	28,346	6,397	3,850	10,247
Contributions by and distributions to owners								
Dividend on ordinary shares								
– Cash dividends	29	–	–	–	(14,523)	(14,523)	–	(14,523)
Dividend paid to non-controlling interests of subsidiaries								
– Cash dividends		–	–	–	–	–	(5,880)	(5,880)
Premium on dilution of interests in subsidiary		–	–	198	–	198	(198)	–
Capital contribution from non-controlling interests		–	–	(73)	–	(73)	10,524	10,451
Total contributions by and distributions to owners		–	–	125	(14,523)	(14,398)	4,446	(9,952)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to owners of the Company					Non-controlling interests	Total equity
	Note	**Share capital $'000**	**Treasury shares $'000**	**Other reserves $'000**	**Revenue reserves $'000**	**Equity attributable to owners of the Company $'000**	**$'000**	**$'000**
Group								
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary	13	–	–	(3,727)	–	(3,727)	2,720	(1,007)
Change in ownership interests in subsidiaries without a change in control		–	–	(27)	(22)	(49)	197	148
Total changes in ownership interests in subsidiaries		–	–	(3,754)	(22)	(3,776)	2,917	(859)
Total transactions with owners in their capacity as owners		–	–	(3,629)	(14,545)	(18,174)	7,363	(10,811)
Others								
Transfer at fair value reserves of equity instruments at FVOCI upon disposal		–	–	1,843	(1,843)	–	–	–
Total Others		–	–	1,843	(1,843)	–	–	–
At 31 December 2018		226,930	(2,589)	(27,776)	109,335	305,900	100,663	406,563

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Total equity $'000
Company						
At 1 January 2017		226,152	(2,589)	1,413	29,444	254,420
Profit for the year, representing total comprehensive income for the year		–	–	–	4,105	4,105
Contributions by and distributions to owners						
Dividends on ordinary shares						
– Cash and scrip dividends	29	–	–	–	(4,834)	(4,834)
Ordinary shares issued under scrip dividends	28(a)	778	–	–	–	778
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		778	–	–	(4,834)	(4,056)
At 31 December 2017 and 1 January 2018		226,930	(2,589)	1,413	28,715	254,469
Profit for the year, representing total comprehensive income for the year		–	–	–	17,669	17,669
Contributions by and distributions to owners						
Dividends on ordinary shares						
– Cash dividends	29	–	–	–	(14,523)	(14,523)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	–	–	(14,523)	(14,523)
At 31 December 2018		226,930	(2,589)	1,413	31,861	257,615

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Operating activities			
Profit before tax		56,555	17,628
Adjustments for:			
Property, plant and equipment written-off		818	877
Impairment loss on investment in a joint venture		–	25
Impairment loss on investment in an associate		31	–
Impairment loss on intangible assets		1,773	–
Allowance for write-down of development properties and properties held for sale	19	–	1,326
(Gain)/loss on disposal of property, plant and equipment		(10)	7
Fair value gain on derivatives		(2,537)	–
Fair value loss on investment securities		2,895	–
Net fair value loss on investment properties	11	1,303	486
Interest receivable written-off		81	75
(Reversal of impairment)/impairment loss on investment securities	34(d)	(2,774)	1,733
Depreciation of property, plant and equipment	10	5,458	4,656
Employee Share Award Scheme expenses		191	–
(Write back)/write down of inventories	18	(29)	149
Allowance for doubtful receivables	20	564	7
Allowance for amounts due from associates and a joint venture		–	604
Interest expense	6	28,718	27,259
Interest income		(13,711)	(10,257)
Amortisation of prepaid rent		3	42
Amortisation of intangible assets	12	1,086	915
Amortisation of prepaid commitment fees	6	2,671	2,554
Amortisation of premium on term notes	6	(55)	(12)
Net loss/(gain) on disposal of investment securities		1,665	(1,534)
(Gain)/loss on purchase and cancellation of term notes and bonds		(67)	34
Dividend income from investment securities		(322)	(79)
Gain on bargain purchase on acquisition of subsidiary		(1,144)	–
Net gain on remeasuring previously held equity interest in associates to fair value on business combination		(957)	–
Share of results of associates		(637)	498
Share of results of a joint venture		427	(2,901)
Unrealised foreign exchange differences		13,693	(1,837)
Listing expenses of a subsidiary		–	1,707
Operating cash flows before changes in working capital		95,689	43,962
Changes in working capital			
Decrease in inventories		3,586	7,991
Decrease/(increase) in development properties		188,447	(131,775)
Increase in investment properties		(13,280)	(15,353)
Increase in properties held for sale		–	(5,375)
Decrease/(increase) in contract assets, trade and other receivables		68,253	(33,558)
Decrease in prepayments		490	11
(Decrease)/increase in trade and other payables		(4,928)	8,249
Total changes in working capital		242,568	(169,810)
Cash flows generated from/(used in) operations		338,257	(125,848)
Interest paid		(63,928)	(54,063)
Income taxes paid		(3,158)	(18,619)
Net cash flows generated from/(used in) operating activities		271,171	(198,530)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Investing activities			
Net cash inflow/(outflow) on acquisition of a subsidiary	13	3,026	(773)
Purchase of property, plant and equipment	10	(19,112)	(39,980)
Acquisition of intangible assets		(1,506)	–
Proceeds from sale of property, plant and equipment		332	7
Investment in associate		–	(7,750)
Prepayments		–	(8,538)
Interest received		7,534	7,507
Purchase of investment securities		(94,800)	(268,695)
Dividend income from investment securities		322	79
Dividend income from an associate		–	3,200
Proceeds from disposal of investment securities		162,836	244,493
Acquisition of non-controlling interests in subsidiaries		–	(5,705)
Due to associates (non-trade), net		1,943	1,565
Due from a joint venture (non-trade), net		(1,583)	(1,643)
Net cash flows generated from/(used in) investing activities		58,992	(76,233)
Financing activities			
Dividends paid to shareholders of the Company		(9,682)	(4,056)
Dividends paid to non-controlling interests of subsidiaries		(4,462)	(1,244)
Capital return to non-controlling shareholder upon liquidation of subsidiaries		–	(1,889)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests		6,335	12,303
Proceeds from issuance of term notes and bonds		44,750	70,140
Repayment of term notes		(96,311)	(60,284)
Purchase of treasury shares of a subsidiary		(42)	(165)
Proceeds from term loans		162,360	302,694
Repayment of term loans		(379,569)	(114,455)
(Repayment of)/proceeds from short-term bank borrowings, net		(47,434)	32,421
Proceeds from initial public offering of a subsidiary	13	–	27,556
Term notes and bonds commitment fee paid		(976)	(869)
Listing expenses paid by a subsidiary		–	(2,851)
Proceeds from finance lease obligations		–	69
Repayment of finance lease obligations		(136)	(66)
Net cash flows (used in)/generated from financing activities		(325,167)	259,304
Net increase/(decrease) in cash and cash equivalents		4,996	(15,459)
Effect of exchange rate changes on cash and cash equivalents		(864)	63
Cash and cash equivalents at beginning of year		54,888	70,284
Cash and cash equivalents at end of year	23	59,020	54,888

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 Singapore Financial Reporting Standards (International) ("**SFRS(I)**").

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

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

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")

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

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

Exemptions applied on adoption of SFRS(I)

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

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

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

On transition to SFRS (I), the Group had elected to treat the carrying amount of its land and buildings held by its joint venture, revalued under the previous accounting policy as their deemed cost as at 1 January 2017 and depreciated based on their remaining useful lives. As a result, revaluation gains of $13,104,000 recorded in other reserves were reclassified to revenue reserves as at 1 January 2017. The results of the joint venture which are disclosed in Note 15 are accounted for under the equity method as described in Note 2.8.

The Group's statement of financial position as at 31 December 2017 was restated resulting in a decrease of $15,210,000 to investment in joint ventures, a decrease in other reserves by $28,314,000 and an increase in revenue reserves of $13,104,000. The statement of comprehensive income for the year ended 31 December 2017 was also restated, resulting in a decrease in share of results of a joint venture by $15,210,000.

New accounting standards effective on 1 January 2018

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

SFRS(I) 9 *Financial Instruments*

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

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The comparative information was prepared in accordance with the requirements of FRS 39.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

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

Classification and measurement

The Group's trade receivables include receivables arising from the Group's financial service business. The Group's intention is to hold these receivables to collect the contractual cash flows. Consequently, upon adoption of SFRS(I) 9, these have been classified and measured at amortised cost.

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("**FVOCI**") or fair value through profit or loss ("**FVPL**"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("**SPPI**"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and if applicable, then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group has a mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. For debt instruments that were measured at FVOCI previously, the Group's business model is to hold the debt instrument to collect contractual cash flows and sell, and accordingly measured at FVOCI when it applies SFRS(I) 9. There is no significant impact arising from the measurement of these instruments under SFRS(I) 9.

Debt instruments that were classified as loans and receivables that were previously measured at amortised cost that did not meet the SPPI requirements have been remeasured to FVPL under SFRS(I) 9.

Debt instruments that were classified as available-for-sale financial assets that were previously measured at FVOCI that did not meet the SPPI requirements have been remeasured to FVPL under SFRS(I) 9. Accordingly, the available-for sale financial asset of $10,364,000 as disclosed in the previous financial statements for the financial year ended 31 December 2017 under FRS 39 measured at FVOCI will now be remeasured to FVPL under SFRS(I) 9 as at 1 January 2018 for the same amount of $10,364,000. As at 31 December 2018, the debt instrument is now measured at FVPL with a carrying amount of $9,625,000.

SFRS(I) 9 requires all equity instruments to be carried at FVPL, however an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVPL to present subsequent changes in fair value under other comprehensive income.

One of the Group's quoted debt securities that was previously measured at FVOCI was reclassified to equity instruments and have been remeasured to FVPL under SFRS(I) 9 as the Group did not make an irrevocable election at initial recognition for this instrument. Accordingly, the quoted debt security of $6,349,000 as disclosed in the previous financial statements for the financial year ended 31 December 2017 under FRS 39 will now be remeasured to FVPL under SFRS(I) 9 as at 1 January 2018 for the same amount of $6,349,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

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

Classification and measurement (Continued)

Except for the above, the Group elected to measure its currently held equity instruments at FVOCI. Upon disposal of these equity instruments, cumulative fair value changes previously recognised in FVOCI will be transferred to revenue reserves.

Unquoted equity securities that were previously measured at cost have been remeasured to FVOCI under SFRS(I) 9. Accordingly, these unquoted equity securities with a carrying value of $4,508,000 as disclosed in the previous financial statements for the financial year ended 31 December 2017 under FRS 39 measured at cost will now be remeasured to FVOCI under SFRS(I) 9 as at 1 January 2018 for the same amount of $4,508,000.

The Group's joint venture has elected to measure its previously held available-for-sale unquoted equity securities at cost to FVOCI under SFRS (I) 9. The difference between the carrying amount and the fair value upon adoption has been recognised in the opening revenue reserves. As a result of the remeasurement to FVOCI under SFRS(I) 9, the Group recorded an increase in revenue reserves of $73,000 and a corresponding increase in its investment in joint ventures.

Impairment

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

Trade receivables from the Group's financial service business

Upon application of the expected credit loss model, the Group expects that due to the collateralised nature of the trade receivables and the low loan-to-valuation nature of its secured lending receivables, there is no significant impact upon adoption of SFRS(I) 9. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net lifetime expected credit losses will include cash flows from the sale of collateral held.

Quoted debt instruments

For those quoted debt instruments that are assessed to be of low credit risk and externally rated, the Group applied the low credit operational simplification and determined that no significant increase in credit risk has occurred. There is no significant impact arising from estimation of loss allowance based on 12-month probability of default and loss given default, which would result in impairment losses to be recognised in profit or loss.

For those quoted debt instruments that are assessed to be of high credit risk and externally rated, the Group applied the ECL approach based on a lifetime probability of default and loss given default. The Group recorded an impairment loss of $7,838,000 on these debt instruments held at FVOCI. In addition, the Group recorded a fair value loss of $1,602,000 on one of its equity instruments held at FVPL.

The impairment recognised from adoption of SFRS (I) 9 above resulted in a corresponding decrease in revenue reserves of $9,440,000, increase in deferred tax liabilities of $1,605,000 and an increase in other comprehensive income of $7,835,000 as at 1 January 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

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

Tax adjustments and other adjustments

The Group does not expect any material tax adjustments and other adjustments other than mentioned below:

	Group 2017 $'000
Revenue – interest income from pawnbroking	39,225
Interest income not recognised due to forfeiture of pledges	(4,480)
As previously reported (Note 4)	34,745
Adoption of new standards	4,480
2017 revenue – interest income as reported (Note 4)	39,225

As shown in the table above, the adoption of SFRS(I) 9 on recognition of interest income from pawnbroking services did not impact the profit before tax for 31 December 2017 as the Group had not recognised interest income since it was not probable that economic benefits will flow to the Group due to forfeiture of pledges by the pawnshop customers. The interest income from pawnbroking services have been restated to recognise interest income and a corresponding write off of interest receivables under other operating expenses.

The Group has assessed which business model applies to the financial assets held by the Group at 1 January 2018 and has classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9. The effects, before tax impact are as follows:

Financial assets:	**Group**					
Measurement category	FRS 39 carrying amount on 31 December 2017 **$'000**	Reclassifications **$'000**	Remeasurements **$'000**	SFRS(I) 9 carrying amount on 1 January 2018 **$'000**	Revenue reserves effect on 1 January 2018 **$'000**	Fair value reserves effect on 1 January 2018 **$'000**
Reclassified from AFS included in non-current trade and other receivables	–	10,364	–	10,364	–	–
Reclassified from AFS quoted equity securities	–	6,349	–	6,349	(1,602)	1,602
FVPL balances, reclassifications and remeasurements at 1 January 2018	–	16,713	–	16,713	(1,602)	1,602
FVOCI, AFS quoted debt and equity securities	177,817	(6,349)	–	171,468	(7,838)	7,838
FVOCI, AFS included in non-current trade and other receivables	10,364	(10,364)	–	–	–	–
Reclassified from AFS unquoted equity securities carried at cost	–	4,508	–	4,508	–	–
FVOCI balances, reclassifications, remeasurements at 1 January 2018	188,181	(12,205)	–	175,976	(7,838)	7,838

The initial application of SFRS(I) 9 does not have any reclassification effect to the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

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

Impairment

The reconciliation for loss allowances for the Group are as follows:

	Group	
	Trade receivables $'000	**Debt instruments carried at FVOCI $'000**
Opening loss allowance as at 1 January 2018	790	3,082
Amount restated through opening revenue reserves	–	7,838
Adjusted loss allowance	790	10,920

The initial application of SFRS(I) 9 does not have any impact on the loss allowances in the Company's financial statements.

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

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

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

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

The Group is in the business of property development and construction, jewellery trading and retailing, and pawnbroking and moneylending. The impact of adopting SFRS(I) 15 is detailed as follows:

(a) Sale of development properties

(i) Timing of revenue recognition

The Group is engaged in development and sale of commercial and residential properties, both overseas and locally. For its overseas properties, the Group collected upfront payments which comprised purchase deposit monies held in trust accounts maintained by solicitors, and relate to property sales where recognition of revenue will be satisfied at a point in time when the completed unit is handed over to the buyer. As the Group does not have the rights to these monies collected until the completion of the development project, these do not represent a contract liability for the Group and there is no material impact upon adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

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

(a) Sale of development properties (Continued)

(i) Timing of revenue recognition (Continued)

For the sale of its local commercial and residential units, the Group previously recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser. Under SFRS(I) 15, performance obligations for the sale of these commercial and residential development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date. For these development properties, revenue continues to be recognised over time based on project progression and billings to customers based on completion of certain milestones as indicated in contracts with customers. The excess of the revenue recognised over contractual billings has to be classified as a contract asset and excess of contractual billings over revenue recognised has to be classified as a contract liability.

As a result of the foregoing, the Group's statement of financial position as at 1 January 2017 was restated resulting in an increase in contract assets by $131,128,000, a decrease in development properties by $109,374,000 and a decrease in trade and other receivables by $21,754,000.

The Group's statement of financial position as at 31 December 2017 was restated resulting in an increase in contract assets by $112,274,000, a decrease in development properties by $92,905,000 and a decrease in trade and other receivables by $19,369,000.

(ii) Capitalisation of borrowing costs for entities which recognise revenue over time for the sale of development properties.

The Group previously capitalised borrowing costs in relation to its local development properties. In March 2019, the IFRS interpretations committee issued its agenda decision that borrowing costs, relating to contracts with customers for which an entity transfers control of units over time, should not be capitalised. Consequently, the Group recognised a decrease in development properties of $5,691,000, a corresponding decrease in revenue reserves of $5,122,000 and a decrease in non-controlling interests by $569,000 at 1 January 2017.

