DEFINING MOMENTS

AMARA HOLDINGS LIMITED / Annual Report 2017

CONTENTS

EXCEPTIONAL MOMENTS WITH AMARA

Life's best experiences are captured in the beauty of moments. At Amara, we are privileged and honoured to witness and celebrate one's life milestones and new chapters – from weddings, honeymoons, anniversaries to building a life, home and family.

AMARA VISION

Sharing a common vision and an identical set of values, we strive to deliver a brand experience unique to Amara in our three interrelated core businesses.

The Amara vision is to be recognised as a leading Asian integrated lifestyle group, with premium brands that exude the value, quality and style of our product offerings, and a warm and personalised service that goes beyond the expectations of our customers.

OUR CORE VALUES

allow us to embody the innovative and creative spirit, daring to dream and constantly keeping up with trends. We are committed to providing a quality and superior integrated lifestyle product, delivered with the utmost professionalism and that special touch of Asian hospitality.

OUR GOAL

is to maintain excellence in all that we do, and offer long term benefits to our shareholders, our customers and our employees.

OUR GREATEST ASSET

is our people. We value their contributions and are dedicated to training and bringing out the best in our people.

AMARA BRAND

A homegrown integrated lifestyle group principally engaged in three business areas, namely, hotel investment and management, property investment and development, and specialty restaurants and food services.

AMARA HOTELS & RESORTS

Amara presents the world with a fresh approach to luxury hotels and resorts. We promise to enrich, fulfill and inspire our guests with individual experiences that are cherished and memorable. We are the creator of special moments and unique memories.

Because this moment matters.

AMARA HOTELS

Amara Hotels are contemporary Asian business hotels offering a friendly environment in which to relax or do business. Amara Hotels offer the latest business hotel facilities in a convenient city location, where guests will find stylish interiors, world class service and an experience as individual as you.

AMARA HOLDINGS LIMITED

AMARA HOTELS & RESORTS

AMARA HOTELS

Amara Signature Shanghai

AMARA SIGNATURE

Amara Signature Hotels boast stylish interiors and a prestigious address. Our luxurious properties offer ideal accommodations for modern travellers.

Whether staying for work or pleasure, guests will experience an unprecedented access to destination dining, state-of-the-art facilities, and world-class service.

AMARA SANCTUARY

Amara Sanctuary Resorts offer guests an idyllic environment to relax and rejuvenate. Nestled in exotic locations, our resorts blend traditional local elements with modern amenities.

Stunning accommodations and innovative dining concepts ensure that our guests experience sensory delights.

SILK ROAD

Experience first-hand the cuisine of the Silk Road where Marco Polo first discovered Asia and where the finest dishes from the orient are created by master chefs.

Showcasing the very best of provincial Chinese cuisine, our show kitchen allows you to be a part of the action – a truly individual experience.

THANYING

At Thanying Restaurant, we offer you a unique taste of rich, exquisite and Royal Thai cuisine. Within a uniquely Thai ambience, and distinctly Thai service, Thanying Restaurant relives the culinary past when only the most exquisite morsels were prepared and presented with the pomp and richness deserving of royalty.

100 AM

Redefining lifestyle, our retail mall brand 100 AM aims to create a unique shopping experience featuring a wide variety of retail, lifestyle and dining concepts tailored to meet the changing lifestyle in each vibrant and dynamic location.

AMARA SIGNATURE

AMARA SANCTUARY

丝绸路 SILKROAD

Thanying Restaurant Authentic Royal Thai Cuisine

100 am

CEO'S MESSAGE

ALBERT TEO HOCK CHUAN / Chief Executive Officer

FY2017 has been a challenging but interesting year for us at Amara. From a macro perspective, there have been many arduous global challenges that we had to navigate, including an increasingly volatile global economy. Nonetheless, 2017 was a positive year for Amara as we grew our regional footprint into Shanghai, Asia's leading financial and innovation powerhouse and a major tourist destination.

The Singapore economy grew 3.1% year-on-year in the fourth quarter of 2017[1], leading to a full year growth of 3.5% in 2017, in line with earlier forecasts of 3.0% to 3.5%. The hospitality sector too ended on a strong note in 2017, reaching a record high for the second year in a row, with a 6.2% increase in overall number of arrivals to 17.4 million – beating earlier forecasts of 17 million visitors – while tourism receipts rose 3.9% to S$26.8 billion.

At Amara, revenue rose 10% to S$89.8 million in FY2017, with growth registered for the Hotel Investment and Management and Property Investment and Development segments. FY2017 net profit slid 35% to S$23.9 million mainly due to an absence of profit from the completion of our joint executive condominium development project – CityLife@Tampines – which was recognised in FY2016.

In FY2017, Net Tangible Assets per share grew 2% to 65.82 Singapore cents. With a stable balance sheet and healthy gearing, we believe we are well-positioned to explore the opportunities of securing suitable projects, to further enhance our branding, both locally and in the region.

HOTEL INVESTMENT AND MANAGEMENT

Singapore's tourism industry ended 2017 on a strong note. The Singapore Tourism Board remains optimistic, expecting visitor arrivals to grow between 1% and 4% in 2018 and for tourism receipts to grow 1% to 3% in 2018.

Our Hotel Investment and Management segment recorded growth, with Amara Singapore, Amara Sanctuary Resort, Sentosa as well as Amara Bangkok experiencing higher occupancy rates in line with higher hotel rates in Singapore and Bangkok. We are cautiously optimistic that through refining our offerings in our two Singapore properties, we can grow at a faster rate than the industry benchmark.

At Amara Singapore, upon receipt of our Halal certification for our Banquet / Events Kitchen in 2016, we are delighted to have seen a warm reception to this initiative.

Amara Sanctuary Resort, Sentosa enjoyed a good performance following the enhancement of its MICE infrastructure and continued active marketing to travel agents and online travel agencies. For the second year running, Amara Sanctuary serves as a permanent base for Deloitte University Asia Pacific, and caters to the training needs of Deloitte employees in the region. With our enhanced position as a choice MICE destination, we look forward to catering to more quality events going forward.

Amara Bangkok sailed through its second year of operations with higher occupancy. We are extremely pleased with the warm reception to our first hotel in Thailand, which opened its doors to guests in 2015. We are delighted that our hotel was awarded "2017 Strategic Partner and Preferred Hotel" by CTrip China and will continue to upkeep our high product and service standards to attract more guests, amidst a vibrant tourism market.

We remain buoyant of this exciting market which has been named the most popular city for international tourists for the second year in a row on Mastercards 2017 Global Destination Cities Index[2].

DEFINING MOMENT – OPENING OF AMARA SIGNATURE SHANGHAI

We are delighted with the opening of our highly anticipated Amara Signature Shanghai, our very first luxury brand, after years of conceptualisation and execution. Soft opened in February 2018, Amara Signature Shanghai is also the first 5-star international hotel located in the historical Changshou Road commercial zone, within the inner core City Centre of Puxi, Shanghai.

[1] *Singapore's GDP Grew by 3.1 Per Cent in the Fourth Quarter of 2017, Ministry of Trade and Industry Singapore, January 2, 2018*

[2] *Forbes, September 26, 2017 - Bangkok Named Most Popular City For International Tourists In 2017*

Building on the tried-and-tested formula of our existing hotels in Singapore and Bangkok, we aim to elevate the Amara experience at this new hotel by offering an exquisite integrated lifestyle experience. Amara Signature Shanghai is adjacent to 100 AM Shanghai, which comprises an office tower and a retail mall. We aim to build a thriving community that brings our guests and local clientele together, with events to engage and build meaningful business connections and friendship. 100 AM Shanghai is expected to soft open in the second half of 2018.

Shanghai represents a "must have" place for Amara Group. As a dynamic global city, Shanghai remains an important financial and innovation powerhouse in Asia and a major tourist destination. The government has outlined a roadmap to accelerate the city's growth and establish its foothold as a world-leading science and technology innovation centre as the country moves towards enhancing the business environment to encourage the growth of the private sector in becoming a key economic pillar. These developments bode well for Amara Signature Shanghai and 100 AM Shanghai.

Shanghai is a major tourist destination, recording a 3% year-on-year growth in international visitor arrivals to 4.2 million between January and July 2017[3], as this city solidifies its position as a core trading and financial hub. Corporate demand is a key driver for Shanghai's hotel market while the Shanghai Disney Resort and soon-to-be-opened Shanghai Polar Ocean Park are expected to boost leisure demand in Shanghai.

PROPERTY INVESTMENT AND DEVELOPMENT

Our Property Investment and Development posted higher contribution segment during the year on the back of a mild recovery in the residential market in Singapore especially towards the end of 2017. According to the Urban Redevelopment Authority ("URA"), private residential property prices in 4Q2017 rose 0.8%, continuing the 0.7% growth in 3Q2017[4], signaling a turnaround for the sector. For the whole of 2017, prices rose 1.1%, reversing a 3.1% decline in the previous year[4].

In Property Development, we continue to seek opportunities where we can enhance the value of the properties. Our latest projects include redevelopment of 29 and 31 Newton Road into a 5-storey residential development with 56 units, and a bungalow at 15 Bedok Avenue into 2 pairs of 3-storey semi-detached houses. This will enable us to maximise the usage of gross plot ratio and extract value for shareholders.

As for our boutique residential project, M5, at Jalan Mutiara, after the development's TOP in the first quarter of 2018, we will continue to actively market this project which is strategically located near the prime River Valley area.

Our commercial property, 100 AM in Tanjong Pagar, enjoyed high occupancy during the year and recently welcomed two new tenants – Daiso and Don Don Donki – both leading Japanese value store chains. Daiso opened in February 2018; whilst Don Don Donki will be opening in June this year, representing its second outlet in Singapore and in Asia outside of Japan.

100 AM has transformed a few floors and successfully rejuvenated its tenant mix. We are delighted to welcome these two retail giants to 100 AM for a refreshing retail experience complete with a wide range of novel beauty, lifestyle, household and food items. Together with the F&B concept, Itadakimasu by PARCO, which opened in 2016, we are confident that these brands have a good strategic fit with 100 AM, with wide appeal to trendy, inner-city urban shoppers and professionals working and residing in the vicinity.

Our office tower, with its focus on healthcare services, remained resilient with good occupancy given its strategic location and niche positioning.

Overseas, 100 AM Shanghai, which is expected to soft open in the second half of 2018, will strengthen our recurring income streams.

We will continue to maintain a balanced asset portfolio, securing recurring income from our investments in commercial properties and seeking opportunities in residential developments. For Property Development, we are on the constant lookout for suitable opportunities at the right locations, where we can develop attractive and timeless products for discerning home buyers, based on our long-standing expertise as a property developer and a hotel and resort owner and operator.

As for Property Investment, we continue to refresh our offerings through a rejuvenation of tenant mix. To ensure stable recurring income with opportunities for capital gains in an upcycle, we will also continue to keep an eye on opportunities in the region where we may leverage our experience and financial strength to expand our property portfolio.

Amara Bangkok

[3] *JLL, October 2017 – Hotel Destinations – Asia Pacific*

[4] *Urban Redevelopment Authority, January 26, 2018 - Release of 4th Quarter 2017 real estate statistics*

Amara Signature Shanghai

SPECIALTY RESTAURANTS AND FOOD SERVICES

Our Specialty Restaurants and Food Services arm consisting of two award-winning restaurant brands – Thanying Restaurant and Silk Road Restaurant, both of which offer evergreen and heritage-rich cuisines – have experienced a dip in performance in line with the industry slowdown and intense market competition. We will continually refresh our menus to stay relevant to discerning tastes.

At the same time, we will continue to leverage the expansion of our hotel network in both Singapore and the region to bring these unique dining experiences to all our guests. Subsequent to year-end, with the opening of 100 AM Shanghai, Thanying will be added to our fine dining selection for a wider spread of delectable cuisines for our guests.

PROPOSED DIVIDEND AND SHARE BUYBACK

To express our appreciation towards our shareholders, the Board of Directors has recommended a tax exempt one-tier final dividend of 1 Singapore cent per ordinary share, representing a total dividend payout of S$5.8 million. The proposed dividends translate to a payout ratio of about 24.04% of Amara's FY2017 net profit.

We are also pleased to update all shareholders that with the approval to renew our Share Purchase Mandate at our AGM in 2017, our Group has bought back a total of 1,967,800 shares as at March 2, 2018, amounting to 0.34% of the total issued share capital base of 576,936,000 shares.

WORDS OF APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to my fellow directors for their wise counsel and guidance. At this point, I would also like to extend my deep appreciation to Mr Chang Meng Teng and Mr Richard Khoo, our longest serving independent directors, who relinquished their roles in April 2017, to pursue other interests. We wish them continued success in their future endeavours.

To our management and staff, thank you for your commitment and drive for excellence. Together, I am confident that we will move to our next level of growth.

I would also like to extend my appreciation to all business partners and associates for their unwavering support through the years. I look forward to sharing many Defining Moments with you as we continue to break new grounds and extend our strong brand name regionally.

ALBERT TEO HOCK CHUAN
Chief Executive Officer

March 12, 2018

MOMENTS OF

NEW BEGINNINGS

OUR BUSINESS PORTFOLIO

Amara Sanctuary Resort, Sentosa

HOTEL INVESTMENT AND MANAGEMENT

Amara Singapore

Our flagship city centre hotel, Amara Singapore, is conveniently located next to Tanjong Pagar MRT station in the thriving Central Business District. Amara Singapore is easily accessible by major transportation modes and is within walking distance to the fascinating Chinatown, the Tanjong Pagar Conservation District, graded office buildings, foreign and local banks, post offices, shops, as well as dining and entertainment establishments.

The 388-room Amara Singapore showcases special touches which include a lobby with a minimalist theme, a contemporary Balinese-style resort pool and a collection of chic restaurants including our iconic Silk Road and Thanying Restaurants. Complemented by a host of specially designed rooms, facilities and a spa, our valued guests can enjoy luxurious inner-city living at Amara Singapore.

Furthermore, the Grand Ballroom with a 500 auditorium style seating capacity as well as four function rooms cater to events of all scales, from weddings and social functions to meetings and exhibitions.

Amara Signature Shanghai

Element and Element on Tras Street

This 163-seater restaurant and 18-seater bar was refurbished with a new concept in December 2013 and it garnered rave reviews for its chic interiors and integrated Food and Beverage experience comprising Amara Group's signature restaurant offerings from Silk Road, Thanying and Cafe Oriental as well as Spanish cuisines. A semi-private dining area is available for private gatherings and events. With music and a creative bar concept, Element on Tras Street allows urbanites to chill and unwind with a wide selection of wine, novel cocktails, boutique beer and artisanal coffee blends.

Amara Sanctuary Resort, Sentosa

Amara Sanctuary Resort, Sentosa, our very first boutique resort, provides the ultimate modern luxury in the quiet seclusion of an exotic tropical garden setting. Specially crafted for discerning individuals who appreciate a luxury retreat with a modern, yet natural twist, the resort offers a well appointed respite from the urban hustle, one imbued with the unique Amara touch. Set amidst lush tropical greenery overlooking the South China Sea and near the white sands of Palawan beach at Sentosa Island, Amara Sanctuary Resort, Sentosa offers a unique combination of contemporary design and luxurious hotel facilities. Spacious and well-equipped, the resort promises an unadulterated charm.

Amara Sanctuary Resort, Sentosa is nestled beautifully on a hilltop, surrounded by 3.8 hectares of gardens and natural tropical rainforest. Its unique character is derived from an exotic blend of colonial architecture and modern design concepts, as well as comprehensive luxurious hotel facilities that come together to shape an ideal and individual resort experience for both business and leisure stay.

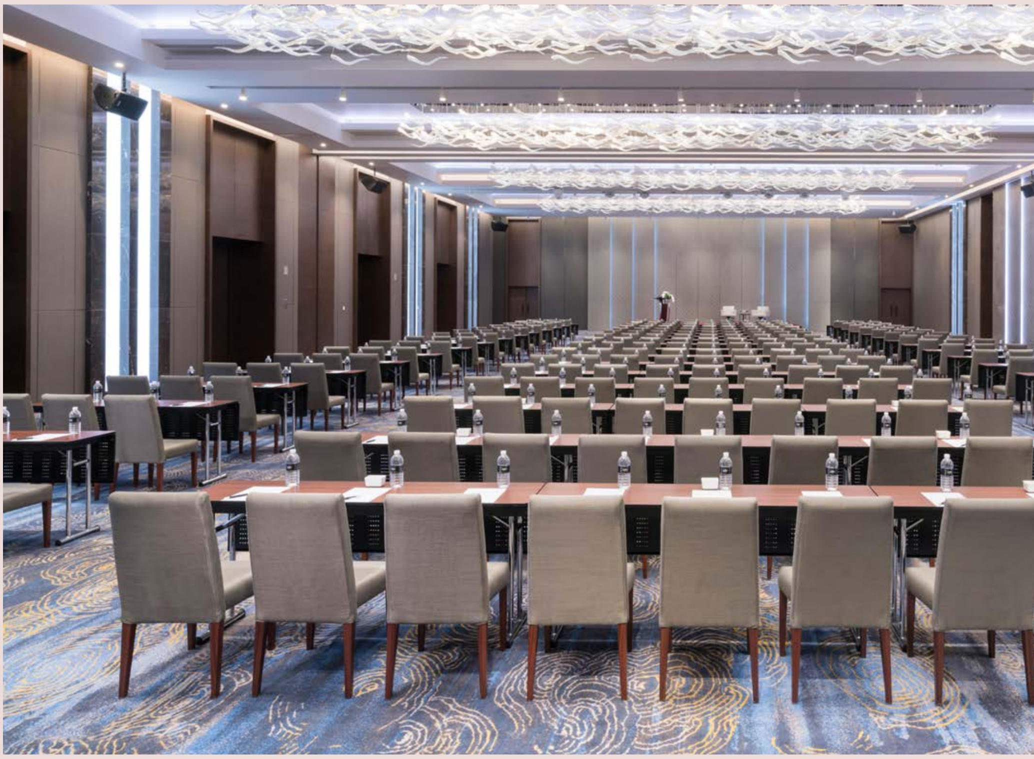
The resort's 140 beautifully designed guest rooms, Courtyard and Verandah suites, Larkhill Terrace suites as well as villas offer the ultimate comfort, luxury living and state-of-the-art facilities. Each villa has a tropical fruit garden. Guests may also choose to stay in the privacy and tranquillity of the Courtyard and Verandah suites for a taste of contemporary colonial style. To complement the existing colonial architecture, the deluxe guest rooms are situated in a stylishly designed building that offers contemporary accommodation with superb views of the surrounding tropical landscape.

Amara Bangkok

Amara Bangkok marks our first entry into the "Land of Smiles". Located on Surawong Road, parallel to Silom and Sathorn Roads, Amara Bangkok is situated in one of the most vibrant areas in Bangkok, known for its rich and colourful local entertainment and shopping activities as well as the financial district of Bangkok.

This 250-room hotel in Bangkok is designed as an exciting business and leisure hotel. Guests can enjoy Amara's signature cuisines in the chic Element restaurant, a tranquil sunset bar by the rooftop pool, a lobby bar and comprehensive MICE facilities, as well as a 24-hour gymnasium with a view of the city.

With Amara Bangkok's strategic location, there is easy access to and from Suvarnabhumi International Airport, bringing convenience to tourists and business travellers alike. Amara Bangkok commenced operations in 2015.



Amara Signature Shanghai

Located at the junction of Jiaozhou Road and Changshou Road in Puxi, Shanghai, Amara Signature Shanghai is a mixed-use development comprises a 343-room hotel, retail centre and office building. Amara Signature Shanghai benefits from its strategic location within the city centre and capitalises on Shanghai's renowned status as Asia's leading business and financial centre.

Through the mixed-use development, Amara introduces refreshing extravagance and variety to the Puxi region. Business travellers will be rejuvenated by a luxurious stay at the hotel. The retail centre, 100 AM Shanghai, will feature popular brands in food and beverages, entertainment and lifestyle and bring a variety of choices to the executives working around the area. Built to Grade A office specifications, the office building offers a conducive environment for business operations. 100 AM Shanghai is expected to soft open in the second half of 2018.

Amara Signature Shanghai soft opened in February 2018.

SPECIALTY RESTAURANTS AND FOOD SERVICES

Thanying Restaurant

Since its inception in 1988, Thanying Restaurant has devotedly created culinary history by offering the most exquisite Royal Thai cuisine fit for royalties. Meticulous effort is put into the preparation and the presentation of each dish. Moreover, each Thai Chef has his/her own area of specialty, trained in the tradition of Thai court cuisine. To top it off, Thanying's most famous dessert buffet offers a grand finale after a sumptuous feast. It consists of delicious seasonal fruits that have been thoughtfully peeled and seeded, as well as traditional Thai sweets, all of which are beautifully presented at the counter decorated with delicately carved fruits skillfully executed by our Thai Chefs. The flagship Thanying Restaurant has a seating capacity of 164 and is located at Amara Singapore. The brand will be extended to Shanghai after 100 AM Shanghai opens in the second half of 2018.

Silk Road Restaurant

Established in November 2001 and located at Amara Singapore, the award-winning Silk Road Restaurant is a full service restaurant featuring selected cuisines that stretch along the historical Silk Road in China, namely, the provinces of Sichuan, Shaanxi, Liaoning and Beijing. A team of highly specialised and trained chefs ensure that the original unique flavour and taste of the dishes are maintained with the judicious use of specially imported spices and sauces. Whilst providing excellent service standards, the service staff are also knowledgeable about the culinary customs and history of the dishes served in the restaurant. Since its inception, the restaurant has won many accolades and rave reviews from discerning locals, tourists and Chinese expatriates alike, who are well-travelled in China and keen to enjoy authentic Chinese cuisine.

Thanying Restaurant, Amara Singapore

Amara Signature Shanghai

PROPERTY INVESTMENT AND DEVELOPMENT

100 AM

100 AM is a lifestyle mall located in the west end of the Central Business District and is well-positioned to benefit from the rejuvenation of the Tanjong Pagar district. This area is gradually being developed for inner-city living and displays much promise and growth with a cluster of high-end residential developments and hotel developments shaping up the vicinity.

100 AM opened in November 2012 to an overwhelming response from residents, office workers, professionals, business travellers and tourists in the precinct with its diverse and attractive retail mix. Anchor tenant FairPrice Finest offers shoppers a high standard of grocery shopping with a wide selection. Koufu Food Court as well as a line-up of restaurants and cafes, namely, Tsujiri Tea House, The Public Izakaya by Hachi, Pagi Sore Indonesian Restaurant, Grain Traders, Starbucks, Toast Box, Ya Kun Kaya Toast and others provide more dining options. Well-known lifestyle brands such as Strip & Browhaus add a vibrant buzz to 100 AM.

In 2016, Itadakimasu by PARCO, launched a new restaurant zone on Level 3 featuring Japanese restaurants. Leading Japanese value store chains – Daiso and Don Don Donki have also joined the mall in 2018. Daiso has since opened in February 2018 with Don Don Donki opening in June 2018.

A 12-storey office building, also known as 100 AM, is strategically accessible from within the shopping centre. With its convenient location at 100 Tras Street, it is a stroll away from the Tanjong Pagar MRT station, and is easily accessible by bus or car. The office building is also located close to diverse amenities such as major local and foreign banks and post offices.

M5

Cradled in the heart of the city, M5 is surrounded by commercial hubs and hipster hotspots. Encircled by a well-connected transport network, M5 is a few minutes' drive to Orchard Road, Singapore's premier shopping belt. It is also a stone's throw away from many prestigious educational institutions and suburban malls.

M5, a 12-storey freehold boutique development at 5 Jalan Mutiara, is designed by award-winning architect Mr Yip Yuen Hong of ip:li. Inspired by a gem's geometry, the sparkling architecture is characterised by an iconic diamond tip design at the base and artistically-random window sizes.

The 33-unit M5 offers an exquisite collection of 1- and 2-bedroom apartments as well as penthouses at the edge of Orchard Road, making it an investment and an abode a cut above the rest.

M5 is developed by TTH Development Pte Ltd, a subsidiary of Amara Holdings Limited.

Killiney 118

Situated in the prime residential enclave of District 9, Killiney 118 is a six-storey freehold boutique development which comprises 30 units of 1- and 2-bedroom apartments, and appeals to singles and couples seeking the tranquillity in their homes and proximity to Orchard Road.

Developed by Creslin Pte Ltd, a subsidiary of Amara Holdings Limited, Killiney 118 is designed by an award-winning team of ip:li architects firm and Atelier Ikebuchi firm. The property's interior is furbished with quality fittings, featuring signature brands such as Miele and Grohe.

This uniquely exclusive boutique development features a rooftop swimming pool and barbeque pits, a fitness centre and a landscaped environment to create a tranquil haven within the city.

Killiney 118 won the 13th SIA Architecture Design Awards for Residential Projects in 2013 and Certificate of Appreciation Award for National Environment Agency's Skyrise Greenery Award 2013.

CityLife@Tampines

Singapore's first luxury hotel-inspired Executive Condominium obtained TOP on February 3, 2016. Developed by Tampines EC Pte Ltd – a consortium comprising Amara Holdings Limited, Kay Lim Holdings Pte Ltd and SingHaiyi Group Ltd, the 514-unit Executive Condominium project was launched in November 2012, to tremendous success.

