GEARING UP FOR THE

FUTURE

FAR EAST ORCHARD LIMITED

A MEMBER OF FAR EAST ORGANIZATION

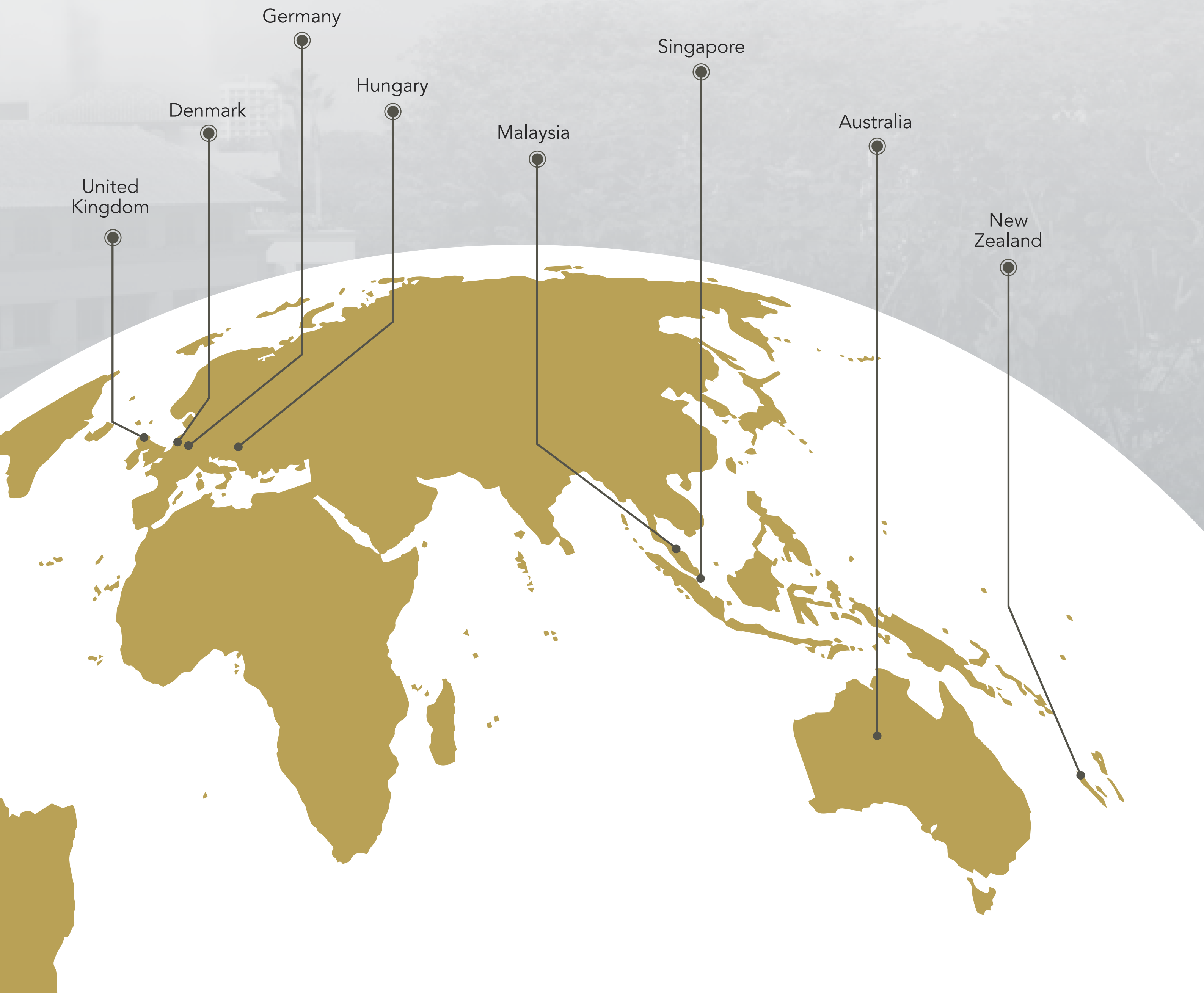
50th ANNIVERSARY

ANNUAL REPORT 2017

CONTENTS

GEARING UP FOR THE FUTURE

Committed to delivering long-term growth, Far East Orchard continually refines its strategy, enabling it to better respond to future opportunities and challenges, upholding its strong track record of 50 years



CORPORATE PROFILE

Far East Orchard Limited ("Far East Orchard") is a property developer and a vertically integrated hospitality owner and operator. Far East Orchard has been listed on the Mainboard of the Singapore Exchange since 1968. It is a member of Far East Organization, Singapore's largest private property developer.

Established since 1967, Far East Orchard has delivered a number of successful residential, commercial, hospitality and purpose-built student accommodation developments in Australia, Malaysia, Singapore and the United Kingdom ("UK"). It is currently developing Woods Square, an integrated office development at Woodlands Regional Centre, Singapore's Northern Gateway and upcoming business hub, with Far East Organization and Sekisui House, Ltd. Far East Orchard's recently completed developments in Singapore include RiverTrees Residences, a residential project located along the Punggol Reservoir and SBF Center, a premier commercial development with office and medical spaces situated within the Central Business District. In 2016, it completed the redevelopment of its commercial building in Malaysia into a hotel – Oasia Suites Kuala Lumpur. Far East Orchard's track record includes euHabitat, Floridian, The Nexus, The Manor Houses and Kew Residencia.

Since 2014, Far East Orchard has expanded into property development in Australia and the UK. In 2017, it completed its first development project in Australia – Harbourfront Balmain, a mixed-use residential and retail/commercial development along Sydney's iconic harbourfront, developed in partnership with Australia's Toga Group. In the UK, Far East Orchard is currently redeveloping the former Westminster Fire Station located in the prime central borough of the City of Westminster, London, into a mixed-use development comprising residential apartments and a restaurant. Far East Orchard also has a portfolio of purpose-built student accommodation properties in Brighton and Newcastle upon Tyne. It has recently completed the development of two student accommodation buildings – Bryson Court and Marshall Court, in Newcastle upon Tyne.

Former Westminster Fire Station, United Kingdom (under development)

Oasia Hotel Downtown, Singapore

Redefining itself through a strategic transformation of the business in 2012, Far East Orchard expanded into the complementary businesses of hospitality management and healthcare real estate.

Through its hospitality partnerships with The Straits Trading Company and Toga Group in 2013, Far East Orchard's hospitality arm – Far East Hospitality – has grown beyond Singapore and Malaysia, into Australia, Denmark, Germany, Hungary and New Zealand. It now owns more than 10 hospitality assets and manages over 90 properties with more than 14,000 rooms internationally. Far East Hospitality's stable of 10 unique and complementary hospitality brands are Oasia, Quincy, Rendezvous, Village, Far East Collection, Adina Apartment Hotels, Medina Serviced Apartments, Travelodge Hotels, Vibe Hotels and TFE Hotels Collection.

Far East Orchard also holds a portfolio of medical suites for lease and for sale in Singapore's premier medical hub in Novena. These purpose-built medical suites at Novena Medical Center and Novena Specialist Center are conceptualised to set the benchmark for a new generation of healthcare buildings with premium quality finishes, advanced technology and modern infrastructure for medical specialists.

Adina Apartment Hotel Melbourne Pentridge, Australia (pipeline contract)

CORPORATE MILESTONES

1967

Incorporated as Ming Court Limited on 28 December

1968

Listed on the Mainboard of the Singapore Exchange

1970

Opening of Ming Court Hotel (renamed as Orchard Parade Hotel in 1991)

Ming Court Hotel, Singapore

1987

Acquired by Far East Organization on 20 June

EXCEEDING **PAST** ASPIRATIONS, INSPIRING GREATER **FUTURE**

2016

Expanded into the UK residential market with the acquisition of the former Westminster Fire Station located in the prime central borough of the City of Westminster, London, UK, for redevelopment into a mixed-use development comprising residential apartments and a restaurant

Former Westminster Fire Station, United Kingdom

2015

Diversified into student accommodation in the United Kingdom ("UK") via the acquisition of a portfolio of purpose-built student accommodation properties consisting of buildings and land sites for development in Newcastle upon Tyne and a land site for development in Brighton

Rosedale Court, United Kingdom

2014

First entry into Europe with an acquisition of four hotel properties in Germany and Denmark with Toga Group

Adina Apartment Hotel Berlin Checkpoint Charlie, Germany

First foray into the Australian residential market with property development project – Harbourfront Balmain, located in Sydney, jointly developed with Toga Group

Harbourfront Balmain, Australia

2013

Expanded hospitality footprint into Australia, China, Denmark, Germany, Hungary and New Zealand via two milestone joint venture partnerships with The Straits Trading Company Limited and Toga Group

1988

First property investment via the acquisition of several office units situated in Singapore:

(i) Tong Building, Orchard Road

(ii) Tanglin Shopping Centre, Tanglin Road

(iii) International Plaza, Anson Road

1989

First overseas acquisition in Kuala Lumpur, Malaysia, consisting of six shop lots at Sungei Wang Plaza and a 24 storey commercial building, Plaza Atrium. The Group completed the redevelopment of Plaza Atrium into Oasia Suites Kuala Lumpur in 2016

Plaza Atrium, Malaysia

1990

Diversified into property development with the successful tender of a parcel of 99-year leasehold land at West Coast Road from the Housing Development Board. The project was completed in 1994

Change in name from Ming Court Hotel Limited to Orchard Parade Holdings Limited on 31 December

1991

Renamed from Ming Court Hotel to Orchard Parade Hotel on 1 January

1994

Completion of the Group's inaugural residential development project, West Bay Condominium

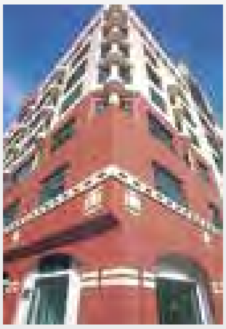
West Bay Condominium, Singapore

Diversified into the food & beverage business via an acquisition of 8.9% of Yeo Hiap Seng Limited ("Yeo Hiap Seng")

1995

Successful takeover of Yeo Hiap Seng with a 51.0% stake

Completion of Tannery House, the Group's first industrial property development



Tannery House, Singapore

1997

Completion of the Group's residential development – Kew Green, the first townhouse development with a condominium status in Singapore, allowing foreigners to purchase the property

Kew Green, Singapore

2012

Renamed as Far East Orchard Limited from Orchard Parade Holdings Limited on 27 July

Underwent a strategic restructuring exercise and commenced new businesses in hospitality management and healthcare real estate

Novena Medical Center and Novena Specialist Center, Singapore

Divested 35.0% of its stake in Yeo Hiap Seng to Far East Organization and distributed the remaining 14.5% stake in Yeo Hiap Seng as a Dividend in Specie to shareholders

Injection of three hospitality assets – Orchard Parade Hotel, Albert Court Village Hotel (now known as Village Hotel Albert Court) and Central Square Village Residences (now known as Village Residence Clarke Quay) into Far East Hospitality Trust

50 YEARS OF TRANSFORMATION

DEAR SHAREHOLDERS,

2017 marked a significant moment in Far East Orchard's history as we celebrated our 50th anniversary. Over the past five decades, we have transformed from an owner of a single hotel to an established property developer with a diversified real estate portfolio and a hospitality owner and operator with a sizeable overseas footprint.

LAYING FOUNDATIONS FOR GROWTH

While the global economy grew a stronger than expected 3.7% in 2017, signs of an economic recovery emerged only later in the year. Navigating a hazy outlook and mixed market signals for most of the year, we remained focused on bolstering recurring income streams and enhancing our core competencies.

The Group registered sales of S$151.2 million and profit attributable to equity shareholders of S$21.6 million for the financial year ended 31 December 2017 ("FY2017").

Our hospitality business, a key contributor of our recurring income, had a creditable year of growth. We expanded our portfolio of hotels under management with the commencement of operations of four new hotels in Australia and Germany. In addition, we further strengthened our hospitality management business, securing nine new hospitality management agreements and leases in Austria, Australia, Germany and Singapore in the past year.

The extension into the student accommodation asset class in the United Kingdom ("UK") has enabled us to strengthen our recurring income base. Last year, we completed the development of two purpose-built student accommodation ("PBSA") buildings – Bryson Court and Marshall Court, in Newcastle upon Tyne. The ongoing development of Newton Court in Newcastle upon Tyne and our Brighton student accommodation property are progressing well. We look forward to boosting our recurring income with our growing PBSA portfolio.

On the property development front, we continued to build our track record with the completion of two projects, including our mixed-use residential and retail/commercial development – Harbourfront Balmain, in Sydney, Australia. In our home market of Singapore, RiverTrees Residences received its Temporary Occupation Permit in May 2017. Looking beyond our shores, we commenced construction for our first residential project in the UK – the former Westminster Fire Station

Harbourfront Balmain, Australia

Adina Apartment Hotel Frankfurt, Germany

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"WE WILL CONTINUE TO ENHANCE OUR QUALITY OF EARNINGS AND SMOOTH OUT THE LUMPINESS FROM THE DEVELOPMENT BUSINESS, AND LOOK FORWARD TO DELIVER GREATER RETURNS TO OUR SHAREHOLDERS OVER THE LONG TERM."

building. The development in central London will comprise 17 residential apartments and a restaurant.

DIVIDENDS

The Board is pleased to propose a first and final one-tier tax exempt dividend of six cents per ordinary share for FY2017.

FOCUSED ON THE FUTURE

In 2018, the global economy is expected to grow 3.9%, with Singapore's economic growth forecast between 1.5 - 3.5%. While the outlook is improving, recovery could be fragile as downside risks including geopolitical tensions, increased protectionism and a faster-than-expected rise in interest rates and oil prices remain.

With a firm foundation established over the past 50 years and a robust balance sheet, we remain positive about our prospects. We will exercise prudence in our pursuit of opportunities and adjust our strategy accordingly to deliver shareholder value amidst the changing macroeconomic conditions and market trends.

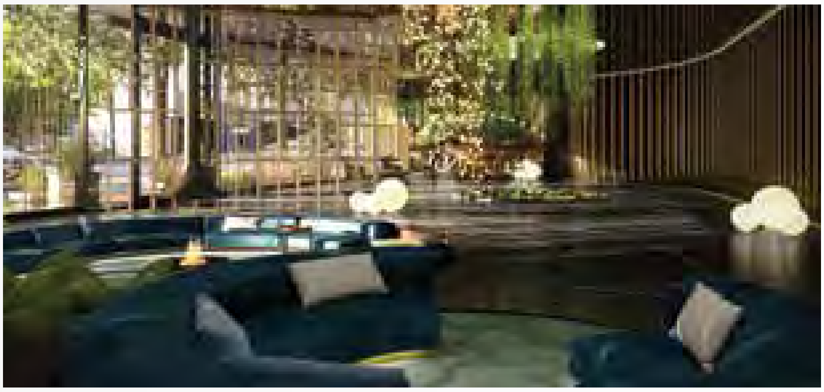
As we embark on our next phase of growth, we will leverage on our strong foundation in property development and competencies in hospitality management. We will continue to enhance our quality of earnings and smooth out the lumpiness from the development business, and look forward to deliver greater returns to our shareholders over the long term.

A NOTE OF APPRECIATION

Turning 50 is a major milestone for us and Far East Orchard would not be where it is today without the support of our stakeholders. I would like to thank the Board – past and present – for their guidance and invaluable counsel. Heng Chiang Meng, who has served with distinction on our Board for close to 20 years, will be retiring as Director at the upcoming Annual General Meeting. The Group has benefited immensely from his insights and contributions and we wish him well in his endeavours. On a related note, we were delighted to welcome Ramlee Bin Buang, who was appointed in April 2017, to the Board. He brings more than three decades of experience in corporate and international business and finance.

To the management team and employees, thank you for your dedication and contributions. To our shareholders, thank you for your unwavering support over the past five decades.

KOH BOON HWEE
Chairman
19 March 2018



Adina Apartment Hotel Melbourne West End, Australia (pipeline contract)

EXTEN

Advancing growth via the expansion of our hospitality portfolio and geographical presence

Adina Apartment Hotel Hamburg Speicherstadt, Germany

The Calile Hotel Brisbane, Australia[1]

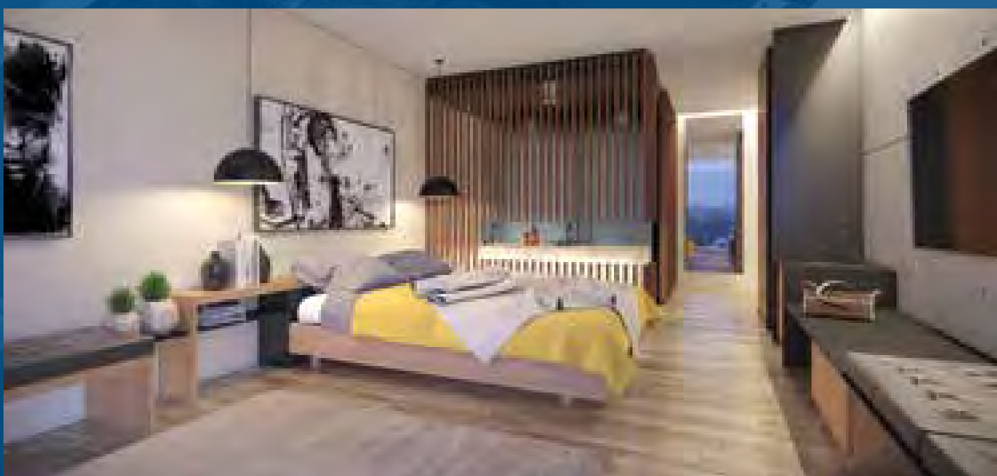
OUR HOSPITALITY PRESENCE

7
COUNTRIES

92
PROPERTIES

MORE THAN
14,000 ROOMS

DING
COMPETENCIES TO NEW MARKETS



Vibe Hotel Adelaide, Australia[1]

NOTES:

1 Pipeline contract

FOCUSED

DEAR SHAREHOLDERS,

The geopolitical scene and business environment in 2017 were fraught with uncertainty. To build a resilient and enduring business, we took steps to augment our recurring income streams and strengthen our foundations. We continued to improve the quality of our earnings and smooth out the lumpiness that is inherent as a property developer. This is part of our long-term strategy to create greater value and deliver sustainable returns to our shareholders.

FINANCIAL PERFORMANCE

We recorded sales of S$151.2 million for the financial year ended 31 December 2017 ("FY2017") against a backdrop of muted economic conditions and weak business sentiments, which started to improve only in the second half of the year. This decrease from S$184.9 million in FY2016 was mainly due to the end of certain onerous hospitality lease agreements in Australia and New Zealand in late 2016 and weaker performance from our hospitality assets in Perth, Australia. The decline in FY2017 was partially offset by higher revenue contribution from our hotel in Malaysia – Oasia Suites Kuala Lumpur, which continues to ramp up its operations following its opening in April 2016.

Our profit attributable to equity holders in FY2017 was S$21.6 million, compared to S$65.0 million in FY2016. The decline in FY2017 was mainly due to the absence of the share of profit from our commercial development, SBF Center and share of gain on the sale of Vibe Hotel Sydney in Australia recognised in FY2016. The challenging operating environment in Perth, Australia also contributed to the lower profit of our hospitality division. This was partially offset by the recognition of share of profit from our completed property development project in Australia, Harbourfront Balmain.

The Group's balance sheet remained in a strong position with cash and cash equivalents of S$219.6 million and a low gearing ratio of 0.17. As at 31 December 2017, total liabilities decreased to S$807.4 million while

Harbourfront Balmain, Australia

The Outpost at Sentosa, Singapore (pipeline contract)

"TO BUILD A RESILIENT AND ENDURING BUSINESS, WE TOOK STEPS TO AUGMENT OUR RECURRING INCOME STREAMS AND STRENGTHEN OUR FOUNDATIONS."

net assets increased by S$19.2 million to S$1.3 billion from a year ago. Net asset value per share for FY2017 was S$2.93, compared to S$2.91 in FY2016.

To complement our financial strategy of optimising capital efficiency via the recycling of capital and re-deployment towards higher yielding opportunities, we embarked on initiatives to grow our businesses across geographies and segments in 2017. These include the building of a younger talent pool and stronger backend infrastructure for increased productivity and scalability. These new initiatives will take time before we see a meaningful contribution to our business performance.

BUILDING SUSTAINABLE RECURRING INCOME STREAMS

Our hospitality business continues to be the core contributor to our recurring income base. The Group currently manages over 90 properties with more than 14,000 rooms across seven countries.

In FY2017, our hospitality division contributed total operating profit of S$19.4 million as compared to S$38.1 million in FY2016. The decline was largely due to a one-off gain from the sale of Vibe Hotel Sydney in FY2016 and weaker performance in Perth, Australia.

Within the markets we operate in, we have observed intensified competition for management contracts for hospitality assets. Notwithstanding the challenges, we secured nine new management contracts across Austria, Australia, Germany and Singapore in the past year, bringing our total pipeline supply to more than 3,400 rooms across 19 properties by 2020.

Singapore

International visitors grew 6.2% year-on-year to 17.4 million but Revenue per Available Room ("RevPAR") declined as average room rates decreased. Although our portfolio of Singapore properties maintained a strong occupancy last year, RevPAR was impacted by an increase in hotel room supply, particularly in the mid-tier category.

We expect a subdued outlook in the near-term as the market absorbs additional rooms that came on stream in the second half of 2017. However, the outlook is expected to improve, as new room supply tapers and demand is supported by an expected growth in visitor arrivals, a recovery in corporate travel and a strong Meetings, Incentives, Conventions, and Events calendar.

Positioning ourselves to ride on the positive industry trends, our hospitality management arm – Far East Hospitality, secured a contract to manage three new hotels in the island resort of Sentosa, which will add 839 rooms to our portfolio by 2019. Furthermore, to enhance our offerings and streamline operations, Far East Hospitality entered into a four-year partnership with the Singapore Tourism Board to explore the use of smart technology and artificial intelligence in hotel operations, among other initiatives.

Australia

Australia attracted a record 8.8 million international visitors in 2017. Our portfolio of 56 properties across 13 cities in Australia had a mixed performance, in line with the market dynamics of each city. In the past year, we opened two hotels under

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"OUR HEALTHY BALANCE SHEET AND DIVERSIFIED OVERSEAS PRESENCE PUTS US IN A FAVOURABLE POSITION TO CAPITALISE ON OPPORTUNITIES THAT ARE ALIGNED WITH OUR STRATEGIC FOCUS."

management – the Gambaro Hotel Brisbane and Travelodge Hotel Sydney Airport and secured five new management contracts.

We maintain a positive outlook on the Australian hospitality sector with expected growth in international and domestic visitor nights into 2020.[1] Our pipeline of more than 1,700 rooms will be added to our portfolio by 2020, which puts us in good stead to benefit from the growing Australian tourism industry.

However, the pace of growth will vary amongst the different cities that the Group operates in. The Sydney hotel accommodation market is projected to continue to be the top performer. In Melbourne, room rate growth is forecast to be subdued until 2020 due to an expected influx of new supply. Performance of hotels in Perth and Brisbane are anticipated to remain weak given the expected increase in room supply. As part of our ongoing efforts to maximise profits, we have put in place cost controls across our portfolio.

Europe

Europe remained the top travel destination in 2017, supporting the performance of our hotels in the region. During the past year, we opened two new properties under our management in Germany. Adina Apartment Hotel Leipzig which opened in November, is our 10th hotel in Germany and marks the successful doubling of our portfolio in the country before our target of 2019. Working to replicate this performance within the next five years, we opened Adina Apartment Hotel Hamburg Speicherstadt in December. We also secured our first contract in Austria and two more in Germany, delivering on our plans to grow our existing portfolio of 11 properties across Denmark, Germany and Hungary.

For 2018, European tourism demand is expected to remain buoyant. The growing demand for serviced apartments in Germany also bodes well for our existing and pipeline properties under the Adina Apartment Hotel brand.[2] As one of the largest serviced apartment operators in Germany, we will continue to build on our competencies and strengthen our foothold.

In preparation for long-term growth and our pipeline expansion in Australia, New Zealand and Germany, our hospitality division strengthened its technological infrastructure during the year. The newly implemented systems and tools are aimed at improving productivity, increasing scalability, and streamlining processes to boost growth in these core overseas markets.

Student Accommodation

Student accommodation is a resilient asset class with counter-cyclical fundamentals, which fits well with our strategy of enhancing recurring income streams. In 2017, we continued to grow our portfolio of purpose-built student accommodation ("PBSA") properties in the United Kingdom ("UK") as the sector experienced strong occupier demand and investor interest.

Adina Apartment Hotel Leipzig, Germany

NOTES:

1 Pg 6, Tourism and Hotel Market Outlook, Deloitte Access Economics, 26 Aug 2017
2 Serviced Apartment Market Germany, Horwath HTL, 27 Oct 2017

Bryson Court, United Kingdom

We currently have a total of 1,174 beds in our Portland Green Student Village ("PGSV"), the largest single site PBSA in Newcastle upon Tyne, contributing to our recurring income. The completion of the development of two student accommodation properties – Marshall Court and Bryson Court at PGSV, in August 2017, has added 562 beds to our operating portfolio.

Newton Court, our fifth building in PGSV, is undergoing development and will add a further 295 beds to our portfolio when completed in FY2018. Further down south in Brighton, our student accommodation development is progressing as planned and is expected to add another 193 beds to our operating portfolio by the third quarter of 2019.

Student accommodation remains an attractive investment as demand for UK higher education – and therefore PBSA – is expected to remain strong post-Brexit. While the national student to bed ratio remains healthy, cities with a large volume of existing supply and development pipelines, such as Newcastle upon Tyne, may experience slower growth.[3]

Healthcare

We continued to derive stable recurring income from our portfolio of medical suites at Novena Specialist Center and Novena Medical Center that we hold for rent and sale. Singapore continues to maintain its reputation for cutting-edge technology and top medical expertise in the face of strong price competition from its neighbours.[4] The rise in demand for quality private healthcare is likely to benefit our investments in medical suites.

STRENGTHENING OUR PROPERTY BUSINESS

Our property division registered operating profit of S$13.8 million, compared to S$57.1 million in FY2016. This was mainly due to the absence of our non-recurring share of profit recognised in the preceding year from the sale of units of joint venture projects, namely SBF Center and RiverTrees Residences. The decrease was partially offset by the recognition of our share of profit from Harbourfront Balmain, on units which were sold and settled in FY2017.

RiverTrees Residences

On the residential front, RiverTrees Residences, jointly developed with Frasers Property Limited and Sekisui House, Ltd, obtained its Temporary Occupation Permit in May 2017 and was fully sold. Our share of profit from the development was recognised between FY2015 and FY2017 by reference to the stage of completion of the project and was fully recognised in FY2017.

Woods Square

The Group's integrated office development, Woods Square, jointly developed with Far East Organization and Sekisui House, Ltd, is progressing well. In 2017, we launched the second phase comprising 56 strata office units. As at 31 December 2017, 52% of the total 180 units released were sold.

Looking ahead, we expect both the Singapore residential and office sectors to be positive. This is supported by the recent increase in transaction volumes and higher home prices as well as a recovery in the office market. We will continue to monitor the market to determine if the improvement thus far is sustainable, adopting a cautious approach and remaining disciplined as we seek appropriate development opportunities in Singapore.

NOTES:

3 Pgs 4,16 and 17, UK Student Accommodation Report 2017/18, Cushman and Wakefield, 7 Dec 2017

4 Singapore Healthcare Sector, CIMB, 7 Jan 2018

Former Westminster Fire Station, United Kingdom (under development)

Harbourfront Balmain
Beyond Singapore, development of Harbourfront Balmain, a mixed-use residential and retail/commercial development in Sydney, Australia, was completed and received practical completion in December 2017. The development has been well received with 98% of the residential units and all commercial units sold as at 31 December 2017. Our share of profit will be recognised when ownership of the units are transferred to the buyers and payments are received. 75% of the units sold have been fully settled in FY2017.

Going forward, the Sydney and Melbourne housing markets are expected to moderate in the near term given the increased supply in the coming quarters, increased government constraints on foreign buyers introduced in 2017 and softer investor demand. Nonetheless, population growth will continue to be the primary demand driver for housing in Australia's major cities in the medium term.

Former Westminster Fire Station
Remaining optimistic about the long-term fundamentals of the UK residential market, we commenced development works of our first residential project in the UK in July last year. The project comprises the refurbishment of the Grade II listed former Westminster Fire Station building and development of a new residential building. Located in the City of Westminster, central London, it will feature 17 residential apartments and a restaurant upon completion in 2019.

The UK residential market softened in 2017, with London leading the trend, on the back of political uncertainty and tax changes. In the near-term, weakness in the property market is expected to persist as Brexit continues to weigh on the UK economy in 2018. It is expected that London house prices will remain flat in the near-term but recover to growth in 2020.[5]

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"IN THE SPIRIT OF CELEBRATING OUR 50TH ANNIVERSARY, WE REMAIN COMMITTED TO BUILD ON OUR SOUND FOUNDATION AND FURTHER STRENGTHEN OUR RECURRING INCOME BASE TO DELIVER CONSISTENT GROWTH IN THE LONG TERM."

LOOKING AHEAD
In the spirit of celebrating our 50th anniversary, we remain committed to build on our sound foundation and further strengthen our recurring income base to deliver consistent growth in the long term. Our healthy

NOTES:
5 Prime London Residential Markets, Savills, 18 Jan 2018

balance sheet and diversified overseas presence puts us in a favourable position to capitalise on opportunities that are aligned with our strategic focus. However, in an increasingly uncertain and competitive operating environment, we continue to tread with caution and some of the opportunities may take time to realise.