The Group's statement of financial position as at 31 December 2017 was restated resulting in an decrease in development properties by $2,879,000, a corresponding decrease in revenue reserves of $2,591,000 and a decrease in non-controlling interests by $288,000 at 31 December 2017. The statement of comprehensive income for the year ended 31 December 2017 was also restated, resulting in a decrease in material and subcontract costs by $5,683,000 and an increase in finance costs by $2,871,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

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

(a) Sale of development properties (Continued)

(iii) Capitalised contract costs

The Group pays commissions to property agents on the sale of its local commercial and residential units and previously recognised such commissions as expense when incurred. The Group applied the practical expedients in SFRS(I) 15 for costs to obtain a contract to expense those costs that would have been amortised over one year or less. Where the amortisation period will be longer than one year, the Group will capitalise the incremental costs of obtaining a contract that meet the criteria in SFRS(I) 15. Under SFRS(I) 15, the Group capitalises such commissions as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue. Arising from this change, the Group recognised an amount of $9,394,000 and $4,509,000 in capitalised contract costs as at 1 January 2017 and 31 December 2017 respectively. Capitalised contract costs are disclosed in Note 4(c) and are included in the carrying amounts of development properties.

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

	Group			
	1 January 2017 (FRS) $'000	SFRS(I) 1 Adjustments $'000	SFRS(I) 15 Adjustments $'000	1 January 2017 SFRS (I) $'000
Assets				
Non-current assets				
Total non-current assets	248,369	–	–	248,369
Current assets				
Other current assets	376,519	–	–	376,519
Trade and other receivables	298,877	–	(21,754)	277,123
Development properties	798,011	–	(115,065)	682,946
Contract assets	–	–	131,128	131,128
	1,473,407	–	(5,691)	1,467,716
Total assets	1,721,776	–	(5,191)	1,716,085
Equity and liabilities				
Total liabilities	1,344,906	–	–	1,344,906
Equity attributable to owners of the Company				
Share capital	226,152	–	–	226,152
Treasury shares	(2,589)	–	–	(2,589)
Other reserves	(5,329)	(13,104)	–	(18,433)
Revenue reserves	93,755	13,104	(5,122)	101,737
	311,989	–	(5,122)	306,867
Non-controlling interests	64,881	–	(569)	64,312
Total equity	376,870	–	(5,691)	371,179
Total equity and liabilities	1,721,776	–	(5,691)	1,716,085

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

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

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 and 1 January 2018 to the statement of financial position of the Group.

	Group					
	31 December 2017 (FRS) $'000	**SFRS(I) 1 Adjustments $'000**	**SFRS(I) 15 Adjustments $'000**	**31 December 2017 SFRS(I) $'000**	**SFRS(I) 9 Adjustments $'000**	**1 January 2018 SFRS(I) $'000**
Assets						
Non-current assets						
Other non-current assets	387,159	–	–	387,159	–	387,159
Investment in joint ventures	30,316	(15,210)	–	15,106	73	15,179
Deferred tax assets	8,430	–	–	8,430	(1,605)	6,825
	425,905	(15,210)	–	410,695	(1,532)	409,163
Current assets						
Other current assets	324,104	–	–	324,104	–	324,104
Trade and other receivables	309,310	–	(19,369)	289,941	–	289,941
Development properties	941,195	–	(95,784)	845,411	–	845,411
Contract assets	–	–	112,274	112,274	–	112,274
	1,574,609	–	(2,879)	1,571,730	–	1,571,730
Total assets	2,000,514	(15,210)	(2,879)	1,982,425	(1,532)	1,980,893
Equity and liabilities						
Total liabilities	1,573,766	–	–	1,573,766	–	1,573,766
Equity attributable to owners of the Company						
Share capital	226,930	–	–	226,930	–	226,930
Treasury shares	(2,589)	–	–	(2,589)	–	(2,589)
Other reserves	16,438	(28,314)	–	(11,876)	7,835	(4,041)
Revenue reserves	96,231	13,104	(2,591)	106,744	(9,367)	97,377
	337,010	(15,210)	(2,591)	319,209	(1,532)	317,677
Non-controlling interests	89,738	–	(288)	89,450	–	89,450
Total equity	426,748	(15,210)	(2,879)	408,659	(1,532)	407,127
Total equity and liabilities	2,000,514	(15,210)	(2,879)	1,982,425	(1,532)	1,980,893

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

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

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the statement of comprehensive income of the Group for the year ended 31 December 2017.

	2017 (FRS) $'000	SFRS(I) 15 adjustments $'000	SFRS(I) 9 adjustments $'000	2017 (SFRS(I)) $'000
Revenue	485,051	–	4,480	489,531
Other items of income	22,343	–	–	22,343
Other items of expense				
Others	(56,144)	–	–	(56,144)
Materials and subcontract costs	(333,615)	5,683	–	(327,932)
Finance costs	(26,930)	(2,871)	–	(29,801)
Other operating expenses	(75,889)	–	(4,480)	(80,369)
Profit before tax	14,816	2,812	–	17,628
Income tax expense	(8,974)	–	–	(8,974)
Profit for the year	5,842	2,812	–	8,654
Other comprehensive income:				
Item that will not be reclassified to profit or loss				
Share of other comprehensive income of a joint venture	15,210	(15,210)	–	–
Items that may be reclassified subsequently to profit or loss				
Net fair value changes of available-for-sale financial assets	1,055	–	–	1,055
Foreign currency translation	428	–	–	428
Share of other comprehensive income of a joint venture	138	–	–	138
Other comprehensive income for the year, net of tax	16,831	(15,210)	–	1,621
Total comprehensive income for the year	22,673	(12,398)	–	10,275
Profit for the year attributable to:				
Owners of the Company	2,305	2,531	–	4,836
Non-controlling interests	3,537	281	–	3,818
	5,842	2,812	–	8,654
Total comprehensive income attributable to:				
Owners of the Company	19,151	(12,679)	–	6,472
Non-controlling interests	3,522	281	–	3,803
	22,673	(12,398)	–	10,275
Earnings per share attributable to owners of the Company (cents per share)				
Basic	0.12	0.13	–	0.25
Diluted	0.12	0.13	–	0.25

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

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

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

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

SFRS(I) 16 *Leases*

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

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases.

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 revenue reserves, 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 an asset or liability are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(b) Business combinations and goodwill (Continued)

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree recognised on the acquisition date at fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Associates and joint ventures (Continued)

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 associates 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.

2.9 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 properties	–	63 to 69 years
Renovations, electrical fittings, furniture and fittings	–	3 to 15 years
Air-conditioners, security equipment and office equipment	–	3 to 11 years
Machinery, tools and equipment	–	3 to 8 years
Computers	–	3 to 5 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.

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rental 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

For trademarks with finite useful lives, the trademark are amortised on a straight-line basis over its finite useful life of 15 years.

For trademarks with indefinite useful lives, the trademarks are estimated to have indefinite useful lives based on the current market share of these trademarks. Hence, management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of non-financial assets (Continued)

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.

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

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

Subsequent measurement

Investments in debt instruments

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

(i) Amortised cost

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

(a) *Financial assets* (Continued)

Subsequent measurement (Continued)

Investments in debt instruments (Continued)

(ii) Fair value through other comprehensive income

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

(iii) Fair value through profit or loss

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

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derivatives

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

De-recognition

A financial asset is 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

(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.

2.16 Impairment of financial assets

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

The Group's estimation varies with respect to its various types of financial assets as follows:

Trade receivables from the Group's financial service business

(i) Pawnshop loans and interest receivables on pawnshop loans

The Group uses the general approach and estimates for lifetime ECLs on the financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contractual terms of the pawn tickets and all the cash flows that the Group expects to receive from the sale of collateral held or other credit enhancements that are integral to the contractual terms of the pawn tickets.

The Group considers the financial assets to be in default upon forfeiture of the collateral to the Group. When such default occurs, the Group has no reasonable expectations of recovering the interest receivable portion of the financial assets. Therefore, the Group writes off the interest receivable portion of the financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of financial assets (Continued)

Trade receivables from the Group's financial service business (Continued)

(ii) Secured lending receivables

The Group uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

Trade receivables from the Group's jewellery and real estate businesses, and contract assets

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

Debt investment securities

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

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit rating of the debt instrument.

Due from subsidiaries, associates and joint ventures

The Group uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

2.17 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

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

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.

2.19 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.

2.20 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.

2.21 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)

2.22 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 2.23(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Revenue

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

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

(a) *Sales of goods*

Revenue from sale of jewellery

Revenue from sale of jewellery is recognised upon the transfer of 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.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue (Continued)

(a) *Sales of goods* (Continued)

Revenue from sale of jewellery (Continued)

The Group recognises the expected volume discounts payable to customer where consideration has been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

The Group offers customers the option to separately purchase extended warranty that provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications. The Group accounts for a service-type warranty as a separate performance obligation to which the Group allocates a portion of the transaction price. The portion of the consideration allocated to the service-type warranty is initially recorded as a contract liability and recognised as revenue over the period when the warranty services are provided.

The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

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 at a point in time, 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 a development property is under construction and agreement has been reached to sell such property when construction is completed, revenue is recognised at a point in time when the significant risks and rewards of ownership of the property have been transferred to the buyer (i.e. revenue is recognised at a point in time).

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. The percentage of work completed is measured by reference to the survey of work performed by external architects.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue (Continued)

(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.

2.24 Taxes

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

Deferred tax liabilities are recognised for all 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (Continued)

(b) *Deferred tax* (Continued)

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.

2.25 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 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.

2.27 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.

2.28 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 measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.16 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

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.

3.1 Judgments in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the financial statements:

Classification and measurement of equity instruments as FVOCI

The Group intends to hold its equity instruments for an indefinite period and it may be sold in response to liquidity needs or in response to changes in the market conditions. Therefore, management has concluded that these equity instruments are not held for trading and can be classified and measured at FVOCI.

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) *Allowance for expected credit losses on pawnshop loans and interest receivables on pawnshop loans*

The Group uses a provision matrix to estimate the allowance for ECL on trade receivables of the Group's financial service business. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of individual pawnshop outlets. The Group has estimated the loss given default based on the expected realisable value of the customers' pledges. Significant judgment and estimation is involved in using the historical non-redemption data to derive the probability of default as the pawnshop loans age as well as considering any forward-looking economic information. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amount of the Group's trade receivables which includes the Group's financial service business at the end of the financial year is disclosed in Note 20 to the financial statements.

(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 $14,250,000 (2017: $3,790,000), $15,804,000 (2017: $13,706,000) and $3,530,000 (2017: $8,430,000) respectively.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(c) *Allowance for inventory obsolescence*

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 18 to the financial statements.

(d) *Revenue recognition on development properties*

The Group recognises revenues and costs of certain types of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser. The stage of completion is measured by reference to the survey of work performed by external architects. Revenue is recognised over time based on project progression and billings to customers based on completion of certain milestones as indicated in contracts with customers.

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 19(a) and Note 24 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").

As at 31 December 2018 and 2017, a proportion of the Group's development properties 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 price (taking into account estimated costs to complete construction) based on future property market and economic conditions in the respective market, 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 external appraisers for certain development projects. The gross development value of a development property is derived from estimated sales proceeds less estimated construction costs.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(e) *Estimation of net realisable value for development properties* (Continued)

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. Estimated construction costs or costs to complete construction take into account construction contracts entered into or input from project managers.

As at 31 December 2018 and 2017, the carrying amounts of development properties are disclosed in Note 19(a) to the financial statements.

(f) *Estimation of net realisable value for properties held for sale*

Properties held for sale are stated at the lower of cost and NRV.

NRV in respect of properties held for sale is assessed with reference to expected selling price based on current property market and economic conditions in the respective markets or use of external appraisers to support its determination of market prices. As at 31 December 2018 and 2017, the carrying amount of properties held for sale are disclosed in Note 19(b) to the financial statements.

(g) *Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select the appropriate valuation model and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs to this model are derived from market data where possible, but where not feasible, a degree of judgment is required in establishing fair values. For details of the valuation method and key assumptions used, refer to Note 35(d).

(h) *Allowance for expected credit losses on quoted debt securities with fixed maturity*

Management has performed impairment assessment of these debt instruments and determined the expected credit loss as at 31 December 2018.The determination of ECL requires significant management judgment and involved estimation uncertainty as the instruments are issued by corporations operating in various industries and countries, and management's impairment assessment requires consideration of the specific local market risks to which the corporations are subject to.

Management considers actual or expected significant changes in the financial instruments' external credit rating, actual or expected significant changes in the financial performance of the issuer or existing or forecasted adverse changes in the issuer's business, financial or economic conditions that are expected to cause a significant change in the issuer's ability to meet its debt obligations in the ECL model. The carrying amount of the quoted debt securities with fixed maturity is disclosed in Note 17 to the financial statements.

4. REVENUE

(a) Disaggregation of revenue

Segments	Financial Services		Development properties		Jewellery		Total revenue	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Major product or service lines								
Interest income from pawnbroking services	41,109	39,225	–	–	–	–	41,109	39,225
Interest income and distribution income from secured lending	8,944	1,878	–	–	–	–	8,944	1,878
Sale of jewellery and branded merchandise	148,023	146,206	–	–	126,060	116,335	274,083	262,541
Sale of development properties	–	–	571,323	185,749	–	–	571,323	185,749
Service income	–	–	2,890	–	–	–	2,890	–
Marketing income	–	–	–	–	102	138	102	138
	198,076	187,309	574,213	185,749	126,162	116,473	898,451	489,531
Timing of transfer of goods or services								
At a point in time	148,023	146,206	442,032	–	126,162	116,473	716,217	262,679
Over time	–	–	132,181	185,749	–	–	132,181	185,749
Interest income scoped out of SFRS(I) 15	50,053	41,103	–	–	–	–	50,053	41,103
	198,076	187,309	574,213	185,749	126,162	116,473	898,451	489,531

(b) Contract assets

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

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Contract assets	44,918	112,274	131,128
Trade receivables (Note 20)	318,945	276,868	251,648

Contract assets primarily relate to the Group's right to consideration of work completed but not yet billed at reporting date for its development of property. Contract assets are transferred to receivables when the rights become unconditional.

4. REVENUE (CONTINUED)

(c) Capitalised contract costs

	Group	
	2018 $'000	2017 $'000
Capitalised incremental costs of obtaining contract – commission costs paid to property agents		
At 1 January	4,509	9,394
Additions	1,072	966
Amortisation	(5,581)	(5,851)
At 31 December	–	4,509

5. EMPLOYEE BENEFITS

	Group	
	2018 $'000	2017 $'000
Employee benefits expense (including executive directors):		
Salaries and bonuses	52,217	44,673
Central Provident Fund contributions	6,181	5,360
	58,398	50,033

6. FINANCE COSTS

	Group	
	2018 $'000	2017 $'000
Interest expense on:		
– Term loans/short-term borrowings	30,858	19,574
– Term notes and bonds	34,498	32,460
– Amortisation of prepaid commitment fees	2,671	2,554
– Amortisation of premium on term notes	(55)	(12)
– Others	42	33
	68,014	54,609
Less: Interest expense capitalised in development properties	(36,680)	(24,808)
Total finance costs	31,334	29,801

7. OTHER INCOME

	Group 2018 $'000	Group 2017 $'000
Administrative income	705	–
Corporate charges to a subsidiary of a joint venture	360	360
Dividend income from investment securities	322	79
Forfeiture of option fees on sale of development properties	203	205
Foreign exchange gain	170	2,640
Net gain on disposal of investment securities	–	1,880
Reversal of impairment in investment securities	2,774	–
Gain on bargain purchase on acquisition of subsidiary	1,144	–
Net gain on remeasuring previously held equity interest in associates to fair value on business combination	957	–
Income from hotel operations	452	–
Government grants and other miscellaneous income	1,808	1,236
Net fair value gain on derivatives	2,537	–
	11,432	6,400

8. PROFIT BEFORE TAX

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

	Note	Group 2018 $'000	Group 2017 $'000
Audit fees to:			
– Auditor of the Company		713	622
– Other auditors		53	87
Non-audit fees to:			
– Auditor of the Company		113	86
Amortisation of prepaid rent		3	42
Amortisation of intangible assets	12	1,086	915
Directors' fees		226	226
Depreciation of property, plant and equipment	10	5,458	4,656
Fair value loss on investment property		1,303	486
Fixed rental expense on operating leases		28,910	30,983
Contingent rental expense on operating leases		1,256	1,509
Allowance for write-down of development properties and properties held for sale		–	1,326
Property, plant and equipment written-off		818	877
Allowance for doubtful trade and other receivables, net		564	7
(Write-back)/write down of inventories	18	(29)	149
Net loss/(gain) on disposal of investment securities		1,665	(1,534)
(Gain)/Loss on purchase and cancellation of term notes and bonds		(67)	34
Net foreign exchange loss/(gain)		19,850	(2,468)
Financial losses on pledged items not fully covered by insurance		13	25
(Reversal of impairment)/impairment loss on investment securities		(2,774)	1,733
Impairment loss on intangible assets		1,773	–
Gain on bargain purchase on acquisition of subsidiary		(1,144)	–
Net gain on remeasuring previously held equity interest in associates to fair value on business combination		(957)	–
Interest receivable on pawnshop loans written off		4,427	4,480