Offering 2/3/4/5-bedroom, dual-key, Skysuite and Penthouse units, CityLife@Tampines boasts a host of luxury hotel-inspired design features and services, including the home concierge service, a 100-metre infinity pool, resort-style landscaping (Bamboo Boulevard, three Aromatherapy Gardens, and six Sky Gardens at various altitudes), and designer-brand fittings and appliances. CityLife@Tampines offers a number of unique unit designs, such as Skysuites, which are exclusive 4- and 5-bedroom units with living/dining room that open out to a wrap-around open terrace. There are also 3- and 4-bedroom dual-key unit options.

CityLife@Tampines was awarded the BCA Green Mark Awards (Gold Plus) in 2013.

MOMENTS TO CELEBRATE

BOARD OF DIRECTORS

ALBERT TEO HOCK CHUAN

Executive Director/
Chief Executive Officer

FIRST APPOINTED
21 August 1970

LAST RE-ELECTED
29 April 2015

Mr Teo has held the position of Chief Executive Officer since 1 August 1997.

Mr Teo is responsible for the development of Amara Hotel on Tanjong Pagar Road, marking the Group's foray into the hotel industry. Currently he serves as the Chief Executive Officer and Chairman of the Board, as well as a member of the Nominating Committee.

Mr Teo has been instrumental in spearheading the direction and development of the Group. He plays a pivotal role in the Group's diversification and expansion strategy, particularly in broadening Amara's earnings base through penetration within the Asian region.

As the Group's Chief Executive Officer, Mr Teo is passionately involved in the Group's corporate developments, including the transformation of Amara Singapore, as well as the Group's entry into the resort hotel business, Amara Sanctuary Resort, Sentosa. Under his leadership, the Group's recurring earnings have been further consolidated with the revamped and rebranded mall - 100 AM, located in the heart of the Tanjong Pagar district, which was successfully opened in November 2012. The Group's future earnings will be further diversified from recent projects including Amara Bangkok, a business hotel development in Bangkok CBD, which opened in 2015, and Amara Signature Shanghai which soft opened in February 2018. 100 AM Shanghai which comprises an office building and retail centre, to open in the second half of 2018. He is passionate and committed in building the Amara Brand as a homegrown Singapore brand competing alongside international hospitality players in its space.

Mr Teo brings with him a wealth of experience to the Group. His past experience includes working with PricewaterhouseCoopers (currently known as PwC), an international public accounting firm; with a large listed group involved in wholesaling, manufacturing and retailing; and rounding off with an international bank in Singapore.

Currently, Mr Teo serves as the President of the Singapore Hotel Association.

Mr Teo holds a Bachelor of Commerce degree from the University of Western Australia and is an Associate Member of the Institute of Chartered Accountants in Australia and the Institute of Chartered Secretaries and Administrators of London.

SUSAN TEO GEOK TIN

Executive Director/
Company Secretary

FIRST APPOINTED
26 May 1995

LAST RE-ELECTED
27 April 2016

Ms Teo has held the position of Company Secretary since 14 September 1984.

Her past experience includes working with an international public accounting firm in Singapore and Australia.

In her current role, Ms Teo has direct oversight of the function of the corporate affairs of the Group which includes treasury, finance, legal, company secretarial, human resource, and administration.

Ms Teo holds a Bachelor of Business (Distinction) degree from the Western Australian Institute of Technology and a Graduate Diploma in Computer Science from La Trobe University. She is an Associate Member of the Institute of Chartered Accountants in Australia and the Institute of Singapore Chartered Accountants.

LAWRENCE MOK KWOK WAH

Non-Executive Director

FIRST APPOINTED
26 May 1995

LAST RE-ELECTED
28 April 2017

Mr Mok is a member of the Audit Committee as well as the Remuneration Committee.

Mr Mok has more than 35 years of experience in the IT and Engineering industries. His experience includes financial and management accounting, treasury management, corporate planning, change management, general business management, quality process management and customer service operations management.

Currently, Mr Mok is a consultant in business operations and risk management. He holds a Bachelor of Accountancy (Honours) degree from the University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants and CPA Australia.

FOO KO HING

Non-Executive, Independent Director

FIRST APPOINTED
17 June 2013

LAST RE-ELECTED
28 April 2017

Mr Foo was appointed as a member of the Remuneration Committee in October 2013, and Audit Committee in January 2015. Subsequent to the reconstitution of the Board Committees on 1 April 2017, Mr Foo became Chairman of the Audit Committee and a member of the Nominating Committee.

Mr Foo has over 16 years of experience in investment origination, structuring, monitoring and strategic growth assistance, with emphasis on the venture debt/equity investment and capital markets. He has previously served on the boards of various companies in various sectors listed on the SGX.

After leaving Pricewaterhouse (currently known as PwC) in 1986, he joined HSBC Group Singapore in the Trust and Fiduciary Business. He was later seconded to HSBC Bank Jersey C.I. in 1989 and was subsequently promoted to Executive Director, covering fiduciary activities, private banking, compliance and investment functions. He returned to Singapore in 1991, and resumed responsibilities with the HSBC Investment Bank Group for Private Banking and Trust Services as an Executive Director and Head of Business Development.

Mr Foo is a Singapore-based Co-Founder and Director of Cerealtech Pte Ltd, an advance manufacturing and food technology company specializing in enzyme application and micro ingredient development for the industrial baking and consumer sector. He currently sits on the Board of Gallant Venture Ltd, a company listed on the SGX Mainboard, and is a member of the audit, remuneration and nominating committees.

He holds an Honours Degree in Economics and Accounting from University of Newcastle Upon Tyne, UK.

CHIA KWOK PING

Non-Executive, Independent Director

FIRST APPOINTED
2 November 2015

LAST RE-ELECTED
27 April 2016

On 1 April 2017, Mr Chia was appointed a member of the Audit Committee and Chairman of both the Nominating Committee and Remuneration Committee.

Mr Chia brings with him over 20 years of experience in the hospitality industry, and has held senior positions in various hospitality and property investment companies. He previously represented TCC Land Co., Ltd for all of its international property acquisitions and management via TCC Land International. The Thailand-based hospitality and property group has assets spanning across the United States, United Kingdom, Australia, China, Japan and South-East Asia.

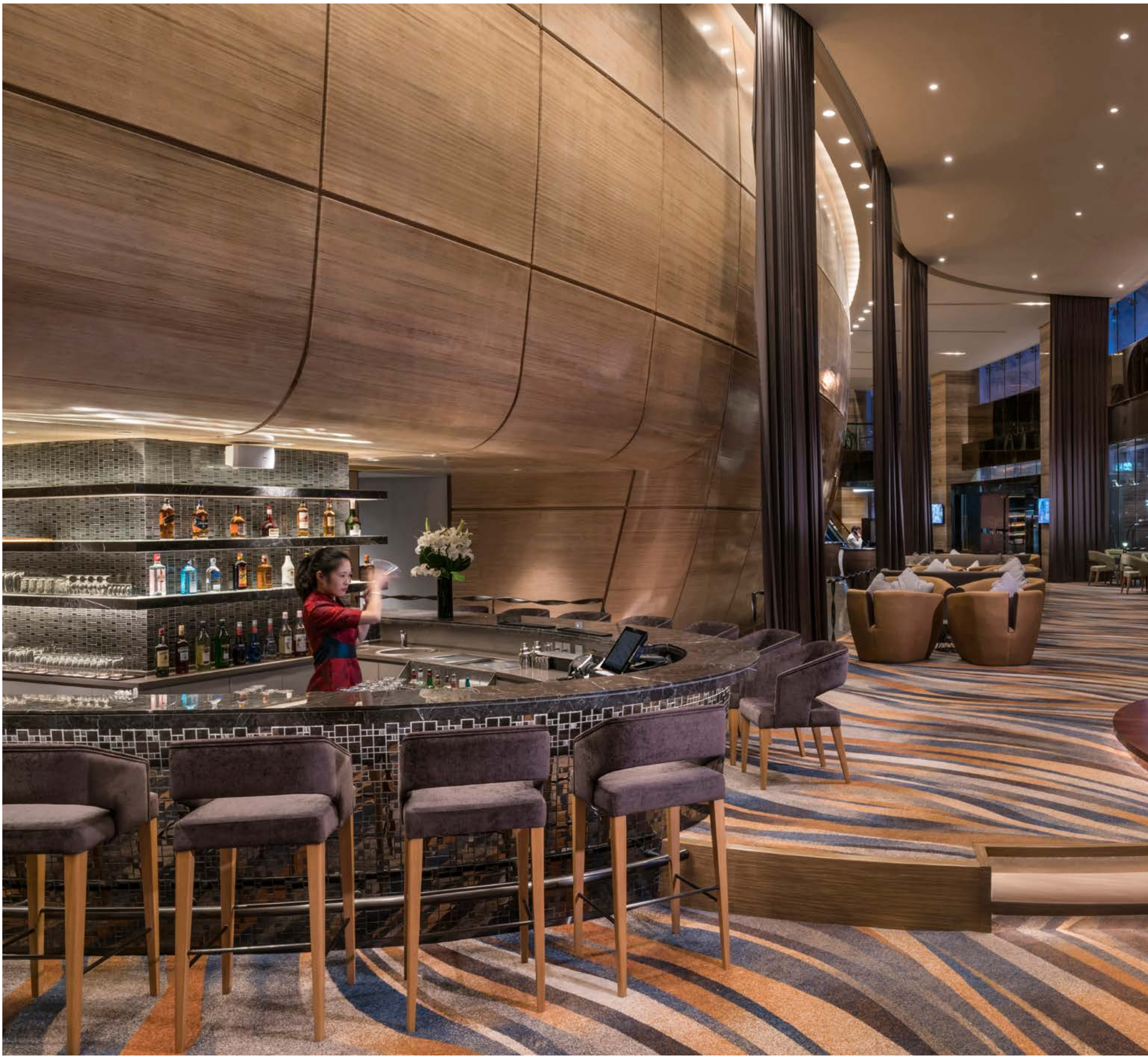
Mr Chia has extensive hands-on experience in hospitality management, having taken on the roles of Resident Manager, General Manager, Owner Representative and Asset Manager during his career. He also sat on the Board of the Singapore Hotel Association from 2010 to 2014, and has been an Independent Director, Chairman of Nominating Committee and Member of Remuneration Committee of Heeton Holdings Limited, a company listed on the SGX Mainboard since 2012.

Mr Chia holds a Bachelors of Business Administration (Honours) degree from the National University of Singapore.

MOMENTS OF

INDULGENCE

OPERATIONS AND FINANCIAL REVIEW



Amara Signature Shanghai

Amara Signature Shanghai

Amidst sustained volatility in the market, we are pleased to present a set of resilient numbers for the financial year ended December 31, 2017 ("FY2017"). With stronger contribution from our Hotel Investment and Management division, we reported higher revenue of S$89.8 million and a net profit attributable to equity holders of S$23.9 million.

This represents a 10% growth in revenue from S$81.3 million achieved last financial year ("FY2016") and a 35% year-on-year decline in net profit from S$36.8 million in FY2016.

The topline was mainly lifted by a 10% rise in contributions from the Group's core Hotel Investment and Management business segment to S$68.3 million, which represents 76% of the Group's FY2017 revenue. The Property Investment and Development segment, which contributed 21.9% of Group revenue this financial year also recorded a 17% growth to S$19.6 million.

Amara's cash and bank balances as at December 31, 2017 remained healthy at S$9.0 million while net gearing stood at 45.6%, in preparation for the soft launch of Amara Signature Shanghai. Earnings per share slid to 4.16 Singapore cents in FY2017 from 6.44 Singapore cents in FY2016, while net asset value per share grew to 66.02 Singapore cents as at December 31, 2017 from 65.04 Singapore cents as at December 31, 2016.

HOTEL INVESTMENT AND MANAGEMENT

Amara Signature Shanghai

Amara's core revenue driver, the Hotel Investment and Management segment, contributed S$68.3 million or 76% of the Group's FY2017 revenue. This marks a 10% improvement in performance compared to S$62.1 million a year ago.

SINGAPORE

The Singapore Tourism Board ("STB") reported that Singapore has achieved record high visitor arrivals and spending in 2017 – its second consecutive year for reaching a new high. Singapore received 6.2% more tourist arrivals at 17.4 million in 2017, exceeding earlier forecast of 17 million visitors for the year. Similarly, tourism receipts rose 3.9% to S$26.8 billion.

In the coming year, the STB remains optimistic, expecting international visitor arrivals to grow between 1% and 4%, while tourism receipts are projected to grow 1% to 3%.

Singapore continues to solidify its foothold as a key global destination, being named the world's fourth most visited city last year by Euromonitor International's latest Top 100 City Destinations Ranking, ahead of Paris and New York. Singapore is also set to outpace London to become the third most-visited city by 2025[1].

The Amara household brand is today synonymous with top-notch service and integrated lifestyle offerings. Amara's flagship hotel in Tanjong Pagar, Amara Singapore, continues to report resilient performance, due to its prime location and synergistic lifestyle offerings with the adjacent mall, 100 AM.

Amara Bangkok

The Amara experience has always been centered around its agility and adaptability to emerging consumer trends in our efforts to provide differentiated guest experiences, as well as embracing innovation and driving efficiency that will allow us to remain ahead of the curve amidst intense competition, rising operational costs and a labour crunch.

Ahead of the release of the Hotel Industry Transformation Map in November 2017, a government-led initiative to transform the hotel industry for sustainable growth, we have already adopted productivity solutions and manpower-lean business models, as well as to pursue growth through internationalisation.

Amara Singapore is also part of the Group's journey in creating sustainable practices, which will contribute to the high quality products and services provided. Some of these initiatives included diversion of food waste from landfill and incineration by installing an eco-digester system as well as use of energy efficient technologies and raising awareness among hotel guests, staff and partners in Amara Singapore and Amara Sanctuary Resort, Sentosa of the need to reduce consumption of resources such as energy, waste and food.

Amara Sanctuary Resort, Sentosa, has since strengthened its foothold as a choice five-star leisure resort with attractive MICE propositions. In June 2016, Amara Sanctuary Resort, Sentosa welcomed the progressive Deloitte University Asia Pacific ("DU AP"), which has appointed the resort as a permanent base for its first specialised training centre in Asia Pacific.

This partnership with DU AP, alongside more aggressive sales efforts through online travel agents and travel agencies, have boosted the resort's performance in FY2017.

Following a facelift, Amara Sanctuary Resort, Sentosa, offers conducive spaces to encourage networking and socialising in an inspired, luxurious and relaxing setting. With enhanced MICE facilities that are befitting of DU AP's stringent requirements, we hope to attract more leisure and corporate demand for the resort.

BANGKOK

Our first hotel in Thailand, Amara Bangkok, launched in 2015, has quickly established itself as a preferred hotel. As a homegrown Singaporean brand, we take pride in showcasing the best of Singaporean hospitality and efficiency – which are well-known to the rest of the world, through product and service delivery in all our hotels.

In a recent Euromonitor report[2], Asia-Pacific was highlighted as a standout region, and inter-Asian travel, predominantly from China, cannot be underestimated. The top two most-visited cities globally are located in Asia; Bangkok came in second, with arrivals forecast to reach 31.2 million in 2020 compared to the estimated 25.7 million arrivals received in 2017. Additionally, the Thai capital has been named the most popular city for international tourists for the second year in a row on Mastercards 2017 Global Destination Cities Index[3].

International arrivals in Bangkok reached 13.5 million in July 2017, recording a year-on-year increase of 4.1%, supported by increasing arrival numbers of Chinese tourists[4].

The Tourism Authority of Thailand had targeted for Thailand to finish 2017, earning 1.81 trillion Baht (US$50 billion)[5], and surpassed that target in December 2017, welcoming their 35 millionth visitor[6].

With Amara Bangkok's strategic location and exceptional service standards, we believe it is well positioned to ride on Bangkok's growing tourism sector, which is showing no signs of slowing down.

[1] *World Economic Forum, January 9, 2018 – These are the world's most visited cities*

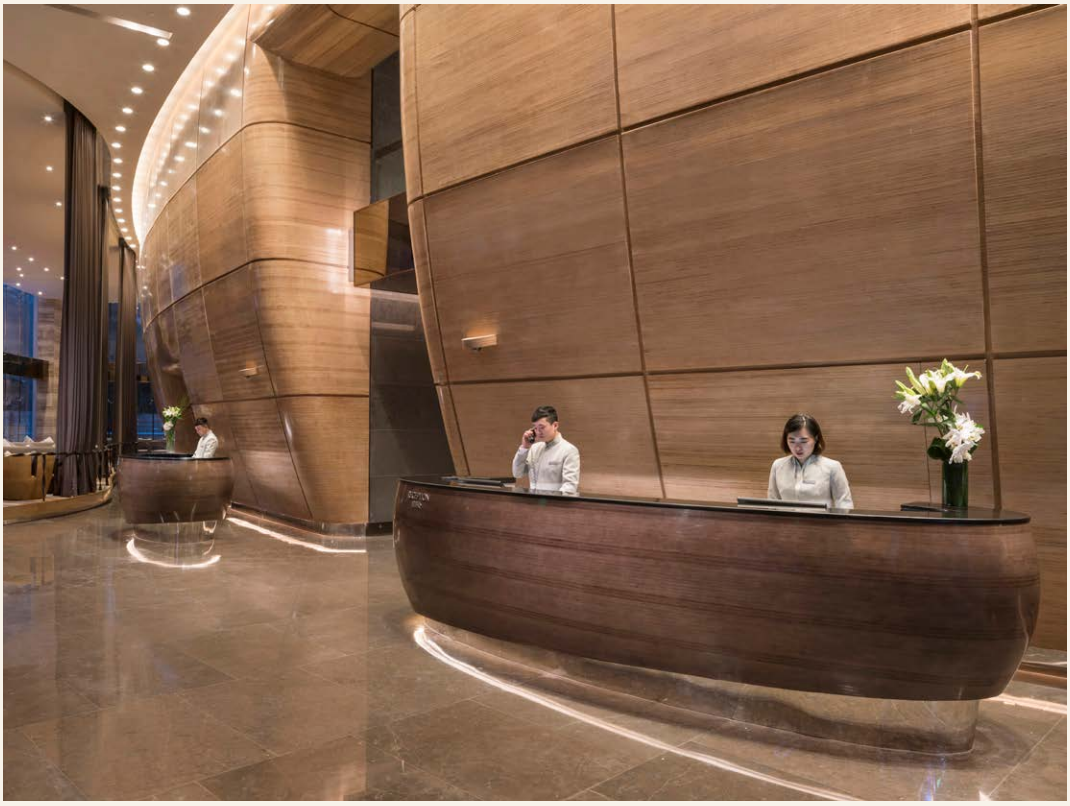
[2] *Euromonitor International, 2017 – Top 100 City Destinations Ranking*

[3] *Forbes, September 26, 2017 - Bangkok Named Most Popular City For International Tourists In 2017*

[4] *JLL, October 2017 - Hotel Destination - Asia Pacific*

[5] *Tourism Authority of Thailand, August 30, 2017 - Thailand's tourist arrivals and revenue continues growth in 3rd Quarter of 2017*

[6] *Tourism Authority of Thailand, December 29, 2017 - Thailand tourism hits record high in 2017, welcoming 35 millionth visitor on 29 December*



Amara Signature Shanghai

SHANGHAI

For the past few years, the Group worked tirelessly towards the launch of our first luxury hotel in Shanghai. Subsequent to the financial year end, Amara Signature Shanghai opened in February 2018. This also marked the launch of our first luxury hotel brand, Amara Signature, which will offer an elevated experience to guests.

The 343-room Amara Signature Shanghai is the first and only 5-star international hotel on Changshou Road, Puxi, Shanghai. Opening progressively, our Shanghai property soft-launched with 102 rooms, with the rest to follow in the second quarter of 2018.

Like the flagship hotel in Singapore, Amara Signature Shanghai offers an integrated lifestyle experience, being adjacent to 100 AM Shanghai, a 10,500 square metre complex comprising a Grade A office tower and retail mall that is expected to soft launch in the second half of 2018.

Extending our tried-and-tested model in Singapore and Bangkok, Amara Signature Shanghai offers well-appointed accommodation, curated dining experiences, advanced business convenience, conducive and well-equipped MICE spaces such as the Grand Ballroom and several multi-purpose function rooms, and personalised experiences, such as the butler service.

We will also be introducing the best cuisines and culture through unique tenants in the retail centre, as well as our own specialty restaurants and food services brands, thereby offering interesting varieties to the leisure and MICE travellers.

The city remains a major tourist destination, recording a 3% year-on-year growth in international visitor arrivals to 4.2 million between January and July 2017[2], on the back of 6.8% year-on-year growth seen in 2016 to 8.5 million international arrivals, cementing Shanghai's leading position as a core trading and financial hub across the mainland[7].

Corporate demand continues to be the key driver for Shanghai's hotel market while the opening of the Shanghai Disney Resort has generated considerable leisure demand, which is expected to be boosted further in 2018 with the anticipated opening of the Shanghai Polar Ocean Park[2].

The number of annual overseas tourists travelling to the city is expected to reach 14 million as Shanghai Pudong International Airport and Shanghai Hongqiao International Airport aim to double passenger traffic by 2040[8].

To emulate our success in Singapore and Bangkok, we will bring to Shanghai the same drive and commitment to provide exceptional service and to continually raise the bar for operational excellence for greater margin efficiency. We are confident that Amara Signature Shanghai is well positioned to capitalise on Shanghai's strong tourism and MICE outlook.

[7] *JLL, May 2017 - Hotel Destinations - Asia Pacific*

[8] *Straits Times, August 24, 2016 – Shanghai aims to be bigger and better*

PROPERTY INVESTMENT AND DEVELOPMENT

The Property Investment and Development segment contributed S$19.6 million or 21.9% of the Group's FY2017 revenue, a 17% rise from S$16.8 million recorded in FY2016.

RESIDENTIAL

The Singapore residential real estate sector is showing signs of turnaround – private residential property prices rose 0.8% in 4Q2017 continuing the 0.7% growth in 3Q2017[9]. For the full year, prices rose 1.1% in 2017 compared to the 3.1% decline in 2016. In a recent Bloomberg survey, Singapore home prices were projected to increase about 5.5% in 2018.

Sales volumes are also picking up, with developers selling 10,566 units last year, a 32.5% increase compared to 7,972 units sold in 2016. The number of units sold also outweighs the 6,020 units launched in 2017[9].

Anticipating the possible turnaround, we have over the last two years selectively acquired attractive development sites, which are now primed for launch in 2018. Our land bank includes the freehold 29 and 31 Newton Road sites, as well as the 15 Bedok Avenue site.

The Newton sites will be amalgamated and redeveloped into a 56-unit high-end residential development, Muse @ Newton, which will be launched by the third quarter of 2018. The Bedok site, also planned for launch by the third quarter of 2018, will be developed into two pairs of three-storey semi-detached houses.

100 AM

M5

With regards to our 33-unit boutique residential project, M5 at Jalan Mutiara, we will continue to monitor market conditions closely to relaunch the project for sale at an opportune time to capitalise on the residential sector's turnaround.

As with our past developments, our projects planned for launch in 2018 are well-located, tastefully designed and uniquely positioned. We are confident that these projects will resonate well amidst improved market sentiments.

COMMERCIAL

The commercial sector's turnaround is slower than the residential sector, albeit improving performance in 4Q2017 where prices and rents of office space grew 2.7% and 2.6%, respectively, compared to the 0.4% and 2.4% growth in the preceding quarter. That being said, rentals rose 0.4% for the full year in 2017, reversing the 8.2% decline in 2016 while prices of office space decreased at a moderate rate of 2.4% in 2017 compared to the 2.8% decline in 2016[10].

The retail sector remains challenging, with prices of retail space declining 8.8% in 2017 compared to a 5.4% decline in 2016, while rentals in 2017 decreased at a more moderate rate of 4.7% compared to the 8.3% decline in the preceding year[10].

Despite the lukewarm market conditions and increasing competition in the vicinity, our commercial property, 100 AM at Tanjong Pagar, maintained high occupancy and relatively stable rental rates for the retail podium and office tower, both of which continue to contribute positively to our performance.

The retail podium's occupancy was lifted subsequent to the financial year end with the addition of popular Japanese brands – Daiso and Don Don Donki. Daiso, which opened in February 2018, occupies 4,800 square feet of retail space on level four of 100 AM, while Don Don Donki is slated to open its doors in June 2018, occupying a sprawling 19,000 square feet of space across levels two and three. We seek to continually curate and refresh our tenant mix in 100 AM to keep consumers engaged.

In China, 100 AM Shanghai that is adjacent to Amara Signature Shanghai is poised to open in the second half of 2018, it will also serve to strengthen our recurring income streams.

Like its counterpart in Singapore, 100 AM Shanghai comprises retail and office with Grade-A office specifications.

[9] *Urban Redevelopment Authority, January 26, 2018 – Release of 4th Quarter 2017 real estate statistics*

[10] *Urban Redevelopment Authority, January 26, 2018 – Release of 4th Quarter 2017 real estate statistics*

SPECIALTY RESTAURANTS AND FOOD SERVICES

Thanying Restaurant, Amara Singapore

The Specialty Restaurants and Food Services segment contributed to the remaining 2% or S$1.8 million of our FY2017 revenue. Through Amara's award-winning restaurants, the segment continues to provide a stable stream of recurring income and complements our other business segments to offer an integrated premium lifestyle experience.