In closing, I would like to extend my appreciation to Kelvin Ling, our former Chief Financial Officer ("CFO"). His contributions in the past four years have been instrumental in the growth of our business and we wish him well in all his endeavours. I am pleased to welcome Joanna Gok, our newly appointed CFO, who brings along strong financial experience and understanding of the real estate industry.

I would also like to thank our Board for their guidance and our employees for their hard work that has propelled us to where we are today. Finally, I would like to express my heartfelt appreciation to our shareholders for their unstinting support.

LUI CHONG CHEE
Group Chief Executive Officer
and Managing Director
19 March 2018

Travelodge Hotel Sydney Airport, Australia

Oasia Suites Kuala Lumpur, Malaysia

ENHAN

Leveraging on our strength and reputation as a trusted property developer to grow regionally

Woods Square, Singapore[1]

Harbourfront Balmain, Australia

NCING

OUR CORE CAPABILITIES

Portland Green Student Village, United Kingdom

NOTES:

1 Under development

HOSPITALITY

LEASED PROPERTIES (2)

SINGAPORE

100%

- Orchard Parade Hotel
- Village Hotel Albert Court
- Village Residence Clarke Quay

AUSTRALIA AND NEW ZEALAND

70%

- Rendezvous Hotel Sydney The Rocks
- Rendezvous Hotel Christchurch

BUILDING A STRONG AND DIVERSIFIED PORTFOLIO

Former Westminster Fire Station, United Kingdom[3]

OWNED PROPERTIES [2]

AUSTRALIA
70%

- Rendezvous Hotel Perth Scarborough
- Rendezvous Hotel Perth Central
- Rendezvous Hotel Melbourne
- Restaurant and manager unit at Adina Apartment Hotel Brisbane Anzac Square
- Retail podium at Rendezvous Hotel Perth Scarborough

32%

- Adina Apartment Hotel Sydney Darling Harbour
- Adina Apartment Hotel Adelaide Treasury
- Travelodge Resort Darwin

Under Development

- 280 George Street Sydney
- 171 George Street Brisbane

GERMANY
35%

- Adina Apartment Hotel Berlin Checkpoint Charlie
- Adina Apartment Hotel Berlin Mitte
- Adina Apartment Hotel Frankfurt Neue Oper

DENMARK
35%

- Adina Apartment Hotel Copenhagen

MALAYSIA
100%

- Oasia Suites Kuala Lumpur

MANAGEMENT AND OTHER

SINGAPORE AND MALAYSIA
70%

- Far East Hospitality
  Operates the brands *Oasia, Quincy, Rendezvous, Village and Far East Collection*

AUSTRALIA, NEW ZEALAND,GERMANY, HUNGARY AND DENMARK
32%

- TFE Hotels
  Operates the brands *Adina Apartment Hotels, Medina Serviced Apartments, Rendezvous, Travelodge Hotels, Vibe Hotels and TFE Hotels Collection*

INVESTMENTS

SINGAPORE
33%

- FEO Hospitality Asset Management Pte. Ltd.
- FEO Hospitality Trust Management Pte. Ltd.

PROPERTY

PROPERTY INVESTMENT

SINGAPORE
100%

- Offices at Tanglin Shopping Centre
- Medical suites at Novena Medical Center and Novena Specialist Center

20%

- Shops at SBF Center

UNITED KINGDOM
100%

- Portland Green Student Village - Turner Court
- Portland Green Student Village - Rosedale Court
- Portland Green Student Village - Marshall Court
- Portland Green Student Village - Bryson Court
- Portland Green Student Village - Newton Court[3]
- Land sites for student accommodation buildings

PROPERTY DEVELOPMENT

SINGAPORE
100%

- Medical suites at Novena Medical Center and Novena Specialist Center

33%

- Woods Square[3]

20%

- Medical suite and office at SBF Center
- euHabitat

AUSTRALIA
50%

- Harbourfront Balmain

UNITED KINGDOM
98%

- 4 Greycoat Place, London[3]
  (Former Westminster Fire Station)

NOTES:

1 Percentages shown here are based on the Group's effective interest
2 Managed by Far East Hospitality or TFE Hotels
3 Under development

AS AT 31 DECEMBER 2017

	Location	Effective Interest	Tenure	Site Area (sm)	No. Of Units/ Rooms/ Beds
Hospitality Properties					
Owned properties					
AUSTRALIA					
Rendezvous Hotel Perth Scarborough	Perth	70%	Freehold	11,467	336
Rendezvous Hotel Perth Central	Perth	70%	Freehold	1,973	103
Rendezvous Hotel Melbourne	Melbourne	70%	Freehold	1,999	340
Adina Apartment Hotel Sydney Darling Harbour	Sydney	32%	Leasehold	3,058	114
Adina Apartment Hotel Adelaide Treasury	Adelaide	32%	Leasehold	4,154	79
Travelodge Resort Darwin	Darwin	32%	Freehold	13,100	224
Retail podium at Rendezvous Hotel Perth Scarborough	Perth	70%	Freehold	–	13
Restaurant at Adina Apartment Hotel Brisbane Anzac Square	Brisbane	70%	Freehold	–	1
Manager unit at Adina Apartment Hotel Brisbane Anzac Square	Brisbane	70%	Freehold	–	1
DENMARK					
Adina Apartment Hotel Copenhagen	Copenhagen	35%	Freehold	3,000	128
GERMANY					
Adina Apartment Hotel Berlin Checkpoint Charlie	Berlin	35%	Freehold	2,143	127
Adina Apartment Hotel Berlin Mitte	Berlin	35%	Freehold	1,798	139
Adina Apartment Hotel Frankfurt Neue Oper	Frankfurt	35%	Freehold	1,455	134
MALAYSIA					
Oasia Suites Kuala Lumpur	Kuala Lumpur	100%	Freehold	1,880	247
Leased and managed					
SINGAPORE					
Orchard Parade Hotel	Singapore	100%	Freehold	8,143 (1)	388
Village Hotel Albert Court	Singapore	100%	Leasehold	4,273	210
Village Residence Clarke Quay	Singapore	100%	Leasehold	6,238	127
Properties under development					
AUSTRALIA					
280 George Street	Sydney	32%	Freehold	583	– (2)
171 George Street	Brisbane	32%	Freehold	1,485	– (2)

NOTES:

1 Includes 1,069sm of leasehold area

2 Under redevelopment from office building into apartment hotel

AS AT 31 DECEMBER 2017

	Location	Effective Interest	Tenure	Site Area (sm)	No. Of Units/ Rooms/ Beds
Development Properties					
Residential project under development					
UNITED KINGDOM					
4 Greycoat Place, London (Former Westminster Fire Station)	London	98%	Freehold	768	18 [3]
Commercial project under development					
SINGAPORE					
Woods Square	Singapore	33%	Leasehold	18,569	514 [4]
Completed properties					
SINGAPORE - RESIDENTIAL					
euHabitat	Singapore	20%	Leasehold	–	1
SINGAPORE - COMMERCIAL					
Medical suites at Novena Medical Center	Singapore	100%	Leasehold	–	7
Medical suites at Novena Specialist Center	Singapore	100%	Leasehold	–	30
Medical suite at SBF Center	Singapore	20%	Leasehold	–	1
Office at SBF Center	Singapore	20%	Leasehold	–	1
AUSTRALIA					
Harbourfront Balmain	Sydney	50%	Freehold	–	2
Investment Properties					
SINGAPORE					
Offices at Tanglin Shopping Centre	Singapore	100%	Freehold	–	4
Medical suites at Novena Medical Center	Singapore	100%	Leasehold	–	37
Medical suites at Novena Specialist Center	Singapore	100%	Leasehold	–	10
Shops at SBF Center	Singapore	20%	Leasehold	–	3
UNITED KINGDOM					
Portland Green Student Village - Turner Court	Newcastle upon Tyne	100%	Freehold	2,640	274
Portland Green Student Village - Rosedale Court	Newcastle upon Tyne	100%	Freehold	3,548	338
Portland Green Student Village - Marshall Court	Newcastle upon Tyne	100%	Freehold	2,155	196
Portland Green Student Village - Bryson Court	Newcastle upon Tyne	100%	Freehold	3,287	366
Portland Green Student Village - Newton Court	Newcastle upon Tyne	100%	Freehold	3,271	295 [5]
Land sites for student accommodation buildings	Newcastle upon Tyne	100%	Freehold	7,784	– [5]
Land site for student accommodation buildings	Brighton	100%	Freehold	1,616	– [5]

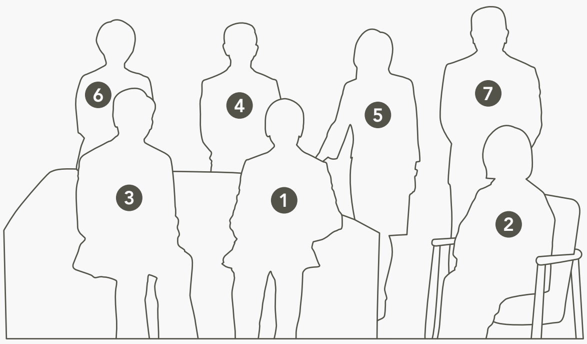
NOTES:

3 17 residential units and 1 restaurant unit

4 Integrated office development comprising offices, retail, F&B and childcare component

5 Under development

BOARD OF DIRECTORS AND MANAGEMENT



1 - MR KOH BOON HWEE
Chairman

2 - MS CHUA KHENG YENG, JENNIE
Lead Independent Director

3 - MR LUI CHONG CHEE
Group Chief Executive Officer and Managing Director

4 - MR HENG CHIANG MENG
Independent Director

5 - MDM EE CHOO LIN DIANA
Independent Director

6 - MS KOH KAH SEK
Non-Executive Director

7 - MR RAMLEE BIN BUANG
Independent Director

MR KOH BOON HWEE

Chairman
Non-Executive Director
- Member, Nominating Committee

Mr Koh Boon Hwee was appointed as a Non-Executive Director and Chairman of the Board on 1 January 2013, and was last re-elected on 20 April 2016. Mr Koh is a member of the Nominating Committee. As Mr Koh serves on various executive committees in Far East Organization, the Nominating Committee of the Company considers Mr Koh to be non-independent.

Mr Koh started his career in 1977 at Hewlett Packard and rose to become its Managing Director in Singapore, a post he held from 1985 to 1990. From 1991 to 2000, he was Executive Chairman of the Wuthelam Group. Mr Koh has been with Sunningdale Tech Ltd since 2003, where he oversaw the operations of the company as Executive Chairman and Chief Executive Officer from 2005 to 2008, and as Chairman from 2008 to-date. He is also the Chairman of Yeo Hiap Seng Limited since 2010.

Mr Koh was also the Non-Executive Chairman of the Singapore Telecom Group (SingTel) and its predecessor organisations from 1986 to 2001. From 2001 to 2005, Mr Koh served as Non-Executive Chairman of Singapore Airlines Limited, and from 2005 to 2010 as Non-Executive Chairman of DBS Group Holdings Ltd and DBS Bank Ltd.

From 1996 to 2010, Mr Koh served on the board of Temasek Holdings Pte Ltd, and was a member of the Executive Committee from 1997 to 2010.

Mr Koh graduated from Imperial College with a Bachelor of Science (Mechanical Engineering), First Class Honours, in 1972, and obtained a Master in Business Administration with Distinction from Harvard Business School in 1976.

Present directorships in other listed companies:

SINGAPORE
- Sunningdale Tech Ltd (Chairman)
- Yeo Hiap Seng Limited (Chairman)

OVERSEAS
- AAC Technologies Holdings Inc (Chairman) (Cayman Islands, listed on the Hong Kong Stock Exchange)
- Agilent Technologies, Inc (Chairman) (USA, listed on the New York Stock Exchange)

Other principal commitments:

SINGAPORE
- CM Houlder (SEA) Pte Ltd (Chairman)
- Credence Partners Pte Ltd (Chairman)
- FEO Hospitality Asset Management Pte. Ltd. (Chairman)
- FEO Hospitality Trust Management Pte. Ltd. (Chairman)
- Nanyang Technological University, Board of Trustees (Chairman)
- Rippledot Capital Advisers Pte Ltd (Chairman)
- Bank Pictet & Cie (Asia) Ltd (Director)

OVERSEAS
- Credence Capital Fund II (Cayman) Ltd (Executive Director)
- First Spring Ltd (Director)

Past directorships in other listed companies (2015-2017):

Nil

MS CHUA KHENG YENG, JENNIE

Non-Executive Lead Independent Director
- Chairman, Audit & Risk Committee
- Member, Nominating Committee
- Member, Remuneration Committee

Ms Chua Kheng Yeng, Jennie was appointed as a Non-Executive Director of the Company on 1 January 2014, and was last re-appointed on 20 April 2016. Ms Chua was appointed as Lead Independent Director of the Company, Chairman of the Audit & Risk Committee and as a member of the Remuneration Committee on 25 April 2017. The Nominating Committee considers Ms Chua to be an Independent Director.

Ms Chua brings with her over 41 years of international experience in tourism and hospitality.

Ms Chua was formerly President and CEO of Raffles Holdings Ltd, Chairman of Raffles International Limited, President and CEO of The Ascott Group Limited, a Director of Ascott Residence Trust Management Limited, the Chief Corporate Officer of CapitaLand Limited, Chairman of the Singapore International Chamber of Commerce and Singapore's Non-Resident Ambassador to The Slovak Republic. She was also the Chairman of the Community Chest, Alexandra Health System Pte Ltd, Woodlands Health Pte Ltd, Yishun Community Hospital Pte Ltd, Geriatric Education & Research Institute Limited and Admiralty Medical Centre Pte Ltd.

Awards and accolades: Singapore National Day Awards including the Meritorious Service Medal, President's Volunteerism & Philanthropy Award, Outstanding Contribution to Tourism, NTUC Medal of Commendation, amongst others.

Ms Chua graduated from Cornell University's School of Hotel Administration.

Present directorships in other listed companies:

SINGAPORE
- GL Limited
- GuocoLand Limited

OVERSEAS
Nil

Other principal commitments:

SINGAPORE
- Vanguard Healthcare Pte Ltd (Chairman)
- Woodlands Health Campus Development Committee (Chairman)
- The RICE Company Limited (Chairman)
- Temasek Foundation International CLG Limited (Deputy Chairman)
- Singapore's Non-Resident Ambassador to the United Mexican States
- Pro-Chancellor of Nanyang Technological University
- Justice of the Peace

OVERSEAS
Nil

Past directorships in other listed companies (2015-2017):

- ISS A/S (listed on NASDAQ OMX Copenhagen) (retired on 15 April 2015)

MR LUI CHONG CHEE

Group Chief Executive Officer
and Managing Director

Executive Director

Mr Lui Chong Chee was appointed as an Executive Director on 1 September 2014 and was last re-elected on 22 April 2015. Mr Lui was also appointed as the Group Chief Executive Officer and Managing Director of the Company on 1 September 2014.

Mr Lui has extensive financial and business leadership experience from major listed companies. He served as Chief Financial Officer of Raffles Medical Group Ltd, where he was responsible for its financial management and business development. During his time with the CapitaLand Group, he held various senior management positions, including Group Chief Financial Officer of CapitaLand Limited; Chief Executive Officer of CapitaLand Residential Limited; and Chief Executive Officer of CapitaLand Financial Limited. He also held various posts as Director in various listed companies with the CapitaLand Group, and was the Chairman of Australand Holdings Limited, which was listed on the Australian Securities Exchange. Prior to joining the CapitaLand Group, Mr Lui was Managing Director and Senior Vice President, Capital Markets Group of Citicorp Investment Bank (Singapore) Limited.

Mr Lui received a Bachelor of Science in 1985 in Business Administration (magna cum laude) from New York University, USA, as well as a Master of Business Administration in 1986 in Finance and International Economics. In 2005, he attended the Advanced Management Program at Harvard Business School.

Present directorships in other listed companies:

Nil

Other principal commitments:

SINGAPORE

- Far East Hospitality Holdings Pte. Ltd. (Chairman)
- The Boys' Brigade Share-a-Gift (Chairman)

OVERSEAS

- Toga Hotel Holdings Pty Limited
  (Director of the Trustee Board)

Past directorships in other listed companies (2015-2017):

Nil

MR HENG CHIANG MENG

Non-Executive Independent Director

- Chairman, Nominating Committee
- Member, Audit & Risk Committee

Mr Heng Chiang Meng was appointed as a Non-Executive Director of the Company on 19 June 1998 and was last re-appointed on 20 April 2016. Mr Heng is the Chairman of the Nominating Committee, and a member of the Audit & Risk Committee. Mr Heng, who has served on the Board for more than 9 years, is considered independent by the Nominating Committee because he has continued to demonstrate strong independence in character and judgment and has contributed effectively as an Independent Director by providing impartial and autonomous views.

Mr Heng was the Lead Independent Director of the Company from 1 July 2008 until 25 April 2017, and Chairman of the Remuneration Committee from 9 March 2011 until 25 April 2017.

In his corporate career spanning over 31 years, Mr Heng held senior positions in several financial institutions including Citibank NA, the Monetary Authority of Singapore and Overseas Union Bank Limited. His other major area of experience is in real estate, having been the Managing Director of First Capital Corporation Limited, the Executive Director in the Far East Organization Group, and the Group Managing Director of Lim Kah Ngam Limited.

He also served four terms as a Member of Parliament from 1984 to 2001 during which he chaired the Government Parliamentary Committees for Communications and the Environment as well as the Ang Mo Kio-Cheng San Community Development Council and the Cheng San Town Council.

Mr Heng holds a Bachelor of Business Administration (Honours) degree from the University of Singapore.

Present directorships in other listed companies:

SINGAPORE

Nil

OVERSEAS

- Academies Australasia Group Limited (listed on the Australian Stock Exchange in Sydney, Australia)

Other principal commitments:

Nil

Past directorships in other listed companies (2015-2017):

- Keppel Land Limited
  (retired with effect from 30 April 2015)
- Macquarie International Infrastructure Fund Limited
  (resigned with effect from 26 October 2015)

MDM EE CHOO LIN DIANA

Non-Executive Independent Director
• Chairman, Remuneration Committee
• Member, Audit & Risk Committee

Mdm Ee Choo Lin Diana was appointed as a Non-Executive Director on 29 April 2011, and was last re-elected on 20 April 2017. Mdm Ee was appointed as Chairman of the Remuneration Committee on 25 April 2017. Mdm Ee is a member of the Audit & Risk Committee. The Nominating Committee considers Mdm Ee to be an Independent Director.

Mdm Ee has over 29 years of international experience in the tourism and hospitality industry. She held senior leadership positions at Raffles International Limited managing multi-hotel brands and gained broad experience in the areas of business management, sales and marketing, operations, technical services, quality assurance management, human resource management and organisational development. She was formerly President of Raffles Hotels & Resorts where she held responsibilities for the group's growth strategy and for the operating and financial performance of its hotels spanning South East Asia, China, the United States, Middle East and Europe. Mdm Ee served as a Board Member of the Singapore Tourism Board from 2010 to 2015.

Mdm Ee obtained her Bachelor of Arts degree in Economics from the National University of Singapore.

Present directorships in other listed companies:

Nil

Other principal commitments:

SINGAPORE

- Mt Faber Leisure Group Pte Ltd (Chairman)
- SHATEC Institutes Pte Ltd (Vice-Chairman)
- BND Associates Pte Ltd (Director)
- Far East Hospitality Holdings Pte. Ltd. (Director)
- Sentosa Development Corporation (Board Member)
- Singapore Standards Council (Member), Singapore Services Standards Committee (Co-Chairman)

OVERSEAS

- Toga Hotel Holdings Pty Ltd (Director and Member of the Audit & Risk Committee of the Trustee Board)

Past directorships in other listed companies (2015-2017):

Nil

MS KOH KAH SEK

Non-Executive Director
• Member, Remuneration Committee

Ms Koh Kah Sek was appointed as a Non-Executive Director on 1 November 2016 and was last re-elected on 20 April 2017. Ms Koh was appointed as a member of the Remuneration Committee on 25 April 2017. As Ms Koh is directly associated with Far East Organisation Pte Ltd, which is a substantial shareholder of the Company, she is considered by the Nominating Committee of the Company to be non-independent.

Ms Koh is the Executive Director and Chief Financial Officer of Far East Organization ("**FEO**"), where she is responsible for FEO's financial affairs, including corporate finance, treasury, overseas investments, risk management and capital management. Ms Koh is also a Director and Chairman of the Audit Committee of Netlink NBN Management Pte Ltd, trustee-manager of Netlink NBN Trust.

Prior to joining FEO, Ms Koh worked in Singapore Telecommunications Limited (SingTel) from 2005 to 2011. In SingTel, she held various senior management positions, such as the Group Financial Controller, CFO of Singapore Business and Group Treasurer. Ms Koh previously served as a board member of public listed companies including Globe Telecom Inc. and Advanced Info Service Public Company Limited. Prior to SingTel, Ms Koh began her career with Price Waterhouse and thereafter she worked at a leading global investment bank before she held a senior management role in a public listed F&B company in Singapore.

Ms Koh graduated with a Bachelor of Commerce from the University of Melbourne and is a member of the Institute of Singapore Chartered Accountant and a Fellow of CPA Australia.

Present directorships in other listed companies:

SINGAPORE

- Netlink NBN Management Pte. Ltd. (trustee-manager of Netlink NBN Trust, a business trust listed on the SGX-ST)

OVERSEAS

Nil

Other principal commitments:

SINGAPORE AND OVERSEAS

Far East Organization
(Executive Director and Chief Financial Officer)

Past directorships in other listed companies (2015-2017):

Nil

MR RAMLEE BIN BUANG

Non-Executive Independent Director
• Member, Audit & Risk Committee

Mr Ramlee Bin Buang was appointed as a Non-Executive Director on 25 April 2017. Mr Ramlee is a member of the Audit & Risk Committee. The Nominating Committee considers Mr Ramlee to be an Independent Director.

Mr Ramlee has over 35 years of experience in corporate and international business and finance, accounting, tax, corporate investor relationship, management information systems, risk management and audit, human resource development in leading multinational corporations and in various industries ranging from petroleum, power tools and housewares to household and personal care products, health supplements, beverage and food and hospitals.

Mr Ramlee holds a Professional Qualification from the Chartered Association of Certified Accountants in the United Kingdom, a Diploma in Marketing from the Chartered Institute of Marketing, UK and a Graduate Diploma in Marketing from the Marketing Institute of Singapore. He is a non-practicing member of the Institute of Singapore Chartered Accountants. He attended the Harvard Business School Advanced Management Program in 2011. He is a Certified Professional Co-Active Coach (The Coaches Training Institute) and an Associated Certified Coach with International Coaching Federation.

Mr Ramlee will retire pursuant to Regulation 103 of the Company's Constitution at the Company's 50th Annual General Meeting and he is eligible for re-election.

Present directorships in other listed companies:

Nil

Other principal commitments:

SINGAPORE

- Centre for Fathering Limited
  (Director and Chair of Finance & Establishment Committee)
- The Esplanade Co. Ltd
  (Director and Member of Remuneration Committee)
- Halogen Foundation (Singapore)
  (Director and Chair of Audit Committee)
- Ukyo Advisory (Founder/ Owner)
- Singapore Institute of Directors
  (Director, Council Member and Member of Audit Committee)
- National Healthcare Group Pte Ltd
  (Director and Member of Finance & Audit Committee)
- MOH Holdings
  (Chair of MOHH-Public Healthcare Institutions Finance Shared Services Steering Committee and Member of Investment Committee)
- Pharos Institute (Executive Coach)

OVERSEAS

Nil

Past directorships in other listed companies (2015-2017):

Nil

BOARD OF DIRECTORS AND MANAGEMENT

1 - MR LUI CHONG CHEE
Group Chief Executive Officer and Managing Director

2 - MR KIONG KIM HOCK ARTHUR
Chief Executive Officer, Far East Hospitality

3 - MR SIM SIANG LENG
Manager, Enterprise Risk & Projects

4 - MS JOANNA GOK YIN YIN
Chief Financial Officer

5 - MR TAN THIAM SOON
Head of Human Resources

6 - MS AUDREY PHUA
Head of Legal and Corporate Secretariat

7 - MS AUDREY CHUNG
Head of Global Sales & Marketing, Far East Hospitality

8 - MR CHAN CHIANG FAI
Financial Controller

MR KIONG KIM HOCK ARTHUR

Chief Executive Officer, Far East Hospitality

Mr Kiong Kim Hock Arthur was appointed Chief Executive Officer of the hospitality business of the Company on 1 September 2012.

Mr Kiong was the Managing Director of Hotel Operation (Asia Pacific & China) and Senior Vice President of Group Marketing Services at Banyan Tree Hotels & Resorts from 2008 to 2012. He was the Director of Far East Hospitality Business Group from August 2005 to 2007. Mr Kiong was Vice-President of Marketing (Asia Pacific) for the Peninsula Group based in Hong Kong from 2002 to 2005, where he was responsible for the marketing functions in Head Office and sales performance of the hotels outside the USA.

Mr Kiong has 31 years of hotel industry experience having held operations, sales and marketing roles for various hotels in Asia and the USA including The Peninsula Hotels, The Mandarin Oriental Hong Kong, The Ritz-Carlton, Hyatt International, Westin Hotels and Banyan Tree Hotels & Resorts.

MS JOANNA GOK YIN YIN

Chief Financial Officer

Ms Joanna Gok Yin Yin was appointed Chief Financial Officer of the Company on 2 January 2018. Ms Gok leads the finance team and is responsible for business ventures, strategic partnerships, and overall financial matters of the Company and its group of companies. She also supports the Group Chief Executive Officer in the Group's strategic business planning process.

Since joining the Company in 2012, Ms Gok held various managerial positions before becoming the Head of Corporate Development where she was responsible for corporate actions and business planning.

Prior to joining the Company, Ms Gok served as Chief Financial Officer of Newage Investment Holding Pte Ltd from 2011 to 2012, overseeing financial matters of the holding company in Singapore which owns hotels and office buildings in Jakarta. Ms Gok began her career at Arthur Andersen before moving on to Ernst & Young where she led statutory audit and IPO-audit engagements. Thereafter, Ms Gok joined the Transaction Services team in KPMG Singapore as Senior Manager, before leaving as Director in 2010. In KPMG, she led financial due diligence engagements for both buy-side and sell-side engagements.

Ms Gok holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University, Singapore, and is a Chartered Accountant of Singapore.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Chairman
Mr Koh Boon Hwee

Group Chief Executive Officer and Managing Director
Mr Lui Chong Chee

Independent Directors
Ms Chua Kheng Yeng, Jennie
(Lead Independent Director)
Mr Heng Chiang Meng
Mdm Ee Choo Lin Diana
Mr Ramlee Bin Buang

Non-Executive Director
Ms Koh Kah Sek

AUDIT & RISK COMMITTEE

Chairman
Ms Chua Kheng Yeng, Jennie

Members
Mr Heng Chiang Meng
Mdm Ee Choo Lin Diana
Mr Ramlee Bin Buang

NOMINATING COMMITTEE

Chairman
Mr Heng Chiang Meng

Members
Mr Koh Boon Hwee
Ms Chua Kheng Yeng, Jennie

REMUNERATION COMMITTEE

Chairman
Mdm Ee Choo Lin Diana

Members
Ms Chua Kheng Yeng, Jennie
Ms Koh Kah Sek

COMPANY SECRETARIES

Ms Phua Siyu, Audrey
Ms Madelyn Kwang Yeit Lam
(until 6 November 2017)

REGISTERED OFFICE

1 Tanglin Road #05-01
Orchard Parade Hotel
Singapore 247905
T : (65) 6833 6688
F : (65) 6738 8085
W: www.fareastorchard.com.sg

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
T : (65) 6536 5355
F : (65) 6536 1360

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

Partner-in-charge
Mr Yeow Chee Keong
(Appointed since the financial year ended 31 December 2017)

MAIN BANKERS

Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd

Note:

The composition of the Board and Board Committees reflected herein is for the period from 25 April 2017 until 9 April 2018, being the date of issuance of the 2017 Annual Report. For details of the changes in the composition of the Board and Board Committees between 1 January 2017 and 25 April 2017, please refer to our SGX announcement released on 25 April 2017.

Village Hotel at Sentosa, Singapore
(pipeline contract)

BOARD MATTERS

REMUNERATION MATTERS

ACCOUNTABILITY AND AUDIT

Far East Orchard Limited (the "**Company**") is firmly committed to maintaining a high standard of corporate governance and promoting corporate transparency, accountability and integrity to enhance shareholders' value.

This report describes the corporate governance practices and policies of the Company and its subsidiaries (the "**Group**") during the financial year ended 31 December 2017 ("**FY2017**") with reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**"), Mainboard Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Rules**") and the Companies Act (Cap. 50) of Singapore ("**Companies Act**"), where applicable. The Group remains focused on the spirit and substance of the Code, and is constantly reviewing its current practices in line with the guidelines of the Code.

The Company has complied, in all material respects, with the principles and guidelines in the Code. Where there are any deviations from the Code, appropriate explanations have been provided.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

Guideline 1.1: Principal Duties of the Board

The board of directors of the Company (the "**Board**"), as fiduciaries acting in the interests of the Company, is collectively responsible for the long-term success of the Group. In addition to its statutory duties, the principal functions of the Board are to:

a. create value for shareholders and to ensure the long-term success of the Group.
b. oversee the effectiveness of the management of the Company (the "**Management**"), provide leadership, review the Group's corporate strategies and direction, and ensure that the necessary financial and human resources are adequate to achieve the Group's goals.
c. review and approve the annual budget of the Group.
d. ensure that there is a sound system of internal controls and risk management to safeguard shareholders' interests and the Group's assets.
e. review the business performance of the Group and approve the release of the quarterly and year-end results announcements.
f. endorse the framework of remuneration for the Board and key management personnel (the "**Key Executives**"). The Key Executives are persons having authority and responsibility for planning, directing and controlling the activities of the Group and include the Group Chief Executive Officer and Managing Director ("**Group CEO**") and the heads of the strategic business units of the Group.
g. identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation.
h. set the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met.
i. oversee the sustainability issues of the Group.