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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	
	2018	**2017**
	$'000	**$'000**
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	28,346	4,836
Weighted average number of ordinary shares ('000) (excluding treasury shares) for basic and diluted earnings per share computation	1,936,491	1,935,040
Earnings per share (cent)		
– basic	1.46	0.25
– diluted	1.46	0.25

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties $'000	Leasehold properties $'000	Renovations, electrical fittings, furniture and fittings $'000	Air-conditioners, security equipment and office equipment $'000	Machinery, tools and equipment $'000	Computers $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
Cost:									
At 1 January 2017	15,913	16,178	22,801	5,065	1,562	6,384	623	2,060	70,586
Additions	–	10,440	1,616	674	200	522	84	26,444	39,980
Acquisition of a subsidiary	–	–	68	6	–	8	–	–	82
Disposals	–	–	(19)	(12)	–	–	–	–	(31)
Written-off	–	–	(4,624)	(511)	(82)	(43)	–	(155)	(5,415)
Transfer in/(out)	–	–	3,206	19	3	248	–	(3,476)	–
Transferred to intangible assets	–	–	–	–	–	–	–	(1,308)	(1,308)
Exchange differences	–	–	–	–	–	–*	–	–	–*
At 31 December 2017 and 1 January 2018	15,913	26,618	23,048	5,241	1,683	7,119	707	23,565	103,894
Additions	–	6,935	2,199	401	249	376	216	8,736	19,112
Acquisition of a subsidiary	–	–	470	63	724	100	–	23	1,380
Disposals	–	–	(352)	(42)	(20)	(30)	(65)	–	(509)
Written-off	–	–	(3,256)	(338)	(157)	(217)	–	(10)	(3,978)
Transfer in/(out)	–	–	1,552	2	53	142	–	(1,749)	–
Transferred to intangible assets	–	–	–	–	–	–	–	–	–
Transferred from development properties	1,369	427	–	–	–	–	–	–	1,796
Exchange differences	–*	–	(17)	(2)	(28)	(4)	–*	(1)	(52)
At 31 December 2018	17,282	33,980	23,644	5,325	2,504	7,486	858	30,564	121,643

* Less than $1,000

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold properties $'000	Leasehold properties $'000	Renovations, electrical fittings, furniture and fittings $'000	Air-conditioners, security equipment and office equipment $'000	Machinery, tools and equipment $'000	Computers $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
Accumulated depreciation and impairment:									
At 1 January 2017	404	544	16,531	3,849	1,326	5,306	322	–	28,282
Depreciation charge for the year	10	300	2,956	463	128	726	73	–	4,656
Disposals	–	–	(10)	(7)	–	–	–	–	(17)
Written-off	–	–	(3,982)	(436)	(78)	(42)	–	–	(4,538)
At 31 December 2017 and 1 January 2018	414	844	15,495	3,869	1,376	5,990	395	–	28,383
Depreciation charge for the year	9	519	3,350	498	256	733	93	–	5,458
Disposals	–	–	(95)	(12)	(9)	(10)	(61)	–	(187)
Written-off	–	–	(2,644)	(287)	(41)	(188)	–	–	(3,160)
Exchange differences	–*	–	(5)	–*	(1)	–*	–*	–	(6)
At 31 December 2018	423	1,363	16,101	4,068	1,581	6,525	427	–	30,488
Net carrying amount:									
At 1 January 2017	15,509	15,634	6,270	1,216	236	1,078	301	2,060	42,304
At 31 December 2017	15,499	25,774	7,553	1,372	307	1,129	312	23,565	75,511
At 31 December 2018	16,859	32,617	7,543	1,257	923	961	431	30,564	91,155

* Less than $1,000

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 2017	789	419	78	3,867	171	5,324
Additions	–	5	–	106	180	291
Written-off	–	(1)	–	(3)	–	(4)
Transferred to intangible assets	–	–	–	–	(330)	(330)
At 31 December 2017 and 1 January 2018	789	423	78	3,970	21	5,281
Additions	–	2	–	8	56	66
Disposal	–	(3)	–	–	–	(3)
Transferred in/(out)	–	–	–	42	(42)	–
At 31 December 2018	789	422	78	4,020	35	5,344
Accumulated depreciation and impairment:						
At 1 January 2017	719	394	78	3,253	–	4,444
Depreciation charge for the year	28	12	–	403	–	443
Written-off	–	(1)	–	(3)	–	(4)
At 31 December 2017 and 1 January 2018	747	405	78	3,653	–	4,883
Depreciation charge for the year	26	9	–	236	–	271
Disposal	–	(1)	–	–	–	(1)
At 31 December 2018	773	413	78	3,889	–	5,153
Net carrying amount:						
A1 1 January 2017	70	25	–	614	171	880
At 31 December 2017	42	18	–	317	21	398
At 31 December 2018	16	9	–	131	35	191

Assets pledged as security

A floating charge has been placed on property, plant and equipment of certain subsidiaries with a carrying amount aggregating to $82,850,000 (31 December 2017: $68,510,000, 1 January 2017: $34,111,000) as security for bank borrowings (Note 25).

11. INVESTMENT PROPERTIES

	Group 2018 $'000	Group 2017 $'000
Statement of financial position:		
At 1 January	60,566	45,700
Transferred from properties held for sale	–	15,352
Transferred from development properties	13,235	–
Net loss from fair value adjustments recognised in profit or loss	(1,303)	(486)
Exchange difference	25	–
At 31 December	72,523	60,566
Statement of comprehensive income:		
Rental income from investment properties:		
– Minimum lease payments	1,115	1,067
– Contingent rent based on tenant's turnover	23	29
	1,138	1,096
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	925	925
– Non-rental generating properties	–	55
	925	980

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 2018 and 31 December 2017. The valuations were performed by Jones Lang LaSalle Property Consultants Pte. Ltd. and Henry Butcher Sdn. Bhd., independent valuers 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 35.

Properties pledged as security

As at 31 December 2018, investment properties with a carrying value of $65,427,000 (31 December 2017: $53,440,000, 1 January 2017: $45,700,000) are pledged as security for bank borrowings (Note 25).

11. INVESTMENT PROPERTIES (CONTINUED)

The investment properties held by the Group are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
World Class Development (Bedok) Pte. Ltd.			
#01-08, #01-47, #01-48, #01-49, #01-64, #01-65, #01-67, #01-68 East Village, Bedok Road, Singapore	Retail	Freehold	–
World Class Development (North) Pte. Ltd.			
#01-52 and #01-67 The Hillford, Jalan Jurong Kechil, Singapore	Retail	Leasehold	54 years
World Class Land (Georgetown) Sdn. Bhd.			
41, 43 & 51 Gat Jalan Prangin, Penang, Malaysia	Commercial	Freehold	–
83, 85, 87 & 89 Jalan Macalister and 1, 3, 5, 7 & 9 Lebuh Naning, Penang, Malaysia	Commercial	Freehold	–
WCL (Macallum) Sdn. Bhd.			
206 Jalan C.Y. Choy, Penang, Malaysia	Commercial	Freehold	–
55 Lebuh Cecil, Penang, Malaysia	Commercial	Freehold	–
81 Lebuh Macallum, Penang, Malaysia	Commercial	Freehold	–
WCL (Noordin St) Sdn. Bhd.			
68 Lebuh Presgrave, Penang, Malaysia	Commercial	Freehold	–
69 & 71 Lebuh Presgrave, Penang, Malaysia	Commercial	Freehold	–
95, 97 & 99 Lebuh Noordin, Penang, Malaysia	Commercial	Freehold	–
15 Lebuh Tye Sin, Penang, Malaysia	Commercial	Freehold	–
80 & 82 Lebuh Tye Sin, Penang, Malaysia	Commercial	Freehold	–
34, 36, 38, 38-A, 38-B & 38-C Lebuh Tye Sin, Penang, Malaysia and Lot 711 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Penang, Malaysia	Mixed use development	Freehold	–

12. INTANGIBLE ASSETS

Group	Brands $'000	Trademark $'000	Goodwill $'000	Computer software and internet domain $'000	Club membership $'000	Industrial rights $'000	Work-in-progress $'000	Total $'000
Cost:								
At 1 January 2017	8,421	723	4,994	–	49	–	–	14,187
Addition	–	–	99	–	–	–	–	99
Transferred from property, plant and equipment	–	–	–	1,308	–	–	–	1,308
At 31 December 2017 and 1 January 2018	8,421	723	5,093	1,308	49	–	–	15,594
Addition	–	–	–	1,153	–	–	386	1,539
Acquisition of a subsidiary	–	4,161	–*	102	–	8	–	4,271
Transferred in/(out)	–	–	–	82	–	–	(82)	–
Exchange difference	–	(159)	–	(4)	–	–*	–	(163)
At 31 December 2018	8,421	4,725	5,093	2,641	49	8	304	21,241
Accumulated amortisation and impairment:								
At 1 January 2017	6,572	637	–	–	14	–	–	7,223
Amortisation	462	48	–	405	–	–	–	915
At 31 December 2017 and 1 January 2018	7,034	685	–	405	14	–	–	8,138
Amortisation	462	38	–	581	–	5	–	1,086
Impairment loss	–	–	1,773	–	–	–	–	1,773
Exchange difference	–	–	–	–*	–	–*	–	–*
At 31 December 2018	7,496	723	1,773	986	14	5	–	10,997
Net carrying amount:								
At 1 January 2017	1,849	86	4,994	–	35	–	–	6,964
At 31 December 2017	1,387	38	5,093	903	35	–	–	7,456
At 31 December 2018	925	4,002	3,320	1,655	35	3	304	10,244

* Less than $1,000

12. INTANGIBLE ASSETS (CONTINUED)

Company	Computer software $'000	Club membership $'000	Total $'000
Cost:			
At 1 January 2017	–	49	49
Transferred from property, plant and equipment	330	–	330
At 31 December 2017 and 1 January 2018	330	49	379
Addition	1,094	–	1,094
At 31 December 2018	1,424	49	1,473
Accumulated amortisation and impairment:			
At 1 January 2017	–	14	14
Amortisation	66	–	66
At 31 December 2017 and 1 January 2018	66	14	80
Amortisation	339	–	339
At 31 December 2018	405	14	419
Net carrying amount:			
At 1 January 2017	–	35	35
At 31 December 2017	264	35	299
At 31 December 2018	1,019	35	1,054

Amortisation expense

Except for the trademark related to "Niessing" (acquired in 2018) which useful live is estimated to be indefinite, the brands 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 brands and trademark are 3 years and 1 year (2017: 4 years and 2 years) respectively.

Impairment testing of goodwill

Goodwill is 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 ranges from 1.0% to 1.2% (2017: 1.2%) and the pre-tax discount rate applied in the cash flow projections is 10.5% (2017: 9.5%), which reflects management's estimation of the risks specific to the segment.

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of the goodwill attributable to the jewellery segment, in line with the retail jewellery industry outlook in Singapore. The impairment loss of $1,773,000 (2017: $Nil) has been recognised in profit or loss in other operating expenses.

13. INVESTMENT IN SUBSIDIARIES

	Company 31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Shares, at cost	210,738	180,013	161,712
Acquisition/subscription of shares issued by subsidiaries during the year	16,466	30,725	18,301
	227,204	210,738	180,013

Composition of the Group

The Group has the following material investment in subsidiaries:

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held by the Company					
(a)	Aspial International Pte. Ltd.	Singapore	Jewellery wholesaling	100	100	100
(a)	World Class Land Pte. Ltd.	Singapore	Property development	90	90	90
(a)	World Class Global Limited ("**WCG**")	Singapore	Investment holding	81.11	81.11	90
(a)	Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.	Singapore	Jewellery manufacturing	100	100	100
(a)	Maxi-Cash Financial Services Corporation Ltd. ("**Maxi-Cash**")	Singapore	Investment holding and provision of management services	64.72	64.92	68.21
(a)	Aspial Property Investment Pte. Ltd.	Singapore	Real estate activities	100	100	100
(a)	Aspial Investment Holding Pte. Ltd.	Singapore	Investment holding	100	100	100
(a)	Aspial Treasury Pte. Ltd.	Singapore	Provision of financial services	100	100	100

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held through subsidiaries Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.					
(a), (l)	Citigems Pte. Ltd.	Singapore	Jewellery retailing	–	85.51	73.01
(a)	Aspial-Lee Hwa Jewellery Pte. Ltd.	Singapore	Jewellery retailing	100	100	100
(a)	Goldheart Jewelry Pte. Ltd.	Singapore	Jewellery retailing	100	100	100
(a), (i)	Aspial Capital (Ubi) Pte. Ltd.	Singapore	Property leasing and management	82.36	82.46	84.11
	Aspial International Pte. Ltd.					
(a)	Goldheart Bullion Pte. Ltd.	Singapore	Gold bullion brokers and dealers	70	70	–
(a)	Niessing Group Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100	–
	Niessing Group Pte. Ltd.					
(c), (j)	Niessing Manufaktur GmbH & Co. KG	Germany	Jewellery trading and manufacturing	75	30	–
	World Class Land Pte. Ltd.					
(d)	World Class Developments Pte. Ltd.	Singapore	Property development	100	100	100
	World Class Developments Pte. Ltd.					
(a)	World Class Developments (Bedok) Pte. Ltd.	Singapore	Property development	80	80	80
(a)	World Class Developments (North) Pte. Ltd.	Singapore	Property development	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held through subsidiaries (Continued)					
	World Class Global Limited					
(e)	World Class Land (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100	100
(g)	World Class Land (Australia) Pty. Ltd.	Australia	Investment holding	100	100	100
	World Class Land (Malaysia) Sdn. Bhd.					
(e)	World Class Land (Penang) Sdn. Bhd.	Malaysia	Property development	100	100	100
	World Class Land (Penang) Sdn. Bhd.					
(e)	World Class Land (Georgetown) Holdings Sdn. Bhd.	Malaysia	Property development	95	95	95
	World Class Land (Georgetown) Holdings Sdn. Bhd.					
(b)	World Class Land (Georgetown) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	WCL (Magazine) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	WCL (Macallum) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	WCL (Noordin St) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	WCL (Bertam R) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	WCL (Bertam L) Sdn. Bhd.	Malaysia	Property development	100	100	100

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held through subsidiaries (Continued) ***World Class Land (Australia) Pty. Ltd.***					
(f), (h)	WCL-Cairns (QLD) Pty. Ltd.	Australia	Property development	100	100	100
(f), (h)	WCL-Central Park (QLD) Pty. Ltd.	Australia	Property development	100	100	100
(b)	WCL-Southbank (VIC) Pty. Ltd.	Australia	Property development	100	100	100
(b)	WCL-A Beckett (VIC) Pty. Ltd.	Australia	Property development	100	100	100
(h)	WCL (QLD) Holdings Pty. Ltd.	Australia	Property development	100	100	100
(k)	Avant Trust	Australia	Trust	–	100	–
	WCL-Cairns (QLD) Pty. Ltd.					
(f), (h)	WCL (CNS) CBD Pty. Ltd.	Australia	Property development	100	100	100
	WCL (QLD) Holdings Pty. Ltd.					
(f), (h)	WCL (QLD) Albert St Pty. Ltd.	Australia	Property development	100	100	100
(f), (h)	WCL (QLD) Margaret St Pty. Ltd.	Australia	Property development	65	65	65

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held through subsidiaries (Continued) ***Maxi-Cash Financial Services Corporation Ltd.***					
(a)	Maxi-Cash Group Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100	100
(a)	Maxi-Cash Jewellery Group Pte. Ltd.	Singapore	Trading and retailing of jewellery and branded merchandise	100	100	100
(a)	Gold N Gems Pte. Ltd.	Singapore	Trading and retailing of jewellery and branded merchandise	100	100	100
(a)	Maxi-Cash Property Pte. Ltd.	Singapore	Real estate activities	100	100	100
(a)	Maxi-Cash Investment Holding Pte. Ltd.	Singapore	Investment holding	100	100	100
(a)	Maxi-Cash Capital Management Pte. Ltd.	Singapore	Secured lending and investment holding	100	100	100
(a)	Maxi-Cash International Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100	100
(a), (l)	Citigems Pte. Ltd.	Singapore	Jewellery retailing	100	–	–

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held through subsidiaries (Continued)					
	Maxi-Cash Group Pte. Ltd.					
(a)	Maxi-Cash (North) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (East) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (Central) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (West) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (Clementi) Pte. Ltd.	Singapore	Pawn brokerage	70	70	70
(a)	Maxi-Cash Capital Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash Assets Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash Ventures Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (Central 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (East 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (North East) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100

(a) Audited by Ernst & Young LLP, Singapore
(b) Audited by a member firm of EY Global
(c) Audited by Reuter Thoben
(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) Audited by Crowe Horwath NQ
(h) Exempted from statutory audit

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

(i) During the financial year ended 31 December 2016, Aspial Capital (Ubi) Pte. Ltd. was incorporated as a joint venture between Maxi-Cash Financial Services 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 82.36% represents the effective interest held by the Company.

