HWA HONG
CORPORATION LIMITED

ANNUAL REPORT 2019

SINGAPORE CORPORATE GOVERNANCE WEEK Towards Excellence in Corporate Governance 2019

HWA HONG CORPORATION LIMITED

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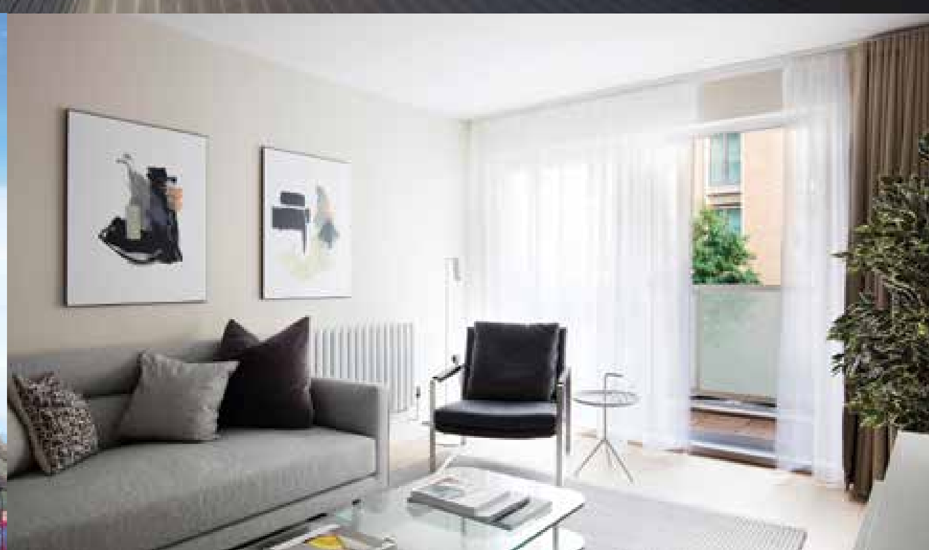





CORPORATE PROFILE

HWA HONG CORPORATION LIMITED, originally formed as a partnership, was incorporated on 29 December 1952 as a private limited company under the name of Hwa Hong Manufacturing Company Pte. Limited. On 21 November 1969, it converted to a public company known as Hwa Hong Manufacturing Company Limited and was admitted to the Official List of the Singapore Exchange Limited on 26 July 1979. The name "Hwa Hong Corporation Limited" was adopted with effect from 15 January 1985. The principal activity of HWA HONG CORPORATION LIMITED is that of an investment holding company. The subsidiary companies are primarily engaged in property rental investment and development and investment holding.

FINANCIAL CALENDAR

IN RESPECT OF FINANCIAL YEAR ENDED 31 DECEMBER 2019

Announcement of 2019 Unaudited Results	
First Quarter ended 31 March 2019	24 April 2019
Second Quarter ended 30 June 2019	26 July 2019
Third Quarter ended 30 September 2019	25 October 2019
Financial Year ended 31 December 2019	4 February 2020
Annual General Meeting	24 April 2020 (9.00 a.m.)
Dividends	
Proposed one-tier tax exempt final ordinary dividend of 1 Singapore cent per ordinary share	
Last day for lodgement of transfers for dividend entitlement	Up to 5.00 p.m. on 30 April 2020
Record date	1 May 2020
Payment date	15 May 2020

IN RESPECT OF FINANCIAL YEAR ENDING 31 DECEMBER 2020

Tentative Dates for Announcement of 2020 Unaudited Results	
Half Year 2020	29 July 2020
Financial Year 2020	2 February 2021

LETTER TO SHAREHOLDERS

The Board and Management at Hwa Hong will continue to strive towards greater shareholder returns and long-term value creation while maintaining financial prudence.

Dear Shareholders

On behalf of the Board and all staff in Hwa Hong Corporation Limited ("Hwa Hong"), we would like to thank you for your continued support in 2019.