The directors on the Board ("**Directors**") have the right core competencies and experience to enable the Board to contribute effectively.

Guideline 1.2: Independent Judgement

Every Director is expected to objectively discharge his/her duties and responsibilities, in the course of carrying out his/her duties, to act in good faith, provide insights and consider at all times, the interests of the Group.

To address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring (i) Directors to declare upfront at each Board meeting, any conflict of interest to any proposal or papers submitted for discussion at such Board meeting, and (ii) for such Directors to refrain from participating in meetings or discussions (or relevant segments thereof) in addition to abstaining from voting, on any matter in which they are so interested or conflicted. Each Director is also required to submit details of his/her associates annually for the purpose of monitoring interested person transactions.

Guideline 1.3: Delegation by the Board

The Board has established three board committees ("**Board Committees**") to assist in the execution of its responsibilities. They are the Audit & Risk Committee ("**ARC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**"). Each Board Committee is governed by clear terms of reference setting out its role, authority, duties and responsibilities, as well as qualifications for committee membership in line with the Code, which have been approved by the Board.

Authority has been delegated to the Management to approve transactions below certain thresholds, which are set out in a structured Delegation of Authority matrix.

Notwithstanding the above, the Board Committees and Management remain accountable to the Board.

Guideline 1.4: Board and Board Committees Meetings

The Board meets at least quarterly, or more frequently when required or appropriate, to review and evaluate the Group's performance and address key matters. The Board and Board Committees' meetings are planned one year in advance to ensure maximum attendance by the participants, and the schedule is circulated to the Directors prior to the start of the financial year. Directors are expected to attend all Board meetings and meetings of the Board Committees on which they serve. If a Director is unable to physically attend a meeting of the Board or a Board Committee, he/she may attend by telephone and video-conference which is allowed under the Company's Constitution. The agendas and meeting materials are circulated to the Board and Board Committees at least one week before the meetings to allow for sufficient time to review prior to the meeting. The Board and Board Committees may also make decisions by way of circulating resolutions.

The Company recognises the contribution of the Directors beyond attendance at the meetings of the Board and Board Committees. The attendance of the Directors at scheduled meetings of the Board and Board Committees during FY2017 is disclosed below:

	Board of Directors	**Audit & Risk Committee**	**Nominating Committee**	**Remuneration Committee**
No. of Meetings	**4**	**5**	**1**	**2**
Names of Directors				
Koh Boon Hwee	4	-	-	-
Lui Chong Chee	4	-	-	-
Cheng Hong Kok[1]	1	2	-	2
Heng Chiang Meng	4	5	1	2
Chua Kheng Yeng, Jennie	4	4	1	-
Ee Choo Lin Diana	4	5	-	2
Ramlee Bin Buang[2]	3	2	-	-
Koh Kah Sek	4	-	-	-

NOTES:

1 Mr Cheng Hong Kok retired as an Independent Director on 20 April 2017.

2 Mr Ramlee Bin Buang was appointed as an Independent Director and an ARC member on 25 April 2017.

In August 2017, the Board also attended a strategy meeting to review the Company's short term and long term objectives, and to review the Company's strategic options in order to align with these objectives.

Guideline 1.5: Board Approval

Material transactions

The Company has a structured Delegation of Authority Matrix and internal guidelines regarding matters that require Board approval. The types of material transactions, which require Board approval, include:

a. transactions in the ordinary course of business that have not been delegated by the Board to any Board Committee for approval;
b. major transactions not in the ordinary course of business;
c. bank borrowings;
d. provision of corporate guarantees or other securities to secure loans granted to subsidiaries and associated companies;
e. acquisition or disposal of fixed assets, save where authority has been delegated by the Board to any Board Committee for approval;
f. equity or contractual joint ventures;
g. diversification into new businesses; and
h. interested person transactions, each with a value of more than S$100,000.

Key Activities of the Board during FY2017

Regular agenda items:

- Quarterly updates on the businesses
- Quarterly review of enterprise risk management updates
- Quarterly review of financial performance including compliance of financial covenants and cash flow projection
- Review and approval of all announcements including those for quarterly results and year-end financial statements
- Conflict of interest and register of interested person transactions
- Disclosure of Directors' interests pursuant to Section 156/165 of the Companies Act
- Reports of the ARC, NC and RC

Other key agenda items considered during FY2017:

- Business opportunities
- New banking relationships
- Business strategy
- Material developments relating to accounting, risk management, sustainability reporting, legal, regulatory and/or corporate governance issues

Matters reserved for Board approval annually:

- Documents for distribution to shareholders including the Annual Report and Audited Financial Statements
- Annual budgets & business plan
- Dividend payout

Guideline 1.6: Board Training and Orientation

Directors receive a comprehensive induction when they are first appointed to the Board, and are provided with relevant information on the Group's business activities, strategic directions, policies and procedures relating to corporate conduct and governance, including disclosure of interests in securities, restricted periods for dealings in the Group's securities and restrictions on disclosure of confidential or price sensitive information. If the new Director is also appointed to a Board Committee, relevant information on the duties of such Board Committee is also provided. If there are first-time Directors appointed, the Group will provide training for them in areas such as accounting, legal and industry-specific knowledge as appropriate. In April 2017, Mr Ramlee Bin Buang was appointed as an Independent Director ("**ID**") of the Company and was provided with a comprehensive induction.

The Company is responsible for funding and arranging regular training for the Directors from time to time, particularly on changes in the relevant laws, regulations and changing commercial risks to enable them to make well-informed decisions in carrying out their expected roles and responsibilities. Directors are provided with opportunities to attend appropriate courses, conferences and seminars, and various Directors attended programmes conducted by the Singapore Institute of Directors ("**SID**"), including the launch of the corporate governance guide for boards and board committees.

Changes to regulations and accounting standards are monitored closely by Management, and Directors are briefed during Board meetings or at specially convened sessions conducted by professionals, on regulatory changes that have any significant bearing on the Group's or Directors' obligations. In 2017, various Directors attended a seminar conducted by the Company's external auditors, PricewaterhouseCoopers LLP ("**PwC**"), on enhanced auditor reporting standards, developments in accounting changes and financial reporting, and cybersecurity concerns.

Guideline 1.7: Appointment Letter to New Director
Each newly appointed Director is provided with a formal letter setting out the Director's duties and obligations, including pertinent obligations under the Companies Act, the Listing Rules and the Code, as well as a director tool-kit containing among others, the Company's Annual Report and the detailed Group organisation structure.

Principle 2: Board Composition and Guidance

Guideline 2.1: Independent element on the Board
The Board currently comprises seven Directors, four of whom are considered independent by the Board, namely Mr Heng Chiang Meng, Ms Chua Kheng Yeng, Jennie, Mdm Ee Choo Lin Diana and Mr Ramlee Bin Buang.

There is a strong element of independence on the Board, with IDs constituting more than half of the Board, and accordingly the Board's decision-making process is not dominated by any individual or small group of individuals.

Guideline 2.2: Composition of Independent Directors on the Board
The Chairman of the Board (Mr Koh Boon Hwee) is a non-executive and non-independent Director. The Company has complied with the Code's requirement that IDs should make up at least half of the Board, where the Chairman is not an ID.

Guideline 2.3: Board Independence
Each Director is required to complete annually a detailed self-assessment questionnaire on his/her independence, addressing specific examples of relationships as set out in the Code. These questionnaires are collated and reported to the Board.

The IDs have each provided declarations to confirm that they do not have any relationship with the Company or its related companies and its officers that could impair, interfere, or be reasonably perceived to interfere, with their judgement in the best interests of the Company.

In FY2017, the NC and the Board have deliberated the independence of Ms Chua Kheng Yeng, Jennie, Mr Heng Chiang Meng, Mdm Ee Choo Lin Diana and Mr Ramlee Bin Buang, and are satisfied that they are independent.

Guideline 2.4: Independence of Director who has served on the Board beyond nine years
Presently, Mr Heng Chiang Meng has been on the Board for more than nine years. The Board has subjected his independence to a rigorous review. In considering his independence, the Board has determined that he does not have a direct or indirect relationship with the Company based on:

a. the guidelines described in Guideline 2.3 of the Code;
b. all relevant facts and circumstances; and
c. all relevant transactions and relationships.

During the review, Mr Heng had excused himself and abstained from all deliberations and discussion.

The Board deliberated the independence of Mr Heng and believes that he continues to demonstrate strong independence in character and judgement in the discharge of his responsibilities as Director of the Company. He expressed his viewpoints, debated issues and objectively scrutinised and challenged Management. He would seek clarification as required and has direct access to Management and staff of the Company.

He has in-depth understanding of the Group's business and operating environment and provides the Company with his experience and knowledge of the Group's business and the industry. Based on his confirmation of independence, he has no association with Management that could compromise his independence.

Having considered the above factors, the NC and the Board are of the view that Mr Heng continues to be considered as an ID, notwithstanding that he has served on the Board for more than nine years.

Guideline 2.5: Board Composition and Size

The Board is of the view that its present size is appropriate and facilitates effective decision-making, taking into account the scope and nature of the Group's operations. The Board comprises respected members of the business community who have long and extensive experience in various fields, including real estate, engineering, hospitality, corporate management, accounting, banking and finance. In terms of gender diversity, 3 out of the 7 Directors are female, making up approximately 42.8% of the Board. A profile of each Director is found in the "Board of Directors and Management" section of this Annual Report.

The Board has no dissenting view on the Chairman's Statement and the CEO's Message for FY2017.

Mr Cheng Hong Kok retired at the conclusion of the annual general meeting ("**AGM**") held on 20 April 2017 and Mr Ramlee Bin Buang was appointed as an ID and ARC member on 25 April 2017.

Guideline 2.6: Board Competency

When deciding on the appointment of new directors to the Board, the NC and the Board consider various factors such as scope and nature of the operations of the Group, skills, experience and competencies of the candidates that are required on the Board and Board Committees, conflicts of interest and time commitments.

The Board is of the view that the current Board and Board Committees comprise persons who, as a group, provide core competencies such as accounting, finance, business and management experience, industry knowledge, strategic planning, and customer-based experience and knowledge, that are relevant and beneficial to the Group.

Guideline 2.7: Role of Non-executive Directors

Non-executive Directors constitute a majority on the Board, and are well supported by accurate, complete and timely information from Management. They engage in open and constructive debate and challenge Management on its assumptions and proposals, which are fundamental to good corporate governance. They aid in the development of growth strategies and oversee effective implementation by Management to achieve set objectives. They also monitor reporting of performance.

Non-executive Directors have unrestricted access to Management. When Non-executive Directors are unable to attend any Board or Board Committee meetings, they may provide their comments to the Chairman of the Board or the relevant Board Committees separately. The Non-executive Directors constructively challenge and help develop proposals on strategy formulated by Management. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of financial and operational performances.

Guideline 2.8: Meetings of Non-executive Directors without Management

In FY2017, the Non-executive Directors met without the presence of Management, and discussed matters ranging from audit matters to performance of Management.

Principle 3: Chairman and Chief Executive Officer

Guideline 3.1: Separation of the Role of Chairman and the Group CEO

The roles and responsibilities of the Chairman and the Group CEO are distinct and separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the Group CEO are clearly established in the Group's corporate governance policy manual ("**CG Policy Manual**"), which is approved by the Board.

Mr Lui Chong Chee was appointed as the Group CEO on 1 September 2014. The roles and responsibilities of the Group CEO are clearly defined in his service contract with the Company, which include managing and supervising the day-to-day business operations in accordance with the strategies, policies and business plans approved by the Board.

The Chairman and the Group CEO are not related family members. The Chairman and the Group CEO are also not related to any substantial shareholder of the Company.

Guideline 3.2: Roles of Chairman
Mr Koh Boon Hwee assumed the role of Chairman on 1 January 2013. The Chairman is responsible for leading the Board and ensuring the effectiveness of the Board and Board Committees as well as the governance process.

The other roles of the Chairman include the following:

a. schedule meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations.
b. ensure sufficient allocation of time for thorough discussion of Board meeting agenda items.
c. promote an open environment for debate at the Board.
d. foster constructive dialogue between shareholders, the Board and Management at AGMs and other shareholders' meetings.
e. encourage constructive relations within the Board and between the Board and Management.
f. ensure that Non-executive Directors are able to speak freely and contribute effectively.
g. promote high standards of corporate governance.

Guideline 3.3: Lead Independent Director
The Company appoints an ID as the lead independent director ("**Lead ID**") as the Chairman is not an ID. In FY2017, Mr Heng Chiang Meng was the Lead ID until 25 April 2017 when Ms Chua Kheng Yeng, Jennie assumed the role of Lead ID. The Lead ID is a key member of the Board, representing the views of the IDs and facilitating a two-way flow of information between shareholders, the Chairman and the Board.

Shareholders with concerns may contact the Lead ID directly if contact through the normal channels via the Chairman or Management is inappropriate or has failed to provide satisfactory resolution. The Lead ID's email address is available on the Company's website.

Guideline 3.4: Meetings of Independent Directors
The IDs, led by the Lead ID, meet without the presence of other Directors as and when required and provide feedback to the Chairman after such meetings. In FY2017, the IDs met once without the presence of Management.

Principle 4: Board Membership

Guideline 4.1: NC Composition and Key Terms of Reference
The NC comprises three Non-executive Directors, the majority of whom, including the NC Chairman, are independent. The Lead ID, Chua Kheng Yeng, Jennie is a member of the NC.

The NC comprises:

Mr Heng Chiang Meng as NC Chairman (ID)
Mr Koh Boon Hwee (Non-executive Director)
Ms Chua Kheng Yeng, Jennie (Lead ID)

The principal functions of the NC under its terms of reference are to:

a. make recommendations to the Board on all appointments to the Board and Board Committees, after evaluating the capabilities of the nominated Directors.
b. assess the effectiveness of the Board as a whole.
c. review on a yearly basis the training and professional development programmes for the Board.
d. make recommendations to the Board to review succession planning for Directors, including Chairman and Key Executives.
e. assess the independence of the Directors annually.
f. review the appropriate size of the Board for effective decision-making.
g. assess whether or not a Director is able to and has been adequately carrying out his/her duties.
h. develop and maintain a formal and transparent process for the appointment of new Directors to the Board.
i. provide nominations for the re-appointment of a Director having regard to the Director's contribution and performance at regular intervals and at least every three years in accordance with the Company's Constitution.

Guideline 4.2: Board Renewal, Roles and Responsibilities
The Board's renewal is an on-going process, to ensure good governance and to maintain relevance to the business as well as the changing needs of the Group. New Directors are appointed by way of a Board Resolution, after the NC has approved their nomination.

In FY2017, the NC and the Board reviewed the Board composition and succession planning for the Board and Key Executives.

The NC is charged with the responsibility of re-nominating the Directors. The Company's Constitution requires one-third, or the number nearest to one-third, of the Directors, including the person holding the office of Managing Director (or any equivalent appointment however described), to retire from office. The Directors to retire every year are those who have been longest in office since their last election or appointment. No Director stays in office for more than three years without being re-elected by shareholders. In addition, a newly appointed Director will hold office only until the next AGM at which he/she will be eligible for re-election.

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

The list of Directors who are subject to retirement by rotation in accordance with the Company's Constitution and who are seeking re-election at the next AGM on 24 April 2018 are stated in the Notice of AGM on page 154 of this Annual Report.

Guideline 4.3: Review of Directors' Independence
The NC conducts an annual review of the independence of each Director, taking into account the relationships and the tenure of service under Guidelines 2.3 and 2.4 of the Code and the CG Policy Manual. Each ID submits a confirmation on his/her independence, based on the guidelines provided by the Code and the CG Policy Manual, for the NC's consideration. The NC provides its views on the independence of the Directors, to the Board for the Board's consideration.

The NC is also committed to reassess the independence of each individual Director as and when warranted.

For FY2017, the NC is satisfied that Mr Heng Chiang Meng, Mr Ramlee Bin Buang, Ms Chua Kheng Yeng, Jennie and Mdm Ee Choo Lin Diana are independent.

Guideline 4.4: Multiple Board Representations

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC noted that Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments.

In FY2017, four Directors held other directorships on unrelated listed companies. The NC has reviewed each Director's other directorships, principal commitments, attendance and contributions to the Board, and has considered and is satisfied that the Directors have discharged their duties adequately and satisfactorily for FY2017. Accordingly, the NC is of the view that there is no current need to determine the maximum number of board representations a Director should have, and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company.

Guideline 4.5: Appointment of Alternate Director

The Company did not have any alternate director on its Board during FY2017. The Company discourages the appointment of alternate directors as it is an indication that the principal director is not able or prepared to commit the time required for the Company's affairs.

Guideline 4.6: Nomination and Selection of Directors

The NC will consider the Company's current Board in terms of its size, composition, collective skills and experience and diversity. Potential new directors are shortlisted after conducting external searches and/or tapping on internal resources and referrals from existing Directors. The potential candidates are required to provide their curriculum vitae and the following key information to the NC: (a) any relationships including immediate family relationships between the candidate and the Directors, the Company or its 10% shareholders; (b) a list of all current directorships in other listed companies; and (c) details of other principal commitments.

In its search and selection process, the NC evaluates whether the potential candidates possess relevant experience and qualifications, whether they have the calibre to contribute to the Group and its businesses, whether they complement the skills and competencies and attributes of the existing Board and the requirements of the Group, and their independence status. The NC also meets with each short-listed candidate personally to assess suitability and to ensure that the candidate is aware of the expectations and the level of commitment required. Thereafter, the NC makes a recommendation to the Board for approval.

The NC has complied with the process above in the appointment of Mr Ramlee Bin Buang in FY2017. Key information on Mr Ramlee Bin Buang is listed in the "Board of Directors and Management" section of this Annual Report.

Guideline 4.7: Key Information of Directors

Key information regarding the Directors including academic and professional qualifications, membership or chairmanship in the Group's Board Committees, date of first appointment and last re-appointment, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments is listed in the "Board of Directors and Management" section of this Annual Report. Information on the Directors is also available on www.fareastorchard.com.sg.

Principle 5: Board Performance

Guideline 5.1: Board Evaluation Process

The responsibilities of the NC include evaluating the performance and effectiveness of the Board, the Board Committees and the contribution by the Chairman and each Director, based on a set of criteria. Separate forms for evaluation of the Board, the ARC, the RC and the NC were designed for each Director to address his/her mind to the specific roles and performance of the Board and each Board Committee.

The annual evaluation process involves each Director completing performance evaluation forms on the Board and each relevant Board Committee on which he/ she is a member of, including the chairman of such Board Committee. Each Director is also to complete a self-assessment performance evaluation form. Directors are encouraged to provide comments or suggestions for improvement in these forms.

To ensure confidentiality, the completed performance evaluation forms are submitted to the Company Secretary for collation. The results on a collective basis are then presented to the NC for review. The NC considers the actions appropriate or beneficial to improve the corporate governance and effectiveness of the Board and Board Committees, before it presents the results of the evaluation exercise and its recommendations to the Board. The NC and the Board were satisfied with the overall results of the assessment for FY2017.

No external facilitator was appointed to assist in the assessment for FY2017.

Guideline 5.2: Board Performance Criteria
The Board and each Board Committee are evaluated on a range of criteria including competencies, attendance, guidance provided in relation to the Company's performance, degree of preparedness, participation and candour of Directors, contribution to effective risk management, timeliness in response to resolution of issues, adequacy and conduct of Board and Board Committee meetings, succession planning, and communication lines with Management and shareholders.

Guideline 5.3: Individual Director Evaluation
Annually, each Director completes a self-assessment performance evaluation form of the prior year's performance, designed to remind each Director of his/her continued role and commitment to the Board. For FY2017, the NC took note of each Director's attendance at and preparation for Board Meetings and relevant Board Committee meetings, constructive participation in discussions, and application of skill-sets to the decision-making process.

The results of the performance evaluations are taken into consideration when the NC conducts its regular review in consultation with the Board Chairman, on the appropriate Board and Board Committees composition and whether it would be appropriate or beneficial to propose changes to such composition.

Principle 6: Access to Information

Guideline 6.1: Complete, Adequate and Timely Information
The Board has separate and independent access to Management. Management also keeps the Board apprised of the Group's operations and performance by providing regular management reports. In order to ensure that the Board is able to fulfil its responsibilities, Management is required to provide complete, adequate and timely information to the Board on issues that require their decision. Whenever appropriate, employees who can provide additional insight in the matters to be discussed are invited to attend the Board meetings.

Board papers and related materials are provided at least one week in advance to the Board and the Board Committees, so that the Directors have sufficient time to review the relevant information.

Guideline 6.2: Provision of Information to the Board
Information provided include board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and quarterly internal financial statements. In respect of budgets, material variances between the projections and actual results are also disclosed and explained.

Guideline 6.3: Company Secretary
The Directors have separate and independent access to the Company Secretary through electronic mails, telephone and face-to-face meetings. The role of the Company Secretary includes attendance at all Board meetings, preparation of the agenda and papers for meetings of the Board and Board Committees, writing and circulating minutes of meetings, sending the Board information relating to the Group as needed, ensuring that Board procedures are followed and that applicable rules and regulations including requirements of the Code, Companies Act, Securities & Futures Act and Listing Rules are complied with, facilitating orientation and assisting with professional development for the Board.

The Company Secretary also ensures good information flow within the Board and Board Committees and between the Management and Non-executive Directors, advising the Board on all governance matters.

In FY2017, the Company Secretary attended all Board and Board Committees' meetings.

Guideline 6.4: Appointment and Removal of the Company Secretary
The appointment and removal of the Company Secretary is subject to the approval of the Board.

Guideline 6.5: Independent Professional Advice
The Board has a procedure for Directors, individually or as a group, in the furtherance of their duties, to seek independent professional advice, if necessary, at the Company's expense.

REMUNERATION MATTERS
Principle 7: Procedures For Developing Remuneration Policies

Guideline 7.1: RC Composition and Key Terms of Reference
The RC comprises three Non-executive Directors, the majority of whom, including the RC Chairman, are independent.

The composition of the RC was refreshed after the retirement of Mr Cheng Hong Kok (former RC member) at the Company's AGM in April 2017. Since 25 April 2017, the RC comprises:

Mdm Ee Choo Lin Diana as RC Chairman (ID)
Ms Chua Kheng Yeng, Jennie (Lead ID)
Ms Koh Kah Sek (Non-executive Director)

The principal functions of the RC under its terms of reference are to:

a. review and recommend to the Board a remuneration framework for the Board and Key Executives that covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, benefits-in-kind and any options, share-based incentives and awards.
b. review and recommend to the Board the specific remuneration package for the Executive Director.
c. review the terms of the contracts of service (including termination clauses) of the Executive Director and Key Executives, and ensure there are no lengthy or onerous removal clauses.

Guideline 7.2: Remuneration Framework
The RC reviews and recommends to the Board a general framework of remuneration for the Board as well as the entire Group, with a goal to recruit, motivate and retain employees through competitive compensation and progressive policies. The RC annually reviews the overall annual increment and bonus framework for Group employees, before putting forth its recommendations to the Board for approval.

The RC reviews and recommends to the Board the specific remuneration packages for the Executive Director and the Key Executives upon recruitment. Subsequently, various aspects of their remuneration will be reviewed by the RC for recommendation to the Board.

The members of the RC do not participate in any decisions concerning their own remuneration.

Guideline 7.3: RC's access to advice on remuneration matters
The RC has access to appropriate advice from the Head of Human Resources, who attends all RC meetings. The RC may also seek external expert advice on remuneration of Directors and employees as and when the need arises. In its deliberations, the RC takes into consideration industry practices and norms in compensation, and SID's 2013 Statement of Good Practices 10/2013 relating to fees payable to non-executive directors, in addition to the Group's relative performance to the industry and the performance of the individual Directors. For FY2017, the Company adopted a framework for the remuneration of Directors that is unchanged from that in FY2016. The RC is of the view that as the remuneration framework for Directors was last reviewed and revised in FY2016, it will review the need for the engagement of external remuneration consultants in 2018 and make recommendations to the Board in 2019.

Guideline 7.4: Service Contracts
The RC has reviewed the Company's obligations arising in the event of termination of the Executive Director and Key Executives' service contracts and is of the view that such service contracts contain fair and reasonable termination clauses which are neither overly generous nor reward poor performance.

Principle 8: Level and Mix of Remuneration

Guideline 8.1: Remuneration of Executive Director and Key Executives
The Company has one Executive Director who is the Group CEO, who receives a base retainer fee for being a Board member ("**Base Retainer Fee**"). The Base Retainer Fee payable to each Director is identical.

The identities of the other top five Key Executives are set out under Guideline 9.3. Their service contracts with the Company comprises both fixed and variable components. The variable components are performance related, and are linked to their individual performance as well as that of the Group. This is designed to align remuneration with the interest of shareholders and to promote the long-term success of the Group.

In structuring the remuneration packages of the Executive Director and other Key Executives, the RC and Board take into account the performance of the Group and the individual, and risk policies of the Group so as to be symmetric with risk outcomes and sensitive to the time horizon of risks.

The RC and the Board have considered and are of the view the current level and structure of remuneration of the Executive Director and Key Executives are aligned with the long-term interests and risk management policies of the Company, and are appropriate to retain and motivate them to provide good stewardship of the Group.

Guideline 8.2: Long-term Incentive Scheme
The Group does not have any employee share option scheme or other long-term incentive scheme for Directors or employees. However, the Group rewards the employees with other benefits in cash and in kind. The Board is of the view that it is difficult to determine the effectiveness of a long-term incentive scheme in the retention and motivation of employees. After carefully evaluating the costs and benefits of a long-term incentive scheme, the Board has decided that there is no need for the Group to establish a long-term incentive scheme at the moment, and will re-consider it as and when appropriate.

Guideline 8.3: Remuneration of Non-executive Directors
Non-executive Directors are paid a Base Retainer Fee and additional fees if they serve as the Board Chairman, the Lead ID or as a chairman or member of the various Board Committees. The fee structure is presented under Guideline 9.2 of this Report.

At the AGM of each financial year, the Company will seek shareholders' approval for the aggregate of the fees that may be paid to the Board in such financial year ("**Directors' Fees**"). The Board will recommend the Directors' Fees payable for FY2018 for shareholders' approval at the AGM on 24 April 2018.

The Directors' fee framework is evaluated periodically for appropriateness, taking into account the level of contribution, the responsibilities and obligations of these Directors, the prevailing market conditions and referencing the Directors' fees against comparable and independent benchmarks.

The RC is of the view that the Non-executive Directors are not over-compensated to the extent that their independence may be compromised.

Guideline 8.4: Contractual provisions for Executive Director and Key Executives
The Company currently does not have contractual provisions to reclaim any incentive components of remuneration from the Executive Director and other Key Executives, and there are no excessively lengthy or onerous removal clauses in their service contracts.

Principle 9: Disclosure on Remuneration

Guideline 9.1: Annual Remuneration Report

For FY2017, there were no termination, retirement or post-employment benefits granted to any Director or Key Executive. The breakdown of the remuneration of Directors and Key Executives for FY2017 is reported below.

Guideline 9.2: Disclosure of Directors, Group CEO and Managing Director's Remuneration

Breakdown of Level and Mix of Directors' Fees

A breakdown showing the level and mix of the Directors' Fees for FY2017 is appended below:

	Fees (S$)
Board Chairman	70,000
Board Member (Base Retainer Fee)	35,000
Lead Independent Director	15,000
Board Committees:	
Audit & Risk Committee	
- Chairman	43,500
- Member	24,000
Remuneration Committee	
- Chairman	14,000
- Member	7,500
Nominating Committee	
- Chairman	14,000
- Member	7,500

Breakdown of Directors' Fees received by each Director

A further breakdown of the aggregate Directors' Fees received by each Director for FY2017 is appended below:

Name of Director	Aggregate Director Fee (S$)
Koh Boon Hwee	77,500
Chua Kheng Yeng, Jennie [1, 2]	95,115
Lui Chong Chee	35,000
Heng Chiang Meng [2, 3]	82,242
Ee Choo Lin Diana [4]	105,929
Koh Kah Sek [5]	40,110
Ramlee Bin Buang [6]	40,294
Cheng Hong Kok [7]	26,225

NOTES:

1 Ms Chua Kheng Yeng, Jennie was appointed as the Lead Independent Director, Chairman of ARC and RC member with effect from 25 April 2017.

2 The respective Directors' Fees of Ms Chua Kheng Yeng, Jennie and Mr Heng Chiang Meng are paid to companies in which they are a member/director.

3 Mr Heng Chiang Meng stepped down as Lead ID and Chairman of RC with effect from 25 April 2017.

4 Mdm Ee Choo Lin Diana was appointed as Chairman of RC with effect from 25 April 2017. The Director's fees received by Mdm Ee Choo Lin Diana include fees for her directorships on the board of Far East Hospitality Holdings Pte. Ltd. (S$10,000) and Toga Hotel Holdings Pty Limited (director and member of the audit and risk committee of the trustee board) (S$25,000).