(j) Newly incorporated/established/acquired during the financial year ended 31 December 2018.

(k) Voluntarily liquidated during the financial year ended 31 December 2018.

(l) During the financial year ended 31 December 2018, Citigems Pte. Ltd. was transferred to Maxi-Cash Financial Services Corporation Ltd. from Aspial-Lee Hwa Jewellery Singapore Pte. Ltd..

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 2018					
Financial service segment	Singapore	35.28%	3,807	51,009	4,058
Real estate segment	Singapore	10.00% – 18.89%	5,020	45,821	1,500
Niessing Manufaktur GmbH & Co. KG ("**NMK**")	Germany	25%	170	3,827	322
31 December 2017					
Financial service segment	Singapore	35.08%	4,601	45,968	1,244
Real estate segment	Singapore	10.00% – 18.89%	(38)	45,959	–
Citigems Pte. Ltd. ("**CTG**")	Singapore	14.49%	(562)	(2,698)	–
1 January 2017					
Financial service segment	Singapore	31.79%	3,725	30,813	1,272
Real estate segment	Singapore	10.00%	850	37,947	–
CTG	Singapore	26.99%	(857)	(4,448)	–

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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		NMK
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000
Current									
Assets	397,327	383,882	301,022	769,480	1,029,780	922,273	1,396	1,527	21,712
Liabilities	(237,554)	(239,029)	(210,489)	(586,111)	(778,070)	(654,547)	(25,093)	(23,900)	(7,974)
Net current assets/ (liabilities)	159,773	144,853	90,533	183,369	251,710	267,726	(23,697)	(22,373)	13,738
Non-current									
Assets	63,349	62,659	6,239	84,842	75,905	66,419	743	1,563	5,903
Liabilities	(81,975)	(78,170)	(150)	(68,929)	(135,742)	(175,395)	–	–	(4,737)
Net non-current (liabilities)/assets	(18,626)	(15,511)	6,089	15,913	(59,837)	(108,976)	743	1,563	1,166
Net assets/(liabilities)	141,147	129,342	96,622	199,282	191,873	158,750	(22,954)	(20,810)	14,904

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	NMK
	2018	**2017**	**2018**	**2017**	**2017**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	203,651	192,872	574,213	185,749	21,474	20,016
Profit/(loss) before income tax	12,066	14,957	56,143	12,314	(2,144)	786
Income tax expense	(1,581)	(1,595)	(17,643)	(5,287)	–	(108)
Profit/(loss) after tax	10,485	13,362	38,500	7,027	(2,144)	678
Other comprehensive income	(3,030)	305	(16,409)	428	–	(543)
Total comprehensive income	7,455	13,667	22,091	7,455	(2,144)	135

Other summarised information

	Financial service segment		Real estate segment		CTG	NMK
	2018	**2017**	**2018**	**2017**	**2017**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net cash flows generated from/(used in) operations	7,452	(65,432)	248,356	(53,406)	188	876

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of ownership interest in subsidiary

(a) *Acquisition of Goldheart Bullion Pte. Ltd.*

On 12 June 2017, the Group's subsidiary company, Aspial International Pte. Ltd. ("**AIPL**") acquired a 70% equity interest in Goldheart Bullion Pte. Ltd. ("**GB**") for a cash consideration of $1,313,000. Consequent to the acquisition, GB became a subsidiary of the Group.

The Group acquired GB in order to increase its product offerings in the market.

The fair value of the identifiable assets and liabilities of GB as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	82
Trade and other receivables	20
Inventories	404
Prepayments	15
Due from the then-existing shareholders of the subsidiary	813
Cash and bank balances	540
	1,874
Trade and other payables	(253)
Total identifiable net assets at fair value	1,621
Non-controlling interest measured at the non-controlling interest's proportionate share of GB's net identifiable assets	(486)
Goodwill arising from acquisition	99
Other adjustments	79
Cash paid, representing total consideration transferred	1,313
Effect of the acquisition of GB on cash flows	
Total cash paid	1,313
Less: Cash and cash equivalents of subsidiary acquired	(540)
Net cash outflow on acquisition	773

Impact of the acquisition on profit or loss

From the acquisition date, GB contributed $4,905,000 of revenue and a loss of $611,000 to the Group's profit for the financial year ended 31 December 2017. There were no material differences to the Group's revenue and profit for the financial year ended 31 December 2017 if the business combination had taken place at the beginning of the year.

(b) *Acquisition of Niessing Manufaktur GmbH & Co. KG*

On 18 October 2017, the Group's subsidiary company, Niessing Group Pte. Ltd. ("**NGPL**") entered into an agreement with the remaining limited partners of NMK to acquire an additional aggregate 45% equity interest in its 30% owned associate, NMK, a trader and manufacturer of jewellery in Germany for an aggregate cash consideration of EUR 3,793,000 (equivalent to approximately $6,000,000).

On 11 April 2018 (the "**acquisition date**"), NGPL owned 75% equity interest in NMK after the legal completion of registration as partner. Consequent to the acquisition, NMK became a subsidiary of the Group.

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of ownership interest in subsidiary (Continued)

(b) Acquisition of Niessing Manufaktur GmbH & Co. KG (Continued)

The fair value of the identifiable assets and liabilities of NMK as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	1,380
Other receivables	3,736
Inventories	17,871
Prepayments	133
Other investments	41
Cash and bank balances	3,026
Intangible assets	4,271
	30,458
Trade and other payables	(3,383)
Interest-bearing loans and borrowings	(4,688)
Provision for taxation	(464)
Amount due to partners	(4,031)
Deferred tax liabilities	(1,764)
	(14,330)

	Fair value recognised on acquisition $'000
Total identifiable net assets at fair value	16,128
Non-controlling interest measured at the non-controlling interest's proportionate share of NMK's net identifiable assets	(4,032)
Gain on bargain purchase on acquisition	(1,144)
Net gain on remeasuring previously held equity interest in NMK to fair value at acquisition date	(957)
Other adjustments	(114)
	9,881
Effect of the acquisition of NMK on cash flows	
Total cash paid in previous years	9,881
Less: Cash and cash equivalents of subsidiary acquired, taken into account in 2018	(3,026)
Net cash outflow on acquisition	6,855

Impact of the acquisition on profit or loss

From the acquisition date, NMK has contributed $20,016,000 of revenue and a profit of $135,000 to the Group's profit for the financial year ended 31 December 2018. If the business combination had taken place at the beginning of the year, the Group's revenue would have been $907,633,000 and the Group's profit for the year would have been $37,130,000.

Gain on bargain purchase on acquisition

The Group recognised a gain of $1,144,000 on bargain purchase relating to the subject acquisition mainly due to trademarks and inventories at fair value which were higher than NMK's initial carrying value upon acquisition. The gain is included in the "other income" line item in the Group's profit or loss for the year ended 31 December 2018.

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of ownership interest in subsidiary (Continued)

(b) *Acquisition of Niessing Manufaktur GmbH & Co. KG* (Continued)

Gain on remeasuring previously held equity interest in NMK to fair value at acquisition date

The Group recognised a gain of $957,000 as a result of measuring at fair value its 30% equity interest in NMK held before the business combination of $4,838,000. The gain is included in the "Other income" line item in the Group's profit or loss for the year ended 31 December 2018.

Acquisition of ownership interest in subsidiary, without loss of control

Citigems

On 15 November 2017, the Group's subsidiary company, Aspial-Lee Hwa Jewellery Singapore Pte. Ltd. ("**ALHJS**"), acquired an additional 12.5% equity interest in Citigems Pte. Ltd. ("**CTG**") from its non-controlling interests for a cash consideration of $869,000. As a result of this acquisition, CTG became 85.51% owned by ALHJS. The carrying value of the additional interest acquired was a deficit of $2,311,000. The difference of $3,180,000 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.

On 19 January 2018, ALHJS acquired an additional 14.5% equity interest in CTG from its non-controlling interests for a cash consideration of $1,007,000. As a result of this acquisition, CTG became 100% owned by ALHJS. The carrying value of the additional interest acquired was a deficit of $2,720,000. The difference of $3,727,000 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 CTG on the equity attributable to owners of the Company:

	2018 $'000	2017 $'000
Consideration for acquisition of non-controlling interests	1,007	869
Increase in equity attributable to non-controlling interests	2,720	2,311
Decrease in equity attributable to owners of the Company	3,727	3,180

Disposal of ownership interest in subsidiary, without loss of control

(a) Ordinary shares issued under scrip dividend scheme, rights issue and share buyback by a subsidiary

On 27 June 2017 and 11 October 2017, Maxi-Cash issued 38,066,653 and 24,723,960 new shares at an issue price of $0.171 and $0.16 per share respectively to eligible shareholders who have elected to participate in Maxi-Cash's scrip dividend scheme.

On 10 July 2017, Maxi-Cash issued 121,255,062 new shares at an issue price of $0.17 for each rights share, on the basis of one (1) rights share for every six (6) existing ordinary shares in the capital of Maxi-Cash.

On 7 December 2017, Maxi-Cash purchased 1,000,000 shares through open market purchases. The total amount paid to acquire the shares was $165,000.

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of ownership interest in subsidiary, without loss of control (Continued)

(a) Ordinary shares issued under scrip dividend scheme, rights issue and share buyback by a subsidiary (Continued)

Following the issuance and share buyback in FY2017, the Company's ownership interest in Maxi-Cash decreased from 68.21% to 64.92% as of 31 December 2017.

On 12 January 2018 and 30 September 2018, Maxi-Cash issued 87,125,632 new shares at an issue price of $0.16 for each rights share, on the basis of one (1) rights share for every ten (10) existing ordinary shares in the capital of Maxi-Cash.

On 13 July 2018, Maxi-Cash issued 36,550,676 new shares at an issue price of $0.14 to eligible Shareholders who elected to participate in the Maxi-Cash's scrip dividend scheme.

On 14 August 2018, 17 August 2018 and 20 August 2018, Maxi-Cash purchased an aggregate of 300,000 shares, which are held as treasury shares in Maxi-Cash.

On 31 August 2018, Maxi-Cash transferred 1,203,700 treasury shares to eligible employees under Maxi-Cash Performance Share Plan.

Following the issuance, share buyback and share awards, the Company's ownership interest in Maxi-Cash decreased from 64.92% to 64.72%.

(b) Ordinary shares issued under initial public offering of a subsidiary

WCG issued 110,875,000 shares at $0.26 per share as part of its initial public offering on the Catalist Board of the Singapore Exchange on 15 June 2017, with total consideration amounting to $28,827,000. Listing expenses incurred pursuant to WCG's initial public offering on the Catalist Board of the Singapore Exchange amounted to $4,758,000, of which $1,271,000 has been capitalised against WCG's share capital, while the remaining amount of $3,487,000 has been recorded in profit or loss in the respective financial years that the expenses were incurred. Net cash proceeds from WCG's initial public offering amounted to $27,556,000.

From 16 June 2017 to 19 July 2017, subsequent to WCG's initial public offering, the Company purchased 18,328,700 shares through open market purchases. The total amount paid to acquire the shares was $4,837,000.

Following WCG's initial public offering and the Company's subsequent purchases of WCG's shares, the Company's ownership interest in WCG decreased from 90% to 81.11%.

14. INVESTMENT IN ASSOCIATES

The Group's investments in associates are summarised below:

	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Kensington Land Pte. Ltd.	2,016	2,019	5,209
Kensington Village Pte. Ltd.	7,619	7,899	8,837
WCS Engineering Construction Pte. Ltd.	–	31	–
Niessing Manufaktur GmbH & Co. KG	–	4,387	3,987
Silver Bullion Pte. Ltd.	8,092	7,750	–
Niessing Schmuck-Kooperation GmbH & Co. KG	1,597	–	–
	19,324	22,086	18,033

14. INVESTMENT IN ASSOCIATES (CONTINUED)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018	31 December 2017	1 January 2017
				%	%	%
	Held through subsidiaries					
i	WCS Engineering Construction Pte. Ltd.	Singapore	Civil engineering construction and general building engineering services	49	49	49
ii	Kensington Land Pte. Ltd.	Singapore	Property development	40	40	40
ii	Kensington Village Pte. Ltd.	Singapore	Property development	40	40	40
iii	Niessing Manufaktur GmbH & Co. KG	Germany	Jewellery trading and manufacturing	–*	30	30
iv	Silver Bullion Pte. Ltd.	Singapore	Sale and storage of investment precious metals	25.77	25.77	–
v	Niessing Schmuck-Kooperation GmbH & Co. KG	Germany	Jewellery retailing	50	–	–

i Audited by CG Alliance
ii Audited by Deloitte & Touche LLP
iii Audited by Reuter Thoben
iv Audited by Ernst & Young LLP, Singapore
v Acquired during the financial year ended 31 December 2018
* The Group holds a 75% of equity interest in NMK in 2018 and accounts for it as a subsidiary (Note 13).

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:

	2018 $'000	2017 $'000
Profit after tax, representing total comprehensive income	592	63

14. INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information in respect of Kensington Land Pte. Ltd. ("**KEL**"), Kensington Village Pte. Ltd. ("**KEV**"), Niessing Manufaktur GmbH & Co. KG ("**NMK**") and Silver Bullion Pte. Ltd. ("**SB**") 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			NMK		SB	
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000
Current assets	5,439	5,449	13,434	53,269	53,862	69,403	17,419	15,403	18,156	14,887
Non-current assets	–	–	1	10,090	10,350	11,500	1,659	1,778	1,165	1,629
Total assets	5,439	5,449	13,435	63,359	64,212	80,903	19,078	17,181	19,321	16,516
Current liabilities	399	401	412	40,788	40,941	58,810	9,259	9,069	9,053	7,755
Non-current liabilities	–	–	–	3,525	3,525	–	–	–	863	–
Total liabilities	399	401	412	44,313	44,466	58,810	9,259	9,069	9,916	7,755
Net assets	5,040	5,048	13,023	19,046	19,746	22,093	9,819	8,112	9,405	8,761
Less: Non-controlling interest	–	–	–	–	–	–	–	–	(59)	–
Net assets excluding non-controlling interest	5,040	5,048	13,023	19,046	19,746	22,093	9,819	8,112	9,346	8,761
Proportion of Group's ownership	40%	40%	40%	40%	40%	40%	30%	30%	25.77%	25.77%
Group's share of net assets	2,016	2,019	5,209	7,619	7,899	8,837	2,946	2,434	2,408	2,258
Goodwill on acquisition	–	–	–	–	–	–	1,491	1,491	5,492	5,492
Other adjustments	–	–	–	–	–	–	(50)	62	192	–
Carrying amount of the investment	2,016	2,019	5,209	7,619	7,899	8,837	4,387	3,987	8,092	7,750

14. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	KEL		KEV		NMK		SB	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	30 April 2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue	1	1	516	1,256	9,182	29,101	95,076	89,828
(Loss)/profit after tax	(8)	25	(1,105)	(2,346)	24	1,334	1,417	2,752
Total comprehensive income	(8)	25	(1,105)	(2,346)	24	1,334	1,328	2,468

On 11 April 2018, the Group's equity interest in one of its associates, NMK increased from 30% to 75% and NMK became a subsidiary from that date (see note 13). Accordingly, the information presented in the above table includes the results of NMK only for the period from 1 January 2018 to 30 April 2018.

15. INVESTMENT IN JOINT VENTURES

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

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Jewelfest Pte. Ltd.	–	–	25	–	–	25
AF Corporation Pte. Ltd.	13,321	15,106	12,067	5,000	5,000	5,000
The Real Insight Company Pte. Ltd.	25	–	–	–	–	–
	13,346	15,106	12,092	5,000	5,000	5,025

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held by the Company					
(a), (c)	Jewelfest Pte. Ltd.	Singapore	Management of trade shows and exhibitions	40*	40*	40*
(b)	AF Corporation Pte. Ltd. ("**AFC**")	Singapore	Investment holding	50	50	50
(d)	The Real Insight Company Pte. Ltd. ("**RIC**")	Singapore	Inactive	50	–	–

(a) Audited by K Y Chik & Associates, Singapore
(b) Audited by Ernst & Young LLP, Singapore
(c) Voluntarily liquated during the financial year ended 31 December 2018
(d) Newly incorporated during financial year ended 31 December 2018
* 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 of 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. and RIC have not been accounted for using the equity method as they are not material to the Group.