During the year, macro-economic and geopolitical uncertainties surrounding the US-China trade war, BREXIT and the growth in the Euro zone were key concerns for businesses and the global financial markets. Global economic growth for the year ended 2019 was 2.9% as clarity over the US-China trade row and BREXIT improved sentiment towards the end of 2019. Notwithstanding this, there is reason to be cautious with the economic impact of the Covid-19 virus, BREXIT trade negotiations, US-China Phase 2 trade negotiations and US elections being primary geo-political concerns in the coming year.

FINANCIAL REVIEW

For FY2019, the group improved on its previous year's performance with a 39.3% increase in revenue to S$14.5 million. Along with our revenue increase was a 48.2% increase in profit after tax from S$4.4 million in 2018 to S$6.5 million in 2019.

Our EBITDA in FY2019 was S$12.1 million. Earnings per share increased to 0.99 cents from 0.67 cents in FY2018 as our shareholders funds increased from S$189.1 million in FY2018 to

LETTER TO SHAREHOLDERS

S$190.5 million in FY2019. Net gearing ratio (defined as [long-term and short-term bank loans + bank overdraft] / shareholders' equity) decreased from 44% to 42% in FY2019, with total debt of S$79.4 million against shareholders' funds of S$190.5 million. Our investment properties are carried at S$153.0 million on our balance sheet and their fair market value as at 31 December 2019 is S$257.0 million.

BUSINESS REVIEW

Singapore

In 2019 the Singapore economy grew by 0.7%, significantly lower than the 3.4% achieved in 2018. This was due primarily to the manufacturing factor which contracted by 1.4%. The construction and services sectors, on the other hand, grew by 2.8% and 1.1% in 2019, respectively.

Notwithstanding the weaker economic growth in 2019, it was an active year for the residential property sector with developers launching projects after acquiring development sites in the 2018 enbloc land sales cycle. With 12.7% more new units sold by developers in 2019 than 2018, new home sales dominated the sales market as resale transactions declined by 31%. Despite the pickup in launch activity, average residential property prices islandwide increased at a lower rate of 2.5% in 2019 as compared to the 7.9% price rise achieved in 2018.

During the year, the Singapore commercial property market performed reasonably well as low interest rates and a limited office supply pipeline continued to drive investor interest in the sector. Leasing activity and rental rates, however, saw some moderation later in the year with the URA rental index declining 3.2% in 4Q 2019.

Against a backdrop of improving sentiment in the residential property market, we disposed of 1 unit of Rivergate for a gain of S$2.3 million in 2019. Located in River Valley, we continue to see long term value in our remaining commercial and residential units at Rivergate where transacted land prices for several enbloc and government land sale transactions have steadily increased since 2017/2018, reflecting developers' confidence in the location. In addition to Rivergate's disposal, our associate company, Hong Property, disposed of 1 medical suite at Lucky Plaza which contributed S$1.3 million to our share of results from associates.

Our boutique office development in Jalan Besar received URA written planning permission in mid-2019 and construction is well underway. The property is expected to receive its temporary occupation permit in late-2020, barring any unforeseen circumstances.

Our remaining investment properties in Singapore achieved an occupancy rate of 100% and achieved a rental revenue of S$5.1 million.

United Kingdom

In the UK, the BREXIT impasse in the British Parliament culminated in a general election in December 2019, which the Conservative Government won with a strong mandate to proceed with BREXIT. The focus for the UK economy in 2020 will be on the outcome of the BREXIT trade negotiations, with the key downside risk being a breakdown in these trade negotiations

resulting in a hard BREXIT. Notwithstanding this, the UK economy grew by 1.4% in 2019 despite a poor 4Q performance, while the British Pound ended the year c.10% above its 2019 low against both the USD and Euro.

The London prime residential property market continued to languish as we started 2019, but there were signs of a pickup as we progressed into the 2nd half of 2019 as 2019 transaction volumes reached a 5 year high and were also significantly higher than 2018 (source: LonRes). Notwithstanding this, the Knight Frank London Prime Central and Prime Outer London Residential price indices recorded declines of 3.1% and 2.6%, respectively, in 2019. While the positive data on transaction volumes could be a sign of a nascent recovery, a sustained recovery will depend largely on the outcome of BREXIT trade negotiations as well as the impact of further hikes in residential stamp duties for overseas and 2nd home buyers.