5 Ms Koh Kah Sek was appointed as a RC member with effect from 25 April 2017.

6 Mr Ramlee Bin Buang was appointed as a Non-executive Director and an ARC member on 25 April 2017.

7 Mr Cheng Hong Kok retired as a Non-executive Director on 20 April 2017.

Disclosure of Remuneration of the Group CEO and Managing Director

The remuneration of the Group CEO and Managing Director for FY2017 is disclosed below. The Board has assessed and decided that this is a key position, and the remuneration is disclosed in percentage terms for confidentiality. To disclose the exact details of the remuneration may subject the Company to the risk of attrition of this position, which is not in the best interests of the Company or its shareholders. In addition, the remuneration of the Group CEO and Managing Director has been disclosed in bands such that the minimum and maximum range is apparent.

Group CEO and Managing Director	Fees (%)	Base Salary[1] (%)	Variable/ Performance-related income/ bonuses (%)	Benefits-in-kind (%)
S$750,000 to S$999,999				
- Lui Chong Chee	3.64	88.17	8.07	0.12

NOTES:

1 Inclusive of allowances and Central Provident Fund contributions.

Guideline 9.3: Disclosure of Key Executives' Remuneration

Key Executives' compensation consists of salary, allowances and bonuses. Bonuses are conditional upon the Key Executives and the Group meeting certain performance targets. A significant proportion of the Key Executives' remuneration is linked to the Group and individual performances.

The aggregate of the total remuneration paid to the top five Key Executives (who are not Directors or the Group CEO) is S$2,036,857. Their remuneration is also disclosed in percentage terms and in bands of S$250,000.

Key Executives	Designation	Base Salary[1] (%)	Variable/ Performance-related income/ bonuses (%)	Benefits-in-kind (%)
S$750,000 - S$999,999 Kiong Kim Hock Arthur	CEO, Far East Hospitality	86.02	10.88	3.10
S$500,000 - S$749,999 Ling Ang Kerng, Kelvin[2]	Chief Financial Officer	87.74	8.62	3.64
S$250,000 - S$499,999 Audrey Chung Suet Cheng	Head of Global Sales & Marketing, Far East Hospitality	91.46	7.44	1.10
Tan Thiam Soon	Head of Human Resources	89.61	8.79	1.60
Below S$250,000 Brian Stampe[3]	Head of Operations, Far East Hospitality	100.00	0.00	0.00

NOTES:

1 Inclusive of allowances and Central Provident Fund contributions.

2 Mr Ling Ang Kerng, Kelvin resigned from the Company with effect on 2 January 2018 to pursue personal interests.

3 Mr Brian Stampe embarked on a new role as Chief Operating Officer of Refinery Concepts with effect from 1 May 2017.

Guideline 9.4: Immediate Family Member of a Director or the Group CEO
No employee within the Group is an immediate family member of a Director or the Group CEO.

Guideline 9.5: Employee Share Schemes
After carefully evaluating the costs and benefits of an employee share scheme, the Board has decided that there is no need for the Group to establish an employee share scheme at the moment, and will re-consider it as and when appropriate.

Guideline 9.6: Link between remuneration and performance
For the purpose of assessing the performances of the Executive Director and Key Executives, the variable component of their remuneration is tied to certain performance conditions of the Group, including financial targets such as revenue and profit, and non-financial targets such as guest and customer satisfaction levels. These performance conditions align the Executive Director and Key Executives with the short-term and long-term interests of the Group. The variable component of their remuneration has been adjusted to take into account that some of the performance conditions were met.

ACCOUNTABILITY AND AUDIT
Principle 10: Accountability

Guideline 10.1: Accountability of the Board and Management
The Board conducts itself in ways that deliver maximum sustainable value to the shareholders. The Board promotes best practices in providing timely and full disclosure of material information in compliance with the statutory reporting requirements. The Board is accountable to shareholders and is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects through SGXNet announcements on a quarterly basis as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

Quarterly unaudited financial results and full year results of the Group for FY2017 have been announced within the deadlines prescribed by the Listing Rules.

Guideline 10.2: Compliance with Legislative and Regulatory Requirements
In preparing the financial statements, the Board has selected suitable accounting policies and applied them consistently. The Board has made judgements and estimates that are reasonable and prudent and ensures that all applicable accounting standards have been followed. The financial statements were prepared on the basis that the Directors have reasonable expectations, having made enquiries that the Group has adequate resources to continue operations for the foreseeable future.

The Board has taken adequate steps to ensure the Company's compliance with legislative and regulatory requirements, including requirements under the Companies Act and Listing Rules, for instance, by publishing its annual report, holding its AGM and making announcements of material corporate developments in a timely manner within required deadlines. Announcements are reviewed and approved by the Board before they are published. Relevant policies are also instituted, for example, the Company has a data protection policy and appointed data protection officers who have oversight for compliance with data protection.

The Company confirms that undertakings under Rule 720(1) of the Listing Rules have been obtained from all its Directors and Executive Officers (as defined in the Listing Rules) in the format set out in Appendix 7.7 of the Listing Rules.

Guideline 10.3: Management Accounts
Management provides the Board with management accounts on a quarterly basis and other information in connection with matters or transactions which require Board approval. In this way, the Board is kept abreast of the operations, financial performance, position and prospects of the Group.

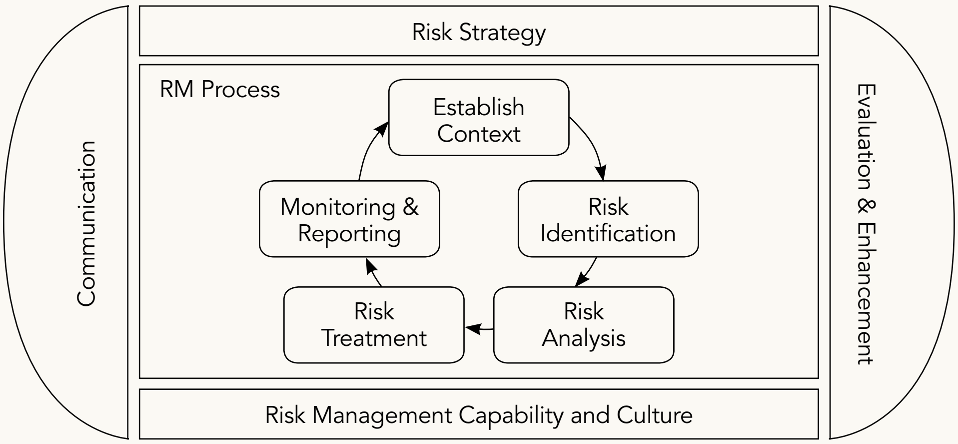
Principle 11: Risk Management and Internal Controls

Guideline 11.1: Risk Management and Internal Control Systems

The Company believes that it maintains a sound system of risk management and internal controls, addressing material financial, operational, compliance and information technology ("**IT**") risks, amongst other risks, to safeguard shareholders' interests and the Group's assets.

The Board determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Group refers all significant matters to the ARC and the Board. The Board has approved an Enterprise Risk Management ("**ERM**") manual setting out the tolerance for various classes of risk. It prescribes a zero tolerance towards non-compliance with laws and regulations, disregard for health and safety requirements, corruption, bribery, graft and fraudulent activities.

The Group has in place an ERM framework that consolidates the risk management practices across the Group. The consolidated approach provides the Management a formal framework and structure to identify risks and optimise available resources to mitigate the risks. The ERM framework encompasses an evaluation process to determine its adequacy and effectiveness; and accords appropriate enhancements to improve the ERM framework and structure. The framework is reviewed annually taking into considerations the changing business landscape and expansion of our operations. References are drawn from Corporate Governance Council Risk Governance Guidance for Listed Boards and SS ISO 31000:2011 when conceptualising this framework.



The ARC reviews the key risks of the Group quarterly. The key risks identified by the Group may be broadly categorised into the following:

Strategic Risks

The Group evaluate risks associated to business strategies and strategic positioning; for instances sustainability, reputation and crisis risks. The Group's approach to sustainability risk and the material Economic, Environmental, Social and Governance factors are covered in the Sustainability Report.

Financial Risks

The Group's activities are affected by various financial risks, including interest rate risk, exchange rate risk and liquidity risk. The details of each risk are set out in Note 31 to the financial statements of this Annual Report.

Operational Risks

The operational risks facing the Group include changes in external market conditions such as oversupply of properties, price-cutting by competitors and drop in visitor arrivals due to political instability, terrorism and health warnings. Other risks include increase in operating costs and the necessity for capital expenditure from time to time.

Compliance Risks

The Group faces compliance risks such as changes to government policies, rules and regulations relating to the property and hospitality industries within the jurisdictions where the Group operates.

IT Risks

Failure of critical IT systems can potentially disrupt the Group's business. Confidential information, such as customers' personal data, may be at risk of cyber-attacks. The Group continuously reviews its IT security and processes, and makes necessary enhancements to mitigate such risks.

Management undertakes periodic reviews of the Group's past performances and conducts horizon scanning in order to identify and assess current and future risks related to the aforementioned risk categories – strategic, financial, operational, compliance and IT. Based on these reviews, Management employs reasonable endeavours in ensuring that these risks are within limits and strategies approved by the Board.

Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board is satisfied that the system of risk management and internal controls that the Group has in place provides reasonable assurance against material financial misstatements or loss, safeguarding of assets, the maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks.

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

The Board reviews, at least annually, the adequacy and effectiveness of the Group's risk management and internal control systems.

The ARC assists the Board in determining the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. The ARC considers the nature of the risks facing the Group and the extent to which these risks are acceptable, the likelihood of risks materialising and the Group's ability to reduce their occurrence and impact on the business, and the cost versus the benefit of managing the risks. The ARC ensures that the internal auditors conduct reviews of the Group's internal controls, addressing material financial, operational and compliance controls. Risk management and financial management are also assessed.

The Group has established the Management Risk & Sustainability Committee ("**MRSC**") that is headed by the Group CEO and Managing Director, and comprises Key Executives as committee members. The MRSC supports the Board and ARC in driving the risk management and sustainability efforts.

The following are some of policies instituted and activities conducted to ensure that the Company's risk management and internal control systems are adequate and effective. They include policies to ensure the health, safety and welfare of the Group's employees.

Strategic Risk	a. CG Policy Manual b. ERM manual c. Whistle-blowing policy
Financial Risk	a. Foreign currencies & control procedures b. Foreign currency exchange monitoring and hedging
Operational Risk	a. Emergency response plan and drills b. Service quality audits c. Workplace safety & health risk assessment procedures manual d. Employee safety handbook

Compliance Risk	a. Annual declaration of potential conflicts of interest b. Company's code of conduct and Employee Handbook covering: - Anti-bribery and anti-corruption - Compliance with Competition Act - Problem gambling - Usage of social media c. External and Internal audits
IT Risk	a. Information security management policy b. Personal data protection policy

Guideline 11.3: Assurance from CEO and CFO

The Board, with the concurrence of the ARC, is therefore of the opinion that the Group's system of risk management and internal controls is adequate and effective to address financial, operational, compliance and IT risks of the Group in its current business environment.

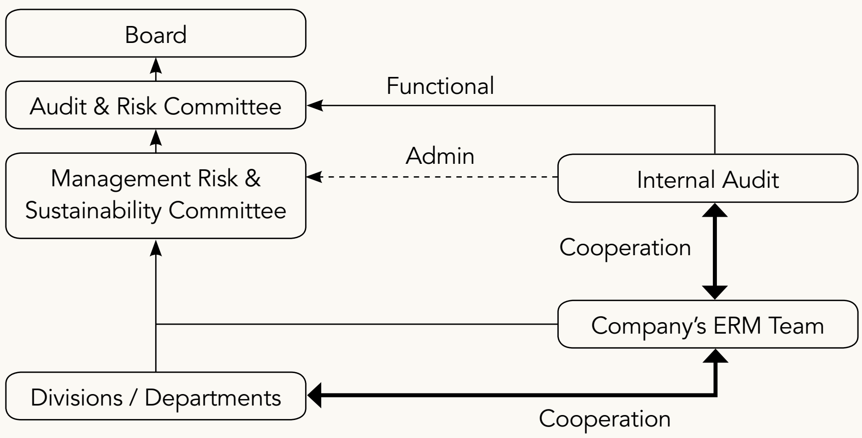
The Board has received assurance from the Group CEO & Managing Director and the Chief Financial Officer ("**CFO**") that:

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

b. the Group's risk management and internal control systems are adequate and effective in addressing the material risks in the Group in its current business environment, including material strategic, financial, operational, compliance and IT risks.

Guideline 11.4: Risk Committee

The Company's structure to facilitate management of risks is set out below:



Principle 12: Audit & Risk Committee

Guideline 12.1: ARC Composition and Key Terms of Reference
The ARC comprises four Non-executive Directors, all of whom, including the ARC Chairman, are independent.

The composition of the ARC was refreshed after the retirement of Mr Cheng Hong Kok (former ARC Chairman) at the Company's AGM in April 2017. Since 25 April 2017, the ARC comprises the following IDs:

Ms Chua Kheng Yeng, Jennie as ARC Chairman (Lead ID)
Mr Heng Chiang Meng (ID)
Mdm Ee Choo Lin Diana (ID)
Mr Ramlee Bin Buang (ID)

The ARC assists the Board in discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal control.

Guideline 12.2: Expertise of ARC Members
The Board is of the view that all members of the ARC have accounting and/or related financial management expertise and experience to discharge their responsibilities as members of the ARC.

Guideline 12.3: Authority of ARC
The ARC has explicit authority to investigate any matter within its terms of reference. The ARC has full access to and the co-operation of the Group's Management and in addition, has absolute discretion to invite any Director or Executive Officer (as defined in the Listing Rules) of the Group to attend its meetings, as it deems necessary. External expert advice is available to the ARC as and when the need arises, to enable it to discharge its functions properly.

Guideline 12.4: Role and Responsibilities of ARC
The principal roles and responsibilities of the ARC under its terms of reference are to:

a. review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance.
b. review annually the adequacy and effectiveness of the Group's material internal controls including financial, operational, compliance and information technology controls.
c. review the audit plans and reports by the internal auditors and the effectiveness of the Group's internal audit function.
d. review the external auditors' proposed audit scope and approach, and their final audit report.
e. review all non-audit services provided by the external auditors so as to ensure that any provision of such services would not affect the independence and objectivity of the external auditors.
f. review the performance and consider the independence of the external auditors.
g. make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approve their remuneration and terms of engagement.
h. prevent and minimise business risks.
i. review the financial statements of the Company and the Group before submitting them to the Board.
j. review significant sustainability reporting issues and assess whether the annual sustainability information reflects the principles of the selected sustainability reporting framework.
k. review interested person transactions, if any.
l. review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up actions (including disciplinary action) in respect of any fraudulent acts or non-compliance.
m. review the whistle-blowing policy and ensure arrangements are in place for any concerns to be raised.

In its review of the financial statements of the Group and the Company for FY2017, the ARC had discussed with Management regarding the identification of matters that could significantly affect the integrity of the financial statements ("**significant financial reporting matters**"). The discussion included assessment of the accounting principles and critical judgements applied by Management and also the clarity of the relevant disclosures in the financial statements. The significant financial reporting matters identified, which are consistent with the key audit matters identified by the external auditors, and the ARC's commentaries are set out as follows:

Key audit matters	How these issues were addressed by the ARC
Valuation of investment properties, and land and buildings classified under property, plant and equipment ("**PPE**")	The ARC reviewed the outcomes of the annual valuation process and discussed the details of the valuation with Management, focusing on investment properties and revalued land and buildings classified under PPE which registered higher fair value gains/losses during the period under review. The ARC also considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation. The ARC was satisfied with the valuation process, the methodologies used and the valuation outcomes adopted and disclosed in the financial statements. Refer to Notes to Financial Statements ("**Note**") 19 and 20 for details of the relevant valuations.
Impairment assessment of goodwill	The ARC reviewed the outcomes of the annual goodwill impairment assessment process and discussed the details of the impairment assessment with Management, focusing on the key assumptions applied including the discount rates and annual revenue growth rates. The ARC also considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied. The ARC was satisfied with the valuation methodologies applied, the appropriateness of the key assumptions applied and the conclusion of the impairment assessment of goodwill. Refer to Note 21 for details of the goodwill impairment assessment.
Carrying value of investment in material joint venture, Toga Hotel Holdings Unit Trust ("**Toga Trust**")	Through the Group's 50% representation on the Board and audit and risk committee of Toga Trust, the ARC reviewed with Management of the outcomes of the following processes performed by Toga Trust on a bi-annual basis: • Valuation of land and buildings classified under PPE held by Toga Trust; and • Impairment assessment of goodwill and brands with indefinite lives held by Toga Trust. The ARC discussed with Management in detail, focusing on: • Toga Trust's PPE assets which registered higher fair value gains/losses during the period under review; and • key assumptions applied by Toga Trust in the impairment assessment, including the discount rate and annual revenue growth rates. The ARC also considered the findings of the external auditors, including their assessment of the appropriateness of Toga Trust's valuation methodologies and the underlying key assumptions applied in the valuation of PPE and impairment assessment of goodwill and brands with indefinite lives. The ARC was satisfied with the valuation process, the methodologies used, the appropriateness of the key assumptions applied, the valuation of PPE and the conclusion of the impairment assessment of goodwill and brands with infinite useful lives. Refer to Note 17 for details relating to the Group's investment in Toga Trust.

Guideline 12.5: Meetings with External Auditors and Internal Auditors without Management

The ARC met separately with the external auditors, PwC, without the presence of the Company's Management in FY2017. The meeting enables the external auditors to raise issues, if any, encountered in the course of their audit directly to the ARC. The ARC will meet with the internal auditors without the presence of Management as and when the ARC and the internal auditors deem necessary.

Guideline 12.6: Independence of External Auditors

The ARC has conducted an annual review of non-audit services provided by the external auditors, PwC, to satisfy itself that the nature and extent of such services will not prejudice PwC's independence and objectivity, before nominating them for re-appointment. The aggregate amount of fees payable to PwC for audit services provided for the Company and subsidiaries for FY2017 amount to S$715,000. The fees payable/ paid to PwC for non-audit services provided for FY2017 amount to S$64,000 and were incurred for the provision of corporate tax compliance and certification services. The ARC was satisfied with the independence and objectivity of PwC and nominated PwC for re-appointment as external auditor of the Company at the forthcoming AGM.

All local subsidiaries have appointed PwC as their external auditor. All except two of the overseas subsidiaries have also appointed PwC or its affiliated firms as their external auditor. The Board and the ARC had reviewed the appointment of a different auditor for its two overseas subsidiaries and were satisfied that the appointment of one different auditor for the two overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Company is in compliance with Rules 712 and 715 of the Listing Rules in relation to its external auditors.

Guideline 12.7: Whistle-blowing Policy

The Company's whistle-blowing policy provides employees with an avenue to raise on an anonymous basis, concerns in good faith and confidence about possible improprieties in financial reporting or other matters without fear of reprisals. The objective of the whistle-blowing policy is to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The whistle-blowing policy is made available to all level of employees during orientation together with the employee handbook, and is also posted on the Group's intranet system in three different languages, namely, English, Mandarin, and Bahasa Malay.

There were no whistle-blowing reports received during FY2017.

Guideline 12.8: Disclosure on ARC's activities

In FY2017, the ARC held five meetings. In those meetings, the ARC reviewed, inter alia, the internal auditors' report on interested person transactions and various reports on other areas of the Group's business, the internal auditors' audit plan and fee for the current financial year, the external auditors' final audit report, key audit matters, the quarterly and year-end announcements on financial statements, the Group's quarterly and year-end performances, and corporate governance matters.

The ARC has been kept abreast on changes to the accounting standards and issues which have direct impact on the Group's consolidated financial statements by the CFO and the external auditors during FY2017.

Guideline 12.9: ARC Member Restriction

None of the ARC members is a former partner or director of, or holds any financial interest in, the Company's existing auditing firm or auditing corporation.

Principle 13: Internal Audit

Guideline 13.1: Internal Auditors

The ARC approves the appointment, removal, evaluation and fees of the outsourced internal audit function. During FY2017, the Group had outsourced its internal audit function to a professional firm, RSM Risk Advisory Pte Ltd, to provide internal audit services, as recommended by the ARC.

The internal auditors report directly to the ARC Chairman on internal audit matters and to the Group CEO on administrative matters. The internal auditors have unfettered access to the ARC, the Company's documents, records, properties and personnel.

Guideline 13.2: Adequacy of Internal Audit Function

The ARC ensures the adequacy of the internal audit function by examining the scope of the internal auditors' work, the quality of their reports, their qualifications and training, their relationship with the external auditors and their independence of the areas reviewed.

Guideline 13.3: Qualification and Experience of IA

RSM Risk Advisory Pte Ltd is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience.

Guideline 13.4: Professional Standards and Competency

Having regard to the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, and having reviewed the functions and organisational structure of the internal auditors, the ARC is satisfied that the internal auditors meet the requisite standards, are adequately resourced, and have appropriate standing within the Group.

Guideline 13.5: Adequacy and Effectiveness of Internal Audit Function

The ARC reviews, at least once a year, the adequacy and effectiveness of the internal auditors. The ARC reviews and approves the internal audit plans and the resources required to adequately perform this function annually, to ensure the adequacy of the internal audit function.

During the internal audit process, the internal auditors endeavour to follow up the identified inherent and operational risks of each business entity as well as the content of any management letter issued by the external auditors to ensure that the committed rectification measures have been implemented.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Guideline 14.1: Shareholder Rights

The Company practises fair and equitable treatment to all shareholders and stakeholders. To facilitate the exercise of ownership rights, the Company provides all material information, which would materially affect the price or value of the Company's shares, in an accurate and timely manner via appropriate media, so as to enable shareholders to make informed decisions. Such channels include the Company's website, news releases, annual reports, shareholder circulars, shareholders' meetings and announcements through SGXNet.

Guideline 14.2: Shareholder Opportunity to Participate in and Vote at General Meetings

Shareholders are entitled to participate effectively in and vote at all general meetings. The Company encourages all shareholders to attend its general meetings to stay informed of the Company's goals and strategies and to ensure a high level of accountability.

Shareholders are informed of general meetings through notices which are sent to all shareholders, advertised in a local newspaper and also made available at SGXNet and the Company's website. General meetings are held at a central location, which is easily accessible by public transportation. All resolutions are voted by way of electronic poll, and the appointed polling agent will explain the poll voting procedures, while the appointed scrutineer will ensure that the poll process is properly carried out.

Guideline 14.3: Proxies for Nominee Companies

The Company's Constitution allows shareholders to vote in person or by proxy or by attorney, or in the case of a corporation, by a representative. A shareholder may appoint up to two proxies to attend and vote in his/her stead at a general meeting through a proxy form or certificate of corporate representative sent in advance. For shareholders who hold shares through nominees such as Central Provident Fund Board and custodian banks, they are now able to attend and vote at general meetings under the multiple proxy regime and the appointed proxies have the same rights to vote at general meetings.

Principle 15: Communication with Shareholders

Guideline 15.1: Communication with Shareholders
The Company has in place an investor relations policy outlining the principles and practices adopted in the course of its investor relations activities. The policy was published on the Company's corporate website in 2018 (http://www.fareastorchard.com.sg). An investor relations contact is provided in the Company's website.

Guideline 15.2: Disclosure of Information on a Timely Basis
The Company is committed to making timely, full and accurate disclosures in accordance with the Listing Rules and the Code. The Company keeps its shareholders informed of corporate developments on a timely basis. In addition to mandatory announcements, the Company also makes voluntary announcements on corporate transactions from time to time.

The first three quarters' financial results are released to shareholders no later than 45 days from the end of each quarter. Full year results are released no later than 60 days from the financial year end.

Notices of general meetings are dispatched to shareholders, together with explanatory notes on a timely basis in accordance with the legal requirements.

The Company maintains a dedicated investor relations section on its corporate website which serves as a repository for shareholders and the investment community, ensuring that they can easily access relevant and up-to-date information about the Company. It includes the Company's latest announcements, financial results, annual reports, sustainability reports, stock information, and investor relations contacts. Members of the public may also subscribe to RSS feeds of all announcements and press releases issued by the Company through its website.

Guideline 15.3: Interaction with Shareholders
The Company recognises the importance of regular, effective and timely communication with the shareholders.

The Company has an investor relations team that facilitates two-way communication with the investment community. Communication with retail investors has been, and may be made through email correspondences and telephone calls. The Company responds to queries based on publicly available information, upholding the principle of no selective disclosure.

A blackout period of two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial statements is observed. During this period, the Company has limited interactions with investors and analysts and avoids commenting on financial results, operational performance and market outlook, except where required under the Listing Rules.

Guideline 15.4: Soliciting and Understanding Views of Shareholders
The Company's main forum for dialogue with shareholders takes place at its AGM, where members of the Board, Management and the Company's external auditors are in attendance. To solicit and understand shareholders' views, shareholders are given the opportunity at the AGM to express their views and ask questions regarding the Group. The Company conducts surveys at each AGM to receive feedback from shareholders. To encourage greater shareholder participation, the AGM is held at a central location, which is easily accessible by public transportation.

Guideline 15.5: Dividend Policy
The Company does not have a formal dividend policy, however in its consideration of dividend payment, the Company assesses its strategic plans and operational requirements, balancing meeting shareholders' expectations with capital requirements for expansion and diversification to ensure sustainable growth.

The Company has a scrip dividend scheme. If the scrip dividend scheme is applied to any dividend, payment will be made in compliance with the Listing Rules.

Principle 16: Conduct of Shareholder Meetings

Guideline 16.1: Effective Shareholder Participation

Shareholders are informed of general meetings at least 14 days in advance through notices, which are delivered to shareholders, published in a local newspaper and on SGXNet. The procedures at general meetings facilitate opportunities for shareholders to participate and communicate with the Directors.

In line with the Company's commitment towards environmental conservation, from FY2017 onwards, the Company will make available its annual reports by electronic communication, via publication on the Company's website, in place of a CD-ROM. Annual reports will continue to be made available on SGXNet and shareholders may continue to request for hard copies of annual reports if preferred.

The Company's Constitution provides that the Board may, at its sole discretion, approve and implement voting methods to allow shareholders an option to vote in absentia, such as voting by mail, electronic mail or facsimile. Having considered that shareholders who are unable to attend in person may vote by proxy or by attorney, or in the case of a corporation, by a representative, and considered carefully the security and cost concerns related to absentia voting, the Company has refrained from implementing absentia voting.

Please refer to Principle 14 for more details on how the participation of shareholders is encouraged at the Company's general meetings.

Guideline 16.2: Separate Resolutions at General Meetings

At general meetings, each distinct issue is the subject of a separate resolution. All resolutions put to every general meeting of the Company are voted separately unless the resolutions are inter-dependent and linked so as to form one significant proposal. Detailed information on each item in the agenda of general meeting is provided in the explanatory notes to the notice of general meeting.

Guideline 16.3: Attendees at General Meetings

All Directors attended the Company's last AGM held on 20 April 2017.

The Company requests all its Directors to attend the Company's general meetings to address any questions raised by shareholders. The Company also requests its CFO, certain Key Executives, external auditors, and external legal advisors to attend to address any shareholders' queries whether on the conduct of audit and the preparation and contents of the auditor's report or otherwise. Shareholders also have the opportunity to communicate their views and discuss with the Board and Key Executives after the general meetings.

Guideline 16.4: Minutes of General Meetings

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

Guideline 16.5: Voting by E-polling at General Meetings

Shareholders are entitled to vote at general meetings. All resolutions at general meetings are put to vote by electronic poll for greater transparency in the voting process. A polling agent and independent scrutineer are appointed to handle and brief the e-polling voting procedures and to count and validate the votes cast at the general meetings respectively. Votes cast for or against and the respective percentages on each resolution will be tallied and displayed 'live' on-screen to shareholders immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages will also be announced in a timely manner after the general meeting via SGXNet.

DEALINGS IN SECURITIES

On an annual basis, the Company issues a securities trading policy to its Directors and employees where they are reminded to refrain from dealing in the securities of the Company:

a. during the two weeks before and up to the date of announcement of the Company's first three quarters' results and during the one month before and up to the date of announcement of the full year results;
b. on short term considerations; and
c. at any time if they are in possession of unpublished material price-sensitive information.

The Company also issues a quarterly circular to its Directors and employees reminding them of the prohibited period from dealing in the Company's securities before the release of the results and at any time if they are in possession of unpublished material price-sensitive information.

MATERIAL CONTRACTS

Save for the interested person transactions set out in the Company's circular to shareholders dated 24 June 2013 and the related parties transactions as disclosed in the Financial Statements and this Annual Report, no material contract involving the interests of any Director or controlling shareholder of the Group has been entered into by the Company or any of its subsidiaries during FY2017 and no such material contract is subsisting as at 31 December 2017.

INTERESTED PERSON TRANSACTIONS

The Company has a policy on how proposed interested person transactions are to be reviewed and approved. The policy is detailed in the interested person transaction general mandate ('**IPT Mandate**") which was approved by shareholders at an Extraordinary General Meeting of the Company held on 9 July 2013. The IPT Mandate is submitted annually to shareholders for approval at each AGM, and for the upcoming AGM, it is set out in the Letter to Shareholders (formerly known as Appendix to the Notice of Annual General Meeting).