15. INVESTMENT IN JOINT VENTURES (CONTINUED)

The summarised financial information in respect of AFC is based on its separate FRS financial statements prepared in accordance with SFRS (I) 1-27: *Separate Financial Statements* where AFC equity accounts for its investment in AF Global Limited ("**AFG**"). The reconciliation with the carrying amount of the investment in the Group's consolidated financial statements is as follows:

Summarised statement of financial position

	AFC 31 December 2018 $'000	AFC 31 December 2017 $'000	AFC 1 January 2017 $'000
Cash and cash equivalents	72	62	429
Other current assets	–	8,814	–
Current assets	72	8,876	429
Investment in subsidiary	245,352	246,667	217,827
Total assets	245,424	255,543	218,256
Other payables and provisions	170,653	168,356	164,704
Other current liabilities	20,000	10,000	3,000
Current liabilities	190,653	178,356	167,704
Other non-current liability	20,000	40,000	50,000
Total liabilities	210,653	218,356	217,704
Net assets	34,771	37,187	552
Adjustments			
Purchase price adjustments not taken up in consolidated financial statements	(694)	(370)	(234)
Impairment of investment in subsidiary, reversed on consolidation	22,190	22,190	22,190
Adjusted net assets	56,267	59,007	22,508
Proportion of Group's ownership	50%	50%	50%
Group's share of net assets	28,133	29,503	11,254
Share of AFG reserves arising from previous interest directly held by the Company	813#	813#	813#
Effects of adopting of SFRS (I) 1	(15,625)	(15,210)	–
Carrying amount of the investment	13,321	15,106	12,067

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

15. INVESTMENT IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income

	AFC 2018 $'000	AFC 2017 $'000
Administrative expenses	(16)	(15)
Other operating expenses	(6)	(11)
Finance costs	(1,079)	(992)
Share of results of subsidiary	774	6,957
(Loss)/profit before tax	(327)	5,939
Income tax expense	–	–
(Loss)/profit after tax	(327)	5,939
Other comprehensive income	(2,234)	30,696
Total comprehensive income	(2,561)	36,635

Contingent liability in relation to investment in joint venture

In China, the dispute with AFG's local joint venture partner is in court proceedings and AFG has obtained an interim asset-freeze order from the local court to protect its interest.

AFG did not make any provision for damages as the litigation is under court proceedings and AFG believes that the claims cannot be substantiated.

16. INVESTMENT IN JOINT OPERATIONS

The Group has a 50% (2017: 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 Group's material joint operations are as follows:

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018	31 December 2017	1 January 2017
				%	%	%
	Held through a subsidiary					
(a)	Bayfront Ventures Pte. Ltd.	Singapore	Property development	50	50	50
(a)	Bayfront Realty Pte. Ltd.	Singapore	Property development	50	50	50

(a) Audited by Ernst & Young LLP, Singapore

17. INVESTMENT SECURITIES

(a) Financial instruments as at 31 December 2018

	Group 2018 $'000	Company 2018 $'000
Current:		
At FVOCI		
– Debt securities (quoted)	3,452	–
At FVPL		
– Equity securities (quoted)	227	–
	3,679	–
Add:		
Non-current:		
At FVOCI		
– Debt securities (quoted)	45,629	500
– Equity securities (quoted)	47,454	–
– Equity securities (unquoted)	6,008	–
	99,091	500
At FVPL		
– Equity securities (quoted)	212	–
	99,303	500
Total investment securities measured at FVOCI and FVPL	102,982	500

Investments pledged as security

A floating charge has been placed on investment securities with a carrying value of $96,974,000 as security for bank borrowings (Note 25).

Investments in equity instruments designated at FVOCI

The fair value of each of the investments in equity instruments designated at FVOCI at the end of the reporting period is as follows:

	Group 2018 $'000
At FVOCI	
– Equity securities (quoted)	
ARA Asset Management Limited	1,442
ESR-REIT	3,764
Frasers Property Treasury Pte. Ltd.	15,212
Lippo Malls Indonesia Retail Trust	6,891
Olam International Limited	3,185
Wing Tai Properties Finance Ltd.	10,865
Aramark Services Inc	721
GLL IHT Pte. Ltd.	237
Bank of East Asia Ltd.	2,621
HSBC Holdings plc	2,516
	47,454

17. INVESTMENT SECURITIES (CONTINUED)

(a) Financial instruments as at 31 December 2018 (Continued)

Investments in equity instruments designated at FVOCI (Continued)

	Group 2018 $'000
At FVOCI	
– Equity securities (unquoted)	
True Stats Lab Pte. Ltd.	1,500
Trinity House UK Commercial Property Fund 1 IC ("**THUK**")	4,495
Others	13
	6,008

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

The fair value at the date of derecognition amounted to $75,288,000. The cumulative loss arising from the disposal amounted to $1,843,000 and was transferred from fair value adjustment reserve to revenue reserves.

The Group recognised a dividend of GBP 177,000 (equivalent to $320,000) from THUK during the year.

(b) Financial instruments as at 31 December 2017 and 1 January 2017

	Note	Group 31 December 2017 $'000	Group 1 January 2017 $'000
Investment securities (current)			
– Debt securities (quoted)		18,341	48,989
Investment securities (non-current)			
Available-for-sale financial assets			
– Debt securities (quoted)		71,989	54,997
– Equity securities (quoted)		87,487	51,999
– Unquoted equity shares, at cost		4,508	1,365
Total non-current available for sale financial assets		163,984	108,361
Total investment securities (current and non-current)		182,325	157,350
Add:			
Available-for-sale financial asset included in non-current trade and other receivables	20	10,364	–
Total available-for-sale financial assets		192,689	157,350

As at 31 December 2017, 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.

Investments pledged as security

A floating charge has been placed on investment securities with a carrying value of $177,817,000 (1 January 2017: $155,985,000) as security for bank borrowings (Note 25).

17. INVESTMENT SECURITIES (CONTINUED)

(b) Financial instruments as at 31 December 2017 and 1 January 2017 (Continued)

Impairment loss

During the financial year ended 31 December 2017, the Group recognised an impairment loss of $1,733,000 (1 January 2017: $1,500,000) for its quoted debt securities after taking into consideration an extended period of decline in the fair value of these investments below their costs, and the probability of default by the debtors.

18. INVENTORIES

		Group	
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Consolidated statement of financial position:			
Finished goods, at cost	96,915	97,270	106,320
Finished goods, at net realisable value	28,359	29,477	29,285
Raw materials, at cost	21,734	6,790	5,630
Packaging materials, at cost	405	244	282
Total inventories at lower of cost and net realisable value	147,413	133,781	141,517
Consolidated statement of comprehensive income:			
Inventories recognised as an expense in profit or loss	191,715	188,444	178,865
Inclusive of the following charge:			
Write (back)/down of inventories	(29)	149	407

A floating charge has been placed on inventories with a carrying value of $60,004,000 (31 December 2017: $46,250,000, 1 January 2017: $41,147,000) as security for bank borrowings (Note 25).

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE

(a) Development properties

		Group	
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Land costs	184,756	319,087	422,880
Development charges	405,579	527,449	260,066
Exchange differences	–	(26)	–
	590,335	846,510	682,946
Allowance for write-down of development properties	–	(1,099)	–
	590,335	845,411	682,946
Relating to development properties:			
– Located in Singapore	–	105,979	206,483
– Located outside of Singapore	590,335	739,432	476,463
	590,335	845,411	682,946

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(a) Development properties (Continued)

During the financial year ended 31 December 2018, borrowing costs amounting to $36,463,000 (31 December 2017: $27,565,000, 1 January 2017: $21,990,000) arising from borrowings obtained specifically for the development properties were capitalised.

A weighted average interest capitalisation rate of 5.92% (31 December 2017: 5.75%, 1 January 2017: 5.55%) per annum was used, representing the actual borrowing cost of the loans used to finance the projects.

Development properties amounting to $559,614,000 (31 December 2017: $912,516,000, 1 January 2017: $665,894,000) are pledged as security for bank borrowings (Note 25).

Included in development costs are capitalised contract costs amounting to $Nil (31 December 2017: $4,509,000, 1 January 2017: $9,394,000).

Development properties amounting to $51,066,000 and $13,235,000 were transferred to properties held for sale and investment properties respectively during the financial year ended 31 December 2018.

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

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion/ development
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 last phase: 2020
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

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(a) Development properties (Continued)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion/ development
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
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	Commercial	859	1,478	Freehold	Planning and designing
WCL (Magazine) Sdn. Bhd.					
Lots 18, 479, 480 & 10026 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut 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
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

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(a) Development properties (Continued)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion/ development
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, Penang, Malaysia	Mixed use development	3,873	4,432	Freehold	Planning and designing
140, 142, 144, 146, 148, 150, 150-A, 150-B, 150-C, 150-D & 150-E Lebuh Noordin, Penang, Malaysia	Commercial	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	Commercial	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	Commercial	951	1,707	Freehold	Planning and designing

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(a) Development properties (Continued)

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

	Group		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Aggregate costs incurred and recognised to-date	–	588,386	660,799
Attributable profits recognised to date	–	105,830	114,841
Development properties recognised as an expense in the consolidated statement of comprehensive income	–	153,141	312,245

(b) Properties held for sale

	Group	
	2018 $'000	**2017 $'000**
At cost		
At 1 January	22,313	16,944
Transferred from development properties	51,066	21,600
Enhancement works incurred	2,662	–
Exchange differences	94	72
	76,135	38,616
Less:		
Transferred to investment properties	–	(15,352)
Properties sold during the year	–	(724)
Allowance for write-down of properties held for sale	–	(227)
At 31 December	76,135	22,313

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

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Unexpired lease term
Bayfront Realty Pte. Ltd.					
Urban Vista Lot 10765A MK27 at Tanah Merah Kechil Link	Commercial	113	113	Leasehold	93 years
Bayfront Ventures Pte. Ltd.					
CityGate 371 Beach Road Singapore^	Residential/ commercial units	7,269	3,677[(a)]	Leasehold	95 years

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(b) Properties held for sale (Continued)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Unexpired lease term
WCL-A Beckett (VIC) Pty. Ltd.					
AVANT 54-64 A'Beckett Street, Melbourne, Victoria, Australia	Residential	1,298	899[(b)]	Freehold	–
WCL-Cairns (QLD) Pty. Ltd.					
The Woods Lots 10, 11, 15, 17 & 19, Moore Road, Kewarra Beach, Cairns, Queensland, Australia	Residential	2,094	2,094	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	1,712	Freehold	–
Bahari Parade 69, 71, 73, 75, 77, 79 & 81 Jalan Sri Bahari, Penang, Malaysia	Commercial	846	1,102	Freehold	–
128, 128A, 128B, 128C, 128D, 128E,128F and 128G Jalan Transfer, Penang, Malaysia	Commercial	487	776	Freehold	–
2, 4, 6, 8 & 10 Jalan Hutton, Penang, Malaysia	Commercial	568	897	Freehold	–
WCL (Magazine) Sdn. Bhd.					
237, 239, 241 & 243 Jalan Magazine and 2-G, 2-H & 2-I Jalan Gurdwara, Penang, Malaysia	Commercial	646	979	Freehold	–
WCL (Macallum) Sdn. Bhd.					
Macallum Central 51, 53, 55, 57, 59, 61, 63, 65, 67 & 69 Lebuh Macallum Penang, Malaysia	Commercial	694	1,152	Freehold	–

(a) Pertains to the gross floor area of units available for sale, whilst the land area represents the area covered by the CityGate development.

(b) Pertains to the gross floor area of units available for sale, whilst the land area represents the area covered by the AVANT development.

As at 31 December 2018, properties held for sale with a carrying value of $24,401,000 (31 December 2017: $16,872,000, 1 January 2017: $14,045,000) are pledged as security for bank borrowings (Note 25).

20. TRADE AND OTHER RECEIVABLES

	Note	Group			Company		
		31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Trade and other receivables (current)							
Trade receivables		318,945	276,868	251,648	–	–	–
Other debtors		2,867	9,696	21,438	2,021	2	–
Deposits		4,417	3,377	4,037	181	60	322
		326,229	289,941	277,123	2,202	62	322
Trade and other receivables (non-current)							
Trade receivables		3,517	33,096	–	–	–	–
Available-for-sale financial asset		–	10,364	–	–	–	–
Unquoted debt securities at FVPL		9,625	–	–	–	–	–
Deposits		3,544	5,558	5,328	–	–	6
		16,686	49,018	5,328	–	–	6
Total trade and other receivables (current and non-current)		342,915	338,959	282,451	2,202	62	328
Add:							
Due from subsidiaries (non-trade)		–	–	–	211,712	287,389	370,488
Due from associates (non-trade)		276	1,305	6,350	–	–	–
Due from a joint venture (non-trade)		86,099	84,517	82,897	86,093	84,570	82,897
Cash and bank balances	23	59,020	54,888	70,284	164	448	751
Less:							
Available-for-sale financial asset		–	(10,364)	–	–	–	–
Unquoted debt securities at FVPL		(9,625)	–	–	–	–	–
Total financial assets at amortised cost		478,685	469,305	441,982	300,171	372,469	454,464

Trade receivables of the Group's financial service business comprise pawnshop loans, interest receivables on pawnshop loans, secured lending receivables and trade receivables from retail and trading of jewellery and branded merchandise. Other trade receivables relate to trade receivables of the Group's jewellery, real estate and other businesses.

Pawnshop loans are loans to customers extended under the pawnbroking business, which are interest-bearing, ranging between 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months (31 December 2017: 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months, 1 January 2017: 1.0% to 1.5% 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.

Secured lending receivables are measured at amortised cost using the effective interest rate method which are interest-bearing ranging between 5.0% to 22.5% (31 December 2017: interest-bearing ranging between 12.0% to 18.0%, 1 January 2017: Nil) per annum and are secured by way of collateralised real estate held by the investment trustee, and have remaining maturities ranging between 6 to 18 months.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in non-current financial assets held at FVPL is an amount of $9,625,000 (31 December 2017: non-current available-for-sale financial assets of $10,364,000, 1 January 2017: $Nil), extended through a fund which is extends interest-bearing loans to borrowers and provided a return of approximately 11% (31 December 2017: 10%, 1 January 2017: Nil) per annum for the financial year ended 31 December 2018. This financial asset is secured by way of collateralised real estate held by the fund, and has a remaining maturity of 29 months (31 December 2017: 41 months, 1 January 2017: Nil), with an option by the fund to extend the maturity by a further 12 months.

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 $268,456,000 (31 December 2017: $262,168,000, 1 January 2017: $230,868,000) as security for bank borrowings (Note 25).

Trade and other receivables denominated in foreign currencies are as follows:

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
United States Dollar	299	340	–	–	–	
Australian Dollar	52,134	59,229	–	–	–	–

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	
	31 December 2017 $'000	1 January 2017 $'000
Trade receivables – nominal amounts	1,908	1,107
Less: Allowance for impairment	(790)	(783)
	1,118	324
Movement in allowance accounts:		
At 1 January	783	1,024
Charge for the year	4,888	–
Written-back	(401)	(241)
Written-off	(4,480)	–
At 31 December	790	783

Expected credit losses

The movement in allowance for expected credit losses of trade receivables are as follows:

	Group 2018 $'000
Movement in allowance accounts:	
At 1 January	790
Charge for the year	5,017
Written-back	(26)
Written-off	(5,021)
At 31 December	760

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are past due

The Group has no receivables that are past due as at 31 December 2018 and 2017.

21. DUE FROM/(TO) SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The amounts due from/(to) subsidiaries, associates and joint ventures are unsecured, receivable/repayable on demand and are to be settled in cash. These amounts are non-interest bearing except for amounts due from subsidiaries of $190,923,000 (31 December 2017: $250,975,000, 1 January 2017: $337,751,000) which bear interest ranging from 4.38% to 6.67% (31 December 2017: 4.38% to 6.00%, 1 January 2017: 3.88% to 6.00%) per annum.

22. DERIVATIVES

	Group 31 December 2018 $'000 Contract notional amount	$'000 Assets	$'000 Liabilities
Forward currency contracts	148,223	2,537	–
Add:			
Trade receivables held at FVPL (Note 20)		9,625	–
Equity securities (quoted) (Note 17)		439	–
Total financial assets at FVPL		12,601	–

During the year, the Group entered into foreign currency forward contracts mainly in Australian Dollar, maturing within the next 12 months to reduce its exposure to foreign currency risks on Australian Dollar receivables.

There are no comparatives for 31 December 2017 and 1 January 2017.

23. CASH AND BANK BALANCES

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Cash at banks and on hand	59,020	54,888	70,284	164	448	751

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

23. CASH AND BANK BALANCES (CONTINUED)

Cash and bank balances denominated in foreign currencies are as follows:

	Group 31 December 2018 $'000	 31 December 2017 $'000	 1 January 2017 $'000
United States Dollar	81	672	64
Australian Dollar	2,202	413	328
British Pound	218	101	–
Euro	102	–	–

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group 31 December 2018 $'000	 31 December 2017 $'000	 1 January 2017 $'000
Cash held under "Project Account (Amendment) Rules – 1997"	6,647	12,485	16,762
Cash at banks and on hand	52,373	42,403	53,522
Cash and cash equivalents	59,020	54,888	70,284

A floating charge has been placed on cash and bank balances with a carrying value of $17,343,000 (31 December 2017: $34,172,000, 1 January 2017: $32,306,000) as security for bank borrowings (Note 25).