The London commercial property market remained resilient despite concerns over BREXIT. Although 2019 recorded lower investment volumes as compared to 2018, prime yields and rents remained stable. Supply remained tight in 2019 as availability was at a multi-year low of c.4% (source: CBRE Research). The prime central London commercial property market remained an important market for overseas real estate investors as this group made up c.50% of all transactions in 2019.

Our commercial investment properties in London continued to perform in line with our expectations. Total rental revenue for FY2019 from the commercial investment properties was S$3.7 million, while average occupancy for the portfolio was close to 100%. During the year, we executed on our asset enhancement plans for Pavillion E at Neo Bankside and Loman Street with the receipt of planning permission for the refurbishment works. Construction is well underway and both projects will see the addition of c.35% and c.27% of new net internal area, respectively, which we believe will increase their value in the long term. These works are expected to be complete in late 2020/early 2021. In the meantime, our residential development project at Allen House has received planning permission whilst we expect Kilmuir House to go through the detailed planning process in 2020. In the meantime, our London residential properties remain fully leased.

Investment segment

The increase in investment segment revenue of S$3.2 million relative to prior year came mainly from dividend income.

During the year, our investment with Gaw NP Capital Vietnam Fund 1, a real estate private equity fund investing in Vietnam, was able to record a dividend payment of S$3.4 million as the fund exited some of its investments in Vietnam.

In 2018/2019, we announced the setting up of Shorea Capital Pte. Ltd. ("Shorea Capital") a real estate investment management advisory services business to provide real estate investment management and advisory services. During the year, Shorea Capital was appointed to provide advisory services to the owner of a mixed-use hotel and retail development scheme with more than 400 rooms and 50,000 sq ft of retail space located in Melbourne. This project will provide our group with a valuable beachhead into a new market and enable us to further expand our geographical reach as a group.

BUSINESS PROSPECTS

Looking forward, we remain cautious in our investment outlook given the uncertainties surrounding geo-political and macroeconomic events. As we develop our strategy for 2020 and beyond, we will be closely following key events such as the US-China Phase 2 trade talks, BREXIT

LETTER TO SHAREHOLDERS

trade negotiations, the impact of COVID-19 and the US presidential election. We expect volatility in the financial and asset markets in 2020 and cannot rule out a slowdown in global trade and economic activity in 2020. Notwithstanding this, a global economic weakness may present investment opportunities should asset values correct as a result. We believe this would be an opportune time to deploy our capital for the long term.

With our limited balance sheet, our core focus will remain on the 2 key geographies of Singapore and the UK while at the same time looking opportunistically at establishing beachheads in new markets. We will maintain a prudent approach to managing our balance sheet and, as part of our strategy to recycle capital, seek to realise the value of our mature assets as we have in 2019 when we see compelling re-investment opportunities. In the longer term, we will focus on improving our net returns to our shareholders whilst maintaining an acceptable level of debt on our balance sheet as we seek to achieve long term growth in our net asset value.

We will continue to look for opportunities to build our recurring income in the long term, including opportunities to purchase assets which can be further enhanced and provide long term income once mature. This value-add approach has proved successful for us in the past. For example, we purchased 20 Midtown in 2014 which underwent asset enhancement and now provides us with c.£1.4 million in recurring annual rental income and enjoys an uplift in valuation of 14.8% since our purchase.

Looking ahead into 2020, we will be focused on the refurbishment of 46 Loman Street and Pavilion E Neo Bankside and the lease management of 20 Garrett Street in London to maximise the potential of all three properties as income generating investment properties. At the same time, with preliminary development plans for Kilmuir House already in place, we hope to complete the planning process for its redevelopment in 2020 and be positioned to execute our development plans in 2021, barring any unforeseen circumstances. In Singapore, our focus will be to complete the development of 253 Jalan Besar and to ensure our investment properties in Singapore remain fully let and competitive. We also hope to leverage on the expertise of our advisory platform, Shorea Capital, to look for co-investment capital partners in our investments to further increase the efficiency of our balance sheet and to explore opportunities in new markets such as Australia, should our financial resources permit.