Interested person transactions carried out during FY2017 which fall under Chapter 9 of the Listing Rules are as follows:

Name of interested person	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual** (excluding transactions less than $100,000)
	12 months ended 31 December 2017 S$'000
Boo Han Holdings Pte Ltd	
Hospitality management income	495
China Classic Pte Ltd	
Hospitality management income	109
Dollar Land Singapore Private Limited	
Hospitality management income	328
Far East Hospitality Real Estate Investment Trust	
Rental expense on operating leases	
- offices	(1,334)
- hotels and serviced residences	(21,876)
Far East Management (Private) Limited	
Management service fees	(2,316)
Hospitality services	(2,014)
Project management service fees	(111)
Far East Organization Centre Pte Ltd	
Hospitality management income	2,226
Far East Property Sales Pte Ltd	
Sales and marketing service fees	(174)
Far East Rocks Pty Ltd	
Rental expense on operating leases - hotel	(1,472)
Far East Soho Pte Ltd	
Hospitality management income	1,375
Golden Development Private Limited	
Hospitality management income	2,731

Name of interested person	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual** (excluding transactions less than $100,000)
	12 months ended 31 December 2017 S$'000
Golden Landmark Pte Ltd	
Hospitality management income	1,401
Orchard Mall Pte Ltd	
Hospitality management income	896
Orchard Parksuites Pte Ltd	
Hospitality management income	1,479
Oxley Hill Properties Pte Ltd	
Hospitality management income	564
Riverland Pte Ltd	
Hospitality management income	425
Serene Land Pte Ltd	
Hospitality management income	1,725
Transurban Properties Pte Ltd	
Hospitality management income	1,801

Far East Orchard Limited ("Far East Orchard") embarked on its sustainability reporting journey in 2017 and has detailed its sustainability vision, strategy and performance in the Group's inaugural Sustainability Report. The report is developed in accordance with the Global Reporting Initiative Standards 2016 (Core option) and is aligned to the Sustainability Reporting requirements of the Singapore Exchange.

In line with its sustainability vision as a trusted property and hospitality group with sustainable business practices that will benefit future generations, Far East Orchard is committed to building a sustainable business model that will take into account stakeholders' interests while creating greater value for shareholders over the long term.

Over the course of the past year, an exercise was conducted to formally identify key stakeholder groups with a significant influence and vested interests in its business operations and Economic and Environmental, Social and Governance ("ESG") factors which are material to the Group and its key stakeholders.

The identified material ESG factors are namely: Economic Performance, Environmental Compliance, Anti-Competitive Behaviour, Occupational Health & Safety, Training and Education, Customer Health & Safety, Service Quality, Corporate Governance and Policies and Data Privacy. Performance measurement indicators and the 2018 targets for each of the identified material ESG factors have been included in the Sustainability Report.

With the belief that a healthy environment is critical for sustainable businesses, Far East Orchard upheld its track record for environmental compliance in 2017.

In relation to the material Social factors, Far East Orchard prioritised customer health and safety and provided its employees with a safe and healthy work environment in 2017. Employees were able to leverage on opportunities for personal growth and development. In turn, employees were able to uphold the Group's service quality standards and achieve operational excellence.

The Group has taken efforts to safeguard the interests of its stakeholders by maintaining a high standard of corporate conduct and competing fairly and ethically in the markets it operates in. The privacy of data in relation to the Group's business operations was also maintained through the continuous improvements and monitoring of relevant policies and measures.

Far East Orchard strives to continually identify, manage and address material ESG factors, with a commitment to deliver sustainable growth for all stakeholders.

The Sustainability Report can be accessed at http://www.fareastorchard.com.sg/sustainability/2017/web/index.html.

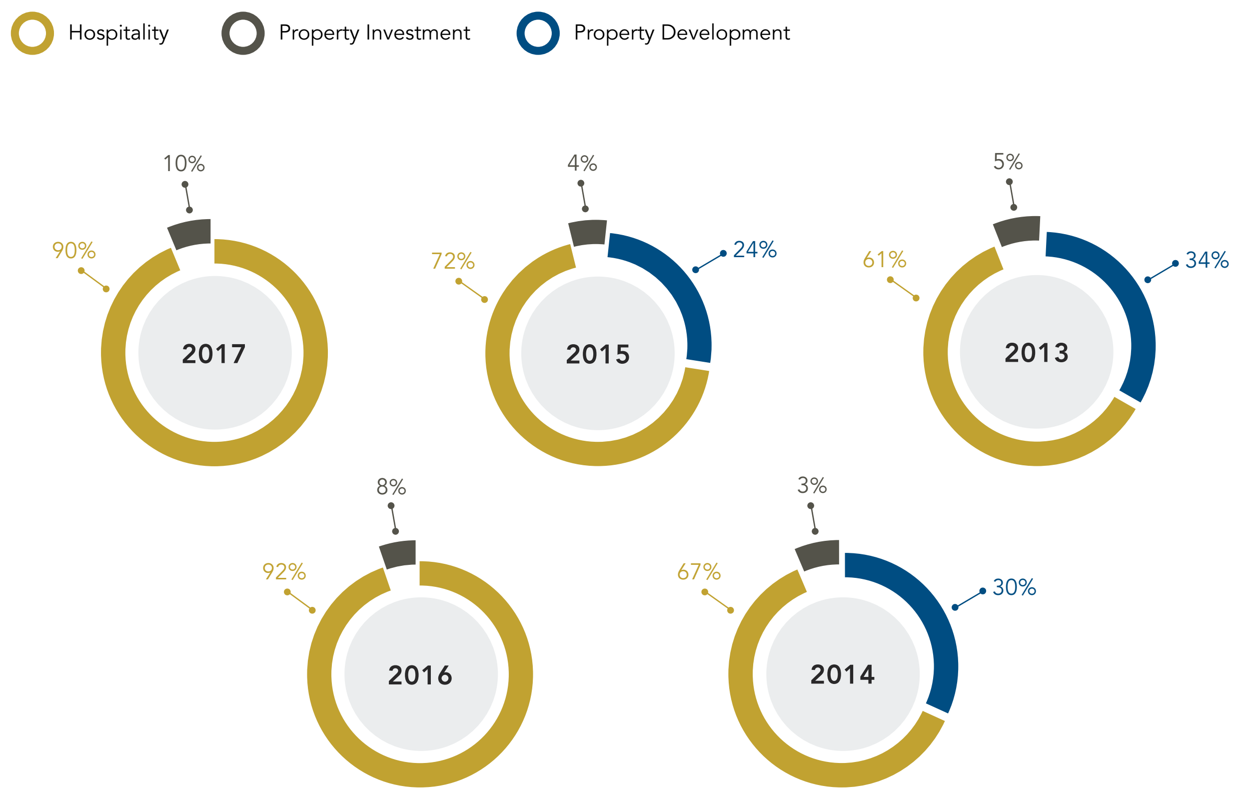
Oasia Hotel Downtown, Singapore

ENDURING

5-YEAR FINANCIAL HIGHLIGHTS

	2017 S$'000	2016 S$'000	2015 S$'000	2014 S$'000	2013 S$'000
HOSPITALITY	136,353	169,877	193,689	212,001	96,072
PROPERTY DEVELOPMENT	–	–	65,829	94,380	54,146
PROPERTY INVESTMENT	14,821	15,011	11,349	9,156	8,351
SALES	**151,174**	**184,888**	**270,867**	**315,537**	**158,569**
PROFIT BEFORE INCOME TAX	25,557	77,925	33,490	48,758	21,049
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	21,606	65,041	29,138	35,498	29,385
SHAREHOLDERS' EQUITY	1,243,555	1,228,611	1,173,976	1,169,416	1,142,758
TOTAL ASSETS	2,086,719	2,071,200	1,926,087	1,876,837	1,930,839
NET ASSETS PER SHARE (S$)	2.93	2.91	2.86	2.92	2.93
BASIC EARNINGS PER SHARE (CENTS)	5.1	15.6	7.2	9.0	7.6
FINAL DIVIDEND PER SHARE (CENTS)	6.0	6.0	6.0	6.0	6.0
GEARING RATIO	0.17	0.16	0.13	0.09	0.08

GROUP REVENUE BY BUSINESS SEGMENT



NOTES:

1 Basic earnings per share are calculated by reference to the weighted average number of shares in issue during the year

2 Figures have been rounded

FINANCIAL REPORT

The directors present their statement to the members together with the audited financial statements of Far East Orchard Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 71 to 151 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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 as follows:

Mr Koh Boon Hwee
Mr Lui Chong Chee
Mr Heng Chiang Meng
Ms Chua Kheng Yeng, Jennie
Mdm Ee Choo Lin Diana
Ms Koh Kah Sek
Mr Ramlee Bin Buang (appointed on 25 April 2017)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors of the Company holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2018 were the same as those as at 31 December 2017.

SHARE OPTIONS

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

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

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

AUDIT & RISK COMMITTEE

The members of the Audit & Risk Committee at the end of the financial year were as follows:

Ms Chua Kheng Yeng, Jennie (Chairman)
Mr Heng Chiang Meng
Mdm Ee Choo Lin Diana
Mr Ramlee Bin Buang (appointed on 25 April 2017)

All members of the Audit & Risk Committee were independent non-executive directors.

The Audit & Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 before their submission to the Board of Directors.

The Audit & Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Mr Lui Chong Chee
Director

Ms Chua Kheng Yeng, Jennie
Director

19 March 2018

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Far East Orchard Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2017;
- the consolidated balance sheet of the Group as at 31 December 2017;
- the balance sheet of the Company as at 31 December 2017;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties and land and buildings classified under property, plant and equipment	
As at 31 December 2017, the Group's investment properties of $492,975,000 and land and buildings classified under property, plant and equipment of $526,350,000, representing 49% of total assets, are carried at fair value based on independent external valuations. The valuation of the investment properties and land and buildings classified under property, plant and equipment is a key audit matter due to the significant judgements in the key inputs used in the valuation techniques. The key inputs include: • comparable sales price for the sales comparison method; • net profit margins of hotel operations, discount rate and terminal yield for the discounted cash flow method; and • capitalisation rate for the income capitalisation method. The key inputs and sensitivities are disclosed in Note 3.1, Note 19 and Note 20 to the accompanying financial statements respectively.	Our audit procedures focused on the valuation process and include the following: • assessed the competency, independence and objectivity of the professional valuers engaged by the Group; • discussed with the professional valuers the significant judgemental areas and understood the respective valuation techniques used in determining each valuation; • assessed the appropriateness of the underlying comparable transactions used to derive the comparable sales price, taking into account the nature, location and tenure of the property; • assessed the reasonableness of the net profit margins of hotel operations, taking into account historical actual performance, accuracy of management forecast in prior years and industry outlook; and • compared the discount rates, terminal yields and capitalisation rates used against those used for similar type of properties and in the prior year. Based on the procedures performed, we found that the valuers are competent and are members of recognised professional bodies for external valuers, the valuation techniques used were in line with generally accepted market practices and the key inputs used were within the range of market data. We have also assessed the adequacy of the disclosures relating to the key inputs and sensitivities, as we consider them as likely to be significant to the users of the financial statements given the estimation uncertainty and sensitivity of the valuations. We found the disclosures in the financial statements to be appropriate.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill	
As at 31 December 2017, the Group's goodwill balance of $52,741,000, arising from past acquisitions is allocated to two cash generating units ("CGU") within its hospitality business, namely the 'Management services – Singapore' CGU ($37,257,000) and 'Property ownership-Australia' CGU ($15,484,000). Based on the goodwill impairment assessment performed by the Group, no impairment was identified. The recoverable amount of • 'Management services – Singapore' CGU was determined based on Fair Value Less Cost To Sell using a combination of discounted cash flow method and Guideline Public Company method; and • 'Property ownership – Australia' CGU was determined based on Value-In-Use calculation using the discounted cash flow method. The impairment assessment is a key audit matter due to the assumptions and judgements involved in computing the recoverable amounts of each CGU. The assumptions and judgements were used to estimate cash flows from each CGU, the terminal growth rates and the discount rates applied in the discounted cash flow method and the comparability of underlying companies applied in the Guideline Public Company method. The key assumptions and sensitivities are disclosed in Note 3.2 and Note 21(a) to the accompanying financial statements respectively.	Our audit procedures focused on the reasonableness of the assumptions and judgements applied in the respective methods. The audit procedures were performed with the support from our valuation specialists. In respect of the discounted cash flow methods, we performed the following audit procedures: • assessed the reasonableness of the estimated cash flows by taking into account the relevant CGU's expected future operating performance (including revenue growth rates and net profit margins), as well as historical actual performance, accuracy of management forecast in prior years and the general industry outlook; and • assessed the reasonableness of the terminal growth rates and discount rates applied using commonly accepted methodologies and benchmarks. For the Guideline Public Company method, we performed the following audit procedures: • compared the normalised earnings used to historical actual performance and obtained explanations from management regarding the nature and appropriateness of adjustments identified for one-off or exceptional items; and • assessed the appropriateness of the underlying comparable companies used to derive the earnings multiples, taking into account factors such as their principal business activity, size and financial performance. Based on the procedures performed, we found the underlying estimates and assumptions applied to be reasonable. We have also assessed the adequacy of the disclosures relating to the key assumptions and sensitivities and found the disclosures in the financial statements to be appropriate.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Carrying value of investment in a material joint venture, Toga Hotel Holdings Unit Trust ("Toga Trust")	
As at 31 December 2017, the carrying value of the Group's material equity accounted joint venture, Toga Trust amounted to $199,547,000. The valuation of the Group's investment in Toga Trust is a key audit matter because of the significant assumptions and judgements applied by Toga Trust in determining: • Valuation of land and buildings classified under property, plant and equipment held at fair value; and • Impairment assessment of goodwill and brands with indefinite lives. The summarised financial information of Toga Trust, and sensitivities of the valuation of land and buildings and impairment assessment of goodwill and brands with indefinite lives are disclosed in Note 3.3 and Note 17 to the accompanying financial statements respectively.	We audited the Toga Trust's financial information used by the Group in determining the valuation of the investment in a material joint venture, Toga Trust. The audit focused on the valuation of land and buildings and impairment assessment of goodwill and brands with indefinite lives. Audit procedures similar to those in key audit matter "Valuation of investment properties and land and buildings classified under property, plant and equipment" and "Impairment assessment of goodwill" above were performed. In the context of determining the carrying value of Toga Trust, we found that for: • the valuation of land and buildings classified under property, plant and equipment held at fair value, the valuers are members of recognised professional bodies, the valuation techniques used are in line with generally accepted market practices and key inputs to be within the range of market data; and • the impairment assessment of goodwill and brands with indefinite lives, the underlying estimates and assumptions applied to are reasonable. We have also assessed the adequacy of the disclosures relating to the summarised financial information of investment in a material joint venture, Toga Trust, and the sensitivities of the valuation of land and buildings and impairment assessment of goodwill and brands with indefinite lives. We found the disclosures in the financial statements to be appropriate.

Other Information

Management is responsible for the other information. The other information comprises the following sections in the annual report:

- Corporate Profile
- Corporate Milestones
- Chairman's Statement
- CEO's Message
- Business Structure
- Properties of the Group
- Board of Directors and Management
- Corporate Information
- Corporate Governance
- Sustainability
- 5-Year Financial Highlights
- Directors' Statement
- Statistics of Shareholdings

which we obtained prior to the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Yeow Chee Keong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore,
19 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Sales	4	**151,174**	184,888
Cost of sales		**(99,399)**	(125,536)
Gross profit		**51,775**	59,352
Other income	7	**3,707**	7,054
Other gains/(losses) – net	8	**44**	(5,438)
Expenses:			
– Distribution and marketing		**(10,055)**	(11,336)
– Administrative		**(29,912)**	(36,193)
– Finance	9	**(4,300)**	(4,500)
– Other		**(42)**	(2,390)
Share of profit of			
– joint ventures	17	**11,662**	69,079
– associated companies	16	**2,678**	2,297
Profit before income tax		**25,557**	77,925
Income tax expense	10(a)	**(3,698)**	(9,482)
Total profit		**21,859**	68,443
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of joint ventures		**105**	343
Currency translation differences arising from consolidation		**2,884**	2,436
		2,989	2,779
Items that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive income/(loss) of			
– joint ventures		**14,522**	8,805
– associated companies		**1,998**	(586)
Revaluation losses on property, plant and equipment – net		**(518)**	(5,841)
Other comprehensive income, net of tax	10(c)	**18,991**	5,157
Total comprehensive income		**40,850**	73,600
Profit attributable to:			
Equity holders of the Company		**21,606**	65,041
Non-controlling interest		**253**	3,402
		21,859	68,443
Total comprehensive income attributable to:			
Equity holders of the Company		**36,549**	60,841
Non-controlling interest		**4,301**	12,759
		40,850	73,600
Basic and diluted earnings per share for profit attributable to equity holders of the Company (cents per share)	11	**5.10**	15.60

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET – GROUP

As at 31 December 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**219,585**	209,262
Trade and other receivables	13	**27,496**	33,265
Inventories		**333**	361
Development properties	14	**31,012**	21,753
Properties held for sale	15	**124,030**	124,030
		402,456	388,671
Non-current assets			
Other receivables	13	**18,590**	57,147
Investments in associated companies	16	**14,640**	9,964
Investments in joint ventures	17	**480,127**	465,689
Investment properties	19	**492,975**	446,515
Property, plant and equipment	20	**544,962**	566,726
Intangible assets	21	**132,870**	136,388
Deferred income tax assets	25	**99**	100
		1,684,263	1,682,529
Total assets		**2,086,719**	2,071,200
LIABILITIES			
Current liabilities			
Trade and other payables	22	**123,171**	132,013
Current income tax liabilities	10(b)	**7,381**	6,299
Borrowings	23	**180,145**	157,008
Provisions	24	**–**	642
		310,697	295,962
Non-current liabilities			
Other payables	22	**419,721**	427,481
Borrowings	23	**41,712**	46,353
Deferred income tax liabilities	25	**33,145**	39,060
Provisions	24	**2,122**	2,267
		496,700	515,161
Total liabilities		**807,397**	811,123
NET ASSETS		**1,279,322**	1,260,077
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	**479,244**	475,489
Revaluation and other reserves	27	**331,750**	316,807
Retained profits	28	**432,561**	436,315
		1,243,555	1,228,611
Non-controlling interest		**35,767**	31,466
TOTAL EQUITY		**1,279,322**	1,260,077

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET – COMPANY

As at 31 December 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**156,376**	150,219
Trade and other receivables	13	**194,214**	170,559
Inventories		**12**	9
		350,602	320,787
Non-current assets			
Other receivables	13	**119,118**	493,192
Investments in associated companies	16	**696**	696
Investment in a joint venture	17	**300**	300
Investments in subsidiaries	18	**883,601**	511,691
Investment properties	19	**130,968**	124,922
Property, plant and equipment	20	**313,770**	308,502
		1,448,453	1,439,303
Total assets		**1,799,055**	1,760,090
LIABILITIES			
Current liabilities			
Trade and other payables	22	**14,560**	14,011
Current income tax liabilities	10(b)	**485**	485
Borrowings	23	**74,979**	80,901
		90,024	95,397
Non-current liabilities			
Other payables	22	**644,784**	631,805
Deferred income tax liabilities	25	**305**	476
Borrowings	23	**41,712**	–
		686,801	632,281
Total liabilities		**776,825**	727,678
NET ASSETS		**1,022,230**	1,032,412
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	**479,244**	475,489
Revaluation and other reserves	27	**281,999**	278,022
Retained profits	28	**260,987**	278,901
TOTAL EQUITY		**1,022,230**	1,032,412

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

		Attributable to equity holders of the Company									
	Note	Share capital $'000	Capital reserve $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Retained profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
2017											
Beginning of financial year		475,489	10,557	329,261	(20,085)	(2,393)	(533)	436,315	1,228,611	31,466	1,260,077
Profit for the year		–	–	–	–	–	–	21,606	21,606	253	21,859
Other comprehensive income for the year		–	–	10,607	2,155	1,998	183	–	14,943	4,048	18,991
Total comprehensive income for the year		**–**	**–**	**10,607**	**2,155**	**1,998**	**183**	**21,606**	**36,549**	**4,301**	**40,850**
Shares issued in-lieu of cash for dividend relating to 2016	26	3,755	–	–	–	–	–	(3,755)	–	–	–
Dividend paid in cash relating to 2016	29	–	–	–	–	–	–	(21,605)	(21,605)	–	(21,605)
Total transactions with owners, recognised directly in equity		**3,755**	**–**	**–**	**–**	**–**	**–**	**(25,360)**	**(21,605)**	**–**	**(21,605)**
End of financial year		**479,244**	**10,557**	**339,868**	**(17,930)**	**(395)**	**(350)**	**432,561**	**1,243,555**	**35,767**	**1,279,322**
2016											
Beginning of financial year		457,046	10,557	335,727	(21,569)	(1,807)	(879)	394,901	1,173,976	18,707	1,192,683
Profit for the year		–	–	–	–	–	–	65,041	65,041	3,402	68,443
Other comprehensive (loss)/income for the year		–	–	(5,444)	1,484	(586)	346	–	(4,200)	9,357	5,157
Share of a joint venture's transfer of revaluation gains to retained profits, net of tax		–	–	(1,022)	–	–	–	1,022	–	–	–
Total comprehensive income for the year		–	–	(6,466)	1,484	(586)	346	66,063	60,841	12,759	73,600
Shares issued in-lieu of cash for dividend relating to 2015	26	18,443	–	–	–	–	–	(18,443)	–	–	–
Dividend paid in cash relating to 2015	29	–	–	–	–	–	–	(6,206)	(6,206)	–	(6,206)
Total transactions with owners, recognised directly in equity		18,443	–	–	–	–	–	(24,649)	(6,206)	–	(6,206)
End of financial year		475,489	10,557	329,261	(20,085)	(2,393)	(533)	436,315	1,228,611	31,466	1,260,077

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Total profit		**21,859**	68,443
Adjustments for:			
– Income tax expense	10(a)	**3,698**	9,482
– Depreciation of property, plant and equipment	5	**10,997**	9,594
– Amortisation of intangible assets	5	**3,301**	4,153
– Loss on disposal of property, plant and equipment	8	**79**	203
– Fair value gains on investment properties	8	**(5,876)**	(2,651)
– Revaluation losses on property, plant and equipment	8	**5,378**	7,913
– Write-off of property, plant and equipment		**4**	58
– Impairment loss on hospitality lease and management agreements	8	**110**	1,192
– Interest income	7	**(2,897)**	(5,559)
– Interest expense	9	**4,300**	4,500
– Share of profit of joint ventures		**(11,662)**	(69,079)
– Share of profit of associated companies		**(2,678)**	(2,297)
– Unrealised currency translation losses/(gains)		**601**	(1,195)
		27,214	24,757
Change in working capital:			
– Trade and other receivables		**5,814**	42,167
– Inventories		**24**	244
– Development properties		**(8,709)**	(21,592)
– Trade and other payables		**(11,263)**	3,228
– Provisions		**(626)**	(4,669)
Cash generated from operations		**12,454**	44,135
Interest paid		**(135)**	(180)
Income tax paid		**(3,416)**	(5,990)
Net cash provided by operating activities		**8,903**	37,965
Cash flows from investing activities			
Additions to property, plant and equipment		**(3,720)**	(11,919)
Disposal of property, plant and equipment		**224**	10
Additions to investment properties		**(37,285)**	(49,140)
Dividends received from joint ventures		**14,100**	27,581
Investments in joint ventures		**–**	(19,061)
Repayment of advances from joint ventures		**39,752**	19,430
Advances (to)/from joint ventures		**(1,356)**	25,329
Liquidation of an associated company		**–**	36
Interest received		**2,937**	5,935
Income tax paid		**–**	(7,130)
Net cash provided by/(used in) investing activities		**14,652**	(8,929)

The accompanying notes form an integral part of these financial statements.

	Note	2017 $'000	2016 $'000
Cash flows from financing activities			
Proceeds from borrowings		**52,608**	98,764
Repayment of borrowings		**(36,592)**	(35,334)
Interest paid		**(5,294)**	(5,672)
Dividend paid to shareholders		**(21,605)**	(6,206)
(Repayment of advances from)/advances to non-controlling interest		**(1,731)**	2,053
Net cash (used in)/provided by financing activities		**(12,614)**	53,605
Net increase in cash and cash equivalents		**10,941**	82,641
Cash and cash equivalents			
Beginning of financial year	12	**209,262**	127,072
Effects of currency translation on cash and cash equivalents		**(618)**	(451)
End of financial year	12	**219,585**	209,262

Reconciliation of liabilities arising from financing activities

	1 January 2017 $'000	Principal and interest receipts/ (payments) $'000	Non-cash changes: Interest expenses $'000	Non-cash changes: Foreign exchange movement $'000	31 December 2017 $'000
Bank borrowings	203,361	16,016	217	2,263	221,857
Interest payable	18	(4,103)	4,177	(54)	38
Advances from non-controlling interests	140,515	(3,057)	1,530	11	138,999

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Far East Orchard Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905.

The principal activities of the Company are investment holding, hotel operations, property development and property investment. The principal activities of its significant subsidiaries are included in Note 36.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates, assumptions and judgements are significant to the financial statements are disclosed in Note 3.

(a) Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies and disclosures in the financial statements of the Group and the Company, and had no material effect on the amounts reported for the current or prior financial years except for the following:

<u>FRS 7 *Statement of cash flows*</u>

The amendments to FRS 7 *Statement of cash flows* (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows.

(b) New and amended standard adopted by the Group

<u>FRS 109 *Financial Instruments*</u>

On 1 January 2017, the Group has early adopted FRS 109 *Financial Instruments* ("FRS 109"). This standard is applicable for annual periods beginning on or after 1 January 2018. Management is of the view that FRS 109 provides more relevant and useful information to users of the financial statements as it better reflects the underlying business strategy and direction relating to the Group's indirect investment in quoted equity investments (not held for trading) held through an associated company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) New and amended standard adopted by the Group (continued)

FRS 109 *Financial Instruments* (continued)

The accounting policies were changed to comply with FRS 109 as issued by the Accounting Standards Council Singapore (ASC) in December 2014. FRS 109 replaces the provision of FRS 39 *Financial Instruments* that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. FRS 109 also significantly amends other standards dealing with financial instruments such as FRS 107 *Financial Instruments: Disclosures*.

In accordance with the transitional provisions in FRS 109, comparative figures have not been restated. The adoption did not have any significant impact to the Group and the Company's opening retained profits and net assets.

The impact on the financial statements is as follows:

(1) Classification and measurement of financial instruments

Management has assessed which business models apply to the financial assets held by the Group at the date of initial application of FRS 109 and has classified its financial instruments into the appropriate FRS 109 categories. The main effects resulting from this reclassification are as follows:

(i) Equity investments previously classified as available-for-sale financial assets

FRS 109 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses, on an instrument-by-instrument basis on initial recognition, to present fair value changes in other comprehensive income.

The Group has designated and measured an indirect investment in quoted equity instruments (not held for trading) at fair value through other comprehensive income ("FVOCI"). This investment is held through an associated company, which was previously classified as available-for-sale financial assets and measured at fair value at each reporting date under FRS 39.

The balance of $2,393,000 in the fair value reserve as of 1 January 2017 relates to the cumulative fair value losses of this indirect investment in quoted equity instruments held through the associated company. There was no impairment loss previously recognised in profit or loss.

(ii) Receivables and bank balances previously classified as loans and receivables

The Group's other financial assets, namely cash and cash equivalents (Note 12) and trade and other receivables, excluding prepayments (Note 13) that were previously classified as loans and receivables under FRS 39 have been classified as financial assets at amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) New and amended standard adopted by the Group (continued)

FRS 109 *Financial Instruments* (continued)

(2) Impairment of financial assets

In relation to the impairment of financial assets, FRS 109 requires the adoption of an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The Group has accounted for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The change in model did not have a material impact to the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and the specific criteria for each of the Group's activities are met as follows:

(a) Hospitality operations

Revenue from operation of owned or leased hospitality properties is recognised when the accommodation and related services are provided.

(b) Hospitality management and other related fees

(i) Hospitality management fees

Management fees earned from hospitality properties managed by the Group are recognised when services are rendered under the terms of the contract. The fees include a base fee, which is generally a percentage of the hospitality property's revenue, and/or an incentive fee, which is generally based on the hospitality property's profitability.

(ii) Other related fees

Other related fees include centralised services fees, property management fees, project management fees, technical services fees and other incidental fees. The fees are recognised when services are rendered under the terms of the contract.

(c) Sale of development properties

Revenue from sale of development properties under construction is recognised when the properties are delivered to the buyers, except for cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses, in which case sales are recognised by reference to the stage of completion of the properties. Please refer to the paragraph "Development properties" for the accounting policy for such cases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(d) Sale of properties held for sale

Revenue from sale of properties held for sale is recognised when the properties are delivered to the buyers.

(e) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Dividend income

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

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date when control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest comprises the portion of a subsidiary's net results of operations and its net assets which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interest based on their respective interests in a subsidiary, even if this results in the non-controlling interest having a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets is recorded as goodwill. Please refer to paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Company applies the same accounting policy on joint operations in its separate financial statements.

(d) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(d) Associated companies and joint ventures (continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained equity interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers on triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(i) Land and buildings (continued)

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus for the same asset. All other decreases in carrying amounts are recognised in profit or loss.

(ii) Other property, plant and equipment

Construction-in-progress are initially carried at cost and subsequently transferred to the respective classes of property, plant and equipment upon completion.

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs. Please refer to the paragraph "Borrowing costs" for the accounting policy on borrowing costs.

(b) Depreciation

Freehold land and construction-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	50 years
Plant, equipment, furniture and fittings	3–10 years
Motor vehicles	5–10 years
Other assets	5–10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses) - net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.5 Development properties

Development properties refer to properties developed for sale.

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Sale of development properties under construction in respect of which sale and purchase agreements are entered into prior to completion of construction are recognised when the properties are delivered to the buyers, except in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

For sales of development properties of the Group that are within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 Agreements for the Construction of Real Estate, the Group recognises revenue for sales of such development properties by reference to the stage of completion of the properties.