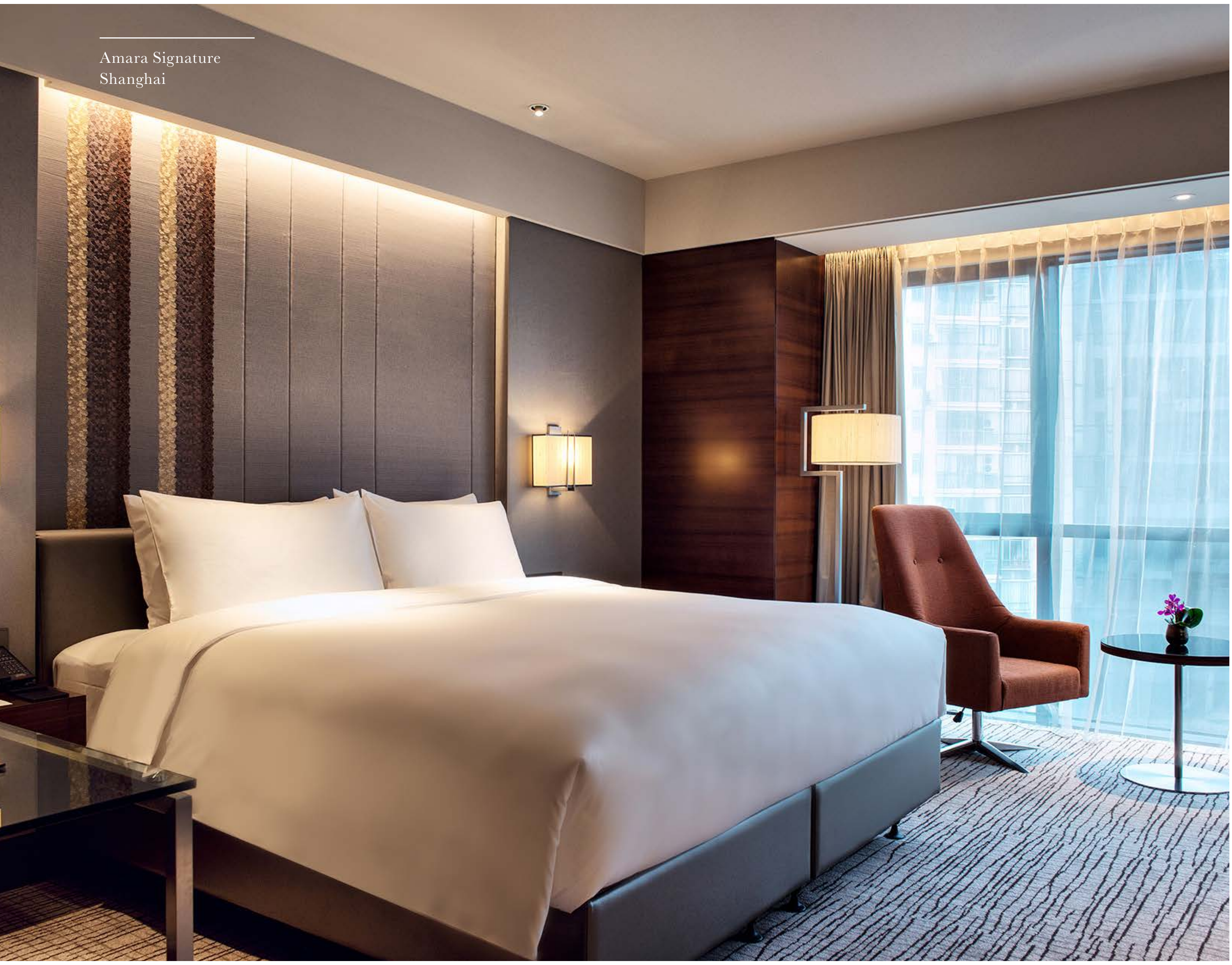
Thanying, which serves exquisite Thai cuisine fit for royalties, has delighted guests since its establishment in 1988. Apart from its flagship outlet in Amara Singapore, which has a seating capacity of 164, we are excited that the brand will be extended to Shanghai, when 100 AM Shanghai opens in the second half of 2018.

Silk Road Restaurant, which serves signature provincial cuisines along the historical Silk Road in China, continues to preserve its heritage with the use of specially-imported spices and sauces. Silk Road at Amara Singapore, established since 2011, is helmed by a team of highly specialised and trained chefs.

MOMENTS WITH AMARA

We started 2018 on a high note with the launch of the highly-anticipated Amara Signature Shanghai, as well as having secured key tenants like Daiso and Don Don Donki for 100 AM Singapore. It will be an equally exciting year with the opening of 100 AM Shanghai in the second half of 2018 and the launch of our various property projects in Singapore by the third quarter of 2018.

We will continue to leverage our strengths – a strong brand portfolio, complementary businesses and operational excellence – to seek growth opportunities to bring Amara Holdings to the next level.


Amara Signature Shanghai

AWARDS AND ACCOLADES

HOTEL INVESTMENT AND MANAGEMENT

Amara Bangkok
Certificate of Excellence 2016-2017
Awarded by TripAdvisor

Chinese Preferred Hotel
Awarded by Ctrip

Amara Sanctuary Resort, Sentosa
Best for Staycation Award 2017
Awarded by TripZilla.com

Editor's Choice Venue Awards 2017
Awarded by Her World Brides

Singapore Service Class 2012 & 2015
Awarded by SPRING Singapore

Preferred Banquet Venues - Editor's Choice Award 2015
Awarded by Blissful Brides

Shutters
Singapore's Top Restaurants 2013-2017
Awarded by Wine & Dine

Tier Bar
Singapore's Top Restaurants 2014-2017
Awarded by Wine & Dine

The Best Hotels – Resorts Award 2010-2014
Awarded by Singapore Tatler

Excellent Service Award 2013-2014
Awarded by Singapore Hotel Association and SPRING Singapore

Best Hotel Wedding Banquet
The Wedding Accolade 2013

Recommended by TripAdvisor 2012
Awarded by TripAdvisor

Hotel Security Award 2011-2012
Jointly awarded by Singapore Hotel Association, Singapore Police and National Crime Prevention Council

Excellent Service Awards 2011
(2 Star, 9 Gold & 17 Silver)
Awarded by Singapore Hotel Association and SPRING Singapore

Best Resort Award 2009
Awarded by AsiaOne People's Choice

URA Architectural Heritage Awards (Category A) 2007
Awarded by the Urban Redevelopment Authority

Amara Singapore
Apprentice Chef of the Year 2017 – Chef Samuel Quan
Awarded by World Gourmet Summit

Excellent Service Award 2017
(33 Star, 14 Gold, 24 Silver)
Awarded by Singapore Hotel Association and SPRING Singapore

SHA Bravery Award 2016-2017
Awarded by Singapore Hotel Association

SHA Honesty Award 2016-2017
Awarded by Singapore Hotel Association

SHA Vigilance Award 2016-2017
Awarded by Singapore Hotel Association

Certificate of Excellence 2015 & 2017
Awarded by TripAdvisor

Hotel Security Awards 2011-2013, 2015, 2017
Certificate of Excellence
Jointly awarded by Singapore Hotel Association, Singapore Police and National Crime Prevention Council

National Kindness Award 2012, 2014, 2016-2017
Awarded by Singapore Kindness Movement and Singapore Hotel Association

Excellent Service Award 2016
(34 Star, 10 Gold, 25 Silver)
Awarded by Singapore Hotel Association and SPRING Singapore

Singapore Productivity Awards 2016
Awarded by Singapore Business Federation

Team Singapore 2016 (Gold)
Chef Samuel Quan - Team Member
Awarded by Culinary Olympics 2016 in Erfurt, Germany

Excellent Service Award 2015
Awarded by Singapore Hotel Association and SPRING Singapore

Certificate of Recognition for Skills Future Earn and Learn Programme 2015
Awarded by WDA

Excellent Service Awards 2014
Awarded by Singapore Hotel Association and SPRING Singapore

Recommended by TripAdvisor 2010-2013

Arts Supporter Award 2013
Awarded by National Arts Council Patrons of the Arts Awards

Singapore Service Class 2006-2013
Awarded by SPRING Singapore

Excellent Service Awards 2011
(7 Star, 18 Gold & 13 Silver)
Awarded by Singapore Hotel Association and SPRING Singapore

HAPA Service Excellence (Top 10) 2009-2011
Awarded by Hospitality Asia Platinum Awards Singapore Series

HAPA Best Deluxe Hotel (Top 5) 2009-2011
Awarded by Hospitality Asia Platinum Awards Singapore Series

HOTEL INVESTMENT AND MANAGEMENT

HAPA Best Pastry Chef
(Top 5) 2009-2011
Awarded by Hospitality Asia Platinum Awards Singapore Series

HAPA Executive Chef of the Year
(Top 5) 2009-2011
Awarded by Hospitality Asia Platinum Awards Singapore Series

Hotel Security Award 2010
Certificate of Commendation
Jointly awarded by Singapore Hotel Association, National Crime Prevention Council and F1 & Sports and Hospitality Singapore Tourism Board

Signature Deluxe Hotel 2008-2010
Awarded by Hospitality Asia Platinum Awards Regional Series

Fire Safety Excellence Award 2009
Awarded by National Fire And Civil Emergency Preparedness Council and Singapore Civil Defence Force

Excellent Service Awards 2009
(8 Star, 38 Gold & 20 Silver)
Awarded by Singapore Hotel Association and SPRING Singapore

Excellent Service Awards 2008
Awarded by SPRING Singapore

SHA Courtesy Award 2008
Awarded by Singapore Hotel Association

Finalist for Award for Excellence 2006-2007
• Deluxe Hotel
• Best Housekeeping Department
Awarded by Hospitality Asia Platinum Awards

Award for Excellence
2004-2005 - Deluxe Hotel
Awarded by Hospitality Asia Platinum Awards

Finalist for Award for Excellence
2004-2005 Hospitality Personality
• Deluxe Property General Manager
• Best Western Cuisine Chef
Awarded by Hospitality Asia Platinum Awards

Excellent Service Award 2003-2006
Awarded by Singapore Hotel Association and SPRING Singapore

Service Gold National Courtesy Award 2003
Awarded by Singapore Hotel Association

Element
Singapore's Top Restaurants
2004, 2007, 2012-2013
Awarded by Wine & Dine

The Singapore Women's Weekly gold plate awards 2011
– buffets galore
Awarded by The Singapore Women's Weekly

Singapore's Top Restaurants
2009 – Silver
Awarded by Simply Dining

Alphabet
HAPA Best Entertainment Experience (Top 5) 2009-2011
Awarded by Hospitality Asia Platinum Awards Singapore Series

Finalist for Award for Excellence in Hospitality 2004-2005
Awarded by Hospitality Asia Platinum Awards

SPECIALTY RESTAURANTS AND FOOD SERVICES

Thanying Restaurant
Singapore's Best Restaurants
1992-2018
Awarded by Singapore Tatler

Certificate of Excellence 2016-2017
Awarded by TripAdvisor

Singapore's Top Restaurants
1997-2013
Awarded by Wine & Dine

Simply Her Editor's Rave on Roast Turkey December 2011
Awarded by Simply Her

Luxe Dining Singapore's Best Restaurant 2011
Awarded by Singapore Tatler

Best Eats 2010
Awarded by CNNGo.com

Luxe Dining Singapore's Best Restaurants 2010
Awarded by Singapore Tatler

Citibank-The Business Times Gourmet Choice Awards 2009
Winner Thai/Vietnamese/Korean Category

Singapore Service Star 2009-2010
Awarded by Singapore Tourism Board

Gold Plate Awards 2007
Awarded by The Singapore Women's Weekly

"THAI SELECT" Seal of Approval For Thai Cuisine
Awarded by Ministry of Commerce Thailand

Finalist for Award for Excellence Asian Cuisine Restaurant 2004-2005
Awarded by Hospitality Asia Platinum Awards

The Best Thai Restaurant 2004
Awarded by The Straits Times – Life! eats

Excellence in Service Asian Restaurant 1993
Awarded by Singapore Tourism Board

Excellence in Service Asian Restaurant (Merit) 1991
Awarded by Singapore Tourism Board

Silk Road Restaurant

Singapore's Best Restaurants 2003-2018
Awarded by Singapore Tatler

Singapore's Top Restaurants 2003-2013, 2018
Awarded by Wine & Dine

Singapore Service Class 2006-2012
Awarded by SPRING Singapore

Epicurean Star Awards 2012 Top 5 Chinese Restaurants
Nominated by Restaurant Association of Singapore

Excellent Service Awards 2011 (1 Star, 5 Gold & 1 Silver)
Awarded by Singapore Hotel Association and SPRING Singapore

The Best of Singapore Service Star 2010-2011
Awarded by Singapore Tourism Board

Luxe Dining Singapore's Best Restaurants 2010-2011
Awarded by Singapore Tatler

The Definitive Guide to Singapore's Top Restaurants 2010-2011
Awarded by Simply Dining

Healthier Restaurant Award 2009-2011
Awarded by Health Promotion Board

Excellent Award 2010 (4 Gold & 7 Silver)
Restaurant Association of Singapore and SPRING Singapore

Singapore Service Star 2009-2010
Awarded by Singapore Tourism Board

15th Excellent Service Award 2009 (2 Gold & 9 Silver)
Awarded by Restaurant Association of Singapore and SPRING Singapore

SuperStar Finalist Excellent Service Award 2008
Awarded by SPRING Singapore

Excellent Service Award 2008 (4 Star & 3 Silver)
Awarded by SPRING Singapore

Excellent Service Awards 2007 (6 Gold)
Awarded by SPRING Singapore

Top Sichuan Restaurant in Singapore
The Straits Times – Lifestyle August 2006 Top 50 Restaurants

Finalist for Award for Excellence Chinese Cuisine Restaurant 2004-2005
Awarded by Hospitality Asia Platinum Awards

A Great Table of Singapore 2003-2005
Awarded by Tables

Service Gold National Courtesy Award 2003 & 2004
Awarded by Singapore Hotel Association

National Model for Work Redesign 2002
Awarded by SPRING Singapore

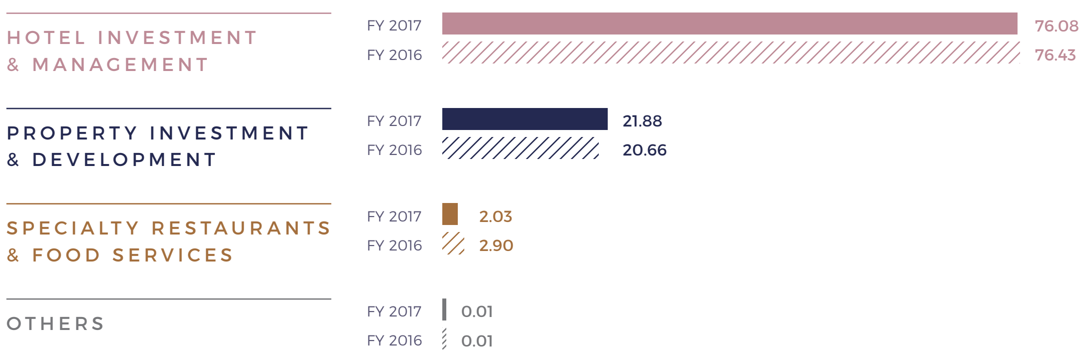
Editor's Choice
IS Magazine

FINANCIAL HIGHLIGHTS

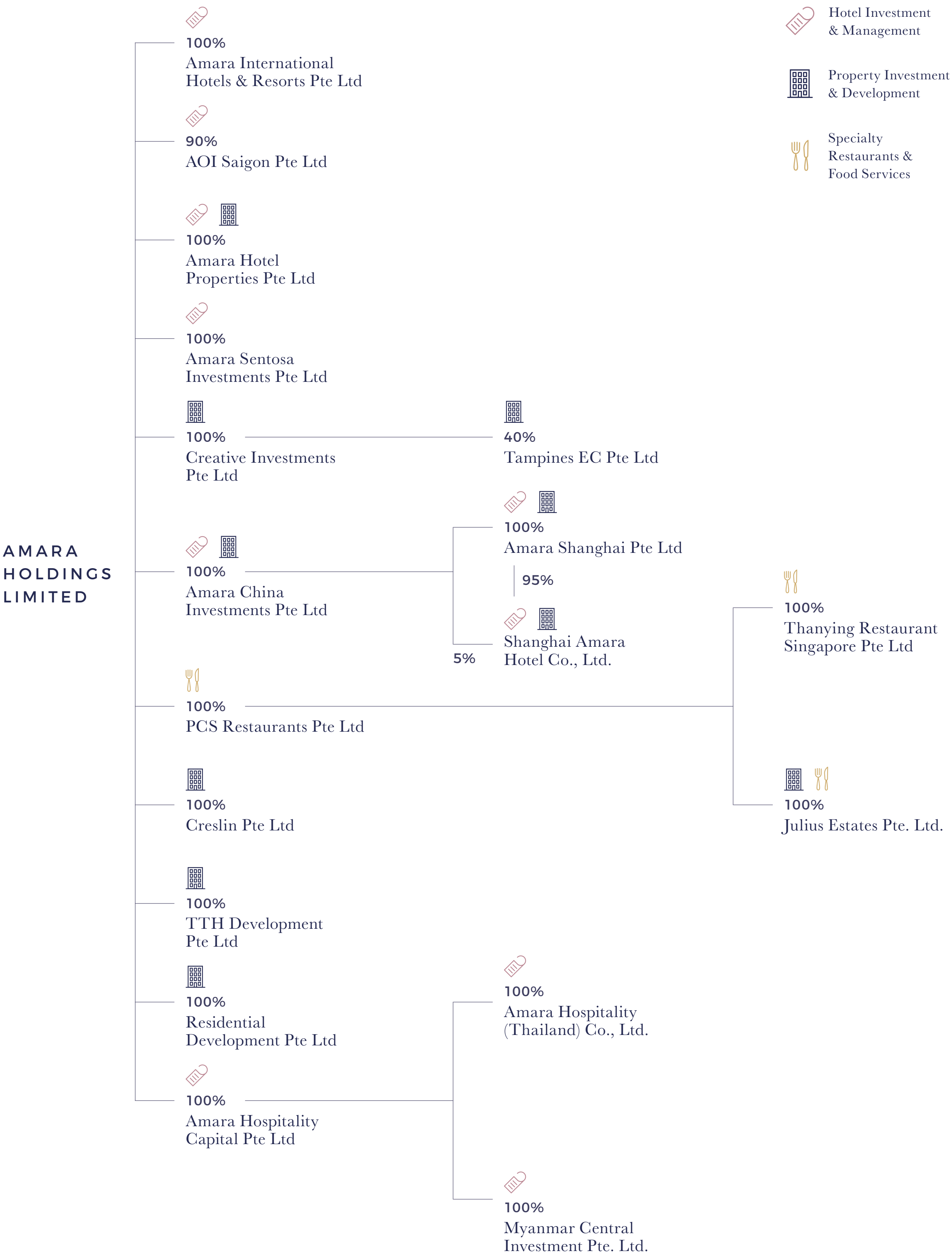
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Income Statement	**FY 2017 $'000**	FY 2016 $'000
Revenue	89,774	81,274
Profit before tax	34,298	40,001
Income tax expense	(10,405)	(3,206)
Non-controlling interests	-	280
Profit attributable to shareholders	23,893	37,075
Financial Ratios	**%**	%
Profit attributable to shareholders as percentage of revenue	26.61	45.62
Gearing ratio	45.55	44.15
Per Share Unit	**Cents**	Cents
Earnings per share	4.16	6.44
Net tangible assets per share	65.82	64.83
Net asset value per share	66.02	65.04
Revenue By Country (%)	**%**	%
Singapore	88.70	90.35
Thailand	11.30	9.65
	100.00	100.00
Revenue By Activity (%)	**%**	%
Hotel Investment & Management	76.08	76.43
Property Investment & Development	21.88	20.66
Specialty Restaurants & Food Services	2.03	2.90
Others	0.01	0.01
	100.00	100.00

REVENUE BY ACTIVITY



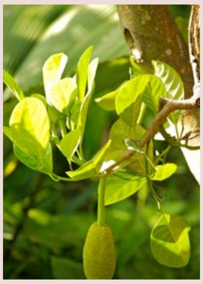
CORPORATE STRUCTURE

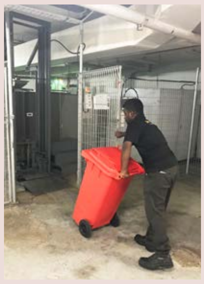


SUSTAINABILITY REPORT FY2017

MOMENTS

As Singapore's leading Asian integrated lifestyle group, we recognise the need to provide high quality products and services and we believe that sustainable practices contribute to the quality of those products and services. Therefore, we continue to strengthen our commitment to sustainability and implement various initiatives to improve the sustainability performance of our business.





TIME TO

CARE FOR MOTHER NATURE

From our kitchen and back to mother nature

TIME TO

SHARE

Sharing and warming hearts at SWAMI Home

TIME TO

RECYCLE | REUSE | REDUCE

Every bit helps – paper, plastic, cans!

SUSTAINABILITY REPORT CONTENTS

BOARD STATEMENT

It is with pleasure that the Board of Directors at Amara Holdings Limited (“the Board”) present this inaugural Sustainability Report.

As Singapore’s leading Asian integrated lifestyle group, we recognise the need to provide high quality products and services and we believe that sustainable practices contribute to the quality of those products and services. Although, at Amara we have long-held this belief, an increased understanding and awareness of sustainability within our customers, suppliers and regulators in recent years has led to an increase in expectations in this area. Therefore, we continue to strengthen our commitment to sustainability and implement various initiatives to improve the sustainability performance of our business.

Some of these initiatives over the last few years have included diversion of food waste from landfill and incineration by the installation of an eco-digester system. The system turns food waste from 100 AM and Amara Singapore into liquid nutrient for gardening and landscaping. Other initiatives have been the use of energy efficient technologies and raising awareness among our guests, staff and partners of the need to reduce consumption of resources such as energy, waste and food. We will continue to identify opportunities that will contribute to a more environmentally friendly and sustainable hospitality and lifestyle experience.

The Board determines the direction of sustainability within the business and is supported by the Sustainability Steering Committee, which comprises key executives from Amara Holdings Limited. This year for the first time, we oversaw a materiality assessment that was conducted to identify the material Environmental, Social and Governance (ESG) factors for Amara. An integrated sustainability and business approach will enable Amara to secure holistic growth in the long run. In addition, we have set out how we manage our impacts in these areas as well as our performance and targets for the upcoming year.

We invite you to learn more about our journey and the measures we have taken to ensure the sustainable growth of Amara Holdings Limited. It is our commitment to progressively develop our sustainability approach and reporting initiatives over the coming years. We are supportive of the sustainability reporting regulatory requirements set by Singapore Exchange (SGX) under its SGX-ST Listing Rules 711A and 711B. This Sustainability Report adheres to the SGX-ST Listing Rules – Sustainability Reporting Guide and references the internationally recognised Global Reporting Initiative (GRI) Standards (2016).

ABOUT THE REPORT

This inaugural Sustainability Report ("this report") is published as a declaration of Amara Holdings Limited's and its subsidiaries' (collectively known as "Amara") commitment towards sustainability in its business practices. To be read in conjunction with its financial statements, this report addresses Amara's material Environmental, Social and Governance ("ESG") topics from 1 January to 31 December 2017.

REPORTING STANDARD

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. This report is prepared with reference to the Global Reporting Initiative (GRI) Standards (2016). We also referred to the GRI Reporting Principles throughout the preparation of this report.

REPORTING SCOPE

Amara is principally engaged in three business areas, namely, hotel investment and management, property investment and development, and specialty restaurants and food services.

In this report, we have scoped in the following properties located in Singapore by considering our level of operational control over the various activities as well as the significance of any resulting economic, environmental and social impacts.

Hotels:	Amara Singapore Amara Sanctuary Resort, Sentosa
Mall and office building:	100 AM
Restaurants:	Thanying Restaurant Silk Road Restaurant

SUSTAINABILITY GOVERNANCE AND REPORT DEVELOPMENT

Supported by the Sustainability Steering Committee ("SSC") and the Sustainability Task Force ("STF"), the Board determines the sustainability direction and oversees sustainability action plans, sustainability performance, and the development of this annual sustainability report. In 2017, a materiality assessment was conducted to identify the high impact sustainability areas in which we will concentrate our sustainability efforts as well as to determine the content of this report. The assessment was carried out by members of the SSC and STF, and verified by the Board. Our data is reported in good faith and to the best of our knowledge.

FEEDBACK

We welcome all feedback to help us continuously improve our sustainability practices and maintain an open dialogue with our stakeholders. Please send your comments or feedback to corporate@amaraholdings.com.

STAKEHOLDER ENGAGEMENT

At Amara, we believe stakeholder engagement is key to nurturing good relationships between the business and the societies in which we operate. Stakeholder feedback can also result in improved business planning and performance. Therefore, we actively engage with a diverse group of stakeholders through efficient and effective collaboration on a regular basis.