FINAL WORDS

The Board and Management at Hwa Hong will continue to strive towards greater shareholder returns and long-term value creation while maintaining financial prudence. Alongside these goals will be our commitment to transparency, corporate governance and sustainability which are critical to creating value for our shareholders.

In closing, we would like to thank our Board of Directors for their guidance and counsel in the financial year, our Management and staff for their dedication and contributions to Hwa Hong. Last but not least, we would like to extend our appreciation to our shareholders, clients, consultants, suppliers, partners and business associates for their strong support. We look forward to growing alongside all of you as we work towards our goal to create sustainable long term value.

Very sincerely,

Ong Choo Eng
Group Managing Director

FINANCIAL HIGHLIGHTS

	FY2019 $'000	FY2018 $'000	+/(-) %
Revenue	14,524	10,424	**39.3**
EBITDA	12,122	8,245	**47.0**
Profit before taxation	7,098	4,867	**45.8**
Profit after taxation	6,457	4,358	**48.2**
Assets			
Non-current assets	223,431	228,073	**(2.0)**
Current assets	66,146	63,305	**4.5**
Total assets	**289,577**	**291,378**	**(0.6)**
Liabilities			
Current liabilities	70,589	74,583	**(5.4)**
Non-current liabilities	28,529	27,675	**3.1**
Total liabilities	**99,118**	**102,258**	**(3.1)**
Per share data			
Share price (cents)	32.00	29.00	**10.3**
Net assets (cents)	29.18	28.98	**0.7**
Earnings per share (cents)	0.99	0.67	**47.8**
Interim dividend declared & paid (cents)	0	0	**0.0**
Final dividend recommended/declared (cents)	1.00*	1.00	**0.0**
Special dividend recommended/declared (cents)	0	0	**0.0**
Ratios			
Current ratio (times)	0.94	0.85	
Gross Gearing ratio (%)	52%	54%	
Net Gearing ratio (%)	42%	44%	
Total debt to total asset ratio (%)	34%	35%	
Return on equity (%)	3.41%	2.25%	
Return on asset (%)	2.23%	1.57%	

n.m- denotes not meaningful

* Subject to shareholders' approval at the Annual General Meeting on 24 April 2020.

INVESTMENT PROPERTIES **PORTFOLIO**

INVESTMENT PROPERTIES PORTFOLIO

LONDON RESIDENTIAL PROPERTY INVESTMENTS

58/115B QUEEN'S GATE, SOUTH KENSINGTON, LONDON SW7

- Approximate **8,689 square feet** floor area
- **£13.5m** Market Value
- **8** High End Residential Apartments
- **100%** Effective Group Interest
- **Freehold**

This freehold residential properties are located in the prestigious Royal Borough of Kensington and Chelsea, within walking distance from key destinations such as the Natural History Museum, Harrods and Hyde Park. The properties were refurbished in 2013/2014 and includes a duplex penthouse with a roof garden. The properties are fully let for recurring rental income.

15/17 HORNTON STREET, LONDON W8

- Approximate **2,153 square feet** floor area
- **£2.4m** Market Value
- **3** High End Residential Apartments
- **100%** Effective Group Interest
- **Freehold**

This freehold residential property is located in the prestigious Royal Borough of Kensington and Chelsea, off High Street Kensington and within walking distance from Hyde Park. The property is fully let for recurring rental income and we are currently carrying out phased asset enhancement works of units as tenant leases expire.

ALLEN HOUSE, KENSINGTON, LONDON W8

- Approximate **35,600 square feet** floor area
- **45** Residential Apartments
- **19.05%** Effective Group Interest (**£6.7m** invested)
- **Freehold**

This freehold residential property is located in the prestigious Royal Borough of Kensington and Chelsea, within walking distance from Kensington High Street and Hyde Park. The property is close to major transport links such as High Street Kensington London Underground Station and major bus routes. The property is fully let for recurring rental income and planning permission has been obtained for its redevelopment into 45 apartments.