The stage of completion is determined by reference to the proportion of construction costs incurred to date, as certified by the architects or quantity surveyors, to the estimated total construction costs for the project. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

At balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses, if any) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "Due from customers" within "Trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is shown as "Due to customers" within "Trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "Trade and other receivables". Advances received are included within "Trade and other payables".

2.6 Properties held for sale

Properties held for sale refer to completed properties that are held for sale. They are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.7 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

(a) Goodwill on acquisitions (continued)

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

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

Gains and losses on the disposal of subsidiaries, joint operations, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

(b) Acquired hospitality lease agreements and hospitality management agreements

Hospitality lease agreements and hospitality management agreements acquired in a business combination are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised to profit or loss using the straight-line method over the term of the agreements of 5 to 40 years.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction of assets or development of properties. This includes those costs on borrowings acquired specifically for the construction of assets or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the asset under construction or property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.9 Investment properties

Investment properties include those portions of land and buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Subsequent expenditure is capitalised to the investment property's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.11 Impairment of non-financial assets

(a) Goodwill and intangible assets (including brands) with indefinite lives

Goodwill and intangible assets (including brands) with indefinite lives are tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Other intangible assets
Property, plant and equipment
Investments in subsidiaries, joint ventures and associated companies

Other intangible assets, property, plant and equipment and investments in subsidiaries, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of non-financial assets (continued)

(b) Other intangible assets
Property, plant and equipment
Investments in subsidiaries, joint ventures and associated companies (continued)

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.12 Investments and other financial assets

The Group has applied FRS 109 and has elected not to restate comparative information (Note 2.1(b)). As a result, the comparative information continues to be accounted for in accordance with the Group's previous accounting policy.

<u>Accounting policies applied prior to 1 January 2017</u>

(a) Classification

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 13) and "Cash and cash equivalents" (Note 12) on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

The Group has an indirect investment in quoted equity instruments (not held for trading) classified as available-for-sale financial assets. This investment is held through an associated company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Investments and other financial assets (continued)

Accounting policies applied prior to 1 January 2017 (continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Investments and other financial assets (continued)

Accounting policies applied prior to 1 January 2017 (continued)

(e) Impairment (continued)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.12(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

Accounting policies applied from 1 January 2017

(f) Classification and measurement

The Group classifies its financial assets in the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”); and
- Fair value through profit or loss (“FVPL”).

The classification depends on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

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 fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Investments and other financial assets (continued)

Accounting policies applied from 1 January 2017 (continued)

(f) Classification and measurement (continued)

At subsequent measurement

(i) Debt instruments

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains/(losses) – net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Other income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income that is not part of a hedging relationship is recognised in profit or loss in the period in which it arises and presented in "Other gains/(losses) – net".

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other gains/(losses)-net", except where the Group has elected to classify the investments as FVOCI. Movements in fair values of investments classified as FVOCI are presented as "Fair value gains and losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Investments and other financial assets (continued)

Accounting policies applied from 1 January 2017 (continued)

(g) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(h) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less amortisation over the period of the subsidiaries' borrowings; and

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial guarantees (continued)

Accounting policies applied prior to 1 January 2017

(b) at the expected amount payable to the banks in the event it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount in (a).

Accounting policies applied from 1 January 2017

(c) at the amount of loss allowance computed using the impairment methodology under FRS 109.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Derivative financial instruments and hedging activities (continued)

The Group had entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in a foreign currency. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to the cost of a hedged non-monetary asset upon acquisition.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

2.17 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.18 Operating leases

(a) When the Group is the lessee

The Group leases hospitality properties and offices under operating leases from non-related and related parties (Note 32(b)).

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor

The Group leases investment properties under operating leases to non-related parties.

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities, except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings and all other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains/(losses)-net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Director and management who is responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts, if any. Bank overdrafts, if any, are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

2.27 Reclassification of comparative figures

Certain comparative figures in the consolidated statement of comprehensive income and balance sheet of the Group have been reclassified to conform to current year presentation. The reclassification did not have any material impact to the comparative figures.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

3.1 Valuation of investment properties and property, plant and equipment

As at 31 December 2017, the Group's investment properties of $492,975,000 (Note 19) and land and buildings of $526,350,000 (Note 20) classified under property, plant and equipment are stated at their estimated fair values determined by independent professional valuers. These estimated fair values may differ significantly from the prices at which these properties can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimates set forth in these financial statements.

If the actual fair values of investment properties increase or decrease by 1% (2016: 1%) from the estimates, the profit after tax and net assets of the Group will increase or decrease by $4,835,000 (2016: $4,232,000).

If the actual fair values of land and buildings classified under property, plant and equipment increase or decrease by 1% (2016: 1%) from the estimates, the total comprehensive income and net assets of the Group will increase or decrease by $4,747,000 (2016: $4,912,000).

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

3.2 Impairment assessment of goodwill

Based on the Group's impairment assessment, no impairment is required for goodwill allocated to CGUs within the hospitality business, namely $37,257,000 to 'Management Services – Singapore' CGU and $15,484,000 to 'Property Ownership - Australia' CGU (Note 21(a)). The recoverable amounts of the CGUs are determined on the following basis:

(a) 'Management services – Singapore' CGU: Fair value less costs to sell; and

(b) 'Property ownership – Australia' CGU: Value-in-use

Significant judgements are used to estimate the key assumptions applied (Note 21(a)) in computing the recoverable amounts of the CGUs.

(i) Management services – Singapore

A reasonably possible change of the following magnitude on the key assumptions will not result in a reduction of the carrying amount of the goodwill as at 31 December 2017:

	Higher/ (lower)
Discounted Cash Flow method	
Annual revenue growth rate from 2018 to 2022	(2.0%)
Terminal growth rate	(0.5%)
Post-tax discount rate	0.5%
Guideline Public Company method	
Multiples (number of times)	(1x)
Normalised earnings	(5.0%)

(ii) Property ownership – Australia

A reasonably possible change of the following magnitude on the key assumptions will result in a reduction of the carrying amount of goodwill as at 31 December 2017 as follows:

	Higher/ (lower)	**Reduction in carrying amount of goodwill $'000**
Average net profit margin from 2018 to 2027	(1.0%)	4,317
Pre-tax discount rate	0.5%	10,504
Terminal growth rate	(0.5%)	2,893

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

3.3 Valuation of investment in material joint venture, Toga Hotel Holdings Unit Trust ("Toga Trust")

As at 31 December 2017, the carrying value of the Group's investment in Toga Trust accounted for using the equity method of accounting amounted to $199,547,000 (Note 17). The Group's share of Toga Trust's results recognised in the profit or loss and other comprehensive income are affected by the significant estimates and assumptions applied by Toga Trust in the:

(a) Determination of the fair value of its land and buildings classified under property, plant and equipment with a carrying amount of $270,893,000; and

(b) Impairment of its goodwill and brands with indefinite lives with a carrying amount of $200,044,000.

The carrying amounts above reflect the amounts presented in the financial statements of Toga Trust and not the Group's share of those amounts.

If the actual fair values of these land and buildings increase or decrease by 1.0% (2016: 1.0%), the net assets of the Group will increase or decrease by $1,236,000 (2016: $904,000).

If the recoverable amount of the CGU (which the goodwill and brands with indefinite lives are allocated to) decreases by 5% (2016: 5%), there is no reduction (2016: no reduction) in the carrying value of the Group's investment in Toga Trust.

4. SALES

	Group	
	2017	2016
	$'000	$'000
Hospitality operations	**117,479**	151,595
Hospitality management and other related fees received/receivable from:		
– other related parties (Note 32(b))	**15,585**	15,276
– non-related parties	**89**	–
Rental income	**18,021**	18,017
Total sales	**151,174**	184,888

5. EXPENSES BY NATURE

	Group	
	2017	2016
	$'000	$'000
Depreciation of property, plant and equipment (Note 20)	**10,997**	9,594
Amortisation of intangible assets (Note 21(b))	**3,301**	4,153
Advertising, promotion and marketing	**5,452**	4,827
Hospitality supplies and services	**23,290**	31,553
Hospitality management fees – joint venture	**3,018**	3,488
Directors' fees	**560**	490
Employee compensation (Note 6)	**41,117**	50,327
Property tax and upkeep of properties	**7,612**	8,929
Property pre-opening expenses	**43**	538
Rental expense on operating leases		
– other related parties (Note 32(b))	**19,516**	20,114
– non-related parties	**2,165**	11,499
Support services paid/payable to:		
– joint venture	**4,708**	6,885
– other related parties (Note 32(b))	**5,014**	4,052
Fees on audit services paid/payable to:		
– auditor of the Company	**443**	535
– other auditors*	**272**	270
Fees on non-audit services paid/payable to:		
– auditor of the Company	**64**	117
– other auditors*	**18**	11
Professional fees	**2,073**	1,732
Acquisition-related costs	**–**	414
Other expenses	**9,745**	15,927
Total cost of sales, distribution and marketing, administrative and other expenses	**139,408**	175,455

* Includes the network of member firms of PricewaterhouseCoopers ("PwC") International Limited (PwCIL) and auditors not within the network of member firms of PwC.

Included in the Group's rental expense on operating leases is contingent rent amounting to $6,372,000 (2016: $7,034,000) offset by amortisation of deferred income (Note 22) amounting to $5,166,000 (2016: $5,166,000).

6. EMPLOYEE COMPENSATION

	Group	
	2017	2016
	$'000	$'000
Wages and salaries	**37,805**	46,793
Employer's contribution to defined contribution plans, including Central Provident Fund	**3,312**	3,534
	41,117	50,327

7. OTHER INCOME

	Group	
	2017	2016
	$'000	$'000
Interest income from:		
– bank deposits	**2,424**	2,146
– advances to joint ventures	**473**	3,413
Other miscellaneous income	**810**	1,495
	3,707	7,054

8. OTHER GAINS/(LOSSES) – NET

	Group	
	2017	2016
	$'000	$'000
Impairment losses of hospitality lease and management agreements (Note 21(b))	**(110)**	(1,192)
Fair value gains on investment properties (Note 19)	**5,876**	2,651
Revaluation losses on property, plant and equipment (Note 20)	**(5,378)**	(7,913)
Currency translation (losses)/gains – net	**(265)**	1,219
Loss on disposal of property, plant and equipment	**(79)**	(203)
	44	(5,438)

9. FINANCE EXPENSES

	Group	
	2017	2016
	$'000	$'000
Interest expense for:		
– bank borrowings	**4,394**	4,489
– advances from non-controlling interests	**1,530**	1,331
	5,924	5,820
Less: Borrowing costs capitalised in development properties, investment properties, and property, plant and equipment	**(1,624)**	(1,320)
Finance expenses recognised in profit or loss	**4,300**	4,500

Borrowing costs on general financing were capitalised at a rate of 1.4% per annum (2016: 1.4% per annum).

10. INCOME TAXES

(a) Income tax expense

	Group 2017 $'000	Group 2016 $'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax		
– Singapore	**919**	1,369
– Foreign	**3,229**	11,447
	4,148	12,816
Deferred income tax (Note 25)	**136**	1,204
	4,284	14,020
– Under/(over) provision in prior financial years:		
Current income tax		
– Singapore	**480**	(4)
– Foreign	**(184)**	(2,531)
	296	(2,535)
Deferred income tax (Note 25)	**(882)**	(2,003)
	(586)	(4,538)
	3,698	9,482

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2017 $'000	Group 2016 $'000
Profit before tax	**25,557**	77,925
Share of profit of:		
– joint ventures, net of tax	**(11,662)**	(69,079)
– associated companies, net of tax	**(2,678)**	(2,297)
	(14,340)	(71,376)
Profit before tax and share of profit of joint ventures and associated companies	**11,217**	6,549
Tax calculated at tax rate of 17% (2016: 17%)	**1,907**	1,113
Effects of:		
– different tax rates in other countries	**708**	1,058
– tax incentives	**(69)**	(138)
– expenses not deductible for tax purposes	**6,316**	6,789
– income not subject to tax	**(5,491)**	(1,485)
– statutory stepped income exemption	**(56)**	(60)
– deferred tax asset not recognised	**327**	734
– recognition of previously unrecognised tax losses and capital allowances	**(268)**	(1,377)
– profit of a joint venture subject to tax on remittance	**910**	7,386
– over provision of tax in prior financial years	**(586)**	(4,538)
Tax charge	**3,698**	9,482

10. INCOME TAXES (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**6,299**	9,442	**485**	494
Currency translation differences	**54**	(304)	**–**	–
Income tax paid	**(3,416)**	(13,120)	**–**	(9)
Tax expense	**4,148**	12,816	**–**	–
Under/(over) provision in prior financial years	**296**	(2,535)	**–**	–
End of financial year	**7,381**	6,299	**485**	485

(c) Tax effects – other comprehensive income

	2017			2016		
	Before tax	**Tax credit/ (charge)**	**After tax**	Before tax	Tax charge	After tax
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Items that may be reclassified subsequently to profit or loss:						
Share of other comprehensive income of joint ventures	**105**	**–**	**105**	343	–	343
Currency translation differences arising from consolidation	**2,884**	**–**	**2,884**	2,436	–	2,436
Items that will not be reclassified subsequently to profit or loss:						
Share of other comprehensive income/(loss) of:						
– joint ventures	**16,722**	**(2,200)**	**14,522**	10,437	(1,632)	8,805
– associated companies	**1,998**	**–**	**1,998**	(586)	–	(586)
Revaluation (losses)/gains on property, plant and equipment – net	**(5,625)**	**5,107**	**(518)**	3,344	(9,185)	(5,841)
	16,084	**2,907**	**18,991**	15,974	(10,817)	5,157

11. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017	2016
Net profit attributable to equity holders of the Company ($'000)	**21,606**	65,041
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**423,901**	416,823
Basic earnings per share (cents per share)	**5.10**	15.60

Diluted EPS was the same as basic EPS as there are no dilutive potential ordinary shares.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**36,941**	47,098	**2,678**	7,319
Short-term bank deposits	**182,644**	162,164	**153,698**	142,900
	219,585	209,262	**156,376**	150,219

Included in cash and cash equivalents of the Group as at 31 December 2017 was the Group's share of its joint operation's bank balances and deposits amounting to Nil (2016: $3,032,000) held under the development project rules in Singapore and the use of which is also governed by these rules.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables:				
– other related parties (Note 32(b))	**5,454**	4,130	**611**	364
– non-related parties	**11,134**	12,497	**1,575**	1,925
Accrued receivables	**–**	7,773	**–**	–
	16,588	24,400	**2,186**	2,289
Less: Allowance for impairment of receivables – non-related parties	**(1,363)**	(1,130)	**(35)**	–
	15,225	23,270	**2,151**	2,289
Advances to subsidiaries	**–**	–	**185,914**	162,511
Deposits:				
– other related parties (Note 32(b))	**5,382**	5,394	**5,243**	5,210
– non-related parties	**225**	107	**3**	–
Prepayments	**2,125**	1,113	**106**	48
Other receivables:				
– joint ventures	**152**	65	**–**	–
– other related parties (Note 32(b))	**1,172**	559	**81**	–
– non-related parties	**3,215**	2,757	**716**	501
	12,271	9,995	**192,063**	168,270
	27,496	33,265	**194,214**	170,559

The advances to subsidiaries by the Company and the other receivables from other related parties of the Group and the Company, if any, are unsecured, repayable on demand and interest-free, except that the advances to subsidiaries by the Company of $154,812,000 (2016: $154,812,000) which is interest-bearing at a weighted average effective rate of 2.0% (2016: 2.0%) per annum.

13. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Non-current				
Prepayments	**352**	381	**215**	234
Advances to:				
– subsidiaries	**–**	–	**118,903**	531,048
– joint ventures	**18,238**	56,766	**–**	39,910
– associated company	**862**	862	**–**	–
	19,452	58,009	**119,118**	571,192
Less: Allowance for impairment of:				
Advances to:				
– subsidiaries	**–**	–	**–**	(78,000)
– associated company	**(862)**	(862)	**–**	–
	(862)	(862)	**–**	(78,000)
	18,590	57,147	**119,118**	493,192

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Total trade and other receivables (current and non-current)	**46,086**	90,412	**313,332**	663,751
Add/(less):				
– Cash and cash equivalents	**219,585**	209,262	**156,376**	150,219
– Prepayments	**(2,477)**	(1,494)	**(321)**	(282)
Total financial assets at amortised cost (2016: loans and receivables)	**263,194**	298,180	**469,387**	813,688

The non-current advances to joint ventures by the Group and the Company represent the advances provided to fund the projects held by these joint ventures.

The non-current advances to subsidiaries, joint ventures and an associated company by the Group and the Company, if any, are unsecured, not expected to be repayable in the next twelve months and interest-free except for advances to subsidiaries by the Company of $118,903,000 (2016: $80,901,000), which is interest-bearing at a weighted average effective rate of 1.5% (2016: 1.3%) per annum.

As at 31 December 2016, included in the non-current advances to joint ventures by the Group and the Company of $39,752,000 was interest-bearing at a weighted average effective rate of 1.4% per annum. This balance was fully repaid during the financial year.

During the year, the Company reclassified its non-current and interest-free advances to subsidiaries, amounting to $371,910,000, to 'Investments in subsidiaries' as the Company decided to hold these amounts as long-term capital commitments to these subsidiaries.

The fair values of non-current other receivables approximate their carrying amounts.

14. DEVELOPMENT PROPERTIES

	Group	
	2017	2016
	$'000	$'000
Freehold land	**17,371**	17,173
Development costs	**13,641**	4,580
	31,012	21,753

The amounts relate to unsold properties under development in the United Kingdom.

15. PROPERTIES HELD FOR SALE

	Group	
	2017	2016
	$'000	$'000
Residential	**167**	167
Medical suites	**123,863**	123,863
	124,030	124,030

At the balance sheet date, the details of the Group's properties held for sale are as follows:

Location	Description/ existing use	Gross floor area (sm)	Group's effective interest
euHabitat, 186 – 332 Jalan Eunos Singapore	1 residential unit	105	20%
Novena Medical Center, 10 Sinaran Drive Singapore	7 units of medical suites	515	100%
Novena Specialist Center, 8 Sinaran Drive Singapore	30 units of medical suites	2,249	100%

16. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Equity investment at cost			**696**	696
Beginning of financial year	**9,964**	9,790		
Share of:				
– profit	**2,678**	2,297		
– movement in fair value reserve (Note 27(iii))	**1,998**	(586)		
Liquidation during the financial year	**–**	(1,537)		
End of financial year	**14,640**	9,964		

The details of the Group's associated company, FEO Hospitality Asset Management Pte Ltd ("FEOHAM"), which, in the opinion of the directors is material to the Group are set out in Note 36. Set out below are the summarised financial information for FEOHAM.

16. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

Summarised balance sheet

	As at 31 December	
	2017	2016
	$'000	$'000
Current assets	**7,059**	7,692
Includes:		
– Cash and cash equivalents	**1,239**	1,833
Current liabilities	**(3,934)**	(3,442)
Includes:		
– Other current liabilities (including trade payables)	**(3,934)**	(3,442)
Non-current assets	**40,200**	24,905
Net assets	**43,325**	29,155

Summarised statement of comprehensive income

	For the financial year ended	
	2017	2016
	$'000	$'000
Revenue	**13,275**	13,201
Expenses		
Includes:		
– Depreciation and amortisation	**(67)**	(15)
Profit before income tax	**9,766**	9,657
Income tax expense	**(1,650)**	(1,631)
Net profit	**8,116**	8,026
Other comprehensive gain/(loss), net of tax	**6,054**	(1,775)
Total comprehensive income	**14,170**	6,251

The information above reflects the amounts presented in the financial statements of FEOHAM and not the Group's share of those amounts, adjusted for differences in accounting policies between the Group and the associated company.

There are no contingent liabilities relating to the Group's interest in FEOHAM.

16. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in the associated companies is as follows:

	2017 $'000	2016 $'000
Net assets at beginning of financial year	**29,155**	22,904
Profit for the year	**8,116**	8,026
Other comprehensive gain/(loss)	**6,054**	(1,775)
Net assets at end of financial year	**43,325**	29,155
Interest in FEOHAM (2017 and 2016: 33%)	**14,297**	9,621
Goodwill	**343**	343
Carrying amount	**14,640**	9,964

17. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2017 **$'000**	2016 $'000	**2017** **$'000**	2016 $'000
Equity investment at cost			**300**	300
Beginning of financial year	**465,689**	247,677		
Additions	**–**	19,061		
Share of profit	**11,662**	69,079		
Share of movements in:				
– asset revaluation reserve (Note 27(i))	**14,522**	8,805		
– currency translation reserve (Note 27(ii))	**(156)**	(151)		
– hedging reserve (Note 27(iv))	**261**	495		
Capitalisation of advances to a joint venture	**–**	146,387		
Dividends received	**(14,100)**	(27,581)		
Foreign exchange differences	**2,249**	1,917		
End of financial year	**480,127**	465,689		

Information about material joint ventures – 2017

The details of the Group's joint ventures, Toga Trust and Toga Developments Sydney Pty Limited ("TDSPL") (2016: Toga Trust, TDSPL, Far East Opus Pte. Ltd. ("Far East Opus") and Watervine Homes Pte. Ltd. ("WHPL")), which, in the opinion of the directors, are material to the Group are set out in Note 36. Set out below are the summarised financial information for Toga Trust and TDSPL (2016: Toga Trust, TDSPL, Far East Opus and WHPL).

17. INVESTMENTS IN JOINT VENTURES (continued)

Information about material joint ventures – 2017 (continued)

Summarised consolidated balance sheet

	Toga Trust 2017 $'000	TDSPL 2017 $'000
Current assets	**91,958**	**87,246**
Includes:		
– Cash and cash equivalents	**47,431**	**30,939**
– Trade and other receivables	**37,641**	**17,600**
– Development properties	**–**	**36,709**
Current liabilities	**(75,605)**	**(65,623)**
Includes:		
– Financial liabilities (excluding trade payables)	**(25,965)**	**(36,477)**
– Other current liabilities (including trade payables)	**(49,640)**	**(29,146)**
Non-current assets	**565,407**	**–**
Includes:		
– Property, plant and equipment [(1)]	**279,363**	**–**
– Intangible assets [(2)]	**279,714**	**–**
Non-current liabilities	**(156,328)**	**(340)**
Includes:		
– Financial liabilities (excluding trade payables)	**(111,530)**	**–**
– Other current liabilities (including trade payables)	**(44,798)**	**(340)**
Net assets	**425,432**	**21,283**

(1) Includes land and buildings held at fair value amounting to $270,893,000.
(2) Includes goodwill and brand with indefinite lives amounting to $200,044,000.

17. INVESTMENTS IN JOINT VENTURES (continued)

Information about material joint ventures – 2017 (continued)

Summarised consolidated statement of comprehensive income

	Toga Trust	TDSPL
	For the financial year ended	
	2017	2017
	$'000	$'000
Sales	393,753	137,022
Interest income	1,238	224
Expenses		
Includes:		
– Depreciation and amortisation	(11,556)	–
– Interest expense	(3,990)	–
Profit before income tax	9,852	20,066
Income tax expense	(1,703)	(6,020)
Net profit	8,149	14,046
Other comprehensive income, net of tax	11,648	–
Total comprehensive income	19,797	14,046
Dividend received from joint venture	–	–

The information above reflects the amounts presented in the financial statements of the joint ventures, and not the Group's share of those amounts, adjusted for differences in accounting policies between the Group and the joint ventures.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in the joint ventures are as follows:

	Toga Trust	TDSPL
	2017	2017
	$'000	$'000
Net assets at beginning of financial year	406,610	7,101
Profit for the year	8,149	14,046
Other comprehensive income	11,648	–
Foreign exchange differences	(975)	136
Net assets at end of financial year	425,432	21,283
Interest in Toga Trust (46%) and TDSPL (50%)	193,733	10,641
Goodwill	5,814	–
Carrying value	199,547	10,641

17. INVESTMENTS IN JOINT VENTURES (continued)

Information about material joint ventures – 2016

Summarised consolidated balance sheet

	Toga Trust 2016 $'000	TDSPL 2016 $'000	Far East Opus 2016 $'000	WHPL 2016 $'000
Current assets	125,229	120,963	142,702	230,332
Includes:				
– Cash and cash equivalents	75,342	603	54,438	12,846
– Trade and other receivables	46,488	–	75,974	4,544
– Development properties	–	119,401	–	212,942
Current liabilities	(90,872)	(112,796)	(51,842)	(185,347)
Includes:				
– Financial liabilities (excluding trade payables)	(16,756)	(106,355)	–	(171,943)
– Other current liabilities (including trade payables)	(74,116)	(6,441)	(51,842)	(13,404)
Non-current assets	509,671	526	137,703	–
Includes:				
– Property, plant and equipment (1)	227,731	–	–	–
– Intangible assets (2)	278,577	–	–	–
– Advances to shareholders	–	–	126,703	–
Non-current liabilities	(137,418)	(1,592)	(12,911)	(7,300)
Includes:				
– Financial liabilities (excluding trade payables)	(95,250)	–	–	–
– Other current liabilities (including trade payables)	(42,168)	(1,592)	(12,911)	(7,300)
Net assets	406,610	7,101	215,652	37,685

(1) Includes land and buildings held at fair value amounting to $198,099,000.
(2) Includes goodwill and brand with indefinite lives amounting to $200,351,000.

17. INVESTMENTS IN JOINT VENTURES (continued)

Information about material joint ventures – 2016 (continued)

Summarised consolidated statement of comprehensive income

	Toga Trust	TDSPL	Far East Opus	WHPL
		For the financial year ended		
	2016	2016	2016	2016
	$'000	$'000	$'000	$'000
Sales	371,385	–	751,709	289,465
Interest income	1,546	161	542	–
Expenses				
Includes:				
– Depreciation and amortisation	(8,594)	–	–	–
– Interest expense	(4,684)	–	(20)	–
Profit before income tax	43,835	(281)	277,045	32,365
Income tax expenses	(3,556)	–	(48,389)	(5,400)
Net profit	40,279	(281)	228,656	26,965
Other comprehensive income, net of tax	5,556	–	–	–
Total comprehensive income	45,835	(281)	228,656	26,965
Dividends received from joint venture	24,863	–	–	–

The information above reflects the amounts presented in the financial statements of the joint ventures, and not the Group's share of those amounts, adjusted for differences in accounting policies between the Group and the joint ventures.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

17. INVESTMENTS IN JOINT VENTURES (continued)

Information about material joint ventures – 2016 (continued)

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in the joint ventures are as follows:

	Toga Trust	TDSPL	Far East Opus	WHPL
	2016	2016	2016	2016
	$'000	$'000	$'000	$'000
Net assets/(liabilities) at beginning of financial year	395,126	7,295	(13,004)	10,720
Additions during the year	19,061	–	–	–
Profit/(loss) for the year	40,279	(281)	228,656	26,965
Other comprehensive income	5,556	–	–	–
Dividends paid	(58,962)	–	–	–
Foreign exchange differences	5,550	87	–	–
Net assets at end of financial year	406,610	7,101	215,652	37,685
Interest in Toga Trust (46%), TDSPL (50%), Far East Opus (20%) and WHPL (30%)	185,174	3,550	43,130	11,306
Goodwill	5,814	–	–	–
Carrying value	190,988	3,550	43,130	11,306

Information about immaterial joint ventures

The following table summarises, in aggregate, the Group's carrying amount, share of net profit and other comprehensive income of the individually immaterial joint ventures accounted for using the equity method:

	2017	2016
	$'000	$'000
Carrying amount	**269,939**	216,715
Profit from continuing operations	**921**	46
Other comprehensive income	**9,313**	6,624
Total comprehensive income	**10,234**	6,670

The immaterial joint ventures individually accounts for less than 10% of the Group's total assets or profit before tax and includes the Group's 33% joint venture equity interest in Woodlands Square Pte. Ltd. (Note 36) with a carrying amount of $143,505,000 (2016: $142,899,000) and the Group's share of losses from continuing operations for the financial year ended 31 December 2017 amounted to $474,000 (2016: $2,408,000).

18. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	$'000	$'000
Equity investments at cost	**521,354**	521,354
Reclassification (Note 13)	**371,910**	–
Less: Allowance for impairment of equity investments	**(9,663)**	(9,663)
	883,601	511,691

There were no changes during the financial year in the Group's ownership interest in its significant subsidiaries as set out in Note 36.

The details of the subsidiary with material non-controlling interest, Far East Hospitality Holdings Pte. Ltd., are set out in Note 36. The summarised consolidated financial information for Far East Hospitality Holdings Pte. Ltd. and its subsidiaries, before inter-company eliminations with other subsidiaries within the Group, is set out below.