Amara's approach towards stakeholder engagement is summarised below:

Investors	Timely updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and website Annual General Meeting	Throughout the year Annually	• Sustain profitability and enhance shareholder returns • Transparent reporting • Sound corporate governance practices
Customers	Customer satisfaction and customer engagement through close monitoring of feedback on travel websites and gathering comments from hotel, restaurant and event customers.	Throughout the year	• Deliver affordable, quality products and services • Responsiveness to customers' requests and feedback
Employees	Induction programme for new employees Training and development programmes Career development performance appraisals Recreational and wellness activities Regular email communications and town hall meetings	Throughout the year Throughout the year Throughout the year Throughout the year Throughout the year	• Equitable remuneration • Fair and competitive employment practices and policies • Safe and healthy work environment • Focus on employee development and well-being
Communities	Corporate philanthropy and contributing to local communities Corporate volunteering such as participation in activities organised by the Public Hygiene Council and Sunshine Welfare Action Mission (SWAMI) Home Open communication channels with local communities	Throughout the year Throughout the year Throughout the year	• Contributions to communities • Responsible and ethical business practices
Regulators	Meetings, seminars and dialogue sessions Memberships in industry associations such as Singapore Business Federation, Singapore Chinese Chamber of Commerce & Industry, Singapore Hotel Association and Singapore National Employers Federation	Throughout the year Throughout the year	• Compliance with, and keeping abreast of changes to laws and regulations relating to employment standards and foreign workers
Suppliers	Regular dialogue sessions with key suppliers and service providers Establish channels of communication	Throughout the year Throughout the year	• Fair and equal treatment of suppliers • Regular and punctual payments upon commencement of service

MATERIALITY ASSESSMENT

A materiality assessment was carried out to identify, prioritise and validate ESG issues material to Amara. The aim of the exercise is to gain a clear understanding of the areas that are significant to business operations, while also taking stakeholders' concerns into account.

In 2017, the assessment process was conducted by an independent sustainability consultant and involved identifying a universe of ESG issues relevant to the hotel and real estate industry and gathering internal stakeholder feedback via a questionnaire. This was followed by a prioritisation workshop during which 8 ESG factors were determined to be most material to Amara. The materiality of these factors was validated by the Board and will be the focus of this report:

	Material Topics
Environmental *Reducing our environmental footprint*	Energy and Emissions
	Water
	Effluents and Waste
Social *Managing our talent and our responsibilities*	Talent Retention
	Occupational Health and Safety
	Customer Health and Safety
Governance *Complying with applicable laws and regulations*	Regulatory Compliance
Economic *Addressing the flow of capital*	Economic Performance[1]

[1] Please refer to this annual report for more information on our economic performance. This factor will not be covered in our sustainability report.

ENVIRONMENT

ENERGY AND EMISSIONS

Energy usage and associated emissions are an increased priority globally. Singapore's 3rd Green Building Masterplan by Building and Construction Authority (BCA) maps out a holistic strategy to accelerate the 'greening' of buildings to achieve the national target of 80% green buildings by 2030. In addition, Singapore ratified the Paris Agreement, committing to reduce emissions intensity by 36%, from 2005 levels, by 2030, while the Singapore Budget 2017 was also lauded as the most environmentally conscious budget to-date.

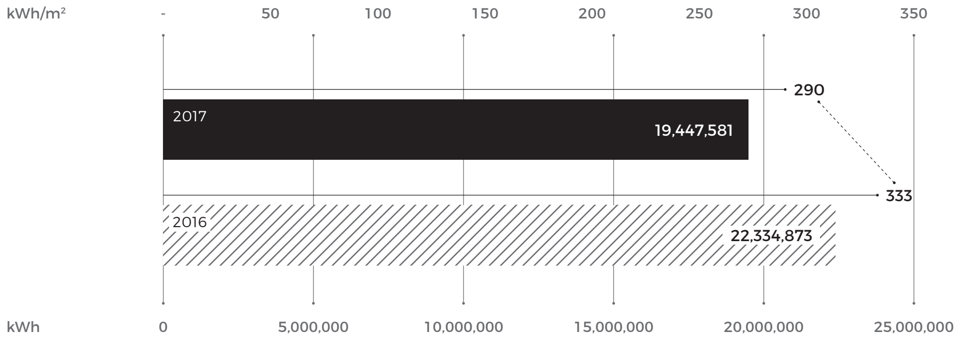
The use of energy is essential to our business operations, however, we can lower our environmental footprint and contribute to the mitigation of climate change by using energy more efficiently and exploring renewable sources of energy. We are committed to upgrading the Green Mark Certification to Green Mark Gold Plus at Amara Singapore and 100 AM. As part of this commitment, we have been implementing the following environmental initiatives over the last few years:

- Maximise the usage of LED lights. A programme to gradually replace T5 and T8 lighting to LED lighting has been in place since 2016
- Progressively installing motion sensors for lighting and escalators for more efficient energy use
- Adjustment of lux level by using dimming sensor in carparks
- Regular maintenance and replacement of equipment to ensure energy efficiency
- Introduction of energy efficient air-conditioning system and auto switch off at 8 pm in the office building and 11 pm in the retail mall at 100 AM
- Installation of Building Management System ("BMS") to allow automatic control according to various cooling loads
- Replacement of 5 old chillers with 4 new, more energy efficient units. The new chillers are complete with new cooling towers and pumps and achieve an energy efficiency of 0.65 compared to the previous >1.0.
- Auto-switch off in hotel rooms when guests step out of the rooms
- By encouraging hotel guests to forgo a daily change of linen and towels which result in energy saving

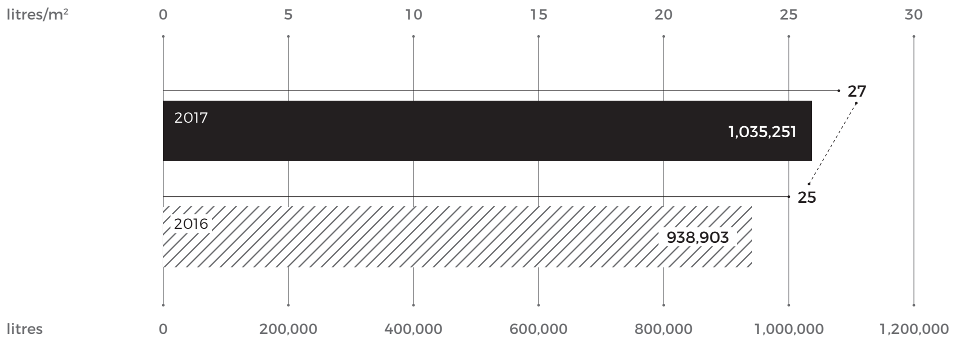
To measure the effectiveness of the existing energy saving initiatives, we track and monitor energy consumptions on a monthly basis. The monthly data provides a better understanding of the energy usage of our buildings to allow us to monitor and improve the measures already in place. The Energy Efficiency Index (EEI), introduced by BCA, is adopted to benchmark the energy efficiencies of our buildings against the industry. Total energy usages are reported to BCA regularly via the Building Energy Submission Scheme. We strive to upgrade the Green Mark rating to Green Mark Gold Plus for our buildings in the forthcoming year.

In 2017, electricity consumption amounted to 19,447,581 kilowatt hours (kWh), representing a 13% decrease from 22,334,873 kWh in 2016. Electricity intensity also decreased from 333 kWh/m^2 in 2016 to 290 kWh/m^2 in 2017. Gas consumption increased 10% from 938,903 litres in 2016 to 1,035,251 litres in 2017 and intensity increased from 25 litres per m^2 to 27 litres per m^2. Total Greenhouse Gas (GHG) emissions from electricity decreased 14% to 8,245,774 tonnes of CO^2 in 2017 and GHG emissions intensity was lower at 123 tonnes of CO^2/m^2.

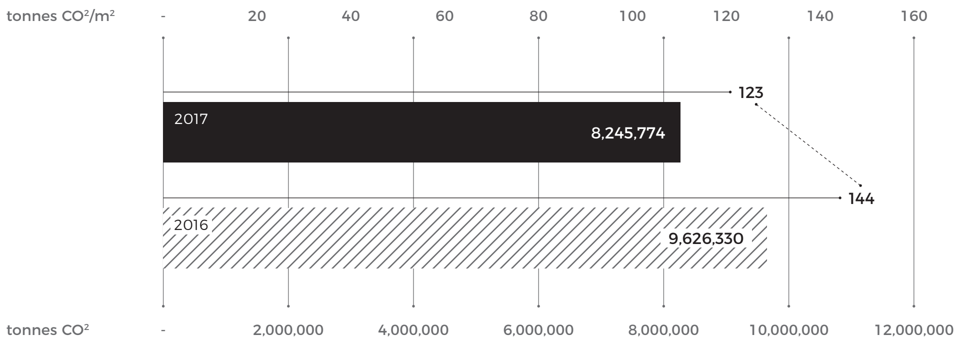
Electricity consumption (kWh) and electricity intensity (kWh/m²)



Gas consumption (litres) and gas intensity (litres/m²)



GHG emissions from electricity (tonnes CO²) and GHG emissions (tonnes CO²/m²)



In the forthcoming year, we target to reduce or maintain the same consumption and intensity levels as 2017.

WATER

The use of water is essential and integral to the business operations of the Hotels, 100 AM and Restaurants and provision of reliable and usable water in our buildings is expected by our guests and tenants.

However, water availability is a concern in Singapore as it relies heavily on imported water from Malaysia to meet its water needs. Hence, we strive to achieve a balance between making water available and water conservation efforts.

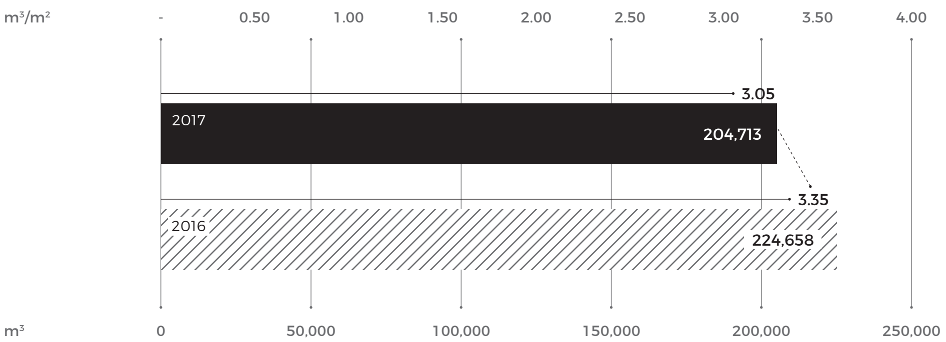
The Hotels have implemented a number of initiatives to minimise water usage:

- Set up a new cooling tower at Amara Singapore, which resulted in 10% reduction of water usage annually
- Implemented efficient laundry programmes for water saving

At the Hotels and 100 AM, regular monitoring measures are in place to identify and address any elevated consumption and potential leaks. As requested by the Public Utilities Board (PUB), total water data is reported through the Water Efficiency Management Plan.

Our water supply is sourced from public utilities. In 2017, our water consumption amounted to 204,713 cubic metres (m^3), representing a 9% year-on-year decrease from 2016. Water intensity also decreased from 3.35 m^3/m^2 in 2016 to 3.05 m^3/m^2 in 2017.

Water consumption (m^3) and water intensity (m^3/m^2)



In the forthcoming year, we target to reduce or maintain the same water consumption and intensity levels as 2017.

EFFLUENTS AND WASTE

Waste is generated from 100 AM and the Hotels' operations. Waste generated typically consists of food waste (including used oil), general waste (e.g. consumables) and wastewater.

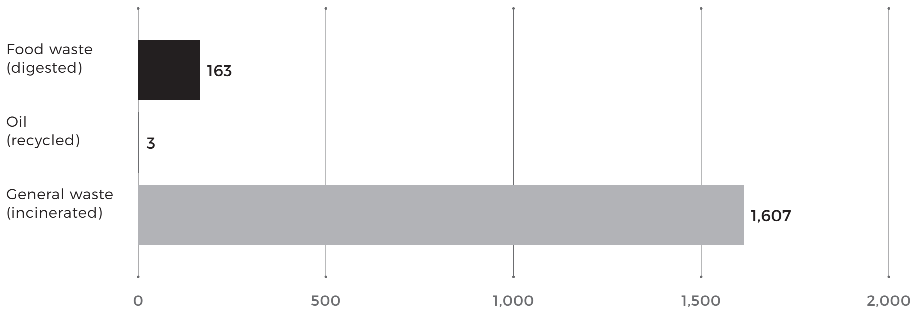
We recognise that the improper treatment and disposal of waste can pose harm to human health and the environment. We also acknowledge that there is a need to manage waste holistically and we endeavour to play our part in contributing towards Singapore's national agenda to become a Zero Waste Nation under the Sustainable Singapore Blueprint 2015.

At Amara, we strive to do our part for the environment to the best of our ability. The following food waste management practices have been implemented at 100 AM and the Hotels:

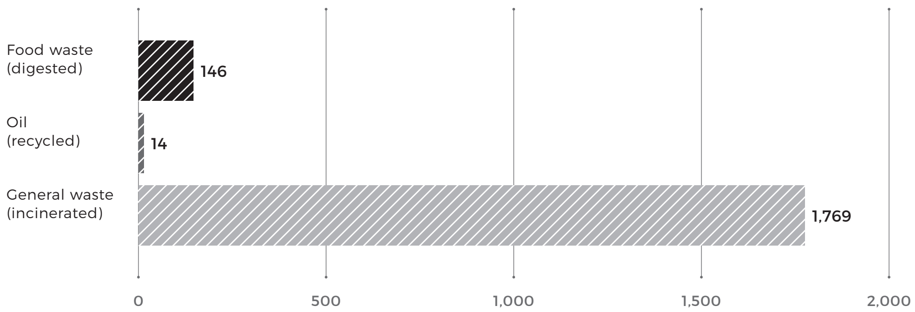
- Operate a zero inventory practice, where we endeavour to order just the right amount so that there is no leftover inventory
- Implemented an on-site, cost effective eco-digester system. This system accepts all food waste and converts it to liquid nutrient, which is used for gardening and landscaping, eliminating the need for chemical-based fertiliser. The system speeds up decomposition time from 4 weeks to just 24 hours and has cut down the amount of waste going to incinerator by 10%

Waste by type and disposal method (tonnes)

FY2017



FY2016



General waste produced by Amara reduced from 1,769 tonnes in 2016 to 1,607 tonnes in 2017. Used oil was reduced by over 11 tonnes to just 3 tonnes in 2017. Food waste disposed of via the eco-digester increased from 146 tonnes to 163 tonnes. In the forthcoming year, Amara targets to increase the amount of food waste diverted from the incinerator to the eco-digester by 20%.

SOCIAL

TALENT RETENTION

At Amara, our people play a crucial role in maintaining quality service, therefore, we believe in cultivating a strong and cohesive workforce. To that end, we endeavour to create an environment where our employees feel valued and respected, invest our efforts in attracting talent, provide a robust training and development environment and care for the well-being of our people. At Amara, our human resource strategies and policies are in line with the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP). We believe these practices are particularly important in countries, such as Singapore, with its diverse ethnic, religious, age and gender makeup. We recruit individuals with the necessary competencies, experience, qualifications and mindset to make a positive contribution to the business objectives of Amara. We employ qualified candidates without any discrimination against age, gender, race, marital status or religion. By adopting fair employment practices, we can access a wider talent pool, increase productivity and staff retention, attract talent from different backgrounds and form a diverse workforce with diverse skills and experiences.

The employee handbook details policies and procedures on hiring, learning and development, and employee conduct. Similarly, Amara Singapore's and Amara Sanctuary Resort, Sentosa's Handbooks describe the Hotels' business values, integrity, and ethics including a detailed description of the fair employment practices and conflict of interests' policy it subscribes to.

Our headcount has decreased slightly in 2017 to 378 from 389 in 2016 and our gender split is roughly equal.

Employee Category		As of 31 December 2016	As of 31 December 2017
Permanent	Male	195	198
	Female	194	180
	Total	389	378

Amara believes investment in employees through training and development programmes strengthens an employee's commitment, leading to desirable performance levels at both individual and organisation levels.

We encourage our employees to upgrade their knowledge and skills at all times. A robust performance appraisal system is established to evaluate the performance of employees and understand their needs for further growth and development. The performance appraisal also serves to allow effective communication between employee and employer and creates a culture of trust and openness. Training hours for employees are monitored and reviewed each year as one of their Key Performance Indicators.

		As of 31 December 2016	As of 31 December 2017
Average hours of training per employee per year	Total	15	14
Average hours of training per employee per year - by employee category	Senior management level	7	9
	Middle management level	11	8
	Executive level	15	14
Percentage of employees receiving annual performance appraisals		100%	100%

During 2017, employees went through an average of 14 training hours per year, slightly down from the average of 15 hours received in 2016. In the forthcoming year, we target to achieve an average of at least 20 training hours per employee per year. All employees will continue to receive an annual performance appraisal.

OCCUPATIONAL HEALTH AND SAFETY

The nature of the working environment and industry means that some of Amara's employees are in roles that expose them to some health and safety risks. As a responsible employer, Amara has an obligation to address and mitigate these risks where possible, with the aim of creating a zero-accident workplace environment for its employees. We have the following processes, procedures and initiatives in place to do this:

- Data collection and timely reporting of injuries to Ministry of Manpower
- Regular checks around the workplace to identify any areas of potential risk
- Regular fire safety audits and drills
- Timely investigation and execution of preventive and corrective actions upon reported incidents by employees, guests, tenants and visitors
- Regular maintenance of equipment
- Mandatory inspection and load testing of the common elevators and fire lifts
- Hazards are adequately signposted
- Educating staff on the potential health risks and safety hazards in the work environment (e.g. slippery floors, fire hazards) and the proper precautions
- Educating tenants on the proper maintenance of plumbing, sanitary, kitchen exhaust and fire protection systems
- Educating staff on handling emergencies, threats and accidents
- Regularly reviewing our work environment conditions and work practices to identify any new or arising safety hazards and potential health risks
- Standard operating procedures on handling emergencies, threats and accidents
- Upgrading our equipment and providing our staff with the necessary safety equipment required to perform the job function safely
- Providing an open channel of communication across all levels to gather feedback and comments on safety and health-related issues for open discussion

During the year, we recorded zero incidents of work-related fatalities and an accident frequency rate of 17 incidents per million man-hours worked. We are committed to continue strengthening our safety management practices to minimise injuries in the workplace.

In the forthcoming year, Amara targets zero workplace incidents leading to employee fatality or permanent disability.

CUSTOMER HEALTH AND SAFETY

Food safety
As a hotel and restaurant operator, Amara has an obligation to ensure that the food and beverages it serves are safe for consumption. Internationally recognised food safety management systems have been developed to help businesses avoid the risks of unsafe food reaching consumers. In Singapore, compliance with all food safety, food hygiene and other relevant laws and regulations is paramount in ensuring the health and safety of its customers.

At Amara, Standard Operating Procedures (SOPs) are in place to manage food safety and all employees are trained in these various SOPs. SOPs cover the proper methods of heating, cooling and washing to prevent foodborne illness as well as labelling of food with expiry dates to prevent food from going out of date and colour-coding of food and equipment to avoid cross-contamination. Our First In, First Out (FIFO) system also avoids the serving of out-of-date food and eliminates spoiled food waste. This system also better organises our stock and inventory by keeping adequate records and monitoring stock movement.

In addition to our SOPs, we provide our employees with access to food safety training courses. These courses keep employees up-to-date on Singapore's food regulations, sale of food acts and the latest food hygiene and safety requirements. For quality control, we send our food samples for regular laboratory testing.

Building safety
As a property owner, it is our responsibility to ensure that guests and visitors of our properties are safe from injury at all times. We are committed to abiding by safety laws and regulations and we implement policies and practices to maintain a high level of awareness. Fire safety is one such area on which we focus.

We conduct fire drill exercises twice a year and it is compulsory for our employees to attend regular fire training courses. We maintain strict safety procedures for fire safety inspections and monthly maintenance of lifts and escalators. We received a Fire Safety Excellence Design Award in 2017, which accords recognition to our efforts in this area. For other hazards around the buildings, we conduct risk assessments regularly and security patrols every two hours. Any identified hazards are adequately signposted to prevent accidents or injuries.

In 2017, there were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety of guests and visitors which resulted in a fine, penalty or warning.

Moving forward, Amara targets to maintain zero non-compliance with voluntary codes/laws and regulations.

GOVERNANCE

Amara strives to adopt best practices in order to maintain a high standard of corporate governance and business conduct to safeguard the interests of its stakeholders.

COMPLIANCE WITH LAWS & REGULATIONS

Businesses exist and grow with the support of the community in which it operates. Maintaining public trust is therefore of utmost priority to any company. Amara is committed to uphold high ethical standards and integrity in its operations, complying with all laws and regulations in its location of operations. This involves good corporate governance, responsible business practices, as well as an accountable and transparent management system in order to prevent non-compliance, misconduct or corrupt business practices.

We are committed to abiding by all applicable laws and regulations. We adhere to the listing rules and regulations set out by SGX and the MAS Securities and Futures Act. Our corporate governance framework and practices with specific reference made to each of the principles of the Code of Corporate Governance 2012 are set out in the "Corporate Governance Report" section of this annual report.

Our properties are subject to environmental laws and regulations, including the Building Control (Environmental Sustainability) Regulations administered by the Building and Construction Authority (BCA), as well as the Energy Conservation Act and Environment Protection and Management Act governed by the National Environment Agency (NEA).

There were no incidents of corruption during the year. There were no incidents of non-compliance with laws and regulations resulting in significant fines or sanctions in 2017.

Moving forward, Amara targets to maintain zero non-compliance with laws and regulations, including environmental regulations that will result in significant fines or sanctions in 2018.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

The Board of Directors ("the Board") is committed to high standards of corporate governance as a fundamental part of discharging its responsibilities to protect and to enhance long-term shareholders' value whilst taking into account the interests of other stakeholders.

This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the "Code"). There are other sections of this annual report that contain information required by the Code and these should be read together with this report.

The Company has complied in all material aspects with the principles and guidelines of the Code, except for deviations from Guidelines 2.2, 3.3, 9.2, 9.3 and 9.4 of the Code for which explanations are provided.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

Guideline 1.1
Board's Role

The principal functions of the Board, apart from its statutory responsibilities, are:

a) setting overall strategies and supervision of the Group's business and affairs to achieve the vision and mission of the Group;
b) approving the Group's corporate policies and internal guidelines for material transactions;
c) approving key operational issues and major investment and funding;
d) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;
e) Identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;
f) setting the Company's values and standards, and ensuring that obligations to shareholders and other stakeholders are understood and met;
g) reviewing the financial performance of the Group;
h) approving the appointment of Board directors and appointments to the various Board committees;
i) assuming responsibility for corporate governance; and
j) considering sustainability issues as part of its strategy formulation.

The Company publishes a sustainability report which is included in this annual report.

Guideline 1.2
Directors' Duties and Responsibilities

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

Guideline 1.3
Delegation of Authority to Board Committees

In carrying out and discharging its duties, the Board is assisted by the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). These Committees are made up of wholly or predominantly non-executive directors and chaired by independent directors. These Committees function within clearly defined terms of references which set out their authority and duties. The effectiveness of each Committee is also constantly being reviewed by the Board. Other committees may be formed from time to time to look into specific areas as and when required.

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)

Guideline 1.4
Meetings of Board and Board Committees

The number of Board and Committees meetings held and attendance of the directors at these meetings during the year are as follows:

	Board	Audit Committee	Remuneration Committee	Nominating Committee
Number of meetings held	6	4	1	2
Name of Directors	**Number of meetings attended**			
Albert Teo Hock Chuan	6	4	1	2
Susan Teo Geok Tin	6	4	1	2
Lawrence Mok Kwok Wah	6	4	1	2
Chang Meng Teng (1)	1	1	-	-
Richard Khoo Boo Yeong (2)	2	1	1	1
Foo Ko Hing (3)	6	4	1	2*
Chia Kwok Ping (4)	6	4**	1***	2***

(1) Resigned as independent director effective from 28 April 2017
(2) Resigned as independent director effective from 1 April 2017
(3) Appointed Chairman of AC and member of NC on 1 April 2017
(4) Appointed member of AC and Chairman of both NC and RC on 1 April 2017

* Attended 1 meeting by invitation prior to appointment as member of NC
** Attended 1 meeting by invitation prior to appointment as member of AC
*** Attended 1 NC meeting and 1 RC meeting by invitation prior to appointment as Chairman of both NC and RC

Senior management staffs are invited to attend Board and Committees meetings whenever necessary and there is timely communication of information between the Board, the Management and the Committees.

Guideline 1.5
Internal Guidelines on Matters Requiring Board Approval

Matters which are specifically reserved to the Board for approval include:

a) annual budgets and financial plans of the Group;
b) quarterly and annual financial reports;
c) material acquisitions, divestments, investments and funding proposals;
d) issuance of shares, dividend distributions and other returns to shareholders;
e) interested person transaction (as defined under Chapter 9 of the Listing Manual); and
f) matters involving a conflict of interest for a substantial shareholder or a director.

The Board comprises a majority of non-executive directors, with relevant and diverse experiences necessary to contribute effectively and objectively to the Group. The Board meets at least four times a year and as warranted by circumstances, as deemed appropriate by the Board members. The Company's Constitution provides for telephone and other electronic means of meetings of the Board as encouraged by the Code. This facilitates the attendance and participation of directors at Board meetings, even though they may not be in Singapore.

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)

Guideline 1.6
Continuous Training and Development of Directors

The Company has in place an orientation program for new directors. Newly appointed directors are briefed by the Board to familiarise them with the Group's business and its strategic directions. The Company will arrange an incoming director to meet up with the senior management and the Company Secretary to familiarise himself with his roles, the organisation structure and business practices of the Group. This will enable him to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary.