KILMUIR HOUSE, EBURY STREET, LONDON SW1W9JL

- Approximate **35,231 square feet** floor area
- **49** Residential Apartments
- **25%** Effective Group Interest (The Group has an interest in this property via its 50% investment in Clan Kilmuir (Jersey) Limited, which in turn holds 50% interests in Kilmuir House (Jersey) Limited. The property was purchased and held by Kilmuir House (Jersey) Limited.
- **Leasehold**

This 9 storey leasehold residential property is located at Ebury Street in Belgravia. It is within walking distance of the prestigious residential neighbourhoods of Sloane Square and Eaton Square and key shopping and lifestyle areas such as Sloane Street, Kings Road and Knightsbridge. It is also located within walking distance of London Victoria Station and Sloane Square London Underground Station. The property was purchased in 2016 and is presently under refurbishment, after which it will be leased out for recurring rental income.

INVESTMENT PROPERTIES PORTFOLIO

LONDON COMMERCIAL AND RETAIL PROPERTY INVESTMENTS

20 MIDTOWN, PROCTER STREET, HOLBORN, LONDON WC1

- Approximate **30,533 square feet** floor area
- **£34.1m** Market Value
- **Office and retail**
- **100%** Effective Group Interest
- **Freehold**

This freehold commercial property is located in Holborn, an area popular with firms in the legal services. It is located within walking distance from the legal institutions such as the Inns of Courts and key transport links such as the Chancery Lane Cross rail station and Holborn London Underground Station. The property was purchased in 2014 and had undergone a thorough refurbishment. It is currently being leased out for recurring rental income.

COMMERCIAL PROPERTY AT GARRETT STREET, LONDON, EC1Y 0TW

- Approximate **17,500 square feet** floor area
- **£19.3m** Market Value
- **Office**
- **71.39%** Effective Group Interest
- **Freehold**

The Property is located in the borough of Hackney, approximately 650m from the Old Street Roundabout. The area is commonly referred to as East London Tech City or Silicon Roundabout as it is London's main technology cluster with more than 1,000 technology companies located in the area (source: www.techcitymap.com). The Old Street area is popular with both start-up technology companies as well as established technology and media companies such as Adobe. Inc and CBS Corporation. The Property is served by good transport links as it is within walking distance of Old Street Underground Station, Barbican Underground Station and Farringdon Underground and Crossrail station.

THE PAVILLION, NEO BANKSIDE, SOUTHWARK, LONDON SE1

- Approximate **7,300 square feet** floor area
- **£7.9m** Market Value
- **Office**
- **50%** Effective Group Interest
- **Leasehold**

This leasehold commercial property is located on the South Bank close to landmarks such as the Tate Modern museum, the Shard, Borough Market and is close to key transport links such as Blackfriars station, Southwark and London Bridge London Underground Stations. The property was purchased in 2013 and is fully let to a single tenant for recurring income. We are currently carrying out enhancement work to add an additional floor to the property.

RETAIL UNITS AT NEO BANKSIDE, SOUTHWARK, LONDON SE1

- Approximate **14,399 square feet** floor area
- **£14.1m** Market Value
- **5** Ground Floor and Basement Retail Units
- **50%** Effective Group Interest
- **Leasehold**

This leasehold retail portfolio is located within Neo Bankside, a luxury condominium development located on the South Bank. The development is next to the Tate Modern and we believe that our ground retail units will benefit from footfall to and from the Tate Modern Museum. Neo Bankside is also close to other key tourist destinations such as the Globe Theatre, the Shard and Borough Market. The units have been let to a variety of lifestyle tenants, including Carluccio's, Gail's Bakery and Albion.