Purchasers' deposit monies of AUD 67,436,000 (equivalent to approximately $64,833,100) (31 December 2017: AUD 117,658,000 (equivalent to approximately $122,729,000), 1 January 2017: AUD 114,809,000 (equivalent to approximately $119,471,000) pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. In addition, purchasers' deposits in the form of bankers' guarantees of AUD 8,537,000 (equivalent to approximately $8,208,000) (31 December 2017: AUD 9,603,000 (equivalent to approximately $10,017,000), 1 January 2017: AUD 9,755,000 (equivalent to approximately $10,151,000) pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. These balances are not included as assets of the Group as at 31 December 2018 and 2017. The Group will only have access to these funds upon completion and handover of the development projects to the purchasers.

24. TRADE AND OTHER PAYABLES

	Note	Group 31 December 2018 $'000	Group 31 December 2017 $'000	Group 1 January 2017 $'000	Company 31 December 2018 $'000	Company 31 December 2017 $'000	Company 1 January 2017 $'000
Current:							
Trade payables		5,812	6,247	8,538	–	–	–
Other payables		8,770	4,513	6,412	374	298	795
Accrued operating expenses							
– payroll related		13,311	10,322	7,401	1,192	650	559
– property development		16,799	30,363	22,327	–	–	–
– others		19,367	13,660	13,339	1,748	1,331	2,577
Deferred revenue		82	235	275	–	–	–
Deposits received		1,578	1,074	663	3	3	3
Withholding tax payable		1,910	230	258	–	–	–
Dividend payable		6,258	–	–	4,841	–	–
		73,887	66,644	59,213	8,158	2,282	3,934
Non-current:							
Other payables							
– amount due to non-controlling shareholders of a subsidiary		3,047	2,468	1,640	–	–	–
– others		74	207	–	–	–	–
Deposits received		–	33	56	–	–	–
		3,121	2,708	1,696	–	–	–
Total trade and other payables (current and non-current)		77,008	69,352	60,909	8,158	2,282	3,934
Add:							
Due to subsidiaries (non-trade)		–	–	–	185,665	109,019	97,338
Due to an associate (non-trade)		2,028	2,360	5,260	–	–	–
Due to a joint venture		25	–	–	–	–	–
Interest-bearing loans and borrowings	25	566,001	845,058	623,360	–	–	–
Term notes and bonds	26	587,872	639,500	629,750	83,000	223,500	285,750
Less:							
Accrued operating expenses							
– payroll related		(1,548)	(1,259)	(982)	(206)	(147)	(151)
Deferred revenue		(82)	(235)	(275)	–	–	–
Withholding tax payable		(1,910)	(230)	(258)	–	–	–
Total financial liabilities carried at amortised cost		1,229,394	1,554,546	1,317,764	276,617	334,654	386,871

24. TRADE AND OTHER PAYABLES (CONTINUED)

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

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

Trade and other payables denominated in the foreign currencies are as follows:

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
United States Dollar	2,536	2,498	2,141
Hong Kong Dollar	602	812	492
Australian Dollar	417	154	–

25. INTEREST-BEARING LOANS AND BORROWINGS

	Note	Group			Company		
		31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Secured borrowings							
Current							
Obligation under finance lease		169	71	49	–	–	–
Bank borrowings		289,741	337,178	304,798	–	–	–
Term loans		171,745	341,910	142,901	–	–	–
		461,655	679,159	447,748	–	–	–
Non-current							
Obligation under finance lease		391	57	77	–	–	–
Term loans		103,955	165,842	175,535	–	–	–
		566,001	845,058	623,360	–	–	–
Add:							
Term notes and bonds	26	587,872	639,500	629,750	83,000	223,500	285,750
Total loans and borrowings		1,153,873	1,484,558	1,253,110	83,000	223,500	285,750

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

Subsidiaries/Joint operations

Interest-bearing loans and borrowings comprise bank borrowings of $328,536,000 (31 December 2017: $421,357,000, 1 January 2017: $371,848,000), term loans of $236,905,000 (31 December 2017: $339,348,000, 1 January 2017: $85,662,000) and land loans of $Nil (31 December 2017: $84,225,000, 1 January 2017: $165,725,000).

(i) Bank borrowings of $203,491,000 (31 December 2017: $208,938,000, 1 January 2017: $173,550,000) are secured by way of a fixed and floating charge on all assets of certain subsidiaries and corporate guarantees by the Company and/or subsidiaries.

(ii) Revolving loans of $86,250,000 (31 December 2017: $128,239,000, 1 January 2017: $131,248,000) bear interest ranging from 1.73% to 3.56% (31 December 2017: 1.22% to 2.78%, 1 January 2017: 1.02% to 3.16%) per annum and are secured by way of a fixed and floating charge on all assets of certain subsidiaries and corporate guarantees by the Company and/or subsidiaries. These loans are repayable on demand.

25. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

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

Subsidiaries/Joint operations (Continued)

(iii) Term loans of $51,336,000 (31 December 2017: $47,843,000, 1 January 2017: $11,896,000) bear interest ranging from 1.58% to 4.64% (31 December 2017: 1.85% to 4.12%, 1 January 2017: 2.10% to 3.06%) per annum and are secured by way of legal mortgage over the leasehold properties. These loans are repayable in 2032 to 2041.

(iv) Term loans of $284,000 (31 December 2017: $Nil, 1 January 2017: $Nil) bear interest ranging at 1.70% per annum (31 December 2017: Nil, 1 January 2017: Nil) are secured by way of corporate guarantees by the associate.

(v) Term loans of $3,016,000 (31 December 2017: $Nil, 1 January 2017: $Nil) bear interest ranging from 2.00% to 2.35% per annum (31 December 2017: Nil, 1 January 2017: Nil) are secured by way of charge on trade receivables and inventories.

(vi) Land loans, term loans and revolving loans of $220,818,000 (31 December 2017: $459,909,000, 1 January 2017: $306,540,000) bear interest ranging from 2.20% to 6.39% (31 December 2017: 2.10% to 7.33%, 1 January 2017: 1.92% to 6.32%) per annum and are secured by way of:

- legal mortgages over subsidiaries' development properties (Note 19(a)), properties held for sale (Note 19(b)) 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
- corporate guarantees by the Company and/or subsidiaries.

The loans relating to the respective development projects outside of 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		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Years after end of reporting period:			
After one year but within two years	30,503	88,501	6,818
After two years but within five years	24,693	35,300	149,990
After five years	49,150	42,098	18,804
	104,346	165,899	175,612

26. TERM NOTES AND BONDS

			Aggregate principal amount outstanding					
			Group			Company		
Date issued	Interest rate %	Maturity dates	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Current								
23 January 2014 [(1)]	4.50	23 January 2017	–	–	55,750	–	–	55,750
27 November 2014 [(1)]	5.50	27 November 2018	–	98,000	–	–	100,000	–
12 June 2014 [(1)]	5.05	12 June 2019	37,750	–	–	38,000	–	–
3 July 2014 [(1)]	5.05	12 June 2019	45,000	–	–	45,000	–	–
			82,750	98,000	55,750	83,000	100,000	55,750
Non-current								
12 June 2014 [(1)]	5.05	12 June 2019	–	77,500	81,000	–	78,500	85,000
3 July 2014 [(1)]	5.05	12 June 2019	–	45,000	45,000	–	45,000	45,000
27 November 2014 [(1)]	5.50	27 November 2018	–	–	98,000	–	–	100,000
28 August 2015 [(2)]	5.25	28 August 2020	148,716	150,000	150,000	–	–	–
1 April 2016 [(3)]	5.30	1 April 2020	194,906	199,000	200,000	–	–	–
27 April 2017 [(4)]	5.50	27 April 2020	49,000	50,000	–	–	–	–
9 October 2017 [(4)]	5.50	27 April 2020	20,000	20,000	–	–	–	–
19 April 2018 [(5)]	5.90	19 April 2021	47,500	–	–	–	–	–
11 October 2018 [(5)]	6.25	11 October 2021	45,000	–	–	–	–	–
			505,122	541,500	574,000	–	123,500	230,000
Total term notes and bonds			587,872	639,500	629,750	83,000	223,500	285,750

Note:

(1) During the financial year ended 31 December 2014, unsecured term notes issued by the Group and the Company under the Multicurrency Debt Issuance Programme ("**MDI Programme**") amounted to $310,000,000. During the financial year ended 31 December 2017, $55,750,000 unsecured term notes issued under the MDI Programme were redeemed by the Group and the Company. Unsecured term notes amounting to $6,500,000 were purchased and cancelled by the Group and the Company. During the financial year ended 31 December 2018, unsecured term notes amounting to $34,250,000 issued under the MDI Programme were purchased and cancelled by the Group and the Company. On 27 November 2018, $51,000,000 unsecured term notes were redeemed by the Group and the Company. As at 31 December 2018, $250,000 (31 December 2017: $3,000,000, 1 January 2017: $4,000,000) term notes had been purchased and held by a subsidiary of the Company. Under the MDI Programme, the Group and the Company may issue both multicurrency medium term notes and perpetual securities. As at 31 December 2018 and 2017, no perpetual securities have been issued.

(2) During the financial year ended 31 December 2015, unsecured bonds issued by a subsidiary of the Company amounted to $150,000,000. As at 31 December 2018, $1,284,000 (31 December 2017: $Nil, 1 January 2017: $Nil) bonds had been purchased and held by the Company and subsidiaries of the Company.

(3) During the financial year ended 31 December 2016, unsecured bonds issued by a subsidiary of the Company amounted to $200,000,000. As at 31 December 2018, $4,094,000 (31 December 2017: $1,000,000, 1 January 2017: $Nil) bonds had been purchased and held by the Company and subsidiaries of the Company.

(4) During the financial year ended 31 December 2017, unsecured term notes issued by a subsidiary of the Company under the Multicurrency Medium Term Note Programme ("**MTN Programme**") amounted to $70,000,000. As at 31 December 2018, $1,000,000 term notes had been purchased and held by a subsidiary of the Company.

(5) During the financial year ended 31 December 2018, unsecured term notes issued by a subsidiary of the Company under the MDI Programme amounted to $100,000,000. As at 31 December 2018, $7,500,000 term notes had been purchased and held by a subsidiary of the Company.

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.

26. TERM NOTES AND BONDS (CONTINUED)

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

	2017	Net cash flows from financing activities	Changes arising from obtaining control of a subsidiary	Non-cash changes			2018
				Foreign exchange movement	Gain on purchase and cancellation of term notes and bonds	Amortisation of premium on term notes	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables – premium on term notes	128	–	–	–	–	(55)	73
Term notes and bonds	639,500	(51,561)	–	–	(67)	–	587,872
Interest-bearing loans and borrowings	845,058	(264,779)	4,688	(18,966)	–	–	566,001
Total	1,484,686	(316,340)	4,688	(18,966)	(67)	(55)	1,153,946

27. INCOME TAX EXPENSE

(a) Major components of income tax expense

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

	Group	
	2018 $'000	2017 $'000
Consolidated statement of comprehensive income		
Current income tax		
– Current income taxation	13,284	(383)
– Under provision in respect of previous years	418	2,441
– Withholding tax	741	547
	14,443	2,605
Deferred income tax		
– Origination and reversal of temporary differences	11,198	6,280
– Benefits from previously unrecognised tax losses	(6,320)	–
– Under provision in respect of previous years	128	89
	5,006	6,369
Income tax expense recognised in profit or loss	19,449	8,974
Deferred tax credit related to other comprehensive income		
– Net loss on fair value changes on equity instruments	(524)	–
– Net gain on fair value changes on debt instruments	755	–
– Net gain on fair value changes of available-for-sale financial assets	–	312
	231	312

27. INCOME TAX EXPENSE (CONTINUED)

(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 2018 and 2017 are as follows:

	Group	
	2018 $'000	2017 $'000
Profit before tax	56,555	17,628
Tax at the domestic rates applicable to profits in the countries where the Group operates	15,724	1,689
Adjustments:		
– Non-deductible expenses	12,540	7,765
– Income not subject to taxation	(5,053)	(5,784)
– Deferred tax assets not recognised	2,473	3,438
– Effect of partial tax exemption and tax relief	(912)	(1,303)
– Under provision in respect of previous years	546	2,530
– Benefits from previously unrecognised tax losses	(6,320)	–
– Share of results of associates and a joint venture	75	85
– Disposal of equity instruments carried at FVOCI, which are not recycled to profit or loss	(313)	–
– Withholding tax	741	547
– Others	(52)	7
Income tax expense recognised in profit or loss	19,449	8,974

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

(c) Deferred income tax

	Group	
	2018 $'000	2017 $'000
Balance at 1 January	5,276	(1,499)
Tax charged to profit or loss	5,006	6,369
Tax charged to other comprehensive income	231	312
Deferred tax liability recorded on business combination	1,763	–
Translation difference	(2)	94
Balance at 31 December	12,274	5,276

27. INCOME TAX EXPENSE (CONTINUED)

(c) Deferred income tax (Continued)

Deferred income tax relates to the following:

Deferred tax liabilities, net

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Differences in depreciation for tax purposes	307	340	366	–	108	149
Business combination	1,763	–	–	–	–	–
Attributable profits from development properties	1,874	9,658	3,580	–	–	–
Uncompleted project expenses	15,885	(1,428)	(433)	–	–	–
Revaluations to fair value:						
– Investment properties	4,778	5,002	5,102	–	–	–
– Available-for-sale financial assets	–	63	–	–	–	–
Provisions	(278)	(372)	(54)	–	(25)	(26)
Unutilised tax losses	(8,460)	(102)	(468)	–	(3)	(14)
Unremitted foreign interest income, net	–	476	–	–	–	–
Others	(65)	69	(5)	–	–	–
	15,804	13,706	8,088	–	80	109

Deferred tax assets, net

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Differences in depreciation for tax purposes	(316)	(228)	(122)	1	–	–
Unremitted foreign interest income, net	132	–	–	–	–	–
Uncompleted project expenses	–	18,095	19,029	–	–	–
Provisions	(580)	(79)	(65)	(35)	–	–
Unutilised tax losses	(722)	(23,782)	(25,656)	(53)	–	–
Revaluations to fair value:						
– Debt and equity securities held at FVOCI	(1,395)	(1,688)	(1,937)	–	–	–
Unutilised capital allowance	(654)	(640)	(670)	–	–	–
Allowance for doubtful receivables	(88)	(98)	(139)	–	–	–
Others	93	(10)	(27)	–	–	–
	(3,530)	(8,430)	(9,587)	(87)	–	–

27. INCOME TAX EXPENSE (CONTINUED)

(c) Deferred income tax (Continued)

At the end of the reporting period, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $61,223,000 (31 December 2017: $71,531,000 1 January 2017: $37,167,000) and $6,912,000 (31 December 2017: $6,048,000, 1 January 2017: $5,513,000) 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 29).

28. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES

(a) Share capital

	Group and Company			
	2018		2017	
	No. of shares ‘000	$’000	No. of shares ‘000	$’000
Issued and fully paid ordinary shares				
At 1 January	1,945,896	226,930	1,942,903	226,152
Scrip dividend scheme (1)	–	–	2,993	778
At 31 December	1,945,896	226,930	1,945,896	226,930

Note:

(1) On 23 June 2017, the Company issued 2,992,591 new shares at an issue price of $0.26 per share to eligible Shareholders who 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			
	2018		2017	
	No. of shares ‘000	$’000	No. of shares ‘000	$’000
At 1 January and 31 December	9,405	2,589	9,405	2,589

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

28. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES (CONTINUED)

(c) Other reserves

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Gain on reissuance of treasury shares	1,413	1,413	1,413	1,413	1,413	1,413
Premium on dilution of interests in subsidiary	13,384	13,186	3,804	–	–	–
Foreign currency translation reserve	(15,496)	(9,231)	(9,897)	–	–	–
Premium paid on acquisition of non-controlling interests	(13,642)	(9,915)	(4,632)	–	–	–
Fair value adjustment reserve	(14,158)	(8,151)	(9,121)	–	–	–
Change in ownership interest in subsidiary without a change in control	723	822	–	–	–	–
	(27,776)	(11,876)	(18,433)	1,413	1,413	1,413

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.

28. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES (CONTINUED)

(c) Other reserves (Continued)

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.