The NC is charged with reviewing the training and professional development of Directors. All Directors are provided with regular updates on the latest governance and listing policies. The NC will recommend appropriate courses and seminars and arrange for updates by professionals as it deems relevant to improving the performance of the individual Directors and the whole Board.

Briefings and updates provided for Directors in FY2017 included the following:

- The external auditors briefed the AC members on developments in accounting and governance standards.
- The CEO updated the Board at each Board meeting on the Group's business and strategic developments.
- The senior management highlighted the salient operational and risk management issues to the Board.
- The Company Secretary briefed the Board on the Companies Act amendments.

The Directors had also attended appropriate courses, conferences and seminars. They also have unrestricted access to professionals for consultation on laws, regulations and commercial risks as and when necessary at the expense of the Group.

Guideline 1.7
Formal letter setting out Directors' Duties

Each new incoming director is issued a formal letter of appointment setting out his duties and obligations.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders (as defined in the Code). No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines 2.1 and 2.2
Strong and Independent Element on the Board

The Board consists of five directors, of whom two are independent and non-executive directors and one is a non-independent and non-executive director. The executive directors are Mr Albert Teo Hock Chuan and Ms Susan Teo Geok Tin. The non-independent and non-executive director is Mr Lawrence Mok Kwok Wah. The independent directors are Mr Foo Ko Hing and Mr Chia Kwok Ping. The independence of each independent director is reviewed annually by the NC. Each of the independent directors has declared his independence in accordance with the guidelines of the Code.

Under Guideline 2.2 of the Code, the independent directors should make up at least half of the Board where the Chairman and the CEO is the same person, the Chairman is part of the management team or the Chairman is not an independent director. The Company had identified a candidate who had accepted the appointment as an independent director and this would have resulted in half of the Board comprising independent directors in compliance with Guideline 2.2 of the Code. However, due to medical reasons, the said candidate was unable to proceed with the appointment. The Company will continue to source for a candidate to ensure that it complies with Guideline 2.2 of the Code.

Guidelines 2.3 and 2.4
Independence of Directors

Mr Foo Ko Hing and Mr Chia Kwok Ping are independent directors of the Company. Mr Foo and Mr Chia have confirmed their independence and they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment.

Particulars of interests of directors who held office at the end of the financial year in shares, debentures and share options in the Company and in related corporations are set out in the "Directors' Statement" section of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE (CONTINUED)

Guidelines 2.5 and 2.6
Composition and Competency of the Board

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide effective direction for the Group. The Board will constantly examine its size with a view to determine its impact upon its effectiveness taking into account the scope and nature of the operations of the Company, the requirements of the business. and the need to avoid undue disruptions from changes to the composition of the Board and Board committees.

The Board recognises the importance and value of gender diversity and it presently includes a female Director.

Guideline 2.7
Role of Non-Executive Directors

Non-executive directors contribute, especially in their areas of specialty, to proposals and strategies of the Group. They also review performance of Management in achieving goals and objectives set.

Guideline 2.8
Regular Meetings of Non-Executive Directors

During the year, the Non-Executive Directors communicate among themselves without the presence of Management as and when the need arises. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines 3.1 and 3.2
- Separate role of Chairman and CEO
- Role of the Chairman

Mr Albert Teo Hock Chuan is both the Chairman of the Board and the Chief Executive Officer ("CEO") of the Group. The Board believes that there is no need for the role of Chairman of the Board and the CEO to be separated as there is good balance of power and authority with all critical committees chaired by independent directors.

Mr Albert Teo Hock Chuan, as the Chairman leading the Board, approves the agendas for the Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item. He promotes an open environment for debate, and ensures that the non-executive and independent directors are able to speak freely and contribute effectively. He facilitates the quality and quantity of the information as well as the timeliness of the flow of information between the Board and Management.

As CEO, Mr Albert Teo Hock Chuan, together with the other executive director, have full executive responsibilities over the business directions and operational decisions of the Group. Assisting them are the Director, Property Division, the Group Quality and Systems Manager, the Group Administration Manager and the Group Financial Controller. The CEO is responsible to the Board for all corporate governance procedures to be implemented by the Group and ensures that Management conforms to such practices. Directors are given board papers in advance of meetings for them to be adequately prepared for the meetings and senior management staffs (who are not executive directors) are in attendance at Board and Committees meetings whenever necessary.

Guidelines 3.3 and 3.4
Lead Independent Director

Mr Chang Meng Teng was the Company's Lead Independent Director until his resignation on 28 April 2017. As explained under Guideline 2.2 above, the Company's appointment of a new independent director has been delayed. After a new independent director has been appointed, the Board will review the composition of its Board committees and in conjunction with such review, it will appoint a new Lead Independent Director accordingly.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP

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

Guideline 4.1
Nominating Committee

The NC comprises:

- Chia Kwok Ping (Chairman)
- Albert Teo Hock Chuan
- Foo Ko Hing

Guideline 4.2
Nominating Committee's Responsibilities

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

a) Identifying and selecting members of the Board for the purpose of recommending such nomination to the Board for its approval on board appointments;
b) Assessing the effectiveness of the Board as a whole and contribution by each director;
c) Assessing the independence of each director annually;
d) Reviewing succession plans for directors; and
e) Reviewing training and professional development of directors.

Guideline 4.3
Determining Directors' Independence

The NC is charged with determining annually whether a director is independent. The NC has reviewed and determined that the independent directors are independent. Mr Foo Ko Hing and Mr Chia Kwok Ping has each abstained from such NC's review of his own independence.

Guideline 4.4
Multiple Board Representations

The Board has determined the maximum number of board appointments in listed companies that a director can hold, which shall not be more than six so as to ensure that the directors are able to commit their time to effectively discharge their responsibilities. All the directors currently do not hold more than six listed company board representations. The NC is satisfied that each individual director has allocated sufficient time and resources to the affairs of the Company.

Guideline 4.5
Alternate Directors

There were no alternate directors appointed to the Board during the year.

Guideline 4.6
Process for the Selection and Appointment of New Directors

For the selection and appointment of a new director, the NC will determine the desired competencies to complement the skills and competencies of the existing directors. Potential candidates are sourced from a network of contacts and identified based on the established criteria. Recommendations from directors and management are the usual source for potential candidates. Where applicable, search through external consultants can be considered.

The NC will interview shortlisted candidates to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment to the Board for approval.

The Company's Constitution provides that one third of the directors for the time being or if their number is not a multiple of three, then the number nearest to one-third shall retire from office at the AGM. Accordingly, the directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Committee is charged with the responsibility of re-nomination having regard to the director's contribution and performance, including, if applicable, as an independent director.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP (CONTINUED)

Guideline 4.7
Key Information on Directors

Key information regarding the directors is set out in the "Board of Directors" section of this annual report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its committees and the contribution by each director to the effectiveness of the Board.

The NC is of the view that the Board's current size is satisfactory and that it is appropriate for effective decision making, taking into account the nature, size and scope of the Group's operations.

Guidelines 5.1 to 5.3
- Effectiveness of the Board
- Board Performance
- Evaluation of Individual Director

The NC has established a formal evaluation process to assess the effectiveness of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contributions of each director to the effectiveness of the Board. The Chairman will act on the results of the performance evaluation and will, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors. The NC, along with the participation of the executive directors, carried out an evaluation and discussed the results of the evaluation of Board performance. The NC also reviewed and discussed each director's performance and contribution to the effectiveness of the Board. The NC is satisfied that the Board has been effective in the conduct of its duties and the directors have each contributed to the effectiveness of the Board.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines 6.1 and 6.2
Board's Access to information

Directors receive periodic financial and operational reports, budgets, forecasts and other disclosure documents on the Group's businesses prior to Board meetings. Senior management staffs are invited where appropriate to provide further inputs during Board and Committees meetings. The Board has separate and independent access to the Company Secretaries and key executives.

Guideline 6.3
Board's Access to Company Secretary

At least one of the Company Secretaries is present at all formal Board meetings to respond to the queries of any director and to assist in ensuring that Board procedures as well as applicable rules and regulations are followed.

Guideline 6.4
Appointment and Removal of Company Secretary

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

Guideline 6.5
Board's Access to Independent Professional Advice

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board has adopted a policy to seek independent professional advice.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guideline 7.1
Remuneration Committee

The RC comprises:

- Chia Kwok Ping (Chairman)
- Lawrence Mok Kwok Wah
- Foo Ko Hing

Guideline 7.2
Remuneration Framework

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

a) recommend to the Board, a framework of remuneration for the Board and key executives, and to determine specific remuneration packages for each executive director; and
b) review senior executive remuneration and non-executive directors' fees annually.

All members of this Committee (including the Chairman) are independent and non-executive directors, except for Mr Lawrence Mok Kwok Wah who is a non-independent and non-executive director.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, ex-gratia payments, options and benefits-in-kind will be reviewed by the RC. No member of the RC or any director is involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

Guideline 7.3
Remuneration Committee's Access to Advice on Remuneration Matters

The RC is provided with access to expert professional advice on remuneration matters as and when necessary. The professional advisers, if engaged, shall be free from any relationships with the Company as that will affect their objectivity and independence. The expenses of such professional services shall be borne by the Company.

Guideline 7.4
Termination Clauses in Service Contract

Each of the Executive Directors and key management personnel has employment contract with the Company which can be terminated by either party giving notice of resignation/termination. The RC has reviewed the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guideline 8.1
Remuneration of Executive Directors and Key Management Personnel

The Company's remuneration structure for its Executive Directors and key management personnel comprises both fixed and variable components. The variable component is performance related and is linked to the Group's and the Company's performance as well as individual's performance. Such performance-related remuneration is designed to align with the interests of shareholders and promote long term success of the Group. In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies.

CORPORATE GOVERNANCE REPORT

LEVEL AND MIX OF REMUNERATION (CONTINUED)

Guideline 8.2
Long-term Incentive Scheme

The Company has the Amara Performance Share Plan as a form of long-term incentive scheme which is elaborated under Guideline 9.5.

Guideline 8.3
Remuneration of Non-Executive Directors

For the current year, the Board has recommended a fee for non-executive directors which is subject to approval at the AGM. Directors' fees are set in accordance with a remuneration framework comprising a basic fee as a director and an additional fee for serving on Board Committees, taking into consideration contribution of each of the non-executive directors. The RC considers that the current fee structure adequately compensates the non-executive directors, without over-compensating them as to compromise their independence.

Guideline 8.4
Contractual Provisions

The Company does not have any contractual provisions in the employment contracts for the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel.

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Guidelines 9.1 and 9.2
Remuneration Report

Directors

For confidentiality reasons and given the sensitivity of remuneration information, the Company believes that the disclosure of exact remuneration of directors with breakdown is not in the best interests of the Company and therefore it wishes to maintain confidentiality on each individual director's remuneration. Instead disclosures are made under the broad band of remuneration as follows:

	No. of Directors	
Remuneration Band	**2017**	**2016**
S$750,000 to below S$1,000,000	1	1
S$500,000 to below S$750,000	1	1
S$250,000 to below S$500,000	-	-
Below S$250,000	5	5
Total	7	7

Guidelines 9.3 and 9.4
- Key Management Personnel of the Group
- Immediate Family Members of Directors or the CEO

There are three employees who are immediate family members of Mr Albert Teo Hock Chuan, Director and CEO and whose remuneration exceeded $50,000 during the year.

The Company believes that it is not in the best interests of the Group to disclose the details as required under Guidelines 9.3 and 9.4 of the Code because of the highly competitive industry conditions and also because it wishes to maintain confidentiality for more harmonious and effective human resource management within the Group.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON REMUNERATION (CONTINUED)

Guideline 9.5
Employee Share Scheme

Amara Performance Share Plan ("Plan")

The Plan was approved by the shareholders on 29 April 2014. The Plan is administered by the RC comprising Mr Chia Kwok Ping, Mr Lawrence Mok Kwok Wah and Mr Foo Ko Hing.

The Plan is a share incentive scheme under which performance-based or time-based awards may be granted. The Plan is in place on the basis that it is important to retain employees whose contributions are important to the well-being and prosperity of the Group and to recognise outstanding employees of the Group who have contributed to the growth of the Group. The Plan gives participants an opportunity to have a personal equity interest in the Company and by granting such an opportunity, the Plan aims to foster a strong and lasting ownership culture within the Group which aligns the interests of its employees with the interests of shareholders.

Full-time employees (including executive directors) who are confirmed in their employment with the Company and/or any subsidiary shall be eligible to participate in the Plan. Controlling shareholders and their associates within the aforesaid category are eligible to participate in the Plan.

The aggregate number of shares which may be available pursuant to awards granted under the Plan on any date, when added to the number of new shares issued and issuable in respect of (a) all awards granted under the Plan and (b) options or awards granted under any other option scheme or share plan which the Company may implement from time to time, shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) on the day preceding the relevant award date.

The aggregate number of shares available to eligible controlling shareholders and their associates under the Plan shall not exceed twenty five per cent (25%) of the shares available under the Plan. In addition, the number of shares available to each controlling shareholder or his associate shall not exceed ten per cent (10%) of the shares available under the Plan.

There were no shares awarded under the Plan since its inception to the end of the financial year.

Guideline 9.6
Link between Remuneration and Performance

The remuneration of Executive Directors and key management personnel comprises a variable component. The variable component is performance related and is linked to the Group's and the Company's performance as well as individual's performance.

For the year under review, the RC has reviewed the remuneration of Executive Directors, key management personnel and Non-Executive Directors in accordance with their performance criteria and recommended them to the Board. The Board has endorsed the RC's recommendations.

The above-mentioned performance criteria have been selected as they are the key drivers of business performance and are aligned to shareholders' value.

ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guideline 10.1
Assessment of Performance, Position and Prospects

In presenting the annual financial statements and quarterly announcements to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (CONTINUED)

Guideline 10.2
Compliance with Legislative and Regulatory Requirements

The Board is mindful of its obligations to ensure compliance with the Listing Rules of the SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of the Listing Manual to comply to the best of their abilities with the Listing Rules and to use their best endeavours to procure that the Company shall so comply.

Guideline 10.3
Management Accounts

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

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines 11.1, 11.2 and 11.3
- Risk Management and Internal Controls System
- Board's Comment on Adequacy and Effectiveness of Internal Controls

The Board is responsible for the governance of risk management and internal controls, and ensures the risk management framework and policies are in place.

Key business risks identified in the course of audit and plans to address these risks are communicated to the Management accordingly and tabled for discussion at AC meetings with updates by the Management on the status of these action plans.

The Company strives to attain a proper balance of risk and return in regard to its business operations and overall strategies.

The AC ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management is conducted at least annually.

The AC has reviewed the Group's material internal controls, including financial, operational, information technology and compliance controls, and risk management policies and is satisfied that there are adequate internal controls in place. The AC reports and discusses with the Board its findings.

For the financial year ended 31 December 2017, the Board has received respective letters of assurance from the CEO and the Group Financial Controller which collectively give the Board's assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and on the effectiveness of the Group's risk management and internal controls system.

Based on the internal controls established and maintained by the Group, review by the AC and the letters of assurance from the CEO and the Group Financial Controller, the Board with the concurrence of the AC is of the opinion that the risk management and internal controls systems of the Group are adequate and effective in addressing the financial, operational, compliance and information technology risks.

Guideline 11.4
Separate Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

Guideline 12.1
Audit Committee Membership

The AC comprises three non-executive directors, two of whom, including the Chairman are independent. They are Mr Foo Ko Hing (Chairman of the AC), Mr Chia Kwok Ping and Mr Lawrence Mok Kwok Wah. The AC had four meetings during the financial year. Key information regarding the AC members is given in the 'Board of Directors' section of this annual report.

Guideline 12.2
Expertise of Audit Committee Members

The AC members bring with them invaluable professional expertise in the accounting and financial management domains. The experience and qualifications of the AC members are set out in the 'Board of Directors' section of this annual report.

Guidelines 12.3 and 12.4
Roles, Responsibilities and Authorities of Audit Committee

The AC has express power to investigate any matter brought to its attention, within its terms of reference, with the power to seek professional advice at the Company's expense.

The AC carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, and the Code, including the following:

- reviews with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of Management, where necessary);
- reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- reviews any significant findings of internal investigations and Management's response;
- makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;
- monitors interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity; and
- reviews quarterly reporting to SGX-ST and year-end financial statements of the Group before submission to the Board, focusing on
  - going concern assumption;
  - compliance with financial reporting standards and regulatory requirements;
  - any changes in accounting policies and practices;
  - significant issues arising from the audit;
  - major judgmental areas; and
  - any other functions which may be agreed by the AC and the Board.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (CONTINUED)

Guidelines 12.5 and 12.6
- Meeting with External and Internal Auditors
- Independence of External Auditors

The AC has met with the external and internal auditors without the presence of the Company's management annually and reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of the services would not affect their independence and objectivity.

The AC has free and independent access to the external auditors and the internal auditors, and other senior management staff for information that it may require. It has full discretion to invite any director and executive officer to attend its meetings. The AC is satisfied with the assistance given by the Group's officers to the audit functions.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Rules 712 and 715 of the Listing Manual.

Guideline 12.7
Whistleblowing Policy

The Company has in place a whistleblowing policy and the AC has the authority to conduct independent investigations into any complaints.

Staff of the Group has access to senior management employees whom they are free to bring their concerns or complaints to. All such concerns or complaints received shall be investigated thoroughly by the AC or the whistleblowing committee, as the case may be, and all investigations shall be conducted without bias. The Group will treat all information received confidentially and protect the identities and the interests of all whistle-blowers, so as to enable staff to voice their concerns or complaints without any fear of reprisal, retaliation, discrimination or harassment of any kind.

Guideline 12.8
Measures by Audit Committee Members to Keep Abreast

The AC members have kept abreast of changes in accounting standards and issues which impact the financial statements from briefings by auditors during the quarterly AC meetings.

Guideline 12.9
Restriction on Acting as Audit Committee Member

There is no member within the Company's AC who is a former partner or director of the Company's existing audit firm.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT

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

Guidelines 13.1 to 13.4
Internal Auditors

The Group has outsourced the internal audit function. The internal auditors report directly to the Chairman of the AC on all internal audit matters and administratively to the CEO. The internal auditors have unrestricted access to the Group's accounting records, documents, properties and personnel. Internal audit reports and recommendations are provided to the AC. Significant issues are discussed in the AC meetings with the presence of the internal auditors.

The internal auditing firm is staffed with professionals with experience and qualifications such as the Certified Internal Auditor qualification issued by the Institute of Internal Auditors Singapore. In carrying out the internal audits, the internal auditors are guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The AC is satisfied that the internal audit function is adequately resourced to carry out its function.

Guideline 13.5
Adequacy and Effectiveness of Internal Audit Function

The AC reviews the adequacy of the internal audit function to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation to enable the internal auditors to perform their function. The AC also reviews the internal audit reports and remedial actions implemented by Management to address any internal control inadequacies identified.

SHAREHOLDER RIGHTS

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

Guideline 14.1
Sufficient Information to Shareholders

The Company strives for transparency in its disclosures to the shareholders and the public. This is done through the regular dissemination of information through SGXNET. However, the Company does not practise selective disclosure as all price-sensitive information is released through SGXNET. The Company also maintains a website at www.amaraholdings.com, at which shareholders can access information on the Group such as corporate information, annual report and core businesses of the Group.

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

Shareholders are encouraged to attend the AGM and EGM (if any) to ensure high level of accountability and to stay apprised of the Group's strategy and goals. Notice of the meetings will be mailed to the shareholders, advertised in newspaper and announced on SGXNET.

At the AGM and EGM (if any), shareholders are given the opportunity to express their views and ask the Board and the Management questions about the Group.

All resolutions at general meetings are required to be voted by poll under the Listing Rules of the SGX-ST. Shareholders will be briefed by the Company on the poll voting procedures at general meetings.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS (CONTINUED)

Guideline 14.3
Proxies

The Constitution of the Company permits a shareholder (other than a relevant intermediary as defined in Section 181 of the Singapore Companies Act, Cap. 50) to appoint one or two proxies to attend general meetings and vote in his stead. The Singapore Companies Act, Cap. 50 allows relevant intermediaries to appoint more than two proxies. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate in the general meetings.

COMMUNICATION WITH SHAREHOLDERS

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

Guidelines 15.1 to 15.4
Timely Information to and Engagement with Shareholders

As mentioned above, the Company communicates with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET. The Company also responds to enquiries from investors, analysts, fund managers and the press.

Financial results of the Group are released within 45 days from the end of each quarter and within 60 days from the financial year end. In addition, Annual Reports are distributed to shareholders at least 14 days before each AGM.

In accordance with the Listing Rules of the SGX-ST, the Board's policy is that all shareholders are informed on a timely basis of all major developments that impact the Group.

The Company has also retained the services of a Public Relations firm to assist in its communication with the shareholders. The Company's AGM is the principal forum for dialogues with shareholders.

Guidelines 15.5
Dividend Policy

The Company currently does not have a fixed dividend policy. The dividend paid each year will depend on factors that include the Group's profit level, cash position and future cash needs.

The details of dividend payment, if any, would be disclosed via the release of announcements through SGXNET.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guideline 16.1
Effective Shareholders' Participation

All resolutions at the forthcoming AGM would be put to vote by electronic poll. This will allow greater transparency and more equitable participation by shareholders.

Voting in absentia by remote means are currently not permitted until such time legislative changes are effected to recognise remote voting. However, the Company's Constitution allows for appointment of proxies as set out in Guideline 14.3 above and this allows a shareholder to vote in absentia through his proxy.

CORPORATE GOVERNANCE REPORT

CONDUCT OF SHAREHOLDER MEETINGS (CONTINUED)

Guideline 16.2
Separate Resolutions at General Meetings

The Company will have separate resolutions at general meetings on each distinct issue.

Guideline 16.3
Attendance at General Meetings

The whole Board together with the Management and the external auditors are normally present at the AGM to address shareholders' queries, if any.

Guideline 16.4
Minutes of General Meetings

Minutes of general meetings are prepared, including comments and queries from shareholders and responses from the Board and Management.

Guideline 16.5
Results of resolutions by poll

The poll voting results will be announced after the AGM via SGXNET.

OTHER CORPORATE GOVERNANCE MATTERS
INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and reviewed by the AC.

There were no interested person transactions conducted during the financial year pursuant to the Listing Manual.

The Board is satisfied with the Group's commitment to compliance with the Code.

DEALINGS IN SECURITIES

In line with Listing Rule 1207(19) on Dealings in Securities, the Company has adopted the SGX-ST best practices on dealings in securities in its Internal Code of Dealings in Securities ("Internal Code") to prescribe the internal regulations pertaining to the securities of the Company. The Internal Code prohibits securities dealings by directors and employees while in possession of price-sensitive information. The directors and these employees are also prohibited from dealing in the securities of the Company on short-term considerations and during the period commencing two weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's annual results and ending on the date of announcement of the results.

MATERIAL CONTRACTS

There were no material contracts of the Company involving the interests of the CEO, each director or controlling shareholder entered into since the end of the previous financial year.

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 31 December 2017.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 73 to 128 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 31 December 2017, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1. DIRECTORS

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

Albert Teo Hock Chuan
Susan Teo Geok Tin
Lawrence Mok Kwok Wah
Foo Ko Hing
Chia Kwok Ping

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in name of director/nominee			Shareholdings in which directors are deemed to have interest		
Name of directors and companies in which interests are held	At beginning of year	At end of year	At 21 January 2018	At beginning of year	At end of year	At 21 January 2018
Amara Holdings Limited (Ordinary shares)						
Albert Teo Hock Chuan	14,899,619	14,899,619	14,949,619	234,468,917	234,468,917	234,468,917
Susan Teo Geok Tin	14,820,447	14,820,447	14,820,477	234,458,917	234,458,917	234,458,917
Lawrence Mok Kwok Wah	710,030	710,030	710,030	*249,558,336	*249,558,336	**189,558,336

* Lawrence Mok Kwok Wah is deemed to have an interest in 234,458,917 Amara Holdings Limited's shares held or controlled by Firstrust Equity Pte Ltd (In Members' Voluntary Liquidation) by reason of the interest of his spouse and her associates in that company. Further, his spouse holds 15,099,419 Amara Holdings Limited's shares personally.

** Lawrence Mok Kwok Wah is deemed to have an interest in 174,458,917 Amara Holdings Limited's shares held or controlled by Firstrust Equity Pte Ltd (In Members' Voluntary Liquidation) by reason of the interest of his spouse and her associates in that company. Further, his spouse holds 15,099,419 Amara Holdings Limited's shares personally.