Summarised consolidated balance sheet

	As at 31 December	
	2017	2016
	$'000	$'000
Assets		
Current assets	**79,149**	71,553
Non-current assets	**609,160**	612,170
Total assets	**688,309**	683,723
Liabilities		
Current liabilities	**(291,320)**	(295,968)
Non-current liabilities	**(277,765)**	(282,867)
Total liabilities	**(569,085)**	(578,835)
Net assets	**119,224**	104,888
Carrying value of non-controlling interest at 30% (2016: 30%)	**35,767**	31,466

18. INVESTMENT IN SUBSIDIARIES (continued)

Summarised consolidated statement of comprehensive income

	For the financial year ended	
	2017	2016
	$'000	$'000
Sales	**91,605**	127,488
Profit before income tax	**4,607**	18,344
Income tax expense	**(3,763)**	(7,004)
Net profit	**844**	11,340
Other comprehensive income, net of tax	**13,492**	31,190
Total comprehensive income	**14,336**	42,530
Total comprehensive income allocated to non-controlling interest	**4,301**	12,759

Summarised consolidated statement of cash flows

	For the financial year ended	
	2017	2016
	$'000	$'000
Operating cash inflows	**8,824**	13,998
Investing cash inflows	**922**	736
Financing cash outflows	**(4,412)**	(6,067)
Total cash inflows	**5,334**	8,667

19. INVESTMENT PROPERTIES

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**446,515**	408,630	**124,922**	126,743
Fair value gains/(losses) – net	**5,876**	2,651	**6,046**	(1,821)
Additions				
– Direct acquisitions	**–**	14,337	**–**	–
– Subsequent expenditure	**38,749**	35,554	**–**	–
Foreign exchange differences	**1,835**	(14,657)	**–**	–
End of financial year	**492,975**	446,515	**130,968**	124,922
Comprising:				
– Completed properties	**454,112**	388,358	**130,968**	124,922
– Properties under construction	**38,863**	58,157	**–**	–
	492,975	446,515	**130,968**	124,922

(a) Investment properties of the Group with carrying amounts of $157,702,000 (2016: $134,518,000) are provided as security for bank borrowings (Note 23).

19. INVESTMENT PROPERTIES (continued)

(b) Completed properties are leased to non-related parties under operating leases. The following amounts are recognised in profit or loss:

	Group	
	2017	2016
	$'000	$'000
Rental income	**18,021**	18,017
Direct operating expenses arising from investment properties that generate rental income	**(5,712)**	(5,534)

(c) At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description/ existing use	No. of units/ rooms	Tenure
Singapore			
Orchard Parade Hotel, 1 Tanglin Road	Shops and offices (land only)	–	Freehold and leasehold with 99 years lease expiring on 31 March 2064
Tanglin Shopping Centre, 19 Tanglin Road	Offices	4	Freehold
Novena Medical Center, 10 Sinaran Drive	Medical suites	37	Leasehold with 99 years lease expiring on 27 August 2101
Novena Specialist Center, 8 Sinaran Drive	Medical suites	10	Leasehold with 99 years lease expiring on 22 April 2106
Australia			
Rendezvous Hotel Perth Scarborough	Shops	13	Freehold
Adina Apartment Hotel Brisbane Anzac Square	Restaurant	1	Freehold
Adina Apartment Hotel Brisbane Anzac Square	Manager unit	1	Freehold
United Kingdom			
Turner Court, Newcastle upon Tyne	Student accommodation	274	Freehold
Rosedale Court, Newcastle upon Tyne	Student accommodation	338	Freehold
Marshall Court, Newcastle upon Tyne	Student accommodation	196	Freehold
Bryson Court, Newcastle upon Tyne	Student accommodation	366	Freehold
Newton Court, Newcastle upon Tyne (under development)	Student accommodation	295	Freehold
Land sites at Newcastle upon Tyne	Student accommodation	–	Freehold
Land site at Brighton	Student accommodation	–	Freehold

19. INVESTMENT PROPERTIES (continued)

(d) Valuation processes, techniques and inputs used in Level 3 fair value measurements

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of the financial year based on the properties' highest and best use.

The Group's investment properties are measured and carried at fair value using inputs that are not based on observable market data (unobservable inputs), i.e., Level 3 fair values.

Level 3 fair values of the Group's investment properties and land and buildings classified under property, plant and equipment (Note 20) have generally been derived using one or more of the following valuation techniques:

- sales comparison method, where the properties are valued using transacted prices for comparable properties with necessary adjustments made for the differences in location, tenure and condition of the property as well as prevailing market conditions relative to the date of the comparable transaction. The most significant unobservable input to the valuation is the pre-adjusted comparable sales price.

- discounted cash flow method, where the future net cash flows over a period are discounted to arrive at a present value. The most significant unobservable inputs to the valuation are the estimated net profit margin (for land and buildings classified under property, plant and equipment only), discount rate and terminal yield applied.

- income capitalisation method, where the net income is capitalised at a rate which reflects the yield expected from the property. The most significant unobservable input to the valuation is the capitalisation rate applied.

19. INVESTMENT PROPERTIES (continued)

(d) Valuation processes, techniques and inputs used in Level 3 fair value measurements (continued)

The following table presents the valuation techniques and key unobservable inputs that were used to determine the fair value which is categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2017 $'000	Fair value as at 31 December 2016 $'000	Valuation technique(s)	Significant unobservable input(s) and range	Relationship of unobservable inputs to fair value
Freehold and leasehold land – Singapore [(1)]	**119,023**	113,801	Income capitalisation	Capitalisation rate – 3.8% to 4.5% (2016: 4.0% to 5.0%)	The lower the capitalisation rate, the higher the fair value
			Sales comparison	Pre-adjusted comparable sales price – $3,951 to $5,136 (2016: $3,812 to $7,258) psf	The higher the comparable sales price, the higher the fair value
Office units – Singapore	**11,945**	11,120	Sales comparison	Pre-adjusted comparable sales price – $1,800 to $2,500 (2016: $1,705 to $2,764) psf	The higher the comparable sales price, the higher the fair value
Medical suites – Singapore	**163,047**	163,047	Sales comparison	Pre-adjusted comparable sales price – $3,573 to $4,708 (2016: $3,210 to $7,350) psf	The higher the comparable sales price, the higher the fair value
Shops, restaurant and manager unit – Australia [(2)]	**31,597**	32,326	Discounted cash flow	Discount rate – 7.5% (2016: 8.3%) Terminal yield – 7.0% (2016: 7.3%)	The lower the discount rate or terminal yield, the higher the fair value
			Income capitalisation	Capitalisation rate – 7.0% to 8.0% (2016: 7.0% to 8.9%)	The lower the capitalisation rate, the higher the fair value
Student accommodation – United Kingdom [(2)]	**167,363**	126,221	Discounted cash flow	Discount rate – 8.3% to 9.4% (2016: 9.3% to 9.5%) Terminal yield – 5.8% to 6.9% (2016: 6.8% to 7.0%)	The lower the discount rate or terminal yield, the higher the fair value
			Income capitalisation	Capitalisation rate – 5.3% to 6.5% (2016: 6.0% to 6.5%)	The lower the capitalisation rate, the higher the fair value
	492,975	446,515			

(1) Valuation determined using the average of income capitalisation and sales comparison
(2) Valuation determined using the average of discounted cash flow and income capitalisation

20. PROPERTY, PLANT AND EQUIPMENT

	Freehold and leasehold land $'000	Buildings $'000	Plant, equip-ment, furniture and fittings $'000	Construct-ion-in-progress $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Group – 2017							
Cost or valuation							
Beginning of financial year							
Cost	–	–	59,389	3,119	1,046	4,243	67,797
Valuation	366,114	181,016	–	–	–	–	547,130
	366,114	181,016	59,389	3,119	1,046	4,243	614,927
Currency translation differences	165	447	32	(4)	–	(3)	637
Additions	–	–	1,453	2,262	–	5	3,720
Disposals	–	–	(59)	–	(479)	–	(538)
Cost adjustments	–	(3,979)	–	–	–	–	(3,979)
Revaluation adjustments:							
– profit or loss	–	(6,529)	–	–	–	–	(6,529)
– other comprehensive income (Note 27(i))	2,987	(13,871)	–	–	–	–	(10,884)
End of financial year	369,266	157,084	60,815	5,377	567	4,245	597,354
Representing:							
Cost	–	–	60,815	5,377	567	4,245	71,004
Valuation	369,266	157,084	–	–	–	–	526,350
	369,266	157,084	60,815	5,377	567	4,245	597,354
Accumulated depreciation and impairment losses							
Beginning of financial year	–	–	44,843	–	379	2,979	48,201
Currency translation differences	–	(111)	(39)	–	–	–	(150)
Depreciation charge	–	6,521	4,069	–	108	299	10,997
Write-off	–	–	–	–	–	4	4
Disposals	–	–	(56)	–	(194)	–	(250)
Revaluation adjustments:							
– profit or loss	–	(1,151)	–	–	–	–	(1,151)
– other comprehensive income (Note 27(i))	–	(5,259)	–	–	–	–	(5,259)
End of financial year	–	–	48,817	–	293	3,282	52,392
Net book value							
End of financial year	**369,266**	**157,084**	**11,998**	**5,377**	**274**	**963**	**544,962**

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold and leasehold land $'000	Buildings $'000	Plant, equipment, furniture and fittings $'000	Construction-in-progress $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Group – 2016							
Cost or valuation							
Beginning of financial year							
Cost	–	–	56,856	38,897	1,046	4,024	100,823
Valuation	384,520	127,389	–	–	–	–	511,909
	384,520	127,389	56,856	38,897	1,046	4,024	612,732
Currency translation differences	393	2,043	179	(783)	–	20	1,852
Additions	–	–	1,153	10,755	–	405	12,313
Disposals	–	(514)	(1,153)	–	–	(28)	(1,695)
Transfers	–	43,574	2,354	(45,750)	–	(178)	–
Revaluation adjustments:							
– profit or loss	–	(9,185)	–	–	–	–	(9,185)
– other comprehensive income (Note 27(i))	(18,799)	17,709	–	–	–	–	(1,090)
End of financial year	366,114	181,016	59,389	3,119	1,046	4,243	614,927
Representing:							
Cost	–	–	59,389	3,119	1,046	4,243	67,797
Valuation	366,114	181,016	–	–	–	–	547,130
	366,114	181,016	59,389	3,119	1,046	4,243	614,927
Accumulated depreciation and impairment losses							
Beginning of financial year	–	297	42,172	–	273	2,873	45,615
Currency translation differences	–	12	98	–	–	11	121
Depreciation charge	–	5,705	3,482	–	106	301	9,594
Write-off	–	–	58	–	–	–	58
Disposals	–	(308)	(1,145)	–	–	(28)	(1,481)
Transfers	–	–	178	–	–	(178)	–
Revaluation adjustments:							
– profit or loss	–	(1,272)	–	–	–	–	(1,272)
– other comprehensive income (Note 27(i))	–	(4,434)	–	–	–	–	(4,434)
End of financial year	–	–	44,843	–	379	2,979	48,201
Net book value							
End of financial year	366,114	181,016	14,546	3,119	667	1,264	566,726

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold and leasehold land $'000	Plant, equip-ment, furniture and fittings $'000	Construct-ion-in-progress $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Company – 2017						
Cost or valuation						
Beginning of financial year						
Cost	–	28,039	476	468	1,789	30,772
Valuation	305,599	–	–	–	–	305,599
	305,599	28,039	476	468	1,789	336,371
Additions	–	436	1,892	–	–	2,328
Disposals	–	(55)	–	(468)	–	(523)
Revaluation adjustments – other comprehensive income (Note 27(i))	3,977	–	–	–	–	3,977
End of financial year	309,576	28,420	2,368	–	1,789	342,153
Representing:						
Cost	–	28,420	2,368	–	1,789	32,577
Valuation	309,576	–	–	–	–	309,576
	309,576	28,420	2,368	–	1,789	342,153
Accumulated depreciation						
Beginning of financial year	–	25,959	–	130	1,780	27,869
Depreciation charge	–	696	–	51	2	749
Disposals	–	(54)	–	(181)	–	(235)
End of financial year	–	26,601	–	–	1,782	28,383
Net book value						
End of financial year	**309,576**	**1,819**	**2,368**	**–**	**7**	**313,770**
Company – 2016						
Cost or valuation						
Beginning of financial year						
Cost	–	28,015	101	468	1,778	30,362
Valuation	331,329	–	–	–	–	331,329
	331,329	28,015	101	468	1,778	361,691
Additions	–	103	375	–	11	489
Disposals	–	(79)	–	–	–	(79)
Revaluation adjustments – other comprehensive income (Note 27(i))	(25,730)	–	–	–	–	(25,730)
End of financial year	305,599	28,039	476	468	1,789	336,371
Representing:						
Cost	–	28,039	476	468	1,789	30,772
Valuation	305,599	–	–	–	–	305,599
	305,599	28,039	476	468	1,789	336,371
Accumulated depreciation						
Beginning of financial year	–	25,311	–	82	1,776	27,169
Depreciation charge	–	725	–	48	4	777
Disposals	–	(77)	–	–	–	(77)
End of financial year	–	25,959	–	130	1,780	27,869
Net book value						
End of financial year	305,599	2,080	476	338	9	308,502

Property, plant and equipment of the Group with carrying amounts $185,727,000 (2016: $255,456,000) are provided as security for bank borrowings (Note 23).

20. PROPERTY, PLANT AND EQUIPMENT (continued)

The freehold and leasehold land and buildings of the Group and the Company with carrying values of $526,350,000 (2016: $547,130,000) and $309,576,000 (2016: $305,599,000) respectively are carried at the revalued amounts in accordance with the Group's accounting policy as described in Note 2.4. If these land and buildings were included in the financial statements at cost less accumulated depreciation and impairment losses, their net book values would have been $179,584,000 (2016: $187,560,000) and $2,183,000 (2016: $2,183,000) respectively.

Valuation processes, techniques and inputs for Level 3 fair value measurements

The Group engages external, independent and qualified valuers to determine the fair value of the Group's property, plant and equipment, on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts, based on the properties' highest and best use. The following table presents the valuation techniques and key inputs (as described in Note 19) that were used to determine the fair value which is categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December		Valuation technique(s)	Significant unobservable input(s) and range	Relationship of unobservable inputs to fair value
	2017	2016			
	$'000	$'000			
Freehold and leasehold land – Singapore	**309,576**	305,599	Income capitalisation	Capitalisation rate – 3.8% to 4.5% (2016: 4.0% to 5.0%)	The lower the capitalisation rate, the higher the fair value
			Sales comparison	Pre-adjusted comparable sales price – $2,918 to $6,792 (2016: $2,918 to $6,792) psf	The higher the comparable sales price, the higher the fair value
Freehold land and building (2016: Freehold land) – Malaysia	**40,412**	48,676	Discounted cash flow	Discount rate – 8.0% (2016: 8.0%) Terminal yield – 6.0% (2016: 6.0%)	The lower the discount rate or terminal yield, the higher the fair value
Freehold land and buildings – Australia [(1)]	**176,362**	192,855	Discounted cash flow	Net profit margin – 11.7% to 28.8% (2016: 16.1% to 31.0%)	The higher the net profit margin, the higher the fair value
				Discount rate – 8.0% to 8.5% (2016: 8.0% to 9.3%) Terminal yield – 6.8% to 7.5% (2016: 6.8% to 8.0%)	The lower the discount rate or terminal yield, the higher the fair value
			Income capitalisation	Capitalisation rate – 6.0% to 7.0% (2016: 6.0% to 7.5%)	The lower the capitalisation rate, the higher the fair value
	526,350	547,130			

(1) Valuation determined using the average of discounted cash flow and income capitalisation.

21. INTANGIBLE ASSETS

	Group	
	2017	2016
	$'000	$'000
Goodwill arising from acquisition of hospitality businesses (Note (a))	**52,741**	52,855
Hospitality lease and management agreements (Note (b))	**80,129**	83,533
	132,870	136,388

(a) Goodwill arising from acquisition of hospitality businesses

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**57,753**	57,574
Currency translation differences	**(114)**	179
End of financial year	**57,639**	57,753
Accumulated impairment		
Beginning and end of financial year	**4,898**	4,898
Net book value	**52,741**	52,855

Impairment assessment of goodwill

Goodwill is allocated to the CGUs within the Group's hospitality business as follows:

	Group	
	2017	2016
	$'000	$'000
Management services – Singapore (Note (i))	**37,257**	37,257
Property ownership – Australia (Note (ii))	**15,484**	15,598
	52,741	52,855

(i) Management services – Singapore

The recoverable amount of the "Management services – Singapore" CGU was determined based on fair value less cost to sell ("FVLCTS").

The FVLCTS adopted by the Group was computed using the average of the values derived from the following two level 3 valuation techniques based on management's estimates:

- Discounted Cash Flow ("DCF") method; and
- Guideline Public Company ("GPC") method

21. INTANGIBLE ASSETS (continued)

(a) Goodwill arising from acquisition of hospitality businesses (continued)

(i) Management services – Singapore (continued)

DCF method

The assumptions used in the future net cash flows takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Cash flow projections used in the DCF were based on financial projections approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the long-term average growth rate for the hospitality management services business in which the CGU operates. Key assumptions used for the analysis of the CGU also include the annual revenue growth rates for the period from 2018 to 2022 which are benchmarked to industry reports and a discount rate which reflects a market participant's required return on the CGU being tested for impairment.

	2017	2016
Terminal growth rate	**2.5%**	2.5%
Post-tax discount rate	**8.7%**	9.0%

GPC method

The GPC method entails applying multiples to the normalised earnings of the CGU and adjusted for the risk and size of the CGU. The key assumptions are the GPC multiples and normalised earnings.

The GPC multiples is determined based on published data regarding traded price and earnings of public companies that are engaged in the same or similar line of business as the CGU. The CGU's normalised earnings is determined by management based on past performance and its expectations of market developments.

Based on the FVLCTS adopted by the Group, the recoverable amount of the CGU exceeds the carrying value and the allocated goodwill is not impaired.

21. INTANGIBLE ASSETS (continued)

(a) Goodwill arising from acquisition of hospitality businesses (continued)

(ii) Property ownership – Australia

The recoverable amount determined was based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial projections approved by management covering a ten-year period as the CGU is only expected to achieve a steady growth rate of cash flows after ten years. Cash flows beyond the ten-year period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the long-term average growth rate for the hospitality operations business in which the CGU operates. Key assumptions used for the analysis of the CGU also include the budgeted net profit margin for the period 2018 to 2027 determined by management based on past performance and its expectations of market developments and a discount rate which was pre-tax and reflected specific risks relating to the CGU.

	2017	2016
Pre-tax discount rate	**8.1%**	8.5%
Terminal growth rate	**1.0%**	1.2%

The CGU's recoverable amount exceeded its carrying amount and the allocated goodwill was not impaired.

(b) Hospitality lease and management agreements

	Group	
	2017	2016
	$'000	$'000
Cost		
Beginning of financial year	**99,456**	100,235
Currency translation differences	**(9)**	(779)
End of financial year	**99,447**	99,456
Accumulated amortisation and impairment		
Beginning of financial year	**15,923**	10,653
Currency translation differences	**(16)**	(75)
Amortisation charge included within "Cost of sales" in profit or loss	**3,301**	4,153
Impairment charge	**110**	1,192
End of financial year	**19,318**	15,923
Net book value	**80,129**	83,533

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Current				
Trade payables:				
– Other related parties (Note 32(b))	**1,676**	723	**738**	113
– non-related parties	**9,313**	11,652	**873**	1,178
	10,989	12,375	**1,611**	1,291
Deferred income:				
– other related parties (Note 32(b))	**7,069**	7,060	**6,797**	6,797
– non-related parties	**1,695**	1,459	**175**	146
	8,764	8,519	**6,972**	6,943
Other payables:				
– joint ventures	**2,836**	12,108	**–**	–
– non-related parties	**9,005**	8,610	**–**	–
	11,841	20,718	**–**	–
Advances from a non-controlling interest	**66,552**	66,552	**–**	–
Accrual for operating expenses	**21,679**	20,433	**5,805**	5,493
Deposits received	**3,308**	3,398	**172**	284
Interest payable	**38**	18	**–**	–
	123,171	132,013	**14,560**	14,011

Other payables to joint ventures and advances from a non-controlling interest of the Group are unsecured, repayable on demand and interest-free, except for the advances from a non-controlling interest of $66,552,000 (2016: $66,552,000) which bear interest at a weighted average effective interest rate of 2.0% (2016: 2.0%) per annum.

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Non-current				
Deferred income – other related parties (Note 32(b))	**296,701**	303,498	**296,701**	303,498
Deposits received	**1,359**	800	**–**	–
Advances from:				
– subsidiaries	**–**	–	**348,083**	328,307
– joint ventures	**49,214**	49,220	**–**	–
– non-controlling interests	**72,447**	73,963	**–**	–
	419,721	427,481	**644,784**	631,805

Deferred income from other related parties refers to the unamortised portion of the proceeds from Far East Hospitality Trust for the Company's grant of a 50-year leasehold interest (from August 2012) in the freehold and leasehold land of Orchard Parade Hotel to Far East Hospitality Trust.

The non-current advances from subsidiaries to the Company and the advances from joint ventures and non-controlling interests of the Group are unsecured, interest-free and not repayable in the next 12 months.

22. TRADE AND OTHER PAYABLES (continued)

Advances from a non-controlling interest of $71,910,000 (2016: $71,910,000) are repayable at its nominal value, or convertible to shares of the subsidiary in whole or in part and in the same proportion as a similar loan from the Company to the same subsidiary, such that the Company's share of equity interest in the subsidiary does not change, at the rate of one share per $1 nominal value of the loan, upon the unanimous approval of the Company and the non-controlling interest. The advances have no fixed term of repayment and the non-controlling interest has no intention to demand repayment in the next 12 months.

The fair values of non-current trade and other payables of the Group and the Company approximate their carrying amounts.

23. BORROWINGS

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Bank borrowings				
– current (secured)	**105,166**	76,107	**–**	–
– current (unsecured)	**74,979**	80,901	**74,979**	80,901
	180,145	157,008	**74,979**	80,901
– non-current (secured)	**–**	46,353	**–**	–
– non-current (unsecured)	**41,712**	–	**41,712**	–
	221,857	203,361	**116,691**	80,901

The Group and the Company's bank borrowings are:

– at variable interest rates with contractual repricing dates less than 6 months from balance sheet date (2016: Less than 6 months); and

– secured over certain investment properties (Note 19) and certain property, plant and equipment (Note 20).

The fair values of non-current borrowings of the Group approximate their carrying amounts.

24. PROVISIONS

	Group	
	2017	2016
	$'000	$'000
Onerous hospitality lease agreements:		
– current	**–**	642
– non-current	**2,122**	2,267
	2,122	2,909

A provision is recognised at the balance sheet date for the unavoidable costs of meeting the obligations under the hospitality lease agreements which exceeds the economic benefits expected to be received over the remaining contractual term.

24. PROVISIONS (continued)

The movements in the provisions for onerous hospitality lease agreements are as follows:

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**2,909**	7,497
Provision reversed	**–**	(1,323)
Provision utilised	**(626)**	(3,347)
Currency translation differences	**(161)**	82
End of financial year	**2,122**	2,909

25. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Deferred income tax assets				
– To be recovered after one year	**99**	100	**–**	–
Deferred income tax liabilities				
– To be settled within one year	**729**	728	**113**	209
– To be settled after one year	**32,416**	38,332	**192**	267
	33,145	39,060	**305**	476

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately $77,736,000 (2016: $54,877,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. These tax losses have no expiry date.

25. DEFERRED INCOME TAXES (continued)

Deferred income tax liabilities – Group

The movements in deferred income tax liabilities and assets (prior to offsetting of balances within the same tax jurisdiction) are as follows:

	Accelerated tax depreciation $'000	Revaluation gains – net $'000	Recognition of profits on percentage of completion $'000	Other $'000	Total $'000
Group – 2017					
Beginning of financial year	14,879	25,088	1,064	1,264	42,295
(Credited)/charged to:					
– profit or loss	(598)	(155)	(1,064)	910	(907)
– other comprehensive income (Note 27(i))	–	(1,678)	–	–	(1,678)
Over provision in prior financial years					
– profit or loss	–	(882)	–	–	(882)
– other comprehensive income (Note 27(i))	–	(3,429)	–	–	(3,429)
Currency translation differences	–	(63)	–	(2)	(65)
End of financial year	**14,281**	**18,881**	**–**	**2,172**	**35,334**
Group – 2016					
Beginning of financial year	15,346	15,328	7,171	2,016	39,861
(Credited)/charged to:					
– profit or loss	(467)	285	(6,107)	1,239	(5,050)
– other comprehensive income (Note 27(i))	–	9,185	–	–	9,185
Over provision in prior financial years – profit or loss	–	–	–	(2,003)	(2,003)
Currency translation differences	–	290	–	12	302
End of financial year	14,879	25,088	1,064	1,264	42,295

Deferred income tax assets – Group

	Tax losses $'000	Other $'000	Total $'000
Group – 2017			
Beginning of financial year	(3,235)	(100)	(3,335)
Charged to profit or loss	1,043	–	1,043
Currency translation differences	3	1	4
End of financial year	**(2,189)**	**(99)**	**(2,288)**
Group – 2016			
Beginning of financial year	(9,463)	(99)	(9,562)
Charged to profit or loss	6,254	–	6,254
Currency translation differences	(26)	(1)	(27)
End of financial year	(3,235)	(100)	(3,335)

25. DEFERRED INCOME TAXES (continued)

Deferred income tax liabilities – Company

	2017 $'000	2016 $'000
Accelerated tax depreciation		
Beginning of financial year	**476**	431
(Credited)/charged to profit or loss	**(171)**	45
End of financial year	**305**	476

26. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2017 '000	2016 '000	2017 $'000	2016 $'000
Beginning of financial year	**422,677**	410,840	**475,489**	457,046
Shares issued in-lieu of dividend	**2,455**	11,837	**3,755**	18,443
End of financial year	**425,132**	422,677	**479,244**	475,489

All issued ordinary shares are fully paid and there is no par value for these ordinary shares.

27. REVALUATION AND OTHER RESERVES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Capital reserve	**10,557**	10,557	**–**	–
Asset revaluation reserve	**339,868**	329,261	**281,999**	278,022
Currency translation reserve	**(17,930)**	(20,085)	**–**	–
Fair value reserve	**(395)**	(2,393)	**–**	–
Hedging reserve	**(350)**	(533)	**–**	–
	331,750	316,807	**281,999**	278,022

Capital reserve of the Group represents the difference between a non-controlling interest's share of the carrying amount of the business and the fair value of the consideration received by the Group when it transferred 30% out of the 100% held interest in the subsidiary, Far East Hospitality Holdings Limited (Note 18) to the non-controlling interest.

27. REVALUATION AND OTHER RESERVES (continued)

The movements for the other categories of reserves are as follows:

(i) Asset revaluation reserve

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**329,261**	335,727	**278,022**	303,752
Revaluation (losses)/gains – net	**(5,625)**	3,344	**3,977**	(25,730)
Share of joint venture's asset revaluation reserve movement	**14,522**	8,805	**–**	–
Tax credit/(charge) relating to				
– revaluation losses/gains	**6,647**	(8,523)	**–**	–
– share of joint venture's asset revaluation reserve movement	**(1,540)**	(662)	**–**	–
Share of a joint venture's transfer of revaluation gains to retained profits, net of tax	**–**	(1,022)	**–**	–
Less: Non-controlling interest	**(3,397)**	(8,408)	**–**	–
End of financial year	**339,868**	329,261	**281,999**	278,022

(ii) Currency translation reserve

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**(20,085)**	(21,569)
Net currency translation differences of financial statements of foreign subsidiaries and joint ventures	**3,019**	(1,546)
Net currency translation differences of advances designated as net investments in subsidiaries	**(135)**	3,981
Share of joint venture's currency translation reserve movement	**(156)**	(151)
Less: Non-controlling interest	**(573)**	(800)
End of financial year	**(17,930)**	(20,085)

(iii) Fair value reserve

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**(2,393)**	(1,807)
Share of associated company's fair value reserve movement	**1,998**	(586)
End of financial year	**(395)**	(2,393)

27. REVALUATION AND OTHER RESERVES (continued)

(iv) Hedging reserve

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**(533)**	(879)
Share of joint venture's hedging reserve movement	**261**	495
Less: Non-controlling interest	**(78)**	(149)
End of financial year	**(350)**	(533)

Revaluation and other reserves are non-distributable.

28. RETAINED PROFITS

Retained profits of the Group are distributable except for the accumulated retained profits from the share of results of joint ventures and associated companies amounting to $78,423,000 (2016: $78,251,000).

The movements for the retained profits of the Company are as follows:

	Company	
	2017	2016
	$'000	$'000
Beginning of financial year	**278,901**	294,906
Shares issued in-lieu of dividend (Note 29)	**(3,755)**	(18,443)
Dividend paid to shareholders in cash (Note 29)	**(21,605)**	(6,206)
Net profit for the financial year	**7,446**	8,644
End of financial year	**260,987**	278,901

29. DIVIDEND

	Company	
	2017	2016
	$'000	$'000
Ordinary dividend paid		
Final dividend paid in respect of the previous financial year of 6 cents (2016: 6 cents) using		
– new shares issued	**3,755**	18,443
– cash	**21,605**	6,206
	25,360	24,649

At the Annual General Meeting on 22 April 2018, a final dividend of 6.00 cents per share amounting to a total of $25,508,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2018.

30. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Investment in joint ventures	**35,317**	35,569	**–**	–
Investment properties	**39,048**	36,294	**–**	–
Property, plant and equipment	**3,872**	5,133	**2,825**	4,434
	78,237	76,996	**2,825**	4,434

Included in the capital commitment for property, plant and equipment above is an amount of $2,626,000 (2016: $4,434,000) relating to the Company's outstanding capital commitment for certain renovation and asset enhancement works for Orchard Parade Hotel (the "Additional Works"). The Company, as master lessee, and Far East Hospitality Trust (DBS Trustee Limited as the trustee and FEO Hospitality Asset Management Pte. Ltd as the trust manager), as master lessor, have agreed that the Company's maximum liability for the Additional Works shall not exceed $4,900,000, which represents approximately 35.25% of the total estimated costs of the Additional Works. During the financial year, an amount of $1,808,000 (2016: $466,000) of the capital commitment had been expended.