29. DIVIDENDS

	Group $'000
Dividends on ordinary shares declared and payable/paid during the year:	
Financial year ended 31 December 2018	
– Final exempt (one-tier) dividend for FY2017: 0.25 cent per share on 1,936,491,176 shares	4,841
– Interim exempt (one-tier) dividend for FY2018: 0.25 cent per share on 1,936,491,176 shares	4,841
– Interim exempt (one-tier) dividend for FY2018: 0.25 cent per share on 1,936,491,176 shares	4,841
	14,523
Financial year ended 31 December 2017	
– Final exempt (one-tier) dividend for FY2016: 0.25 cent per share on 1,933,498,585 shares	4,834

	Group	
	2018 $'000	2017 $'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 FY2018: 0.25 cent per share on 1,936,491,176 shares	4,841	–
– Final exempt (one-tier) dividend for FY2017: 0.25 cent per share on 1,936,491,176 shares	–	4,841
	4,841	4,841

30. 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	
	2018 $'000	2017 $'000
Construction expenses paid to an associate	–	1,308
Goods purchased from an affiliated company	138	815
Rental paid/payable to a director-related company	608	594
Rental received from an associate	114	–
Purchase of goods from an associate	4,190	4,382
Marketing income received from an associate	102	138
Marketing income paid to an associate	193	–
Corporate service payable to a subsidiary of a joint venture	–	97
Management fee received from a subsidiary of a joint venture	360	360
Interest receivable from an associate	18	–
Sales of goods to an associate	5,777	–

(b) Compensation of key management personnel

	Group	
	2018 $'000	2017 $'000
Short-term employee benefits	7,819	7,929
Central Provident Fund contributions	123	144
Total compensation paid to key management personnel	7,942	8,073
Comprise amounts paid to:		
Directors of the Company	3,241	3,556
Directors of the subsidiaries	3,277	2,981
Other key management personnel	1,424	1,536
	7,942	8,073

31. 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	
	2018 $'000	2017 $'000
Capital commitments in respect of property development expenditure	139,451	417,947
Capital commitments in respect of property, plant and equipment	20,879	–
	160,330	417,947

31. COMMITMENTS (CONTINUED)

(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 eight years.

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

	Group	
	2018 $'000	2017 $'000
Not later than one year	1,873	1,710
Later than one year but not later than five years	1,443	1,272
Later than five years	371	–
	3,687	2,982

(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, retail outlet premises and movable assets. 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 2018 amounted to $30,166,000 (2017: $32,489,000).

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

	Group	
	2018 $'000	2017 $'000
Not later than one year	21,580	28,832
Later than one year but not later than five years	17,860	24,067
Later than five years	12,817	12,737
	52,257	65,636

32. 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 $10,000,000 (31 December 2017: $141,725,000, 1 January 2017: $118,975,000).
- It has guaranteed part of the loans and borrowings of the associates to a maximum amount of $15,800,000 (31 December 2017: $15,868,000, 1 January 2017: $39,986,000), of which it is severally liable for in the event of default by the associates.
- It has guaranteed the obligations of a subsidiary for bonds amounting to total principal amount of $350,000,000 (31 December 2017: $350,000,000, 1 January 2017: $350,000,000).

The Company has provided corporate guarantees to banks for an aggregate of $157,623,000 (31 December 2017: $462,695,000, 1 January 2017: $547,273,000) in respect of bank borrowings drawn down by certain subsidiaries, joint operations and associates (Note 25).

33. 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.

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.

33. SEGMENT INFORMATION (CONTINUED)

	Jewellery $'000	Real estate $'000	Financial service $'000	Others $'000	Elimination $'000	Group $'000	Note
2018							
Revenue	126,162	574,213	198,076	–	–	898,451	
Inter-segment revenue	9,657	–	5,575	958	(16,190)	–	A
Results							
Segment results	(3,146)	55,278	20,387	21,013	(19,338)	74,194	
Unallocated expenses	–	–	–	–	–	(226)	
Share of results of a joint venture	(141)	–	(141)	(427)	282	(427)	
Share of results of associates	920	(283)	–	–		637	
Interest income	20	4,902	2,842	45,044	(39,097)	13,711	
Finance costs	(1,891)	(3,469)	(11,022)	(49,111)	34,159	(31,334)	
(Loss)/profit before tax from operations	(4,238)	56,428	12,066	16,519		56,555	
Segment assets	132,550	844,362	459,991	1,129,443	(932,995)	1,633,351	B
Investment in joint ventures	–	–	–	13,346	–	13,346	
Investment in associates	9,689	9,635	–	–	–	19,324	
Unallocated assets	–	–	–	–	–	3,530	
Total assets	142,239	853,997	459,991	1,142,789		1,669,551	
Segment liabilities	96,858	629,684	317,285	892,435	(703,328)	1,232,934	C
Unallocated liabilities	–	–	–	–	–	30,054	
Total liabilities						1,262,988	
Capital expenditure	3,699	384	9,169	5,860	–	19,112	
Depreciation and amortisation	3,373	154	2,116	867	37	6,547	
Other significant non-cash expenses	907	(145)	(945)	207	–	24	D

33. SEGMENT INFORMATION (CONTINUED)

	Jewellery $'000	Real estate $'000	Financial service $'000	Others $'000	Elimination $'000	Group $'000	Note
2017							
Revenue	116,473	185,749	187,309	–	–	489,531	
Inter-segment revenue	1,948	–	5,563	1,086	(8,597)	–	A
Results							
Segment results	(6,603)	21,156	20,686	3,064	(3,308)	34,995	
Unallocated expenses	–	–	–	–	–	(226)	
Share of results of a joint venture	(215)	–	(215)	2,901	430	2,901	
Share of results of associates	400	(898)	–	–	–	(498)	
Interest income	2	632	1,963	46,170	(38,510)	10,257	
Finance costs	(1,852)	(8,576)	(7,477)	(46,917)	35,021	(29,801)	
(Loss)/profit before tax from operations	(8,268)	12,314	14,957	5,218		17,628	
Segment assets	138,443	1,090,613	446,204	1,132,493	(870,950)	1,936,803	B
Investment in joint ventures	–	–	–	15,106	–	15,106	
Investment in associates	12,137	9,949	–	–	–	22,086	
Unallocated assets	–	–	–	–	–	8,430	
Total assets	150,580	1,100,562	446,204	1,147,599		1,982,425	
Segment liabilities	106,404	899,601	315,007	911,347	(676,089)	1,556,270	C
Unallocated liabilities	–	–	–	–	–	17,496	
Total liabilities						1,573,766	
Capital expenditure	2,397	151	14,121	23,311	–	39,980	
Depreciation and amortisation	3,083	105	1,604	773	48	5,613	
Other significant non-cash expenses	619	2,392	426	1,845	–	5,282	D

33. 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:

	2018 $'000	2017 $'000
Inter-segment assets	932,995	870,950

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

	2018 $'000	2017 $'000
Inter-segment liabilities	703,328	676,089

D Other non-cash expenses comprises mainly write-off of property, plant and equipment, net fair value loss on investment properties, impairment loss on investment securities, allowance for write-down of inventories, development properties and properties held for sale, and allowance for/(write-back of) doubtful receivables as presented in the respective notes to the financial statements.

	2018 $'000	2017 $'000
Property, plant and equipment written-off	818	877
Net fair value loss on investment properties	1,303	486
Impairment loss on investment in a joint venture	–	25
Impairment loss on investment in an associate	31	–
Allowance for amount due from associates and a joint venture	–	604
(Reversal of impairment)/impairment loss on investment securities, net	(2,774)	1,733
Interest receivable written-off	81	75
(Write-back)/write-down of inventories	(29)	149
Allowance for write-down of development properties and properties held for sale	–	1,326
Allowance for doubtful receivables, net	564	7
Fair value loss on investment securities	2,895	–
Impairment loss on intangible assets	1,773	–
Net fair value gain on derivatives	(2,537)	–
Gain on bargain purchase on acquisition of subsidiary	(1,144)	–
Net gain on remeasuring previously held equity interest in associate to fair value on business combination	(957)	–
	24	5,282

33. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

	Revenue		Non-current assets	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Singapore	428,094	487,653	139,781	131,587
Australia	451,121	1,878	670	–
Malaysia	–	–	27,425	11,946
Hong Kong	507	–	182	–
Germany	18,729	–	5,864	–
	898,451	489,531	173,922	143,533

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include 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 Financial 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.

34. 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
31 December 2018				
Group				
Financial assets:				
Investment securities	3,679	50,124	49,179	102,982
Trade and other receivables	337,140	17,824	–	354,964
Due from associates (non-trade)	276	–	–	276
Due from a joint venture (non-trade)	86,099	–	–	86,099
Cash and bank balances	59,020	–	–	59,020
Total undiscounted financial assets	486,214	67,948	49,179	603,341
Financial liabilities:				
Trade and other payables	63,810	3,292	–	67,102
Due to an associate (non-trade)	2,028	–	–	2,028
Due to a joint venture	25	–	–	25
Interest-bearing loans and borrowings	481,130	66,963	67,556	615,649
Term notes and bonds	111,564	523,386	–	634,950
Total undiscounted financial liabilities	658,557	593,641	67,556	1,319,754
Total net undiscounted financial liabilities	(172,343)	(525,693)	(18,377)	(716,413)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
31 December 2017				
Group				
Financial assets:				
Investment securities	18,341	76,484	87,500	182,325
Trade and other receivables	291,374	60,753	–	352,127
Due from associates (non-trade)	1,305	–	–	1,305
Due from a joint venture (non-trade)	84,517	–	–	84,517
Cash and bank balances	54,888	–	–	54,888
Total undiscounted financial assets	450,425	137,237	87,500	675,162
Financial liabilities:				
Trade and other payables	64,920	4,349	–	69,269
Due to an associate (non-trade)	2,360	–	–	2,360
Interest-bearing loans and borrowings	696,959	131,798	57,489	886,246
Term notes and bonds	130,688	576,255	–	706,943
Total undiscounted financial liabilities	894,927	712,402	57,489	1,664,818
Total net undiscounted financial (liabilities)/assets	(444,502)	(575,165)	30,011	(989,656)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
1 January 2017				
Group				
Financial assets:				
Investment securities	48,989	56,349	52,012	157,350
Trade and other receivables	277,123	5,328	–	282,451
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	485,643	61,677	52,012	599,332
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 (liabilities)/assets	(118,578)	(751,075)	27,165	(842,488)

	1 year or less $'000	1 to 5 years $'000	Total $'000
31 December 2018			
Company			
Financial assets:			
Investment securities	–	500	500
Trade and other receivables	2,202	–	2,202
Due from subsidiaries (non-trade)	211,712	–	211,712
Due from a joint venture (non-trade)	86,093	–	86,093
Cash and bank balances	164	–	164
Total undiscounted financial assets	300,171	500	300,671
Financial liabilities:			
Trade and other payables	8,132	–	8,132
Due to subsidiaries (non-trade)	185,665	–	185,665
Term notes	84,860	–	84,860
Total undiscounted financial liabilities	278,657	–	278,657
Total net undiscounted financial assets	21,514	500	22,014

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	1 year or less $'000	1 to 5 years $'000	Total $'000
31 December 2017			
Company			
Financial assets:			
Trade and other receivables	62	–	62
Due from subsidiaries (non-trade)	287,389	–	287,389
Due from a joint venture (non-trade)	84,570	–	84,570
Cash and bank balances	448	–	448
Total undiscounted financial assets	372,469	–	372,469
Financial liabilities:			
Trade and other payables	2,135	–	2,135
Due to subsidiaries (non-trade)	109,019	–	109,019
Term notes	111,209	126,268	237,477
Total undiscounted financial liabilities	222,363	126,268	348,631
Total net undiscounted financial assets/(liabilities)	150,106	(126,268)	23,838

	1 year or less $'000	1 to 5 years $'000	Total $'000
1 January 2017			
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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 $587,872,000 (31 December 2017: $639,500,000, 1 January 2017: $629,750,000) and bank borrowings of $566,001,000 (31 December 2017: $421,357,000, 1 January 2017: $371,848,000) are at fixed rates of interest.

Sensitivity analysis for interest rate risk

For the Group's financial service business, at the end of the reporting period, if SGD interest rates had been 50 (31 December 2017: 50, 1 January 2017: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $54,000 (31 December 2017: $33,000, 1 January 2017: $Nil) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loans.

For the real estate business, at the end of the reporting period, if Malaysia Ringgit ("**MYR**") and Australia Dollars ("**AUD**") interest rates had been 100 (31 December 2017: 100, 1 January 2017: 100) basis points lower/higher with all other variables held constant, the Group's development properties would have been $454,000 (31 December 2017: $503,000, 1 January 2017: $497,000) and $1,368,000 (31 December 2017: $2,412,000, 1 January 2017: 240,000) lower/higher respectively, arising mainly as a result of lower/higher capitalised borrowing cost on floating rate loans and borrowings. If at the end of the reporting period, SGD interest rates had been 100 (31 December 2017: 100, 1 January 2017: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $388,000 (31 December 2017: $1,684,000, 1 January 2017: $1,657,000), higher/lower, arising mainly as a result of lower/higher interest expense 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 (31 December 2017: 50, 1 January 2017: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $159,000 (31 December 2017: $166,000, 1 January 2017: $49,000) 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 and EURO ("**EUR**"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("**USD**"), Hong Kong Dollars ("**HKD**"), Japanese Yen ("**JPY**") and EUR. Approximately 47% (31 December 2017: 40%, 1 January 2017: 27%) 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 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's financial service business has transactional currency exposures arising from investments 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 AUD.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Foreign currency risk (Continued)

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

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Australia. As disclosed in Note 22, the Group entered into forward currency contracts during the financial year for reducing its exposure to foreign currency risks on Australian Dollar. The Group's net investments in Malaysia are not hedged as currency positions in MYR 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.

		Profit before tax 2018 $'000 (lower)/higher	**Profit before tax 2017 $'000 (lower)/higher**
USD	– strengthened 5% (2017: 5%)	(108)	(74)
	– weakened 5% (2017: 5%)	108	74
HKD	– strengthened 5% (2017: 5%)	(30)	(41)
	– weakened 5% (2017: 5%)	30	41
MYR	– strengthened 5% (2017: 5%)	5,789	4,538
	– weakened 5% (2017: 5%)	(5,789)	(4,538)
AUD	– strengthened 5% (2017: 5%)	6,694	11,921
	– weakened 5% (2017: 5%)	(6,694)	(11,921)

(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. Secured lending receivables has no significant exposure to credit risk as these receivables are secured by way of collateralised real estate by investment at a conservative loan-to-valuation ratio. No other financial asset carries a significant exposure to credit risk.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

– External credit rating;

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

– Actual or expected significant changes in the operating results of the borrower;

– Significant increases in credit risk on other financial instruments of the same borrower;

– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and

– Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the group and changes in the operating results of the borrower.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the borrower

– A breach of contract, such as a default or past due event

– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

– There is a disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are classes of financial assets that are exposed to credit risk:

Trade receivables from the Group's financial service business

(i) Secured lending receivables

Secured lending receivables are secured by way of collateralised real estate held by the investment trustee. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net lifetime expected credit losses will include cash flows from the sale of collateral held.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

Trade receivables from the Group's financial service business (Continued)

(ii) Pawnshop loans

Pawnshop loans are collaterised whereby the quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net lifetime expected credit losses will include cash flows from the sale of collateral held.

(iii) Pawnshop loans and interest receivables on pawnshop loans expected credit losses

The Group used a provision matrix to estimate the allowance for ECLs on pawnshop loans and interest receivables on pawnshop loans. The key inputs of the Group's ECLs model are the probability of default and loss given default. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of its pawnshop outlets. The Group has estimated the loss exposure at default after considering the expected realisable value of the customers' pledges.

Significant judgment and estimation is involved in using the historical non-redemption data to derive the probability of default as the pawnshop loans age as well as considering any forward-looking economic information.

Trade receivables from the Group's jewellery and real estate businesses, and contract assets

The Group applies a simplified approach in calculating ECLs relating to the trade receivables from the Group's jewellery and real estate businesses, and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Quoted debt instruments

For those quoted debt instruments that are assessed to be of low credit risk and externally rated, the Group applied the low credit operational simplification and determined that no significant increase in credit risk has occurred. There is no significant impact arising from estimation of loss allowance based on a 12-month probability of default and loss given default, which would result in impairment losses to be recognised in profit or loss.

For those quoted debt instruments that are assessed to be of high credit risk and externally rated, the Group applies the lifetime ECLs approach and records impairment losses to profit or loss.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit rating of the debt instrument.

Amounts due from a joint venture

The Group uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

Amounts due from subsidiaries and joint ventures

The Company uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Company estimates the lifetime ECLs for such financial assets.

The loss allowance provision as at 31 December 2018 reconciles to the opening loss allowance for that provision as follows:

	Group			Company
	Trade receivables at amortised cost $'000	Debt securities at FVOCI $'000	Amounts due from joint ventures at amortised cost $'000	Amounts due from subsidiaries and joint ventures at amortised cost $'000
As at 1 January 2018	790	10,920	24	4,929
Loss allowance measured at:				
Lifetime ECL				
– Credit risk has increased significantly since initial recognition	5,017	262	–	–
– Net reversal of ECL upon settlement via share conversion	–	(3,036)	–	–
– Written-back	(26)	–	–	(3,876)
– Written-off	(5,021)	(7,522)	–	–
As at 31 December 2018	760	624	24	1,053

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 concentration of risk, the Group focuses on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. As at 31 December 2018 and 2017, there was no significant concentration of credit risk.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 20.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

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 20.