Ultimate holding company First Security Pte Ltd (Ordinary shares)						
Albert Teo Hock Chuan	–	5,000,025	5,000,025	–	–	–
Susan Teo Geok Tin	–	2,499,975	2,499,975	–	–	–
Albert Teo Hock Chuan and Susan Teo Geok Tin	10,000,000	–	–	–	–	–

DIRECTORS' STATEMENT

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Name of directors and companies in which interests are held	Shareholdings registered in name of director/nominee			Shareholdings in which directors are deemed to have interest		
	At beginning of year	At end of year	At 21 January 2018	At beginning of year	At end of year	At 21 January 2018
Immediate holding company						
Firstrust Equity Pte Ltd (In Members' Voluntary Liquidation) (Ordinary shares)						
Albert Teo Hock Chuan	–	–	–	5,171,935	5,171,935	5,171,935
Susan Teo Geok Tin	674,600	674,600	674,600	5,171,935	5,171,935	5,171,935
Lawrence Mok Kwok Wah	–	–	–	1,349,200	1,349,200	1,349,200
Related company						
Amara Ventures Pte Ltd (Ordinary shares)						
Albert Teo Hock Chuan	85	85	85	9,302	9,302	9,302
Susan Teo Geok Tin	–	–	–	9,302	9,302	9,302
Lawrence Mok Kwok Wah	–	–	–	9,302	9,302	9,302

Albert Teo Hock Chuan and Teo Geok Tin, by virtue of them being entitled to control the exercise of not less than 20% of the votes attached to voting shares in the company as recorded in the register of directors' shareholdings, are each deemed to have an interest in the whole of the share capital of the company's wholly owned subsidiary corporations and in shares held by the company in the subsidiary corporation set out below. Lawrence Mok Kwok Wah is deemed to have an interest in the whole of the share capital of the company's wholly owned subsidiary corporations and in the shares held by the company in the following subsidiary corporation by virtue of the interest of his spouse and her associates being entitled to exercise not less than 20% of the votes attached to voting shares in the company.

Name of directors and companies in which interests are held	Shareholdings registered in name of director/nominee			Shareholdings in which directors are deemed to have interest		
	At beginning of year	At end of year	At 21 January 2018	At beginning of year	At end of year	At 21 January 2018
Subsidiary corporation						
	Number of ordinary shares					
AOI Saigon Pte Ltd						
Albert Teo Hock Chuan	–	–	–	3,780,000	3,780,000	3,780,000
Susan Teo Geok Tin	–	–	–	3,780,000	3,780,000	3,780,000
Lawrence Mok Kwok Wah	–	–	–	3,780,000	3,780,000	3,780,000
	Number of ordinary shares partially paid					
AOI Saigon Pte Ltd						
Albert Teo Hock Chuan	–	–	–	5,083,947	5,083,947	5,083,947
Susan Teo Geok Tin	–	–	–	5,083,947	5,083,947	5,083,947
Lawrence Mok Kwok Wah	–	–	–	5,083,947	5,083,947	5,083,947

DIRECTORS' STATEMENT

4. SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option was granted to take up unissued shares of the company or any corporation in the group.

(b) Options exercised

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under options.

5. AUDIT COMMITTEE

The members of the Audit Committee at the date of this statement are:

Foo Ko Hing (Chairman)
Lawrence Mok Kwok Wah
Chia Kwok Ping

This subcommittee of the Board had four meetings during the financial year. The meetings had been attended by the Chief Executive Officer, Executive Director for Finance and Administration and Group Financial Controller. When necessary, the presence of the external auditors had been requested during these meetings.

All members of this Committee are non-executive directors. Except for Lawrence Mok Kwok Wah, all members are independent.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It has an unrestricted access to any information pertaining to the group, to both the internal and the external auditors, and to all employees of the group. It is also authorised by the Board to obtain external legal or other independent professional advice as necessary and at the expense of the company.

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including the following:

i) reviews with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of Management, where necessary);

ii) reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;

iii) reviews any significant findings of internal investigations and Management's response;

iv) makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;

v) reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;

DIRECTORS' STATEMENT

5. AUDIT COMMITTEE (CONTINUED)

vi) monitors interested person transactions and conflict of interest situation that may arise within the group including any transaction, procedure or course of action that raises questions of Management integrity;

vii) reviews quarterly reporting to Singapore Exchange Securities Trading Limited ("SGX-ST") and year-end financial statements of the group before submission to the Board, focusing on

a. going concern assumption;
b. compliance with financial reporting standards and regulatory requirements;
c. any changes in accounting policies and practices;
d. significant issues arising from the audit;
e. major judgmental areas; and

viii) any other functions which may be agreed by the Audit Committee and the Board.

The Audit Committee reviewed the following, where relevant, with the Management, the internal auditors and/or the external auditors:

i) the co-operation given by the company's officers and whether the external auditors in the course of carrying out their duties, were obstructed or impeded by Management;

ii) the adequacy of the group's internal accounting control system and its internal control procedures relating to interested person transactions;

iii) compliance with legal and other regulatory requirements; and

iv) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

6. AUDITORS

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

On behalf of the directors

ALBERT TEO HOCK CHUAN
Director

FOO KO HING
Director

12 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMARA HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Amara Holdings Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 128.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and 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 and of the changes in equity of the company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

<u>Valuation for investment properties</u>

Investment properties of the group comprise commercial properties located in Singapore and The People's Republic of China which amounted to $373.7 million and accounted for 50% of group's total assets as at 31 December 2017. These investment properties are stated at fair values based on valuations carried out by independent valuers. The valuation involves the application of judgement in selecting an appropriate valuation methodology and estimates which are used in underlying assumptions. These estimates include rate of capitalisation, rental growth, discount rates and adjustments made for differences between the subject properties and comparables taking into consideration differences such as location, size and tenure.

<u>Our audit performed and responses thereon</u>

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

We considered the appropriateness of the valuation techniques used by the external valuers for the respective investment properties, taking into account the profile and type of the investment properties. We discussed with the external valuers on the results of their work, and compared the key assumptions used in their valuations by reference to externally published benchmarks where available and considered whether their assumptions are consistent with current market environment.

We also considered the adequacy of the disclosures in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates. We noted that the group has a process to select valuers with appropriate knowledge and to review and accept the valuations. We are satisfied with the competency and objectivity of the valuers selected. We noted the valuation methodologies used are in line with general market practices and the key assumptions used in the valuations are also within a reasonable range, taking into account historical rates and available industry data for comparable market and properties. We have also assessed the disclosures in the financial statements to be appropriate.

Disclosures on key assumptions and valuation techniques of investment properties are found in Note 15 to the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMARA HOLDINGS LIMITED

Key Audit Matters (Continued)

Valuation of development properties under development and completed properties held for sale

The group has development properties under development and completed residential properties held for sale in Singapore. These are stated at the lower of cost and their net realisable value, amounting to $102.0 million as at 31 December 2017. Management estimates the net realisable value based on recent transacted sales of the existing units as well as similar properties in the surrounding location.

Our audit performed and responses thereon

We noted that the group estimates the expected net realisable value by taking into consideration historical price trends, forecast selling prices, macroeconomic developments and industry knowledge. We challenged the group's forecast selling prices by comparing the forecast selling price to, where available, recently transacted prices and prices of similar properties in the surrounding location. We found that the estimates are within a reasonable range of our expectation in the determination of net realisable values.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AMARA HOLDINGS LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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.

OTHER MATTERS

The financial statements of the group for the year ended 31 December 2016 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements in their report dated 22 March 2017.

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 Lee Boon Teck.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

12 March 2018

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2017

	Notes	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Assets					
Current assets					
Cash and cash equivalents	7	8,983	16,024	29	20
Trade and other receivables	8	10,164	9,967	64,863	53,195
Inventories	9	467	429	–	–
Development properties	10	102,016	77,393	–	–
Total current assets		121,630	103,813	64,892	53,215
Non-current assets					
Available-for-sale investments	11	1,280	1,063	156	126
Intangible assets	12	389	441	–	–
Investment in a jointly-controlled entity	13	1,978	29,872	–	–
Investment in subsidiaries	14	–	–	41,987	41,987
Investment properties	15	373,660	349,588	–	–
Property, plant and equipment	16	239,492	226,184	–	–
Land use rights	17	6,451	6,692	–	–
Goodwill	18	789	789	–	–
Other assets	19	6,352	6,464	–	–
Deferred tax assets	20	157	233	–	–
Trade and other receivables	8	192	131	–	–
Total non-current assets		630,740	621,457	42,143	42,113
Total assets		752,370	725,270	107,035	95,328
Liabilities and Equity					
Current liabilities					
Trade and other payables	21	27,357	26,054	251	365
Income tax payable		3,447	3,275	–	–
Bank loans	22	66,734	60,835	–	–
Finance leases	23	124	118	–	–
Total current liabilities		97,662	90,282	251	365
Non-current liabilities					
Trade and other payables	21	3,544	5,343	–	–
Bank loans	22	259,176	250,185	–	–
Finance leases	23	248	264	–	–
Deferred tax liabilities	20	12,504	5,543	–	–
Total non-current liabilities		275,472	261,335	–	–
Capital, reserves and non-controlling interest					
Share capital	24	125,646	125,646	125,646	125,646
Treasury shares	25	(996)	(913)	(996)	(913)
Reserves	26	254,950	249,331	(17,866)	(29,770)
		379,600	374,064	106,784	94,963
Non-controlling interests		(364)	(411)	–	–
Total equity		379,236	373,653	106,784	94,963
Total liabilities and equity		752,370	725,270	107,035	95,328

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

		Group	
	Notes	**2017 $'000**	2016 $'000
Revenue	27	89,774	81,274
Fair value gains (net) of investment properties		20,530	1,840
Other income	28	653	719
Changes in inventories of finished goods		38	22
Cost of properties sold/consumables used		(9,492)	(6,948)
Staff costs	29	(26,941)	(24,293)
Depreciation	16	(5,579)	(5,557)
Finance costs	30	(7,105)	(5,989)
Other expenses		(27,785)	(29,063)
Share of results of a jointly-controlled entity, net of tax	13	205	27,996
Profit before tax		34,298	40,001
Income tax expense	31	(10,405)	(3,206)
Profit for the year	32	23,893	36,795
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(1,263)	(3,647)
Available-for-sale investments		238	21
Other comprehensive loss for the year		(1,025)	(3,626)
Total comprehensive income for the year		22,868	33,169
Profit/(loss) attributable to:			
Owners of the company		23,893	37,075
Non-controlling interests		–*	(280)
		23,893	36,795
Total comprehensive income/(loss) attributable to:			
Owners of the company		22,868	33,449
Non-controlling interests		–*	(280)
		22,868	33,169
Earnings per share			
Basic and diluted (cents)	34	4.16	6.44

* Amount less than $1,000.

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital $'000	Treasury shares $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total reserves $'000	Equity attributable to owners of the company $'000	Non - controlling interests $'000	Total $'000
Group											
Balance at 1 January 2016		125,646	(913)	9,773	6,736	93	205,031	221,633	346,366	(131)	346,235
Total comprehensive income/(loss) for the year											
Profit/(loss) for the year		–	–	–	–	–	37,075	37,075	37,075	(280)	36,795
Other comprehensive (loss)/income		–	–	–	(3,647)	21	–	(3,626)	(3,626)	–	(3,626)
Total		–	–	–	(3,647)	21	37,075	33,449	33,449	(280)	33,169
Dividends, representing transaction with owners, recognised directly in equity	33	–	–	–	–	–	(5,751)	(5,751)	(5,751)	–	(5,751)
Balance at 31 December 2016		125,646	(913)	9,773	3,089	114	236,355	249,331	374,064	(411)	373,653
Total comprehensive income/(loss) for the year											
Profit for the year		–	–	–	–	–	23,893	23,893	23,893	–*	23,893
Other comprehensive (loss)/income		–	–	–	(1,263)	238	–	(1,025)	(1,025)	–*	(1,025)
Total		–	–	–	(1,263)	238	23,893	22,868	22,868	–*	22,868
Transactions with owners, recognised directly in equity											
Effect of disposal of non-controlling interest in a subsidiary		–	–	–	–	–	–	–	–	47	47
Purchase of treasury shares		–	(83)	–	–	–	–	–	(83)	–	(83)
Dividends	33	–	–	–	–	–	(17,249)	(17,249)	(17,249)	–	(17,249)
Total		–	(83)	–	–	–	(17,249)	(17,249)	(17,332)	47	(17,285)
Balance at 31 December 2017		**125,646**	**(996)**	**9,773**	**1,826**	**352**	**242,999**	**254,950**	**379,600**	**(364)**	**379,236**

* Amount less than $1,000.

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Fair value reserve $'000	Other reserves $'000	Total reserves $'000	Total $'000
Company								
Balance at 1 January 2016		125,646	(913)	(42,060)	(1)	926	(41,135)	83,598
Total comprehensive income for the year								
Profit for the year		–	–	17,109	–	–	17,109	17,109
Other comprehensive income		–	–	–	7	–	7	7
Total		–	–	17,109	7	–	17,116	17,116
Dividends, representing transaction with owner, recognised directly in equity	33	–	–	(5,751)	–	–	(5,751)	(5,751)
Balance at 31 December 2016		125,646	(913)	(30,702)	6	926	(29,770)	94,963
Total comprehensive income for the year								
Profit for the year		–	–	29,124	–	–	29,124	29,124
Other comprehensive income		–	–	–	29	–	29	29
Total		–	–	29,124	29	–	29,153	29,153
Transactions with owner, recognised directly in equity								
Purchase of treasury shares		–	(83)	–	–	–	–	(83)
Dividends		–	–	(17,249)	–	–	(17,249)	(17,249)
Total	33	–	(83)	(17,249)	–	–	(17,249)	(17,332)
Balance at 31 December 2017		**125,646**	**(996)**	**(18,827)**	**35**	**926**	**(17,866)**	**106,784**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Notes	Group 2017 $'000	Group 2016 $'000
Operating activities			
Profit before income tax		34,298	40,001
Adjustments for:			
Fair value gain of investment properties		(20,530)	(1,840)
Amortisation of fair value adjustment on advances to a jointly-controlled entity	28	–	(276)
Amortisation of other assets	19	112	112
Depreciation of property, plant and equipment	16	5,579	5,557
Property, plant and equipment written off	32	521	450
Gain on disposal of property, plant and equipment	28	(18)	(130)
Income from available-for-sale investments	28	(47)	(45)
Gain on disposal of available-for-sale investments	28	(16)	(13)
Fair value loss on available-for-sale investments		–	62
Gain on disposal of intangible assets	28	(15)	–
Provision for impairment in value on investment in a jointly-controlled entity	32	2,139	–
Interest income	28	(20)	(9)
Interest expense	30	7,105	5,989
Loss on deregistration of a subsidiary		47	–
Share of results of a jointly-controlled entity, net of tax		(205)	(27,996)
Exchange differences		408	651
Operating cash flows before movements in working capital		29,358	22,513
Inventories		(38)	(22)
Trade and other receivables		(258)	39,597
Trade and other payables		(496)	3,907
Development properties		(24,291)	(34,073)
Cash generated from operations		4,275	31,922
Income tax paid		(3,196)	(3,814)
Net cash from operating activities		1,079	28,108
Investing activities			
Proceeds on disposal of available-for-sale investments		44	23
Purchase of available-for-sale investments		(7)	(5)
Payments for property, plant and equipment (Note A)		(19,613)	(25,674)
Proceeds on disposal of property, plant and equipment		30	181
Additional costs incurred on investment properties	15	(4,072)	(10,782)
Proceeds from disposal of intangible assets		67	–
Purchase of intangible assets		–	(32)
Dividend received from available-for-sale investments		47	45
Interest received		20	9
Dividend received from a jointly-controlled entity		25,960	–
Net cash from/(used in) investing activities		2,476	(36,235)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 $'000	Group 2016 $'000
Financing activities			
Interest paid		(7,611)	(6,532)
Purchase of treasury shares		(83)	–
Payment of dividends on ordinary shares		(17,249)	(5,751)
Repayment of finance lease liabilities		(152)	(166)
Repayment of bank borrowings		(126,942)	(93,950)
Proceeds from bank borrowings		141,430	117,100
Net cash (used in)/from financing activities		(10,607)	10,701
Net (decrease)/increase in cash and cash equivalents		(7,052)	2,574
Cash and cash equivalents at beginning of year		16,024	13,455
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies		11	(5)
Cash and cash equivalents at end of year	7	8,983	16,024

Note A:

During the financial year, the group acquired property, plant and equipment with an aggregate cost of $19,929,000 (2016: $26,470,000) of which $142,000 (2016: $253,000) was financed by means of finance lease and $174,000 (2016: $543,000) relates to borrowing costs capitalised as cost of property, plant and equipment. Cash payment of $19,613,000 (2016: $25,674,000) was made to purchase property, plant and equipment.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

1. GENERAL

The company (Registration Number 197000732N) is incorporated in Singapore with its principal place of business and registered office at 100 Tras Street #06-01, 100 AM, Singapore 079027. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 12 March 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

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

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

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

a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3 inputs are unobservable inputs for the asset or liability.

Adoption of new and revised standards

On 1 January 2017, the group and the company adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and the company's accounting policies and has no material effect on the amounts reported for the current or prior years except for certain presentation improvements arising from Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of a new financial reporting framework in 2018

In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The group and the company will be adopting the new framework for the first time for financial year ending 31 December 2018 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

As a first-time adopter, the group and the company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I). Based on a preliminary assessment of the potential impact arising from the adoption of SFRS(I) 1, Management does not expect any change to the group's and the company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, except for the presentation at the asset revaluation reserve (Note 26) and those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the group and the company were issued but not effective:

- SFRS(I) 9 *Financial Instruments*[1]
- SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)*[1]
- SFRS(I) 16 *Leases*[2]

1 Applies to annual periods beginning on or after 1 January 2018 with early application permitted.

2 Applies to annual periods beginning on or after 1 January 2019 with early application permitted if SFRS(I) 15 is adopted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the group and the company in the period of their initial adoption except for the following:

<u>SFRS(I) 9 Financial Instruments</u>

SFRS(I) 9 introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities; and (ii) impairment requirements for financial assets.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) (Continued)

SFRS(I) 9 Financial Instruments (Continued)

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management anticipates that the initial application of SFRS(I) 9 will result in changes to the accounting policies relating to the impairment provision of financial assets and accounting for available-for-sale investments. Additional disclosures will also be made with respect of trade and other receivables, including any significant judgement and estimation made.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- 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.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) (Continued)

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

Management anticipates that the initial application of the new SFRS(I) 15 may result in changes to the accounting policies relating to revenue recognition for certain revenue streams. Additional disclosures will also be made with respect of revenue, including information about contracts with customers, contract balances and performance obligation. The Management does not plan to early adopt the new SFRS(I) 15.

SFRS(I) 16 Leases

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

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

Management anticipates that the initial application of the new SFRS(I) 16 will result in changes to the accounting policies relating to operating leases, where the group is a lessee. A leased asset will be recognised on statement of financial position, representing the group's right to use the leased asset over the lease term and, recognise a corresponding liability to make lease payments. Additional disclosures will also be made if the group's exposure to asset risk and credit risk, where the group is the lessor.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

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

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

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

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

<u>Changes in the group's ownership interests in existing subsidiaries</u>

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

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the company's separate financial statements, investments in subsidiaries and a jointly-controlled entity are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

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

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

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

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

Financial instruments

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

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Effective interest method (continued)

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale investments

Certain shares held by the group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, and bank balances and cash) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are taken to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of fair value reserve.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or expired.

Offsetting arrangements

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

Leases

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

The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The group as lessee

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Inventories

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

Development properties

Properties under development are stated at the lower of cost plus, where appropriate, a portion of the attributable profit or loss, and estimated net realisable value, net of progress billings. The cost of properties under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until completion of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. Upon completion of construction, they are transferred to completed properties held for sale.

When losses are expected, full allowance is made in the financial statements after adequate allowance has been made for estimated costs to completion. Any expenditure incurrred on abortive projects is written off in the profit and loss account.

Completed properties held for sale are stated at the lower of cost and net realisable value.

Land use rights

Land use rights represent costs paid to use land in the People's Republic of China (the "PRC") with periods ranging from 40 to 45 years. Land use rights granted with consideration are recognised initially at acquisition cost and subsequently, are classified and accounted for in accordance with the intended use of the properties erected on the related land.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

All property, plant and equipment are stated at cost except for a one-off revaluation of the long leasehold and buildings in 1987 by an external independent valuer.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

The cost 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.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land, operating supplies and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

		%
Freehold property	-	2
Leasehold land and buildings	-	1.1 - 5
Plant and machinery, furniture, fixtures and equipment	-	5 - $33\frac{1}{3}$
Motor vehicles	-	20
Renovations	-	10

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

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Operating supplies comprising uniform, kitchen utensils, linen, crockery, cutlery, glassware, loose tools and catering utensils are dealt with on a replacement basis and subsequent purchases are charged directly to profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Goodwill

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

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

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

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

Intangible assets

<u>Club memberships</u>

Club memberships are held on a long-term basis and are stated at cost less accumulated impairment losses, if any.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Jointly-controlled entity

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

The results and assets and liabilities of jointly-controlled entity are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in a jointly-controlled entity is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the jointly-controlled entity. When the group's share of losses of a jointly-controlled entity exceeds the group's interest in that jointly-controlled entity (which includes any long-term interests that, in substance, form part of the group's net investment in the jointly-controlled entity), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the jointly-controlled entity.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly-controlled entity (Continued)

An investment in a jointly-controlled entity is accounted for using the equity method from the date on which the investee becomes a jointly-controlled entity. On acquisition of the investment in a jointly-controlled entity, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in a jointly-controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, and any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be a jointly-controlled entity, or when the investment is classified as held for sale. When the group retains an interest in the former jointly-controlled entity and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the jointly-controlled entity at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the jointly-controlled entity is included in the determination of the gain or loss on disposal of the jointly-controlled entity. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that jointly-controlled entity on the same basis as would be required if that jointly-controlled entity had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that jointly-controlled entity would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use the equity method when an investment in a jointly-controlled entity becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in a jointly-controlled entity but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a jointly-controlled entity of the group, profits and losses resulting from the transactions with the jointly-controlled entity are recognised in the group's consolidated financial statements only to the extent of interests in the jointly-controlled entity that are not related to the group.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Hotel and restaurant operations and other services rendered</u>

Revenue from hotel and restaurant operations are recognised when the services are rendered.

Revenue from rendering of services is recognised on the performance of services.

<u>Rental income</u>

Rental income arising from operating leases on investment properties are recognised on a straight-line basis over the lease terms.

<u>Revenue from sale of completed development property</u>

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from sale of development property under construction

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the Directors consider whether the contract comprises:

- A contract to construct a property; or
- A contract for the sale of completed property

a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method). If however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and the revenue is recognised as work progresses. The percentage of work completed is obtained from independent qualified quantity surveyor at the end of each reporting period.

Dividend income

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

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Income tax

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

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

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interest in a jointly-controlled entity, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position and equity of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

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

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

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly-controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions and translation (Continued)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly-controlled entities that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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

Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates which are dealt with below.

(ii) Key sources of estimation uncertainties

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

<u>Valuation for investment properties</u>

The group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The group engaged independent valuation specialists to determine the investment properties' fair values annually.

The valuation technique and inputs used to determine the fair value of the investment properties are further explained in Note 15.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Key sources of estimation uncertainties (Continued)

Valuation for investment properties (continued)

The carrying amounts of the group's investment properties at the end of the reporting period are disclosed in Note 15 to the financial statements.

Valuation of development properties under development and completed properties for sale

Development properties are stated at cost less allowance for impairment in value or at the lower of cost and net realisable values.

When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, i.e. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for each property is subject to Management's judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

The carrying amount of the group's development properties at the end of the reporting period is disclosed in Note 10 to the financial statements.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Financial assets				
Loans and receivables				
(including cash and cash equivalents)	14,047	20,873	64,885	53,207
Available-for-sale investments	1,280	1,063	156	126
Financial liabilities				
Amortised cost	355,852	340,990	251	365

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The group and company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting arrangements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives

The group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group. The Board of Directors reviews the overall financial risk management and policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk and investing excess cash.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign currency risk management

The group transacts business in foreign currency mainly denominated in United States Dollar and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies that are not denominated in the functional currencies of the respective group entities are as follows:

	Group	
	Assets	
	2017	2016
	$'000	$'000
United States Dollar	908	1,715

Sensitivity analysis for foreign currency risk is not disclosed as the effect on the profit or loss is considered not significant if USD changes against the SGD by 3% (2016: 3%) with all other variables including tax rate being held constant.

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the group's financial instruments will fluctuate because of changes in market interest rates. The company obtains financing through bank loans and finance lease facilities. The company's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

To manage interest rate risk, the group, where appropriate, uses interest rate swaps.

The interest rates and terms of repayment for bank loans and finance leases of the group are disclosed in Note 22 and 23 to the financial statements.

The interest rates and repricing period for fixed deposits are disclosed in Note 7 to the financial statements.

At the end of the reporting period, if SGD interest rates had been 25 (2016: 25) basis points lower/higher with all other variables held constant, the group's profit would have been $684,000 (2016: $637,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank loans.

The financial assets and financial liabilities of the company are non-interest bearing.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(iii) Equity price risk management

The group is exposed to equity risks arising from available-for-sale equity investments. Available-for-sale equity investments are held for strategic rather than trading purposes. The group does not actively trade available-for-sale investments.

Further details of these equity investments can be found in Note 11 to the financial statements.

Sensitivity analysis for market price risk is not disclosed as the effect on the fair value reserve in equity is considered not significant if equity prices had been 5% (2016: 5%) higher or lower with all other variables including tax rate being held constant.

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group's and the company's exposure to credit risk arises primarily from trade and other receivables. The group's and the company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The group and the company trades only with recognised and creditworthy third parties. It is the group's and the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's and the company's exposure to bad debts is minimised.

At 31 December 2017, there was no significant concentration of credit risk for the group, while approximately all of the company's receivables were balances with its subsidiaries (Note 8).

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the group's maximum exposure to credit risk.

Further details of credit risks on trade receivables are disclosed in Note 8 to the financial statements.