COMMERCIAL PROPERTY AT LOMAN STREET, SOUTHWARK, LONDON SE1 OEH

- Approximate **19,786 square feet** floor area
- **£16m** Market Value
- **5** Floors of Office Accommodation
- **50%** Effective Group Interest
- **Freehold**

This freehold commercial property is located in the vibrant Southbank area in the borough of Southwark, London. It is located close to the Tate Modern London and other notable landmarks such as Borough Market, the Globe Theatre, The Millennium Bridge and The Shard. The Property is served by excellent transport links as it is located a short walk from Southwark London Underground station and also within walking distance of the recently refurbished Blackfriars Station and London Bridge Station. Both Blackfriars Station and London Bridge Station are served by the London Underground as well as Thameslink and Southeastern regional rail services.

INVESTMENT PROPERTIES PORTFOLIO

REGIONAL UK COMMERCIAL PROPERTY INVESTMENTS

FORMER HEAD POST OFFICE SITE, SHEFFIELD, UK

- Approximate **69,131 square feet** floor area
- **Mixed use scheme comprising academic facilities and retail**
- **£2.5m** Market Value
- **50%** Effective Group Interest
- **Freehold**

This freehold site is located in Sheffield. It is located within walking distance from Sheffield railway station and the city centre. The site comprised teaching facilities for Sheffield Hallam University which was redeveloped and delivered to Sheffield Hallam University who are in occupation.

RIVERGATE, SINGAPORE

- Approximate **10,322 square feet** floor area
- **4 residential apartments and 4 retail units**
- **S$24.0m** Market Value
- **100%** Effective Group Interest
- **Freehold**

This freehold portfolio of strata titled retail properties and residential apartments is located in the River Valley area. The project was jointly developed with Capitaland and the apartments and retail units is currently leased out for recurring rental income.

SCOTTS SPAZIO, SINGAPORE

- Approximate **168,628 square feet** floor area
- **S$25.0m** Market Value
- **Office**
- **50%** Effective Group Interest
- **Leasehold**

This leasehold commercial property is located on Scotts Road within walking distance from Newton MRT station and Orchard Road. The property was developed in 2002 and is currently leased to the Prudential Group for recurring rental income.

110 PAYA LEBAR, SINGAPORE

- Approximate **157,109 square feet** floor area
- **S$93.8m** Market Value
- **B1 industrial property**
- **100%** Effective Group Interest
- **Freehold**

This freehold commercial property is located in Paya Lebar within walking distance from MacPherson MRT station and key transport links such as the Pan Island Expressway. The property underwent asset enhancement works in 2009 and is currently leased to the Telstra Group as a data centre for recurring rental income.

ORCHARD MEDICAL, SINGAPORE

- Approximate **30,731 square feet** floor area
- **Office**
- **30%** Effective Group Interest
- **Freehold**

This freehold property is located in Lucky Plaza on Orchard Road. The property comprises 36 strata-titled medical office units and is partially leased out for recurring income.

253 JALAN BESAR

- Approximate **9,691 square feet** floor area
- **Commercial**
- **100%** Effective Group Interest
- **Two commercial freehold sites**

This subject sites are located in the vibrant Jalan Besar area, a popular location for businesses in the creative industry, and have a freehold tenure. They are located close to City Square Mall and Little India and are served by excellent transport links, being within walking distance of Farrer Park and Jalan Besar MRT stations and a short drive to the central business district. They are also located close to the Beach Road/Ophir-Rochor precinct, one of the key growth areas identified by the Urban Redevelopment Authority of Singapore, and Kampong Bugis, a new waterside residential precinct with approximately 4,000 planned new residential dwelling units.

The property is now under development.

PERFORMANCE REVIEW

PROFIT AFTER TAXATION

Profit after taxation, which is in large part a reflection of gains realised from assets sales effected in any given year, increased by approximately 48.2%, from S$4.4 million in FY2018 to S$6.5 million in FY2019. The increase was attributable mainly to (i) higher revenue (as discussed in the Revenue section below); (ii) favourable changes in fair value of investment securities (as described under Changes in fair value of investment securities below); (iii) higher gains from the disposal of investment properties; and (iv) lower general and administrative costs, mainly due to a one-time transaction costs in FY2018.

Gains from the disposal of investment properties amounted to S$3.1 million in FY2019 compared to S$1.6 million in FY2018, attributable to the disposal of 1 residential property in Singapore, 1 residential property in London and a land in Sheffield whereas in 2018, the Group disposed of 1 residential property in Singapore.