(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 held at FVOCI had been 2% higher/lower with all other variables held constant, the Group's other comprehensive income would have been $982,000 higher/lower, arising as a result of an increase/decrease in the fair value of debt securities classified as FVOCI.

At the end of the reporting period, if the quoted market price of the equity securities held at FVOCI and FVPL had been 2% higher/lower with all other variables held constant, the Group's other comprehensive income and net profit before tax would have been $949,000 and $9,000 higher/lower respectively, arising as a result of an increase/decrease in the fair value of equity securities classified as FVOCI and FVPL respectively.

As at 31 December 2017, if the quoted price of the investment securities classified as available-for-sale held at FVOCI had been 2% higher/lower with all other variables held constant, the Group's other comprehensive income would have been $3,556,000 higher/lower respectively, arising as a result of an increase/decrease in the fair value of investment securities classified as available-for-sale.

35. 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 at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(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:

	Group 2018			
	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
Assets measured at fair value				
Financial assets				
At FVOCI				
Debt securities (quoted) (Note 17)	49,081	–	–	49,081
Equity securities (quoted) (Note 17)	47,454	–	–	47,454
Equity securities (unquoted) (Note 17)	–	–	5,995	5,995
At FVPL				
Debt securities (unquoted) (Note 20)	–	–	9,625	9,625
Equity securities (quoted) (Note 17)	439	–	–	439
Derivatives (Note 22)	–	2,537	–	2,537
	96,974	2,537	15,620	115,131
Non-financial assets				
Investment properties				
Singapore (Note 11)	–	–	47,350	47,350
Malaysia (Note 11)	–	–	25,173	25,173
	–	–	72,523	72,523

	Group 2017			
	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
Assets measured at fair value				
Financial assets				
Available-for-sale financial assets				
Quoted debt securities (Note 17)	177,817	–	–	177,817
Available-for-sale financial asset included in non-current trade and other receivables (Note 20)	–	–	10,364	10,364
	177,817	–	10,364	188,181
Non-financial assets				
Investment properties				
Singapore (Note 11)	–	–	48,730	48,730
Malaysia (Note 11)	–	–	11,836	11,836
	–	–	60,566	60,566

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, and forward rate curves.

(d) 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 2018 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs $
Recurring fair value measurements				
Investment securities:				
Equity securities (unquoted) (Note 17)	1,500	Discounted cash flow	Cost of equity	9.0% to 10.5%
Equity securities (unquoted) (Note 17)	4,495	Net asset value	Note 1	Not applicable
Investment properties:				
Singapore	47,350	Market comparison approach	Price per square feet	881 – 4,646
Malaysia	25,173	Market comparison approach	Price per square feet	284 – 738
Trade receivables:				
Unquoted debt securities at FVPL (Note 20)	9,625	Net asset valuation	Note 1	Not applicable

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

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

Description	Fair value at 31 December 2017 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs $
Recurring fair value measurements				
Investment properties:				
Singapore	48,730	Market comparison approach	Price per square feet	881 – 4,874
Malaysia	11,836	Market comparison approach	Price per square feet	284 – 418
Available-for-sale financial assets:				
Available-for-sale financial asset included in non-current trade and other receivables (Note 20)	10,364	Net asset valuation	Not applicable	Not applicable

For unquoted equity securities with carrying value of $1,500,000, a significant decrease/(increase) in the cost of equity would result in a significantly higher/(lower) fair value measurement.

For 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.

Note 1 – Unquoted equity securities at FVOCI and unquoted debt securities at FVPL

Valuation of the fund is performed on a periodic basis by an independent professional investment manager. The investment manager provides management with periodic investment reports, distribution statements, half yearly unaudited financial statements and annual audited accounts, audited by a reputable auditor.

The valuation of the investment by the fund in debt instruments, secured by real estate, is the responsibility of the investment manager. The net asset valuation, provided on a periodic basis, is the value that approved transfers will be based on. The valuation, which is based on reported net asset value of the fund (comprising mainly monetary assets), is not publicly available as it is provided by the investment manager to the investors of the fund.

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) 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)				
	Unquoted equity securities at FVOCI	Unquoted debt securities at FVPL	Investment properties		Total
			Singapore	Malaysia	
	$'000	$'000	$'000	$'000	$'000
Group					
2018					
Opening balance	4,495	10,364	48,730	11,836	75,425
Purchase	1,500	224	–	–	1,724
Transfer from development properties	–	–	–	13,235	13,235
Net (loss)/gain on fair value adjustments of investment properties, representing total gains or losses for the year included in profit or loss	–	–	(1,380)	77	(1,303)
Exchange differences	–	(963)	–	25	(938)
Closing balance	5,995	9,625	47,350	25,173	88,143

	Fair value measurements using significant unobservable inputs (Level 3)			
	Available-for-sale financial asset	Investment properties		Total
		Singapore	Malaysia	
	$'000	$'000	$'000	$'000
Group				
2017				
Opening balance	–	45,700	–	45,700
Transfer from properties held for sale	–	3,554	11,798	15,352
Net (loss)/gain on fair value adjustments of investment properties, representing total gains or losses for the year included in profit or loss	–	(524)	38	(486)
Subscriptions	10,364	–	–	10,364
Closing balance	10,364	48,730	11,836	70,930

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

(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 SFRS (I) 13 *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. Management has also considered the reports and representations provided by the investment manager.

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.

(e) 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 unobservable inputs (Level 3) $'000	Fair value Total $'000	Carrying amount $'000
Group				
2018				
Assets:				
Non-current:				
Trade receivables	–	3,515	3,515	3,517
Other receivables	–	3,376	3,376	3,544
Liabilities:				
Current:				
Term notes	73,571	–	73,571	82,750
Non-current:				
Term notes	159,202	–	159,202	161,500
Bonds	335,902	–	335,902	343,622
Other payables	–	2,964	2,964	3,121

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(e) 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 unobservable inputs (Level 3) $'000	Fair value Total $'000	Carrying amount $'000
Group				
2017				
Assets:				
Non-current:				
Trade receivables	–	37,361	37,361	33,096
Other receivables	–	5,076	5,076	5,558
Liabilities:				
Current:				
Term notes	98,219	–	98,219	98,000
Non-current:				
Term notes	191,281	–	191,281	192,500
Bonds	344,577	–	344,577	349,000
Other payables	–	2,585	2,585	2,708

	Quoted prices in active markets for identical assets (Level 1) $'000	Significant unobservable inputs (Level 3) $'000	Fair value Total $'000	Carrying amount $'000
Company				
2018				
Assets:				
Non-current:				
Investment in quoted subsidiaries	231,581	–	231,581	180,204
Current:				
Term notes	73,793	–	73,793	83,000

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(e) 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 unobservable inputs (Level 3) $'000	Fair value Total $'000	Carrying amount $'000
Company				
2017				
Assets:				
Non-current:				
Investment in quoted subsidiaries	277,173	–	277,173	168,237
Current:				
Term notes	100,223	–	100,223	100,000
Non-current:				
Term notes	122,434	–	122,434	123,500

Determination of fair value

Trade and 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.

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(f) 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	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Group				
Financial assets:				
Non-current:				
Unquoted equity shares, at cost	–	4,508	–	*
Trade receivables	3,517	33,096	3,515	37,361
Other receivables	3,544	5,558	3,376	5,076
Financial liabilities:				
Current:				
Term notes and bonds	82,750	98,000	73,571	98,219
Non-current:				
Other payables	3,121	2,708	2,964	2,585
Term notes and bonds	505,122	541,500	495,104	535,858
Company				
Financial liabilities:				
Current:				
Term notes and bonds	83,000	100,000	73,793	100,223
Non-current:				
Term notes and bonds	–	123,500	–	122,434

* 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 companies are 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 these investments in the foreseeable future.

36. 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 2018 and 31 December 2017.

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 45% (31 December 2017: 36% , 1 January 2017: 42%), 56% (31 December 2017: 74%, 1 January 2017: 67%) and 68% (31 December 2017: 70%, 1 January 2017: 64%) 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	2018 $'000	2017 $'000
Interest-bearing loans and borrowings	25	566,001	845,058
Term notes and bonds	26	587,872	639,500
Trade and other payables	24	77,008	69,352
Less: Cash and bank balances	23	(59,020)	(54,888)
Net debt		1,171,861	1,499,022
Equity attributable to owners of the Company		305,900	319,209
Capital and net debt		1,477,761	1,818,231
Gearing ratio		79%	82%

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 29 March 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

NO. OF ISSUE SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)	:	1,936,491,176
NUMBER/PERCENTAGE OF TREASURY SHARES	:	9,405,143 (0.49%)
NUMBER OF SUBSIDIARY HOLDINGS HELD	:	NIL
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)	:	ONE VOTE PER SHARE

SIZE OF SHAREHOLDINGS	**NO. OF SHAREHOLDERS**	**%**	**NO. OF SHARES**	**%**
1 – 99	112	6.32	4,631	0.00
100 – 1,000	109	6.15	62,202	0.00
1,001 – 10,000	371	20.94	1,693,821	0.09
10,001 – 1,000,000	1,146	64.67	76,950,857	3.97
1,000,001 & ABOVE	34	1.92	1,857,779,665	95.94
TOTAL	1,772	100.00	1,936,491,176	100.00

	Top Twenty Shareholders as at 15 March 2019	**NO. OF SHARES**	**%**
1	MLHS HOLDINGS PTE LTD	1,137,825,087	58.76
2	CITIBANK NOMINEES SINGAPORE PTE LTD	215,346,234	11.12
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	118,395,520	6.11
4	SING INVEST AND FINANCE NOMINEES PTE LTD	61,187,983	3.16
5	PHILLIP SECURITIES PTE LTD	57,773,776	2.98
6	HSBC (SINGAPORE) NOMINEES PTE LTD	52,093,021	2.69
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	32,825,349	1.70
8	HONG LEONG FINANCE NOMINEES PTE LTD	31,642,020	1.63
9	KO LEE MENG	22,642,785	1.17
10	NG SHENG TIONG	19,174,484	0.99
11	TAN SU KIOK	13,000,000	0.67
12	DBS NOMINEES PTE LTD	12,309,354	0.64
13	TAN BOY TEE	11,845,526	0.61
14	LIM SENG KUAN	10,342,199	0.54
15	RAFFLES NOMINEES (PTE) LIMITED	8,603,744	0.44
16	KOH WEE SENG	7,936,797	0.41
17	UOB KAY HIAN PTE LTD	7,015,216	0.36
18	TAN SU KIOK OR SIA LI WEI JOLIE (SHE LIWEI JOLIE)	4,433,497	0.23
19	CHEOK ENG SOON (SHI YONGSHUN)	3,901,030	0.20
20	HO HON YEW	3,700,000	0.19
		1,831,993,622	94.60

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

10.09% 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)	373,463,357	1,142,907,178
3	Koh Lee Hwee(2)	30,890,888	1,156,999,571
4	Ko Lee Meng(3)	33,639,865	1,138,979,974

Notes:

1 Mr Koh Wee Seng's direct interest derived from 7,936,797 shares held in his own name and 365,526,560 shares held directly through 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 2,000 shares held in her own name and 30,888,888 shares held directly through nominee accounts. The deemed interest derived from 1,137,825,087 shares held by MLHS Holdings Pte Ltd and 19,174,484 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 directly through 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.

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the information as set out in Appendix 7.4.1 relating to Ms Ng Bie Tjin @ Djuniarti Intan, being the Director who is retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Directors	**Ms Ng Bie Tjin @ Djuniarti Intan**
Date of first appointment as a Director	20 January 2014
Date of last re-appointment/re-election as a Director	27 April 2016
Age	52
Country of principal residence	Singapore
The Board's comments on the re-election	The re-election of Ms Ng as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title	– Remuneration Committee (Chairman) – Audit Committee (member) – Nominating Committee (member)
Professional qualifications	Masters in Business Administration, University of Southern California
Shareholding interest in the Company and its subsidiaries	– Maxi-Cash Financial Services Corporation Limited (332,710 shares) – World Class Global Limited (1,000,000 shares)
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Other principal commitments (including directorships) – Present	– Sunmoon Food Company Limited (Director) – Uniseraya Holdings Pte Ltd (Director)
Other principal commitments (including directorships) – Past, for the last 5 years	– Datapulse Technology Limited (Director)
Working experience and occupation(s) during the past 10 years	– January 1994 to November 2014: Datapulse Technology Limited – Finance Director and a member of the Nominating Committee – August 2017 to present: SunMoon Food Company Limited – Independent Director and Chairperson of the Audit and Risk Committee – January 2015 to present: Uniseraya Holdings Pte Ltd – Director
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1

Name of Directors	**Ms Ng Bie Tjin @ Djuniarti Intan**
Disclosure on the following matters concerning the Director:	
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c. Whether there is any unsatisfied judgment against him?	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1

Name of Directors	**Ms Ng Bie Tjin @ Djuniarti Intan**
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please provide details of any training undertaken in the roles and responsibilities of a director of a listed company.	Yes Present Directorship in listed companies – SunMoon Food Company Limited Past Directorship in listed companies – Datapulse Technology Limited

NOTICE OF ANNUAL GENERAL MEETING

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 Friday, 26 April 2019 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 2018 together with the Independent 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 2018 (2017: 0.25 Singapore cent per ordinary share (tax-exempt one-tier)).
(Resolution 2)

3. To re-elect Ms Ng Bie Tjin @ Djuniarti Intan, the Director of the Company, retiring pursuant to Regulation 104 of the Company's Constitution.
(Resolution 3)

*Ms Ng Bie Tjin @ Djuniarti Intan will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director, the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees respectively, and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

Detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST is on page 167 to page 169 of the annual report.

4. To approve the payment of Directors' fees of S$226,000 for the financial year ended 31 December 2018 (2017: S$226,000).
(Resolution 4)

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 5)

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**

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

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) 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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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), all applicable legal requirements under the Companies Act, Cap. 50, and otherwise the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue to be 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)]

(Resolution 6)

8. **Renewal of Share Purchase Mandate**

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 and subsidiary holdings) 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)]

(Resolution 7)

9. **Authority to issue shares under the Aspial Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are authorised to grant awards in accordance with the provisions of the Aspial Performance Share Plan (the "**Plan**") and to allot and issue from time to time such number of fully-paid up shares as may be required to be allotted and issued pursuant to the vesting of the awards under the Plan, provided that the aggregate number of shares to be allotted and issued pursuant to the Plan on any date, when added to the number of new shares issued and issuable in respect of (a) all awards granted thereunder; and (b) all options or awards granted under any other share schemes of the Company then in force, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time 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)]

(Resolution 8)

10. **Authority to issue shares under the Aspial Corporation Limited Scrip Dividend Scheme**

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 (iv)]

(Resolution 9)

By Order of the Board

Lim Swee Ann
Secretary

Singapore, 10 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 6, 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 and subsidiary holdings) 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 and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(ii) 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, 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 and subsidiary holdings) 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 Company and its subsidiaries for the financial year ended 31 December 2018 are set out in greater detail in Appendix 1.

(iii) 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the Plan in accordance with the provisions of the Plan and to issue from time to time such number of fully-paid up shares as may be required to be allotted and issued pursuant to the vesting of the awards under the Plan subject to the maximum number of shares prescribed under the terms and conditions of the Plan. The aggregate number of shares which may be issued pursuant to the Plan is limited to fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

(iv) 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.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "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 seventy-two (72) hours before the time appointed for holding the Annual General Meeting.

4. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**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.

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ASPIAL CORPORATION LIMITED
(Company Registration No.: 197001030G)
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote (please see Note 4 for the definition of "relevant intermediary").
2. For investor who holds shares under Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investor should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

*I/We, ______________________ (Name) ______________________ (NRIC/Passport No.)

of ____ (Address)

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 Friday, 26 April 2019 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.

All resolutions put to the vote at the Meeting shall be decided by way of poll.

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 2018 together with the Independent Auditors' Report thereon		
2	Payment of proposed final dividend (tax-exempt one-tier)		
3	Re-election of Ms Ng Bie Tjin @ Djuniarti Intan as a Director		
4	Approval of Directors' fees amounting to S$226,000		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors		
6	Authority to issue shares		
7	Renewal of Share Purchase Mandate		
8	Authority to issue shares under the Aspial Performance Share Plan		
9	Authority to issue shares under the Aspial Corporation Limited Scrip Dividend Scheme		

** *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 April, 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* *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, if the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy is not indicated, the first proxy will be representing 100% and the second proxy will be deemed as alternate.

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 seventy-two (72) 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 2019.

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.

ASPIAL

ASPIAL CORPORATION LIMITED

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