For other financial assets (including investment securities and cash and cash equivalents), the group and the company minimise credit risk by dealing with counterparties with appropriate credit history.

(v) Liquidity risk management

The group adopts prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the group maintains flexibility in funding by keeping committed credit lines available.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(v) Liquidity risk management (Continued)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and the company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities in the statements of financial position.

	Weighted average effective interest rate % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustments $'000	Total $'000
Group					
2017					
Non-interest bearing	–	26,026	3,544	–	29,570
Finance lease liability (fixed rate)	3.99	141	271	(40)	372
Variable interest rate instruments	2.53	68,422	275,049	(17,561)	325,910
		94,589	278,864	(17,601)	355,852
2016					
Non-interest bearing	–	24,245	5,343	–	29,588
Finance lease liability (fixed rate)	5.67	138	284	(40)	382
Variable interest rate instruments	2.14	62,137	269,027	(20,144)	311,020
Total		86,520	274,654	(20,184)	340,990
Company					
2017					
Non-interest bearing	–	251	–	–	251
2016					
Non-interest bearing	–	365	–	–	365

The maximum amount that the group could be forced to settle under the corporate guarantee in relation to credit facilities granted to subsidiaries in Note 14 is $298,891,000 (2016: $283,426,000). The earliest period that the guarantee could be called is within 1 year (2016: 1 year) from the end of the reporting period. The group considers that it is more likely than not that no amount will be payable under the arrangement.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(v) Liquidity risk management (Continued)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets on the statements of financial position.

	Weighted average effective interest rate % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustments $'000	Total $'000
Group					
2017					
Non-interest bearing	–	13,588	–	–	13,588
Fixed interest rate instruments	0.85 to 1.17	1,757	–	(18)	1,739
		15,345	–	(18)	15,327
2016					
Non-interest bearing	–	21,329	–	–	21,329
Fixed interest rate instruments	0.85 to 1	608	–	(1)	607
		21,937	–	(1)	21,936
Company					
2017					
Non-interest bearing	–	65,040	–	–	65,040
2016					
Non-interest bearing	–	53,333	–	–	53,333

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(vi) Fair value of financial assets and financial liabilities

Fair value of group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets/ financial liabilities	Fair value as at ($'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	2017 Assets	2016 Assets		
Group				
Available-for-sale investments	1,280	1,063	Level 1	Quoted prices in an active market
Company				
Available-for-sale investments	156	126	Level 1	Quoted prices in an active market

Fair value of the group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

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

The carrying amounts of bank loans are reasonable approximation of fair values as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The fair value of non-current trade and other payables are $3,413,000 (2016: $5,175,000) based on a discount rate of 2.53% (2016: 2.14%) per annum, which is the lending rate that the directors expect would be available to the group at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(d) Capital management policies and objectives

The primary objective of the group's capital management is to maintain an adequate and efficient capital structure so as to support its business and growth and enhance shareholders' value.

The group regularly reviews and manages its capital structure, comprising shareholders' equity and borrowings, to ensure optimal capital structure and shareholders' returns, taking into consideration operating cash flows, capital expenditures, investment opportunities, gearing ratio and prevailing market interest rates. No changes were made to the objectives, policies or processes of capital management during the financial years ended 31 December 2017 and 2016.

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.

The Group is in compliance with externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

5. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

At the end of the reporting period, the company's immediate holding company is Firstrust Equity Pte Ltd. The ultimate holding company is First Security Pte Ltd. Subsequent to the financial year ended 31 December 2017, the company's immediate and ultimate holding company is First Security Pte Ltd. All holding companies are incorporated in Singapore.

Some of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

6. OTHER RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, the following related party transactions took place between the group and related parties during the year on terms agreed by the parties concerned:

Compensation of directors and key management personnel

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

	Group	
	2017	2016
	$'000	$'000
Short-term benefits	2,728	2,722
Post-employment benefits	63	64
	2,791	2,786

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

Included in the above is remuneration to directors of the company amounting to $1,653,000 (2016: $1,496,000), excluding directors' fee which is disclosed in Note 32 to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

7. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	7,244	15,417	29	20
Fixed deposits	1,739	607	–	–
	8,983	16,024	29	20

Included in the above is an amount of $45,000 (2016: $84,000) held under the Housing Developers (Project Account) Rules (1997 Ed) where withdrawals from which are restricted to payments for project expenditure incurred.

The group's fixed deposits with banks mature on varying dates within 1 to 3 months (2016: 1 to 3 months) from the end of the reporting period. The weighted average effective interest rate of these deposits as at 31 December 2017 ranges from 0.85% to 1.17% (2016: 0.85% to 1%) per annum.

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade receivables	7,447	7,707	2	3
Non-trade receivables due from third parties	7,091	6,969	–	–
Non-trade receivables due from subsidiaries	–	–	64,855	53,187
Other receivables	44	12	–	–
Deposits	275	304	–	–
Prepayments	944	865	6	5
	15,801	15,857	64,863	53,195
Less: Allowance for doubtful trade and other receivables	(5,445)	(5,759)	–	–
	10,356	10,098	64,863	53,195
Less: Amount receivable after 12 months	(192)	(131)	–	–
Amount receivable within 12 months	10,164	9,967	64,863	53,195

The average credit period on sales of goods is 0 to 60 days (2016: 0 to 60 days). Trade and other receivables are unsecured and interest-free.

In determining the recoverability of a trade receivable the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there are no further credit allowances required in excess of the allowance for doubtful debts.

Included in the group's and company's trade receivables are debtors with a carrying amount of $1,726,000 (2016: $2,057,000) and $35,509,000 (2016: $46,590,000) respectively which are past due at the reporting date for which the group and company have not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. There has also not been a significant change in credit quality of the balances that are not past due.

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8. TRADE AND OTHER RECEIVABLES (CONTINUED)

The table below is an analysis of trade and other receivables as at 31 December respectively:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Not past due and not impaired	8,630	7,951	29,354	6,605
Past due but not impaired [i]	1,726	2,057	35,509	46,590
	10,356	10,008	64,863	53,195
Impaired receivables - individually assessed [ii]:				
- Past due more than 3 months	5,445	5,849	–	–
Less: Allowance for impairment	(5,445)	(5,759)	–	–
	–	90	–	–
Total trade and other receivables, net	10,356	10,098	64,863	53,195
[i] Aging of receivables that are past due but not impaired				
< 1 month	439	818	3	13
1 month to 3 months	405	504	–	3
> 3 months	882	735	35,506	46,574
	1,726	2,057	35,509	46,590

[ii] These amounts are stated before any deduction for impairment losses.

Movement in the allowance for doubtful receivables:

	Group	
	2017	2016
	$'000	$'000
Balance at beginning of the year	5,759	2,797
Charge to profit or loss	–	2,962
Amounts written off during the year	(39)	–
Currency realignment	(275)	–
Balance at end of the year	5,445	5,759

9. INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Food and beverage, at cost	236	207
Other hotel and catering supplies, at cost	231	222
	467	429

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10. DEVELOPMENT PROPERTIES

	Group	
	2017	2016
	$'000	$'000
Properties under development	99,663	75,066
Completed properties held for sale	2,353	2,327
	102,016	77,393
Properties under development		
Land, development and other related costs	99,519	75,042
Add: Attributable profits	144	24
	99,663	75,066
Less: Progress billings	–	–
	99,663	75,066
Representing:		
Unsold development properties	95,425	74,001
Due from customers on development property	4,238	1,065
	99,663	75,066
Borrowing costs capitalised during the financial year	332	–

67% (2016: 100%) of the properties under development is not expected to be realised within the next 12 months.

The group's development properties as at 31 December 2017 are set out below:

	Address	Title	Stage of development/ Estimated date of completion	Actual/ Proposed gross floor area (sq m)	Description	Interest %
(i)	9 Devonshire Road, Singapore	Freehold	Completed	234	Residential apartment	100
(ii)	5 Jalan Mutiara, Singapore	Freehold	Under development/ 2018	2,345	Proposed residential development of 1 block of 12 storey apartments	100
(iii)	10 Evelyn Road (formerly known as 29 and 31 Newton Road), Singapore	Freehold	Under development/ 2020	3,941	Proposed residential development	100
(iv)	15 Bedok Avenue, Singapore	Freehold	Under development/ 2019	1,076	Proposed residential development	100

Certain development properties of the group with carrying amount of $89,817,000 (2016: $26,151,000) (Note 22) are pledged as security for banking facilities at the end of the financial year.

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11. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Quoted equity shares at fair value	1,280	1,063	156	126

The investments above pertain to investments in quoted equity securities that offer the group the opportunity for return through dividend income and fair value gain. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

12. INTANGIBLE ASSETS

	Group	
	2017	2016
	$'000	$'000
Club memberships	564	616
Less: Impairment loss	(175)	(175)
	389	441

13. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2017	2016
	$'000	$'000
Unquoted equity shares, at cost	400	400
Fair value adjustment	2,139	2,139
Share of accumulated profit, net of tax	1,578	27,333
	4,117	29,872
Provision for impairment in value on investment	(2,139)	–
	1,978	29,872

The investment in unquoted equity shares represents 40% equity interest in a jointly-controlled entity that is engaged in real estate development. There is no active market for the unquoted equity investment.

The fair value adjustment arose from advances granted to a jointly-controlled entity in financial year 2012. The fair value is computed based on cash flows discounted at market borrowing rate of 1.8% per annum.

Details of the group's jointly-controlled entity at 31 December are as follows:

Name of jointly-controlled entity	Principal activities/ Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
		2017	2016
		%	%
Held by Creative Investments Pte Ltd			
Tampines EC Pte Ltd	Property development and ownership/ Singapore	40	40

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13. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY (CONTINUED)

The above jointly-controlled entity is accounted for using the equity method in these consolidated financial statements and is audited by Moore Stephens LLP Singapore.

Summarised financial information of the group's jointly-controlled entity is set out below.

	Group	
	2017	2016
	$'000	$'000
Current assets	10,770	91,306
Current liabilities	(5,743)	(21,840)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	7,936	8,995
Current financial liabilities (excluding trade and other payables and provisions)	–	(578)
Revenue	2,168	523,704
Profit for the year	512	69,990
Total comprehensive income for the year	512	69,990
The above profit for the year includes the following:		
Income tax expense	93	14,274

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	$'000	$'000
Unquoted equity investment, at cost	51,816	51,816
Less: Impairment loss	(9,829)	(9,829)
	41,987	41,987
Allowance for impairment loss balance is as follows:		
At beginning and end of the year	9,829	9,829

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14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the group's subsidiaries at 31 December are as follows:

Name of subsidiary	Principal activities	Country of incorporation and principal place of business	Proportion of ownership interest		Cost of investment	
			2017	2016	**2017**	2016
			%	%	**$'000**	$'000
Held by the company						
Amara Hotel Properties Pte Ltd	Hotelier, restaurateur, investment holding and provision of general management and administrative services	Singapore	**100**	100	**20,000**	20,000
TTH Development Pte Ltd	Share trading and investment, property development and provision of construction services	Singapore	**100**	100	**1,000**	1,000
Creative Investments Pte Ltd	Investment holding, property development and provision of construction services	Singapore	**100**	100	**6,704**	6,704
Creslin Pte Ltd	Property development and provision of construction services	Singapore	**100**	100	**1,000**	1,000
PCS Restaurants Pte Ltd	Investment holding	Singapore	**100**	100	**1,673**	1,673
Amara China Investments Pte Ltd	Investment holding	Singapore	**100**	100	**–** [(a)]	– [(a)]
Amara International Hotels & Resorts Pte Ltd	Management and technical advisory services for the management and development of hotels and resorts	Singapore	**100**	100	**50**	50
AOI Saigon Pte Ltd [(b)]	Dormant	Singapore	**90**	90	**4,773**	4,773
Amara Hospitality Capital Pte Ltd	Investment holding	Singapore	**100**	100	**7,616**	7,616
Amara Sentosa Investments Pte Ltd	Hotelier, restaurateur and investment holding	Singapore	**100**	100	**8,000**	8,000
Residential Development Pte Ltd	Property development	Singapore	**100**	100	**1,000**	1,000
					51,816	51,816

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14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	Country of incorporation and principal place of business	Proportion of ownership interest	
			2017	2016
			%	%
Held by PCS Restaurants Pte Ltd				
Catering Concepts & Management Services Pte Ltd	Dormant	Singapore	–[c]	85
Julius Estates Pte Ltd	Property investment and franchisor	Singapore	100	100
Thanying Restaurant Singapore Pte Ltd	Restaurateur	Singapore	100	100
Held by Amara Hospitality Capital Pte Ltd				
Amara Hospitality (Thailand) Co., Ltd [d]	Hotel development and ownership	Thailand	100	100
Amara Hotel Assets Co., Ltd	Dormant	Jersey	– [c]	100
Myanmar Central Investment Pte. Ltd. [e]	Dormant	Singapore	100	100
Held by Amara China Investments Pte Ltd				
Amara Shanghai Pte Ltd [b]	Investment holding	Singapore	100	100
Shanghai Amara Hotel Co., Ltd. [d]	Hotel development and ownership	The People's Republic of China	5	5
Held by Amara Shanghai Pte Ltd				
Shanghai Amara Hotel Co., Ltd. [d]	Hotel development and ownership	The People's Republic of China	95	95

[a] Cost of investment less than $1,000.
[b] 1 ordinary share in each of AOI Saigon Pte Ltd and Amara Shanghai Pte Ltd is held by another fellow subsidiary in the Group.
[c] De-registered during the financial year.
[d] Audited by member firms of Deloitte Touche Tohmatsu Limited. (2016: Audited by independent overseas member firm of Baker Tilly International in Thailand and Shanghai Certified Public Accountants, The People's Republic of China respectively).
[e] No audit required as dormant.

Subsidiaries incorporated and operating their business in Singapore are audited by Deloitte & Touche LLP, Singapore (2016: Baker Tilly TPW LLP, Singapore).

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15. INVESTMENT PROPERTIES

	Group	
	2017	2016
	$'000	$'000
At beginning of year	349,588	338,485
Additions through subsequent expenditure	4,072	10,782
Gain from fair value adjustments include in profit or loss	20,530	1,840
Currency realignment	(530)	(1,519)
At end of year	373,660	349,588

The group's investment properties as at 31 December 2017 are set out below:

Address	Held by	Title	Description
100 Tras Street, Singapore	Amara Hotel Properties Pte Ltd	Leasehold 99 years from 1979	100 AM, shopping centre with 3 levels of basement carpark
100 Tras Street, Singapore	Amara Hotel Properties Pte Ltd	Leasehold 99 years from 1979	100 AM, 12-storey office building
118 Killiney Road, #01-01, Singapore	Julius Estates Pte Ltd	Freehold	1st floor commercial space within a 6-storey apartment
582 and 600 Changshou Road, Shanghai, The People's Republic of China	Shanghai Amara Hotel Co., Ltd.	Land use rights of 45 years and 40 years from 1997 and 2004 respectively	Proposed development of a shopping centre with 3 levels of basement carpark
582 and 600 Changshou Road, Shanghai, The People's Republic of China	Shanghai Amara Hotel Co., Ltd.	Land use rights of 45 years and 40 years from 1997 and 2004 respectively	Proposed development of a 5-storey office building

In the consolidated statement of profit or loss and other comprehensive income, rental income of $15,408,000 (2016: $15,501,000) was generated from investment properties, and direct operating expenses include $3,517,000 (2016: $3,827,000) relating to investment properties that generated rental income during the year.

At the end of the reporting period, 100 AM with aggregate carrying amount of $288,000,000 (2016: $288,000,000) was mortgaged as security to banks for bank loans and bank facilities for the Group (Note 22).

Investment properties, which include those in the course of development, are stated at fair value based on independent professional valuation. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield and discount rate. In relying on the valuation reports, Management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions.

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15. INVESTMENT PROPERTIES (CONTINUED)

The valuers have considered valuation techniques including the capitalisation approach and direct comparison approach in arriving at the open market value at the end of the reporting period (2016: capitalisation approach, direct comparison approach and residual approach). The direct comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation approach capitalises an income stream into a present value using the revenue multipliers or single-year capitalisation rates. The highest and best use of the properties is their current use.

Details of the group's investment properties and information about the fair value hierarchy as at 31 December are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 31 December 2017	–	–	373,660	373,660
As at 31 December 2016	–	–	349,588	349,588

For investment properties categorized into Level 3 of the fair value hierarchy, the following information is relevant:

Type	Valuation techniques	Key unobservable inputs	Sensitivity
Singapore	Capitalisation approach	Capitalisation rate: 3.7% to 4.75% (2016: 3.85% to 5%)	The estimated fair value increases with lower capitalisation rate.
	Direct comparison approach	Transaction prices of comparable properties: $1,589 to $5,161 per sq ft (2016: $2,317 to $5,161 per sq ft)	The estimated fair value increases with higher comparable price.
The People's Republic of China	Direct comparison approach	Transaction prices of comparable properties: $610 to $1,240 per sq ft (2016: $667 to $1,876 per sq ft)	The estimated fair value increases with higher comparable price.
	Residual approach [1]	Gross development value: $Nil million (2016: $73.3 million) Estimated construction cost to completion: $Nil million (2016: $16.9 million) Developer's profit: Nil% (2016: 1.5%)	The estimated fair value increases with higher gross development value, decreases with higher construction costs to completion and decreases with higher developer's profit.

[1] Residual approach and direct comparison approach were adopted in the valuation of the investment properties based in The People's Republic of China for the year ended 31 December 2016. For the year ended 31 December 2017, only direct comparison is adopted.

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16. PROPERTY, PLANT AND EQUIPMENT

	Freehold property $'000	Leasehold land and buildings $'000	Plant and machinery, furniture, fixtures and equipment $'000	Motor vehicles $'000	Renovations $'000	Operating supplies $'000	Capital project in progress $'000	Total $'000
Group								
Cost or valuation								
At 1 January 2016								
- Cost	491	124,222	23,848	1,657	6,591	3,609	58,084	218,502
- Valuation	–	52,200	–	–	–	–	–	52,200
	491	176,422	23,848	1,657	6,591	3,609	58,084	270,702
Currency realignment	–	738	101	4	3	21	(2,427)	(1,560)
Additions	–	55	1,139	445	1,891	21	22,919	26,470
Transfers	–	–	–	–	232	–	(232)	–
Transfer from land use rights (Note 17)	–	–	–	–	–	–	55	55
Disposals/write off	–	(1)	(377)	(339)	(26)	(427)	–	(1,170)
At 31 December 2016	491	177,214	24,711	1,767	8,691	3,224	78,399	294,497
Currency realignment	–	296	54	2	2	11	(965)	(600)
Additions	–	18	1,215	199	54	10	18,433	19,929
Transfer from land use rights (Note 17)	–	–	–	–	–	–	147	147
Disposals/write off	–	(33)	(99)	(195)	(3)	(487)	–	(817)
At 31 December 2017	491	177,495	25,881	1,773	8,744	2,758	96,014	313,156
Comprising:								
31 December 2016								
At cost	491	125,014	24,711	1,767	8,691	3,224	78,399	242,297
At valuation	–	52,200	–	–	–	–	–	52,200
	491	177,214	24,711	1,767	8,691	3,224	78,399	294,497
31 December 2017								
At cost	491	125,295	25,881	1,773	8,744	2,758	96,014	260,956
At valuation	–	52,200	–	–	–	–	–	52,200
	491	177,495	25,881	1,773	8,744	2,758	96,014	313,156
Accumulated depreciation								
At 1 January 2016	188	41,351	17,270	1,153	3,377	–	–	63,339
Currency realignment	–	50	33	2	1	–	–	86
Depreciation	10	2,813	1,927	217	590	–	–	5,557
Disposals/write off	–	–	(309)	(339)	(21)	–	–	(669)
At 31 December 2016	198	44,214	18,921	1,033	3,947	–	–	68,313
Currency realignment	–	32	22	1	1	–	–	56
Depreciation	10	2,826	1,696	239	808	–	–	5,579
Disposals/write off	–	–	(86)	(195)	(3)	–	–	(284)
At 31 December 2017	208	47,072	20,553	1,078	4,753	–	–	73,664
Carrying amount:								
At 31 December 2017	283	130,423	5,328	695	3,991	2,758	96,014	239,492
At 31 December 2016	293	133,000	5,790	734	4,744	3,224	78,399	226,184

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16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The group has property, plant and equipment under finance lease agreements with the following net carrying amount:

	Group	
	2017	2016
	$'000	$'000
Plant and machinery, furniture, fixtures and equipment	54	64
Motor vehicles	630	641
	684	705

At the end of the reporting period, the net carrying amount of certain freehold property, leasehold land and buildings and renovations of the group amounted to $124,334,000 (2016: $121,562,000) and were mortgaged as security to banks for borrowings (Note 22).

During the financial year, the borrowing costs capitalised as cost of property, plant and equipment amounted to $174,000 (2016: $543,000). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was between 1.94% to 2.5% (2016: between 1.64% to 3.09%), which is the weighted average of the borrowing costs applicable to the borrowings of the group that are outstanding during the financial year.

One of the group's leasehold land and buildings, known as Amara Hotel, located at Tanjong Pagar Road, Singapore which has a lease period of 99 years commencing from 1979 is stated at valuation at 31 December 1987 based on an independent professional valuation carried out by Knight Frank Pte Ltd, a firm of property consultants, on 8 March 1988 on the basis of open market value for existing use. The revaluation surplus was transferred to the asset revaluation reserve.

If the leasehold land and buildings stated at valuation had been included in the financial statements at cost less depreciation, the net carrying amount would have been $19,421,000 (2016: $19,746,000).

The group's properties as at 31 December 2017 are set out below:

	Address	Held by	Title	Description
(i)	165 Tanjong Pagar Road, Singapore	Amara Hotel Properties Pte Ltd	Leasehold 99 years from 1979	Amara Singapore, a 388-guestroom hotel
(ii)	12 Hoot Kiam Road, Singapore	Amara Hotel Properties Pte Ltd	Freehold	A 2-storey pre-war intermediate terrace house
(iii)	582 and 600 Changshou Road, Shanghai, The People's Republic of China	Shanghai Amara Hotel Co., Ltd	Land use rights of 45 years and 40 years from 1997 and 2004 respectively	Proposed hotel development comprising a 343-guestroom hotel
(iv)	1 Larkhill Road, Sentosa, Singapore	Amara Sentosa Investments Pte Ltd	Leasehold 70 years from 2005	Amara Sanctuary Resort Sentosa, a resort hotel comprising 140-guestrooms, suites and villas
(v)	23, Surawong Road, Bangkok, Thailand	Amara Hospitality (Thailand) Co., Ltd	Leasehold 63 years from 2010	Amara Bangkok, comprising a 250-guestroom hotel

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17. LAND USE RIGHTS

	Group	
	2017	2016
	$'000	$'000
Cost		
At beginning of year	10,929	11,428
Currency realignment	(152)	(499)
At end of year	10,777	10,929
Accumulated depreciation		
At beginning of year	4,237	4,373
Transfer to capital project in progress (Note 16)	147	55
Currency realignment	(58)	(191)
At end of year	4,326	4,237
Net carrying value	6,451	6,692

18. GOODWILL

	Group	
	2017	2016
	$'000	$'000
Cost		
At beginning and end of year	871	871
Accumulated impairment loss		
At beginning and end of year	82	82
Net carrying amount	789	789

Goodwill acquired in a business combination is allocated to the cash generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of the goodwill (net of impairment) relates to the hotel investment and management segment in the People's Republic of China.

The recoverable amount of the CGU is determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by Management covering five years. The discount rate and average forecasted growth rate applied is 6.5% (2016: 6.5%) and 7.0% (2016: 7.0%) respectively. The key assumptions are those relating to expected changes in average room rates and occupancy and direct costs.

The group believes that any reasonable possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

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19. OTHER ASSETS

Other assets comprise fees paid in respect of a lease arrangement entered into by the group.

	Group	
	2017	2016
	$'000	$'000
At beginning of year	6,464	6,576
Amortisation	(112)	(112)
At end of year	6,352	6,464

The amortisation rate for the prepaid lease is 1.47% (2016: 1.47%) per annum.

20. DEFERRED TAXES

The movements in the group's deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Deferred tax assets

	Group	
	2017	2016
	$'000	$'000
Tax losses:		
At beginning of year	(233)	(315)
Charge to profit or loss	76	82
At end of year	(157)	(233)

Deferred tax liabilities

	Accelerated tax depreciation $'000	Unremitted foreign sourced income $'000	Asset revaluation reserve $'000	Provisions $'000	Total $'000
Group					
2017					
At beginning of year	4,460	353	1,363	(633)	5,543
(Credit)/charge to profit or loss	(410)	190	(22)	7,203	6,961
At end of year	4,050	543	1,341	6,570	12,504
2016					
At beginning of year	4,571	137	1,385	(707)	5,386
(Credit)/charge to profit or loss	(111)	216	(22)	74	157
At end of year	4,460	353	1,363	(633)	5,543

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20. DEFERRED TAXES (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group	
	2017	2016
	$'000	$'000
Deferred tax assets	(157)	(233)
Deferred tax liabilities	12,504	5,543
	12,347	5,310

The group has unrecognised tax losses of $7,034,000 (2016: $7,767,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation. Deferred tax asset of $1,407,000 (2016: $1,553,000) is not recognised on these tax losses because it is not probable that further taxable profits will be sufficient to allow the related tax benefits to be realised.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade payables	3,649	4,607	–	–
Other payables	1,882	1,972	30	92
Due to related party	30	36	–	–
Accrued operating expenses	7,297	10,184	221	273
Accrued construction costs	9,872	6,792	–	–
Deposits received	8,165	6,951	–	–
Retention sum payable to contractor	6	855	–	–
Total	30,901	31,397	251	365
Less: Amount due for settlement after 12 months	(3,544)	(5,343)	–	–
Amount due for settlement within 12 months	27,357	26,054	251	365

The average credit period on purchase of goods is 30 days (2016: 30 days).