General and administrative costs decreased by S$1.5 million because of a S$1.5 million transaction and advisory costs arising from the acquisition of 30% interest in Capital Eagle Limited ("CEL") in 2018.

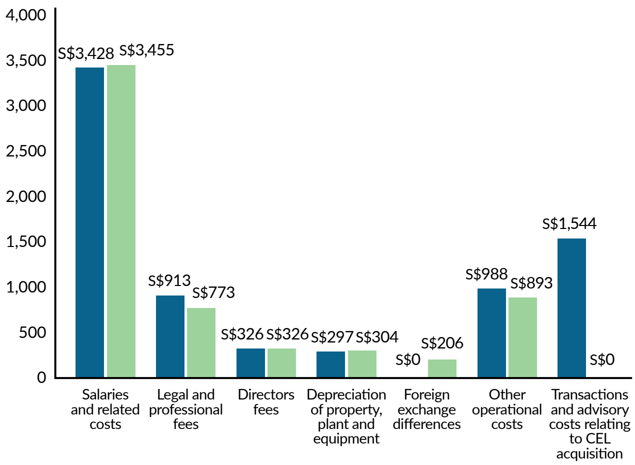
The increase in profit after taxation was partially mitigated by (i) higher cost of sales; (ii) higher finance costs; (iii) increase in other operating costs; (iv) absence of gain on disposal of a subsidiary and its joint venture; (v) absence of gain recognised on remeasuring previously held equity interest in CEL to fair value at acquisition date and (vi) foreign exchange losses.

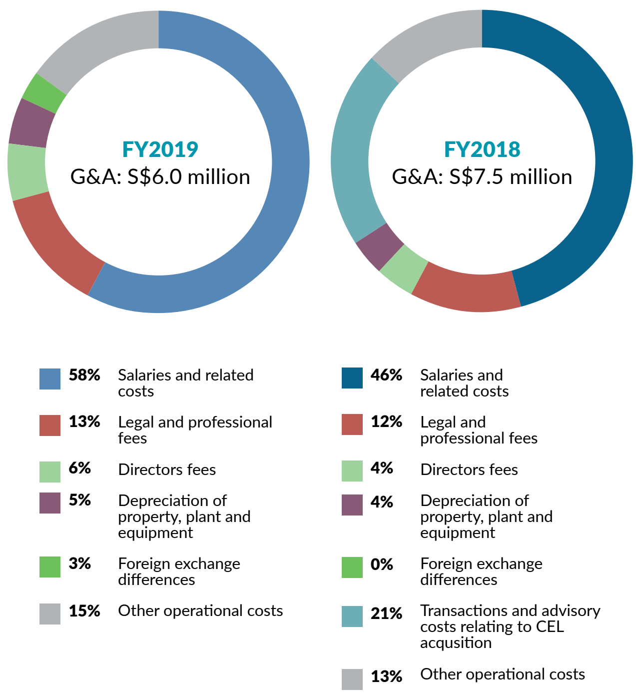
Cost of sales increased by S$0.4 million mainly attributable to full year depreciation of an investment property, 20 Garrett Street, a property that was purchased in December 2018.

Finance costs increased by S$1.1 million given the higher average loan balance for FY2019.

Other operating costs increased by S$0.2 million as the Group took in fund management fees in relation to an unquoted investment securities in FY2019.

General and Administrative costs

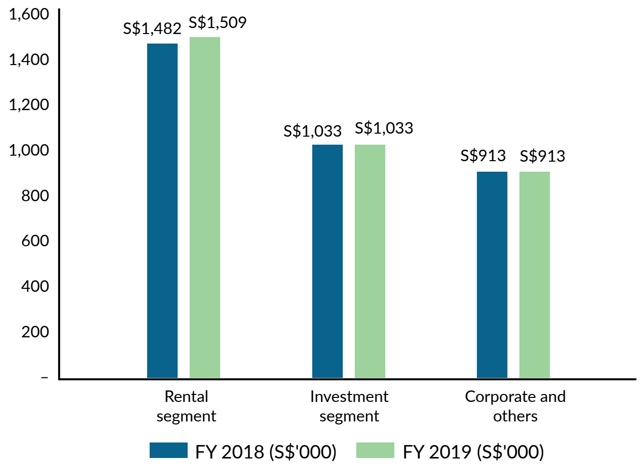




In FY2018, there's a one-time gain arising from the disposal of a subsidiary and its related joint operation of S$1.0 million in the Group's interests in Capital Herbal Limited ("CHL").