(b) Operating lease commitments – where the Group is a lessee

The Group and the Company lease hotels, serviced residences and offices from other related parties and non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Not later than one year				
– other related parties (Note 32(b))	**17,932**	18,263	**10,546**	10,803
– non-related parties	**2,165**	2,253	**–**	–
	20,097	20,516	**10,546**	10,803
Between one and five years				
– other related parties (Note 32(b))	**68,154**	68,790	**40,030**	40,514
– non-related parties	**6,157**	8,661	**–**	–
	74,311	77,451	**40,030**	40,514
Later than five years				
– other related parties (Note 32(b))	**164,038**	181,038	**96,493**	106,493
– non-related parties	**–**	–	**–**	–
	164,038	181,038	**96,493**	106,493
	258,446	279,005	**147,069**	157,810

Included in the above are commitments of the Group under non-cancellable lease rentals that relate to the fixed portion over the remaining tenure of the initial lease term due to related parties and non-related parties. In addition to the fixed portion, contingent rent determined based on a percentage of gross operating revenue and gross operating profits of these properties have also been committed.

30. COMMITMENTS (continued)

(c) Operating lease commitments – where the Group is a lessor

The Group and the Company lease out investment properties to non-related parties under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Not later than one year	**12,606**	11,880	**382**	279
Between one and five years	**16,401**	12,518	**394**	–
Later than five years	**9,481**	9,878	**–**	–
	38,488	34,276	**776**	279

31. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group's overall risk management objective is to effectively manage these risks and minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out by a team within the management of the Group.

(a) Market risk

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets other than fixed deposits with banks, the Group's income is substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings (Note 23). The Company's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings and advances from/to subsidiaries at variable rates. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

The borrowings of the Group at variable rates are mainly denominated in British Pound ("GBP") and Australian Dollar ("AUD") (2016: GBP, AUD and Malaysian Ringgit). The profit after tax of the Group would have been lower/higher by $1,147,000 (2016: $595,000), $258,000 (2016: $249,000) and $Nil (2016: $209,000) respectively as a result of higher/lower interest expense on these borrowings if the interest rates had increased/decreased by 1.0% (2016: 1.0%) with all other variables including tax rate being held constant.

31. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Currency risk

The Group operates in Singapore, Australia, New Zealand, the United Kingdom ("UK") and Malaysia. The entities within the Group transact in currencies other than their respective functional currencies ("foreign currencies"). Significant currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), Australian Dollar ("AUD"), New Zealand Dollar ("NZD") and British Pound ("GBP"). Where such currency risk becomes significant, the Group considers the use of currency swaps and forwards to manage the risk.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	AUD $'000	NZD $'000	GBP $'000
At 31 December 2017				
Financial assets				
Cash and cash equivalents	173,662	33,009	4,104	2,417
Trade and other receivables	17,870	23,064	1,274	1,205
Intra-group receivables	65,569	59,191	5,393	119,238
	257,101	115,264	10,771	122,860
Financial liabilities				
Borrowings	–	(35,479)	–	(186,378)
Trade and other payables	(212,675)	(9,883)	(2,248)	(9,123)
Intra-group payables	(65,569)	(59,191)	(5,393)	(119,238)
	(278,244)	(104,553)	(7,641)	(314,739)
Net financial (liabilities)/assets	(21,143)	10,711	3,130	(191,879)
(Less)/add: Net financial (liabilities)/ assets denominated in the respective entities' functional currencies	(44,084)	15,659	2,263	194,426
Net currency exposure	**(65,227)**	**26,370**	**5,393**	**2,547**

31. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

	SGD $'000	AUD $'000	NZD $'000	GBP $'000
At 31 December 2016				
Financial assets				
Cash and cash equivalents	170,186	27,853	4,156	2,044
Trade and other receivables	63,002	23,146	1,123	1,467
Intra-group receivables	64,206	50,848	6,052	82,304
	297,394	101,847	11,331	85,815
Financial liabilities				
Borrowings	–	(35,533)	–	(140,660)
Trade and other payables	(212,733)	(16,546)	(2,632)	(6,017)
Intra-group payables	(64,206)	(50,848)	(6,052)	(82,304)
	(276,939)	(102,927)	(8,684)	(228,981)
Net financial assets/(liabilities)	20,455	(1,080)	2,647	(143,166)
(Less)/add: Net financial (liabilities)/ assets denominated in the respective entities' functional currencies	(84,098)	25,517	3,407	144,558
Net currency exposure	(63,643)	24,437	6,054	1,392

If the foreign currencies strengthened/weakened against their respective functional currencies by 5.0% (2016: 5.0%) with all other variables including tax rate being held constant, the Group's profit before tax for the financial year would decrease as follows:

	2017 **$'000**	2016 $'000
SGD strengthened against AUD	**(3,261)**	(3,182)
AUD weakened against SGD	**(1,318)**	(1,222)
NZD weakened against SGD	**(270)**	(303)
GBP weakened against SGD	**(127)**	(70)

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Australia, the UK and Malaysia are managed through borrowings denominated in the relevant foreign currencies.

The Company's business is not exposed to any significant foreign exchange risk as the majority of its financial assets and liabilities are denominated in Singapore Dollars.

31. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets carried at amortised cost of the Group and of the Company are bank deposits, trade receivables, advances to or amounts due from subsidiaries, joint ventures and other related parties, deposits and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and/or requiring deposits to be placed with the Group prior to provision of certain of its services. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group and the Company has no significant concentrations of credit risk and has in place credit policies and procedures to ensure on-going credit evaluation and active account monitoring.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. In addition, the Company has off-balance sheet exposure to credit risk as follows:

	Company	
	2017	2016
	$'000	$'000
Corporate guarantees provided to banks on banking facilities of subsidiaries and/or joint ventures	–	27,447

The Group and the Company consider 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.

The Group's and Company's financial assets at amortised cost have low risk of default. To assess whether there is a significant increase in credit risk, the Group and the Company compare 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 and the Company consider available reasonable and supportive forward-looking information, where applicable, which include the following indicators:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation;
- Default or delinquency in payments; and
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

31. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

- There is significant financial difficulty of the debtor;
- A breach of contract, such as a default or past due event; or
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, based on the Group's and Company's historical information.

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

Bank deposits

Bank deposits are considered to have low credit risk as they are mainly deposits with reputable banks.

Trade receivables

2017
The Group and the Company applies the simplified approach to providing for expected credit losses prescribed by FRS 109, which permits the use of the lifetime credit loss provision for all trade receivables, contract assets and lease receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data. The Group's and the Company's credit risk exposure in relation to trade receivables as at 31 December 2017 are set out in the provision matrix as follows:

	Group				
	Current to 30 days past due $'000	> 30 days past due $'000	> 60 days past due $'000	> 90 days past due $'000	Total $'000
2017					
Expected loss rate	0.1%	0.6%	19.0%	47.0%	8.2%
Gross carrying amount	12,919	702	174	2,793	16,588
Loss allowance provision	13	4	33	1,313	1,363
2016					
Gross carrying amount	9,865	4,423	702	1,637	16,627

31. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Trade receivables (continued)

2017 (continued)

	Company				
	Current to 30 days past due $'000	> 30 days past due $'000	> 60 days past due $'000	> 90 days past due $'000	Total $'000
2017					
Expected loss rate	0.2%	0.5%	2.3%	19.5%	1.6%
Gross carrying amount	1,810	183	44	149	2,186
Loss allowance provision	4	1	1	29	35
2016					
Gross carrying amount	1,681	379	158	71	2,289

The movement of the related loss provision is as follows:

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Beginning of financial year	**1,130**	372	**–**	–
Allowance made	**217**	740	**35**	–
Allowance utilised	**–**	–	**–**	–
Currency translation differences	**16**	18	**–**	–
End of financial year	**1,363**	1,130	**35**	–

During the period, the Group and the Company made no write-offs of trade receivables and it does not expect to receive future cash flows from and no recoveries from collection of cash flows previously written off.

2016
In 2016, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that impairment had been incurred but not yet identified.

The Group and the Company considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 90 days overdue).

31. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Trade receivables (continued)

2016 (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with reputable banks. Trade and other receivables, advances to or amounts due from subsidiaries, joint ventures and other related parties and deposits that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company.

(ii) Financial assets that are past due and/or impaired

The age analysis of trade receivables past due but not impaired is as follows:

	Group	Company
	$'000	$'000
Past due 0 to 2 months	5,044	537
Past due 2 to 4 months	566	37
Past due over 4 months	85	–
	5,695	574

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	Company
	$'000	$'000
Gross amount	1,130	–
Less: Allowance for impairment losses	(1,130)	–
	–	–

The impaired trade receivables arise mainly from sales to customers with significant delay in payments.

Other financial assets at amortised cost

The Group's advances to or amounts due from subsidiaries, joint ventures and other related parties and other receivables carried at amortised cost have low risk of default and a strong capacity to meet contractual cash flows. Hence the loss allowance is determined at an amount equal to 12-month expected credit loss. The Group and the Company categorise such loan or receivable as a financial asset with low risk of impairment.

Where the interest and/or principal repayments are 30 days past due and there is no reasonable expectation of recovery, or the counterparty is going into administration or bankruptcy or financial reorganisation, the Group and Company categorise such loan or receivable for impairment.

31. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, as well as the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

The Group and the Company manage the liquidity risk by maintaining sufficient cash to meet the normal operating commitments and having an adequate amount of committed credit facilities.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group –				
At 31 December 2017				
Trade and other payables	114,407	51,110	–	71,910
Borrowings	184,081	42,459	–	–
	298,488	**93,569**	**–**	**71,910**
At 31 December 2016				
Trade and other payables	123,872	52,073	–	71,910
Borrowings	161,278	47,618	–	–
	285,150	99,691	–	71,910
Company –				
At 31 December 2017				
Trade and other payables	7,588	348,083	–	–
Borrowings	76,682	42,459	–	–
	84,270	**390,542**	**–**	**–**
At 31 December 2016				
Trade and other payables	7,205	328,307	–	–
Borrowings	81,923	–	–	–
Financial guarantee for borrowings of a subsidiary	27,447	–	–	–
	116,575	328,307	–	–

31. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. Consistent with how management monitors capital, the gearing ratio is calculated as total borrowings divided by total equity.

	Group		Company	
	2017	2016	**2017**	2016
Total borrowings ($'000)	**221,857**	203,361	**116,691**	80,901
Total equity ($'000)	**1,279,322**	1,260,077	**1,022,230**	1,032,412
Gearing ratio (%)	**17%**	16%	**11%**	8%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Loans and receivables	**–**	298,180	**–**	813,688
Financial assets at amortised cost	**263,194**	–	**469,387**	–
Financial liabilities at amortised cost	**459,284**	450,838	**472,362**	416,276

The Group and the Company have early adopted FRS 109 for the financial year beginning 1 January 2017 (Note 2.1(b)). The Group's financial assets that were classified as "Loans and receivables" under FRS 39 in the previous financial year have been classified as "Financial assets at amortised cost" for the current financial year.

32. RELATED PARTY TRANSACTIONS

(a) Immediate and ultimate holding company

The Company's immediate and ultimate holding company is Far East Organisation Pte Ltd, incorporated in Singapore.

(b) Sales and purchases of goods and services from other related parties

Other related parties comprise mainly companies which are controlled by the shareholders of the Company's ultimate holding company.

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

	Group	
	2017	2016
	$'000	$'000
Amounts billed to/(by) other related parties:		
Administrative service fees	**342**	354
Sale of goods and services	**230**	305
Purchase of goods and services	**(231)**	(264)
Amounts billed by other related parties to joint ventures:		
Support services	**(242)**	(755)
Purchase of goods and services	**(7)**	(119)
Payments made on behalf for other related parties	**4,728**	4,282

Outstanding balances at 31 December 2017, arising from deposits, sale and purchase of goods and services are set out in Notes 13 and 22 respectively.

(c) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2017	2016
	$'000	$'000
Wages and salaries	**2,626**	3,022
Employer's contribution to defined contribution plans, including Central Provident Fund	**60**	66
	2,686	3,088

33. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Director and management for performance measurement and resource allocation.

The Group operates its hospitality business across three segments.

(i) Management services

The management services segment includes all of the hospitality properties that the Group manages directly in Singapore.

(ii) Operations

The operations segment includes leased properties in Singapore, Australia, New Zealand and the Group's investment in Toga Trust and the REIT Manager of Far East Hospitality Trust.

(iii) Property ownership

The property ownership segment includes hospitality properties located in Australia, Germany, Denmark and Malaysia that are owned directly by the Group or through the Group's investments in joint ventures.

The Group manages its property business across two segments.

(i) Development

The development segment includes all property development projects at various stages of development and unsold completed properties that are held through either joint ventures or joint operations; and medical suites that are held for sale. Rental income from the leasing of medical suites held for sale, if any, is included under the investment segment on the reports reviewed by the Group's Executive Director and management.

(ii) Investment

The investment segment includes medical suites, student accommodation buildings including those under development and some offices that are held for rentals or/and long-term capital appreciation.

There was no revenue from transactions with a single external customer that accounts for 10 per cent or more of the Group's revenue for the financial years ended 31 December 2017 and 2016.

33. SEGMENT INFORMATION (continued)

The segment information provided to the Executive Director and management for the reportable segments are as follows:

	Hospitality				Property		Total
	Management services – Singapore $'000	Operations – Singapore $'000	Operations – Australia and New Zealand $'000	Property ownership $'000	Development $'000	Investment $'000	$'000
2017							
Total segment sales	18,960	42,830	15,577	62,272	–	14,821	**154,460**
Inter-segment sales	(3,286)	–	–	–	–	–	**(3,286)**
Sales to external parties	**15,674**	**42,830**	**15,577**	**62,272**	**–**	**14,821**	**151,174**
Operating profit	2,441	2,393	2,464	4,800	173	6,517	**18,788**
Share of profit of:							
– joint ventures	–	–	3,718	872	6,941	131	**11,662**
– associated companies	–	2,678	–	–	–	–	**2,678**
Total operating profit	**2,441**	**5,071**	**6,182**	**5,672**	**7,114**	**6,648**	**33,128**
Other gains – net*							**44**
Corporate expenses							**(10,470)**
Interest income							**2,897**
Other expenses							**(42)**
Profit before income tax							**25,557**
Income tax expense							**(3,698)**
Total profit							**21,859**
Segment assets	125,129	329,313	15,922	308,966	180,257	465,209	**1,424,796**
Investments in associated companies	–	14,640	–	–	–	–	**14,640**
Investments in joint ventures	–	–	199,547	58,715	221,865	–	**480,127**
	125,129	**343,953**	**215,469**	**367,681**	**402,122**	**465,209**	**1,919,563**
Corporate assets							**167,156**
Total assets							**2,086,719**

* Included $110,000 impairment loss on hospitality lease and management agreements allocated to 'Hospitality operations – Australia and New Zealand' segment.

33. SEGMENT INFORMATION (continued)

	Hospitality				Property		Total
	Management services – Singapore $'000	Operations – Singapore $'000	Operations – Australia and New Zealand $'000	Property ownership $'000	Development $'000	Investment $'000	$'000
2016							
Total segment sales	18,544	43,367	49,495	61,739	–	15,011	188,156
Inter-segment sales	(3,268)	–	–	–	–	–	(3,268)
Sales to external parties	15,276	43,367	49,495	61,739	–	15,011	184,888
Operating profit	4,306	2,965	3,600	5,932	(267)	7,312	23,848
Share of profit of:							
– joint ventures	–	–	17,013	1,633	50,433	–	69,079
– associated companies	–	2,649	–	–	(352)	–	2,297
Total operating profit	4,306	5,614	20,613	7,565	49,814	7,312	95,224
Other losses – net*							(5,438)
Corporate expenses							(10,653)
Interest income							5,559
Other expenses							(6,767)
Profit before income tax							77,925
Income tax expense							(9,482)
Total profit							68,443
Segment assets	125,876	325,003	32,149	320,683	215,670	421,122	1,440,503
Investments in associated companies	–	9,964	–	–	–	–	9,964
Investments in joint ventures	–	–	190,988	47,474	227,227	–	465,689
	125,876	334,967	223,137	368,157	442,897	421,122	1,916,156
Corporate assets							155,044
Total assets							2,071,200

* Included $1,192,000 impairment loss on hospitality lease and management agreements allocated to 'Hospitality operations – Australia and New Zealand' segment.

33. SEGMENT INFORMATION (continued)

Geographical information

The Group's five business segments operate in five main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the hotel operations, property development, property investment and investment holding;
- Australia – the operations in this area are principally the hotel operations and property ownership;
- New Zealand – the operations in this area are principally the hotel operations;
- The United Kingdom – the operations in this area are principally property investment; and
- Other countries – the operations include hotel operations and property ownership in Malaysia and property ownership in Germany and Denmark.

	Sales	
	2017	2016
	$'000	$'000
Singapore	**67,639**	67,821
Australia	**63,371**	78,734
New Zealand	**9,275**	30,210
United Kingdom	**5,686**	5,833
Other countries	**5,203**	2,290
	151,174	184,888

	Non-current assets	
	2017	2016
	$'000	$'000
Singapore	**953,176**	992,638
Australia	**462,022**	464,580
New Zealand	**–**	–
United Kingdom	**167,435**	126,222
Other countries	**101,630**	99,089
	1,684,263	1,682,529

34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2018. The Group and Company do not expect that adoption of these accounting standards or interpretations will have a material impact on the Group's and Company's financial statements except for the following:

(a) FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018)

FRS 115 replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 35). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 35.

(b) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments of the Group may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 35). The new accounting framework has similar requirements of FRS 116.

34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

(b) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019) (continued)

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating leases of $258,446,000 (Note 30(b)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

35. ADOPTION OF SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 31 March 2018 in April 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group will also concurrently apply new major SFRS(I) 15 *Revenue from Contracts with Customers*. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The Group does not plan to elect any relevant optional exemptions.

(b) Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively. Under the existing FRS, costs incurred on acquisition of certain contracts in relation to sale of property units under development, such as commission payable to sale agents, are expensed to the profit or loss as they do not qualify for recognition as an asset under any existing FRS. Under SFRS(I) 15, as these costs are incurred to obtain or acquire the contracts with customers, it will be capitalised as "Contract assets – contract acquisition costs".

(c) Summary of provisional financial impact

The impact of the adoption of SFRS(I) is expected to be immaterial to the line items on the Group's financial statements.

36. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of companies	Principal activities	Country of business/ incorporation	Group effective ownership interest held 2017 %	2016 %
Significant subsidiaries				
Far East Hospitality Holdings Pte. Ltd.	Investment holding	Singapore	**70**	70
Jelco Properties Pte Ltd	Investment and sales of properties	Singapore	**100**	100
Far East Hospitality Properties (Australia) Pte. Ltd.	Ownership of hospitality properties	Singapore	**70**	70
Far East Hospitality Investments (Australia) Pte. Ltd.	Investment holding	Singapore	**70**	70
Far East Orchard Holdings (Jersey) Limited	Investment of properties through its subsidiaries	United Kingdom/ Jersey	**100**	100
Significant joint ventures				
Toga Hotel Holdings Unit Trust	Ownership and management of hospitality properties	Australia	**32**	32
Toga Developments Sydney Pty Limited	Property development	Australia	**50**	50
Far East Opus Pte. Ltd.	Property development	Singapore	**20**	20
Watervine Homes Pte. Ltd.	Property development	Singapore	**30**	30
Woodlands Square Pte. Ltd.	Property development	Singapore	**33**	33
Significant associated company				
FEO Hospitality Asset Management Pte. Ltd.	REIT Manager of Far East Hospitality Trust	Singapore	**33**	33

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Far East Orchard Limited on 19 March 2018.

Issued and fully paid-up capital	:	S$479,244,157.17
Number of shares issued	:	425,131,522
Class of shares	:	Ordinary Shares fully paid
Voting rights	:	One vote per share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	303	5.32	8,829	0.00
100 - 1,000	569	9.99	376,164	0.09
1,001 - 10,000	3,390	59.54	16,326,300	3.84
10,001 - 1,000,000	1,410	24.76	51,627,515	12.14
1,000,001 and above	22	0.39	356,792,714	83.93
Total	5,694	100.00	425,131,522	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	FAR EAST ORGANISATION PTE LTD	257,792,448	60.64
2	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	18,098,595	4.26
3	CITIBANK NOMINEES SINGAPORE PTE LTD	14,745,052	3.47
4	ESTATE OF KHOO TECK PUAT, DECEASED	11,417,000	2.69
5	THE BANK OF EAST ASIA (NOMINEES) PRIVATE LIMITED	10,123,460	2.38
6	DBS NOMINEES (PRIVATE) LIMITED	7,608,325	1.79
7	DAIWA (MALAYA) PRIVATE LIMITED	6,731,200	1.58
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,467,861	1.29
9	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	3,696,793	0.87
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,486,475	0.58
11	TAN SU KIOK OR SIA LI WEI JOLIE (SHE LIWEI JOLIE)	1,947,330	0.46
12	OCBC SECURITIES PRIVATE LIMITED	1,900,063	0.45
13	UOB KAY HIAN PRIVATE LIMITED	1,859,872	0.44
14	KHOO POH KOON	1,724,425	0.41
15	HOTEL HOLDINGS (PRIVATE) LTD	1,699,600	0.40
16	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,566,451	0.37
17	PHILLIP SECURITIES PTE LTD	1,485,597	0.35
18	RAFFLES NOMINEES (PTE) LIMITED	1,482,528	0.35
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,345,534	0.32
20	MORPH INVESTMENTS LTD	1,280,000	0.30
Total		**354,458,609**	**83.40**

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

Name	Direct Interest No.of Shares	%	Deemed Interest No.of Shares	%
Far East Organisation Pte Ltd	257,792,448	60.64	–	–
Tan Kim Choo[(1)]	224,659	0.05	257,792,448	60.64
The Estate of Ng Teng Fong, deceased[(2)]	–	–	257,792,448	60.64
Ng Chee Siong[(3)]	–	–	257,792,448	60.64
Ng Chee Tat, Philip[(4)]	–	–	257,792,448	60.64

(1) Mdm Tan Kim Choo is deemed to be interested in the Shares held by Far East Organisation Pte Ltd ("FEOPL") through her 50% shareholding in the issued share capital of FEOPL.
(2) The Estate of Ng Teng Fong, deceased ("Estate"), is deemed to be interested in the Shares held by FEOPL through the Estate's 50% shareholding in the issued share capital of FEOPL.
(3) FEOPL has a direct interest in 257,792,448 shares. The Estate has more than 20% interest in FEOPL. Ng Chee Siong is a beneficiary of the Estate and is therefore deemed to be interested in the 257,792,448 shares in which FEOPL has an interest.
(4) FEOPL has a direct interest in 257,792,448 shares. The Estate has more than 20% interest in FEOPL. Ng Chee Tat, Philip is a beneficiary of the Estate and is therefore deemed to be interested in the 257,792,448 shares in which FEOPL has an interest.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on the information provided to the Company as at 12 March 2018, approximately 39.31% of the issued share capital of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

FAR EAST ORCHARD LIMITED

(Incorporated in the Republic of Singapore) (Registration No: 196700511H)

NOTICE IS HEREBY GIVEN that the Fiftieth Annual General Meeting of Far East Orchard Limited (the "**Company**") will be held at Antica Ballroom, Level 2, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 on Tuesday, 24 April 2018 at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2017 together with the Directors' Statement and the Report of the Independent Auditor thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of S$0.06 per ordinary share for the financial year ended 31 December 2017. **(Resolution 2)**

3. To approve the sum of up to S$520,000 as Directors' fees for the financial year ending 31 December 2018, to be paid quarterly in arrears. (2017: S$520,000) **(Resolution 3)**

4. To re-elect Mr Ramlee Bin Buang, a Director retiring pursuant to Regulation 103 of the Company's Constitution, and who being eligible, has offered himself for re-election. (See Explanatory Note (1)) **(Resolution 4)**

5. To re-elect Mr Lui Chong Chee, a Director retiring pursuant to Regulation 98 of the Company's Constitution, and who being eligible, has offered himself for re-election. (See Explanatory Note (2)) **(Resolution 5)**

6. To note the retirement of Mr Heng Chiang Meng, a Director retiring pursuant to Regulation 98 of the Company's Constitution, who has decided not to seek re-election. (see Explanatory Note (3))

7. To re-appoint PricewaterhouseCoopers LLP as Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

8. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

9. Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore ("**Act**") and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors to:

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

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

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

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

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding any treasury shares and subsidiary holdings, if any) (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 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by 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, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) 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 Act and the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (See Explanatory Note (4)) **(Resolution 7)**

10. Proposed renewal of the Shareholders' Mandate for Interested Person Transactions

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies which are entities at risk as defined under Chapter 9 of the Listing Manual, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Letter to Shareholders, with any person who is of the class of Interested Persons described in the Letter to Shareholders, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders and are in accordance with the review procedures for Interested Person Transactions as set out in the Letter to Shareholders;

(b) the approval given in sub-paragraph (a) above (the "**Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until 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; and

(c) the Directors be and are hereby authorised, jointly or severally, to take such steps and exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or necessary or in the interest of the Company to give effect to the Mandate and/or this Resolution." (See Explanatory Note (5)) **(Resolution 8)**

BY ORDER OF THE BOARD

PHUA SIYU, AUDREY
Company Secretary

Singapore,
9 April 2018

Notes:

(i) A member of the Company entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting. A member of the Company 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 (and the number and class of Shares must be specified).

"relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Act.

(ii) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. If the member is a corporation, the instrument appointing the proxy must be under its common seal or signed by its attorney under seal.

(iii) A proxy need not be a member of the Company.

(iv) The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905 **not less than 72 hours** before the time appointed for holding the Annual General Meeting. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Explanatory Notes:

(1) **Ordinary Resolution 4**, is to re-elect Mr Ramlee Bin Buang (who was appointed on 25 April 2017) pursuant to Regulation 103 of the Company's Constitution and if he is re-elected, he will remain as a member of the Audit & Risk Committee. Mr Ramlee is considered an Independent Director for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(2) **Ordinary Resolution 5**, is to re-elect Mr Lui Chong Chee who will be retiring by rotation pursuant to Regulation 98 of the Company's Constitution and if he is re-elected, he will remain as Managing Director.

(3) Mr Heng Chiang Meng will retire as a Director of the Company at the conclusion of the 50th Annual General Meeting. Consequent thereto, Mr Heng will also cease to act as the Chairman of the Nominating Committee and as a Member of the Audit & Risk Committee at the conclusion of the 50th Annual General Meeting.

(4) **Ordinary Resolution 7**, if passed, will empower the Directors of the Company from the date of the passing of this Resolution until the next Annual General Meeting to allot and issue Shares and to make or grant Instruments convertible into Shares and to issue Shares in pursuance of such Instruments, for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of Shares which may be issued (including Shares to be issued pursuant to convertibles) under this Resolution shall not exceed 50% of the issued Shares (excluding treasury shares and subsidiary holdings, if any), of which not more than 20% may be issued other than on a pro-rata basis. The total number of Shares which may be issued will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed after adjusting for (a) new Shares arising from the conversion or exercise of convertible securities or employee share options on issue at the time this Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

(5) **Ordinary Resolution 8**, if passed, will renew the Mandate and empower the Company, its subsidiaries and associated companies, to enter into the Interested Person Transactions as described in the Letter to Shareholders. The authority under the renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General meeting of the Company, or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the warranty in (ii).

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FAR EAST ORCHARD LIMITED

(Incorporated in the Republic of Singapore)
(Registration No: 196700511H)

PROXY FORM

ANNUAL GENERAL MEETING

Important

1. For investors who have used their CPF monies to buy ordinary shares in the capital of Far East Orchard Limited ("Shares"), this Report is forwarded to them at the request of the CPF Agent Banks and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS Investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

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 AGM dated 9 April 2018.

I/We ______________________________

of ______________________________

being a member/members of Far East Orchard Limited (the "**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares (Ordinary Shares)	%
Address			

and/or *(delete as appropriate)*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares (Ordinary Shares)	%
Address			

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Fiftieth Annual General Meeting ("**AGM**") of the Company to be held on Tuesday, 24 April 2018 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions 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 AGM and at any adjournment thereof.

No.	Resolutions	For*	Against*
ORDINARY BUSINESS			
1.	Adoption of Audited Financial Statements together with the Directors' Statement and Report of the Independent Auditor for the financial year ended 31 December 2017		
2.	Payment of first and final tax-exempt dividend		
3.	Approval of Directors' fees for the sum of up to S$520,000 for the financial year ending 31 December 2018 (2017: S$520,000)		
4.	Re-election of Mr Ramlee Bin Buang as a Director		
5.	Re-election of Mr Lui Chong Chee as a Director		
6.	Re-appointment of PricewaterhouseCoopers LLP as Independent Auditor		
SPECIAL BUSINESS			
7.	Authority to allot and issue shares		
8.	Proposed renewal of the shareholders' mandate for Interested Person Transactions		

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this __________ day of __________ 2018.

	Total number of shares in:
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Affix
Postage
Stamp

Company Secretary
FAR EAST ORCHARD LIMITED
1 Tanglin Road
#05-01 Orchard Parade Hotel
Singapore 247905

1st fold here

2nd fold here

Notes:

1. (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead at the AGM. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

   (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies, to attend and vote in his/her stead at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.

   (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").

2. A proxy need not be a member of the Company.
3. This proxy form must be deposited at the Company's registered office at 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905 **not less than 72 hours** before the time set for the AGM.
4. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal.
5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy or proxies, failing which the instrument may be treated as invalid.
6. A corporation who is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.
7. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

50 YEARS

FAR EAST ORCHARD LIMITED

A MEMBER OF FAR EAST ORGANIZATION

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