The amounts due to related party are unsecured, interest-free and repayable on demand. Related party refers to a company which is controlled by the immediate holding company (Note 5).

22. BANK LOANS

	Group	
	2017	2016
	$'000	$'000
Bank loans, secured	325,910	311,020
Less: Amount due for settlement within 12 months (shown under current liabilities)	(66,734)	(60,835)
Amount due for settlement after 12 months	259,176	250,185

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22. BANK LOANS (CONTINUED)

The bank loans are secured by corporate guarantee from the group, mortgages on certain development properties, investment properties and hotel properties; and/or assignment of all rights and benefits with respect to the properties. The carrying amounts of development properties, investment properties and hotel properties which have been pledged as securities are as follows:

	Group	
	2017	2016
	$'000	$'000
Development properties	89,817	26,151
Investments properties	288,000	288,000
Hotel properties	124,334	121,562
	502,151	435,713

The weighted average effective interest rates for the bank loans is 2.53% (2016: 2.14%) for the group per annum. These loans have maturity dates ranging from March 2018 to November 2019 and are based on floating rates.

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

			Non-cash changes		
	1 January 2017 $'000	Financing cash flows $'000	Foreign exchange movement $'000	New finance leases $'000	31 December 2017 $'000
Bank loans (Note 22)	311,020	14,488	402	–	325,910
Finance lease liabilities (Note 23)	382	(152)	–	142	372
	311,402	14,336	402	142	326,282

23. FINANCE LEASE LIABILITIES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Amounts payable under finance leases:				
Within one year	141	138	124	118
In the second to fifth year inclusive	271	284	248	264
	412	422	372	382
Less: Future finance charges	(40)	(40)	N/A	N/A
Present value of leases	372	382	372	382
Less: Amount due for settlement within 12 months (shown under current liabilities)			(124)	(118)
Amount due for settlement after 12 months			248	264

The group enters into finance leasing arrangements for certain of its motor vehicles and office equipment. The net carrying value of property, plant and equipment acquired under finance lease agreements is disclosed in Note 16.

The weighted average effective interest rates for the finance leases is 3.99% (2016: 5.67%) for the group per annum.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

24. SHARE CAPITAL

	Group and Company			
	2017 Number of shares issued '000	2016 Number of shares issued '000	**2017 $'000**	2016 $'000
At beginning and end of the year	576,936	576,936	125,646	125,646

All issued ordinary shares are fully paid with no par value.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions.

25. TREASURY SHARES

	Group and Company			
	2017 Number of shares '000	2016 Number of shares '000	**2017 $'000**	2016 $'000
At beginning of year	1,800	1,800	913	913
Acquired during the year	167	–	83	–
At end of year	1,967	1,800	996	913

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

During the year, the company acquired 167,400 shares in the company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was $83,000 and this was presented as a component within shareholders' equity.

26. RESERVES

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Asset revaluation reserve	9,773	9,773	–	–
Foreign currency translation reserve	1,826	3,089	–	–
Fair value reserve	352	114	35	6
Retained earnings/ (Accumulated losses)	242,999	236,355	(18,827)	(30,702)
Other reserve	–	–	926	926
	254,950	249,331	(17,866)	(29,770)

<u>Asset revaluation reserve</u>

Asset revaluation reserve arose from a one-time revaluation of one of the group's leasehold land and buildings (Note 16).

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

27. REVENUE

	Group	
	2017	2016
	$'000	$'000
Room, food and beverage and other revenue	70,124	64,482
Rental income from investment properties	15,408	15,501
Revenue recognised on development properties	4,238	1,065
Others	4	226
	89,774	81,274

28. OTHER INCOME

	Group	
	2017	2016
	$'000	$'000
Amortisation of fair value adjustment on advances to a jointly-controlled entity	–	276
Gain on disposal of available-for-sale investments	16	13
Gain on disposal of property, plant and equipment	18	130
Gain on disposal of intangible assets	15	–
Income from available-for-sale investments	47	45
Interest income - fixed deposits	20	9
Others	537	246
	653	719

29. STAFF COSTS

	Group	
	2017	2016
	$'000	$'000
Wages and salaries	22,791	20,842
Employer's contribution to the Central Provident Fund	1,679	1,516
Other benefits	2,471	1,935
	26,941	24,293

30. FINANCE COSTS

	Group	
	2017	2016
	$'000	$'000
Interest expense		
- Finance leases	21	19
- Bank loans and overdraft	7,084	5,970
	7,105	5,989

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

31. INCOME TAX EXPENSE

	Group	
	2017	2016
	$'000	$'000
Tax expense attributable to the results is made up of:		
Current income tax	3,401	3,268
Deferred income tax	5,493	239
	8,894	3,507
Under/(Over) provision in preceding financial years:		
- Current income tax	(33)	(301)
- Deferred income tax	1,544	–
	10,405	3,206

The tax expense on profit differs from the amount that would arise using the Singapore statutory rate of income tax due to the following:

	Group	
	2017	2016
	$'000	$'000
Profit before tax	34,298	40,001
Share of results of a jointly-controlled entity, net of tax	(205)	(27,996)
Profit before tax and share of results of a jointly-controlled entity	34,093	12,005
Tax calculated at a tax rate of 17%	5,796	2,041
Singapore statutory stepped income exemption	(78)	(87)
Effect of different tax rates in other countries	1,661	87
Expenses not deductible for tax purposes	2,475	3,013
Income not taxable	(359)	(1,624)
Corporate income tax rebate and tax incentives	(322)	(205)
Deferred tax assets not recognised	–	89
Utilisation of deferred tax asset not previously recognised	(146)	–
Over provision of prior years' current income tax	(33)	(301)
Under provision of prior years' deferred income tax	1,544	–
Others	(133)	193
	10,405	3,206

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

32. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2017	2016
	$'000	$'000
Audit fees:		
- paid to auditors of the company	146	118
- paid to other auditors	66	19
	212	137
Non-audit fees:		
- paid to auditors of the company	25	28
- paid to other auditors	–	2
	25	30
Allowance for doubtful trade receivables	–	76
Allowance for doubtful non-trade receivables	–	2,886
Amortisation of other assets (Note 19)	112	112
Directors' fees	150	189
Property, plant and equipment written off	521	450
Other expenses include:		
Advertising and commission charges	5,204	4,548
Property taxes	3,003	3,152
Utilities, repair and maintenance	5,955	6,436
Provision for impairment in value on investment in a jointly-controlled entity	2,139	–

33. DIVIDENDS

	Group and Company	
	2017	2016
	$'000	$'000
Ordinary dividends		
Final tax exempt dividend of 1 cent per share (2016: 1 cent per share) in respect of previous financial year	5,749	5,751
Special tax exempt dividend of 2 cents per share (2016: Nil) in respect of previous financial year	11,500	–
	17,249	5,751

Subsequent to 31 December 2017, the directors of the company recommended that a final tax-exempt dividend be paid at 1 cent per ordinary share totalling $5.75 million for the financial year ended 31 December 2017. This dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

34. EARNINGS PER ORDINARY SHARE

	Group	
	2017	2016
	$'000	$'000
Profit after tax attributable to the equity holders of Amara Holdings Limited ($'000)	23,893	37,075
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	575,000	575,707
Basic and diluted earnings per ordinary share (cents)	4.16	6.44

Basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to members of Amara Holdings Limited by the weighted average number of ordinary shares in issue, excluding treasury shares held, during the financial year.

35. SEGMENT INFORMATION

For management purposes, the group is organised into business segments based on their products and services and the group has three reportable operating segments as follows:

- Hotel investment and management
- Property investment and development
- Specialty restaurants and food services

Another area of the group's business comprises investment holding which does not constitute a separate reportable segment.

Management monitors the operating results of its business segments separately for the purpose of making decisions about allocation of resources and assessment of performance of each segment.

The segment information provided to Management for the reportable segments are as follows:

	Hotel investment and management $'000	Property investment and development $'000	Specialty restaurants and food services $'000	Others $'000	Eliminations $'000	Group $'000
2017						
Segment revenue						
Sales to external customers	68,304	19,646	1,821	3	–	89,774
Intersegment sales/income	3,542	213	–	29,510	(33,265)	–
Total revenue	71,846	19,859	1,821	29,513	(33,265)	89,774
Segment profit	15,628	25,813	306	64	–	41,811
Depreciation and amortisation	5,625	–	66	–	–	5,691
Share of results of a jointly-controlled entity	–	205	–	–	–	205
Other significant non-cash expenses	521	2,145	–	–	–	2,666

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

35. SEGMENT INFORMATION (CONTINUED)

	Hotel investment and management $'000	Property investment and development $'000	Specialty restaurants and food services $'000	Others $'000	Eliminations $'000	Group $'000
2017 (Continued)						
Segment assets	267,267	482,559	454	192	–	750,472
Unallocated assets						1,898
Total assets						752,370
Segment assets include:						
Investment in a jointly-controlled entity	–	1,978	–	–	–	1,978
Additions to						
- Property, plant and equipment	19,925	–	4	–	–	19,929
- Investment properties	–	4,072	–	–	–	4,072
Segment liabilities	(18,523)	(11,716)	(409)	(253)	–	(30,901)
Unallocated liabilities						(342,233)
Total liabilities						(373,134)
2016						
Segment revenue						
Sales to external customers	62,119	16,788	2,363	4	–	81,274
Intersegment sales/income	2,859	242	–	17,500	(20,601)	–
Total revenue	64,978	17,030	2,363	17,504	(20,601)	81,274
Segment profit	8,811	37,026	526	(5)	–	46,358
Depreciation and amortisation	5,589	–	80	–	–	5,669
Share of results of						
a jointly-controlled entity	–	27,996	–	–	–	27,996
Other significant non-cash expenses	3,308	76	27	–	–	3,411
Segment assets	260,509	463,171	542	206	–	724,428
Unallocated assets						842
Total assets						725,270
Segment assets include:						
Investment in a jointly-controlled entity	–	29,872	–	–	–	29,872
Additions to						
- Property, plant and equipment	26,463	–	7	–	–	26,470
- Investment properties	–	10,782	–	–	–	10,782
Segment liabilities	(21,480)	(8,988)	(540)	(389)	–	(31,397)
Unallocated liabilities						(320,220)
Total liabilities						(351,617)

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

35. SEGMENT INFORMATION (CONTINUED)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit before tax in the consolidated financial statements. Interest income and finance expenses are not allocated to segments as financing is managed on a group basis.

A reconciliation of segment profit to the consolidated profit before tax is as follows:

	Group	
	2017	2016
	$'000	$'000
Segment profit	41,811	46,358
Interest income	20	9
Interest expense on borrowings	(7,105)	(5,989)
Unallocated corporate expenses	(428)	(377)
Profit before tax	34,298	40,001

Segment assets

The amounts provided to Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than investments, deferred income tax assets and interest bearing receivables which are classified as unallocated assets.

Segment liabilities

The amounts provided to Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than taxation, deferred income tax liabilities and corporate borrowings. These liabilities are classified as unallocated liabilities.

Geographical segments

The group operates in three main geographical areas, namely Singapore, the People's Republic of China ("PRC") and Thailand.

The main areas of operations undertaken by the group in each country are as follows:

- Singapore – hotel investment and management, property investment and development, specialty restaurants and food services
- PRC – hotel investment and management, property investment and development
- Thailand – hotel investment and management

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

35. SEGMENT INFORMATION (CONTINUED)

Geographical segments (Continued)

	Revenue		Non-current assets	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore	79,633	73,433	394,851	425,244
PRC	–	–	184,603	144,357
Thailand	10,141	7,841	49,849	50,560
	89,774	81,274	629,303	620,161

Revenue and non-current assets are shown by the geographical areas in which the assets are located.

Non-current assets presented above are non-current assets as presented on the statements of financial position excluding financial instruments and deferred income tax assets.

Information about major customer

There was no single external customer that had contributed more than 10 percent to the revenue of the group.

36. COMMITMENTS

	Group	
	2017	2016
	$'000	$'000
Estimated expenditure contracted for property, plant and equipment	11,832	38,159

37. OPERATING LEASE COMMITMENTS

The group as a lessor

The group leases units in the shopping centre, office premises and shop units to external parties under non-cancellable operating leases.

At the end of the reporting period, the outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group	
	2017	2016
	$'000	$'000
Future minimum lease payments available:		
Within one year	13,962	14,287
In the second to fifth year inclusive	18,587	20,095
After five years	1,936	–
Total	34,485	34,382

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

37. OPERATING LEASE COMMITMENTS (CONTINUED)

The group as a lessee

The group leases land, apartment and office premises from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between 2 to 70 years, varying terms, escalation clauses and renewal options.

	Group	
	2017	2016
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	2,297	2,254

At the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group	
	2017	2016
	$'000	$'000
Within one year	1,451	1,526
In the second to fifth year inclusive	6,003	5,794
After five years	83,962	85,268
Total	91,416	92,588

CORPORATE DATA

BOARD OF DIRECTORS

Albert Teo Hock Chuan
Chief Executive Officer

Susan Teo Geok Tin
Lawrence Mok Kwok Wah
Foo Ko Hing
Chia Kwok Ping

COMPANY SECRETARIES

Susan Teo Geok Tin
Foo Soon Soo

AUDIT COMMITTEE

Foo Ko Hing
Chairman

Lawrence Mok Kwok Wah
Chia Kwok Ping

NOMINATING COMMITTEE

Chia Kwok Ping
Chairman

Albert Teo Hock Chuan
Foo Ko Hing

REMUNERATION COMMITTEE

Chia Kwok Ping
Chairman

Lawrence Mok Kwok Wah
Foo Ko Hing

PRINCIPAL BANKERS

United Overseas Bank Limited
DBS Bank Ltd.

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

REGISTERED OFFICE

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Internal : ir@amaraholdings.com
External : Citigate Dewe Rogerson, i.MAGE

Dolores Phua
55 Market Street #02-01
Singapore 048941

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AUDITOR

Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Lee Boon Teck
Partner-in-charge of the audit
(Appointed for the financial year ended 31 December 2017)

STATISTICS OF SHAREHOLDINGS

AS AT 5 MARCH 2018

Class of Shares	:	Ordinary shares each fully paid up
Voting Rights (excluding Treasury Shares)	:	1 vote per share
No. of Holders	:	5,371
No. of Issued Shares	:	576,936,000
No. of Issued Shares (excluding Treasury Shares)	:	574,968,200
No. of Treasury Shares	:	1,967,800
Percentage of Treasury Shares against the total no. of Issued Shares (excluding Treasury Shares)	:	0.34%

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares (excluding Treasury Shares)	%(1)
1 - 99	-	-	-	-
100 - 1,000	510	9.49	493,500	0.09
1,001 - 10,000	3,405	63.40	18,193,100	3.16
10,001 - 1,000,000	1,432	26.66	70,853,830	12.32
1,000,001 and above	24	0.45	485,427,770	84.43
TOTAL	5,371	100.00	574,968,200	100.00

Based on information available to the Company on 5 March 2018, approximately 27% of the Company's issued ordinary shares were held by the public and accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

TWENTY LARGEST SHAREHOLDERS (as shown in the Register of Members and Depository Register)

No.	Name	No. of Shares	%(1)
1	FIRST SECURITY PTE LTD	152,987,990	26.61
2	TEO CHEW CHUAN	42,578,500	7.41
3	TEO PENG CHUAN	36,744,419	6.39
4	TEO SIEW BEE	35,441,205	6.16
5	TEO KWEE CHUAN	35,203,020	6.12
6	TEO GEOK TIN	35,132,232	6.11
7	TEO HIN CHUAN	32,580,997	5.67
8	TEO HOCK CHUAN	30,071,404	5.23
9	DBS NOMINEES (PRIVATE) LIMITED	17,388,110	3.02
10	MORPH INVESTMENTS LTD	14,463,000	2.52
11	CITIBANK NOMINEES SINGAPORE PTE LTD	10,177,800	1.77
12	ONG KIAN KOK	7,126,000	1.24
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,926,700	1.20
14	TEO DENG JIE (ZHANG DENG JIE)	5,000,000	0.87
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,768,800	0.66
16	TEO GUAN HOON	3,238,000	0.56
17	POH LAY ENG	3,153,493	0.55
18	RONNIE POH TIAN PENG	2,754,000	0.48
19	RAFFLES NOMINEES (PTE) LIMITED	2,590,200	0.45
20	PHILLIP SECURITIES PTE LTD	2,214,100	0.39
	TOTAL	479,539,970	83.41

Note:

(1) The percentage of issued ordinary shares is calculated based on the total number of issued ordinary shares of the Company, excluding treasury shares.

STATISTICS OF SHAREHOLDINGS

AS AT 5 MARCH 2018

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

	Direct Interest	Deemed Interest	Total	%[3]
Albert Teo Hock Chuan	35,291,404	152,987,990[1]	188,279,394	32.75
Susan Teo Geok Tin	35,162,232	152,987,990[1]	188,150,222	32.72
Teo Kwee Chuan	35,203,020	152,987,990[1]	188,191,010	32.73
Corinne Teo Siew Bee	35,441,205	-	35,441,205	6.16
First Security Pte Ltd	152,987,990	-	152,987,990	26.61
Teo Chew Chuan	42,578,500	3,153,493[2]	45,731,993	7.95
Teo Peng Chuan	36,744,419	-	36,744,419	6.39
Teo Hin Chuan	32,580,997	-	32,580,997	5.67

Notes:

(1) Albert Teo Hock Chuan, Susan Teo Geok Tin and Teo Kwee Chuan are each deemed to have an interest in the 152,987,990 shares in which First Security Pte Ltd is interested in as they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of First Security Pte Ltd.

(2) Teo Chew Chuan is deemed interested in 3,153,493 shares held by his spouse.

(3) The percentage of issued ordinary shares is calculated based on the total number of issued ordinary shares of the Company, excluding treasury shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Amara Ballroom 2, Level 3, Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539 on Wednesday, 25 April 2018 at 10.30 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2017 together with the Directors' Statement and Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt dividend of 1 cent per ordinary share for the year ended 31 December 2017. **(Resolution 2)**

3. To re-elect Mr Albert Teo Hock Chuan as a Director retiring under Article 87 of the Constitution of the Company. **(Resolution 3)**

4. To re-elect Mr Chia Kwok Ping as a Director retiring under Article 87 of the Constitution of the Company. **(Resolution 4)**

   Mr Chia Kwok Ping will, upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). He will also remain as the Chairman of both the Nominating Committee and Remuneration Committee.

5. To approve payment of Directors' Fees of $150,168 for the year ended 31 December 2017 (2016: $189,200). **(Resolution 5)**

6. To re-appoint Messrs Deloitte & Touche LLP as Auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolutions (with or without amendments):

7. Authority to allot and issue shares

   (a) That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("Act"), and the listing rules of the SGX-ST, authority be and is hereby given to the Directors of the Company at any time upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, to:

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

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

      (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

   (b) notwithstanding the authority conferred by the shareholders may have ceased to be in force, issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

(aa) new shares arising from the conversion or exercise of convertible securities;

(bb) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(cc) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 7)**
(See Explanatory Note 1)

8. Authority to allot and issue shares under the Amara Performance Share Plan

That authority be and is hereby given to the Directors of the Company to grant awards in accordance with the provisions of the Amara Performance Share Plan (the "Plan"), and, pursuant to Section 161 of the Act, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and/or issued pursuant to the vesting of awards under the Plan provided that the aggregate number of shares available under the Plan and any other share based schemes which the Company may implement from time to time, shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 8)**
(See Explanatory Note 2)

9. Renewal of Share Purchase Mandate

That:

(a) For the purposes of Sections 76C and 76E of the Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(i) off-market purchases (each an "Off-Market Share Purchase") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act; and/or

(ii) on-market purchases (each an "On-Market Share Purchase") on the SGX-ST, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable,

be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate").

NOTICE OF ANNUAL GENERAL MEETING

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

(i) the date on which the next Annual General Meeting of the Company is held or required by law or the Constitution of the Company to be held; or

(ii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated.

(c) In this Ordinary Resolution:

"Prescribed Limit" means 10% of the total number of issued Shares as at the date of the passing of this Ordinary Resolution (excluding treasury shares); and

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where:

"Average Closing Price" means the average of the closing market prices of a Share over the last 5 Market Days ("Market Day" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for an Off-Market Share Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Share Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase.

(d) The Directors and/or each and any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution. **(Resolution 9)**
(See Explanatory Note 3)

AS OTHER BUSINESS

10. To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting, a first and final tax exempt dividend of 1 cent per ordinary share, in respect of the year ended 31 December 2017 will be paid on 21 June 2018 to shareholders whose names appear in the Register of Members on 7 June 2018.

Accordingly, the Transfer Books and the Register of Members of the Company will be closed from 7 June 2018 after 5.00 p.m. to 8 June 2018, for the purpose of determining shareholders' entitlements to the proposed first and final dividend.

Registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00 p.m., on 7 June 2018 will be registered before entitlements to the first and final dividend are determined.

By Order of the Board

Susan Teo Geok Tin/Foo Soon Soo
Company Secretaries

Singapore
3 April 2018

EXPLANATORY NOTE 1:
The Ordinary Resolution in item 7 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

EXPLANATORY NOTE 2:
The Ordinary Resolution in item 8 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to grant awards in accordance with the provisions of the Plan and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and/or issued pursuant to the vesting of the awards under the Plan provided that the aggregate number of shares available under the Plan and any other share based schemes which the Company may implement from time to time, shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTE 3:
In respect of the Ordinary Resolution in item 9, the Company intends to use internal sources of funds, external borrowings or a combination of internal sources of funds and external borrowings to finance purchases or acquisitions of the Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, among other things, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustration purposes, the financial effects of Share Purchases on the audited financial statements of Amara Group and the Company for the financial year ended 31 December 2017, based on certain assumptions, are set out in the Appendix to the Notice of Annual General Meeting dated 3 April 2018 in relation to the proposed renewal of the Share Purchase Mandate.

NOTES:
1. A member of the Company (other than a member who is a relevant intermediary as defined in Section 181 of the Act) entitled to attend and vote at the above Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where such member appoints more than one proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the proxy form.

2. A member of the Company who is a relevant intermediary as defined in Section 181 of the Act is entitled to appoint more than two proxies to attend, speak and vote at the above Meeting.

3. A proxy or representative need not be a member of the Company.

4. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or notarially certified or office copy thereof must be lodged at the registered office of the Company at 100 Tras Street #06-01, 100 AM, Singapore 079027, not less than 24 hours before the time appointed for the above Meeting.

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing and administration 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"), and (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.

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AMARA HOLDINGS LIMITED
Registration No. 197000732N
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:
1. Pursuant to Section 181 of the Companies Act, Chapter 50, members of the Company who are relevant intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

I/We ______________________ (Name) ______________________ (NRIC/Passport/Co.Registration Number)

of ____ (Address)

being a member/members of AMARA HOLDINGS LIMITED hereby appoint:

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at Amara Ballroom 2, Level 3, Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539 on Wednesday, 25 April 2018 at 10.30 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 direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Ordinary Resolutions	For*	Against*
1.	To receive and adopt the Audited Financial Statements for the year ended 31 December 2017 together with the Directors' Statement and Independent Auditor's Report thereon.		
2.	To declare a first and final tax exempt dividend of 1 cent per ordinary share for the year ended 31 December 2017.		
3.	To re-elect Mr Albert Teo Hock Chuan as a Director retiring under Article 87 of the Constitution of the Company.		
4.	To re-elect Mr Chia Kwok Ping as a Director retiring under Article 87 of the Constitution of the Company.		
5.	To approve payment of Directors' Fees of $150,168 for the year ended 31 December 2017 (2016: $189,200).		
6.	To re-appoint Messrs Deloitte & Touche LLP as Auditor of the Company and to authorise the Directors to fix its remuneration.		
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.		
8.	To authorise Directors to issue shares under the Amara Performance Share Plan.		
9.	To approve the renewal of the Share Purchase Mandate.		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of ______________ 2018

Total number of Shares held

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

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Please cut along dotted line

Notes for Proxy Form

1. A member of the Company (other than a member who is a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf.

2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no provision is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and the second named proxy as an alternate to the first named, or at the Company's option to treat this proxy form as invalid.

3. A member of the Company who is a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 is entitled to appoint more than two proxies to attend, speak and vote at the 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 appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

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

5. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

6. The instrument appointing a proxy or proxies for any member must be in writing and (in the case of an individual appointor) duly signed by the appointor or his attorney or, (if the appointor is a corporation) must be executed under its seal or signed by its attorney or duly authorised officer.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office at 100 Tras Street #06-01, 100 AM, Singapore 079027, not less than 24 hours before the time set for the AGM, and in default the instrument of proxy shall be treated as invalid.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares 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.

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 3 April 2018.

AMARA HOLDINGS LIMITED

(REGISTRATION NUMBER 197000732N)

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