In FY2018, a one-time remeasurement gain of S$4.8 million arose from the acquisition of the 30% remaining interest in CEL. The Group recorded a gain as a result of remeasuring the existing 70% interest in CEL held

Salaries and related costs - by segments



before the business combination to fair value upon completion of the acquisition of the 30% remaining interest pursuant to SFRS(I) 3.

The weakening of Singapore Dollars against the Sterling Pound in FY2019 resulted in an unrealised translation loss of S$0.2 million in FY2019, mainly attributable to the translation of receivables denominated in Singapore Dollars of a UK subsidiary. The same factor resulted in larger foreign currency gains appearing in the consolidated statement of comprehensive income, due to the resulting increase in the value in Singapore Dollars of UK assets.

The effective tax rate for FY2019 was 9.0%. The lower effective tax rate in FY2019 was attributable mainly to certain gains being capital in nature, absence of tax effect on the share of results of associates and joint ventures, offset by certain non-deductible expenses and losses incurred by foreign subsidiaries which are not available for set off against profits of local subsidiaries.

REVENUE

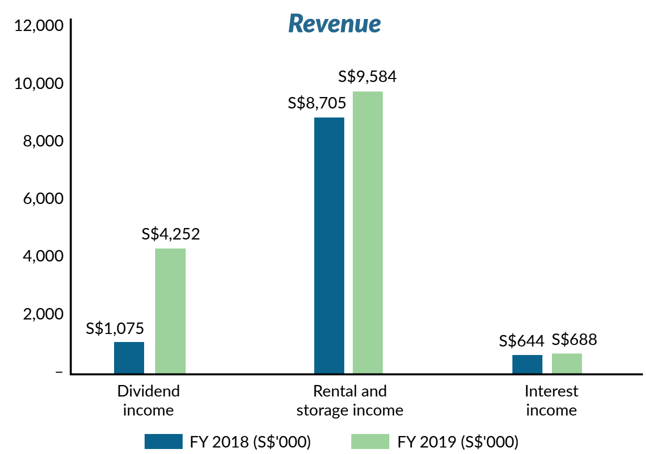
The Group has two distinct business segments, namely the property segment and the investment segment. The Group derives revenue from 2 main geographical regions, namely Singapore and the UK. Singapore and the UK contributed approximately 68.1% and 31.9% to the Group's total revenue, respectively. Revenue for the UK is attributable mainly to the rental of the UK properties.

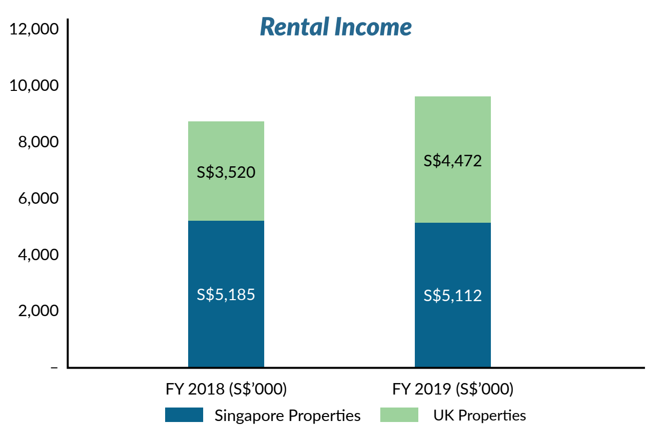
Property business segment

The Group focuses on value creation for shareholders over the medium to long term through 2 main principles. First, to strive to maintain a value-oriented approach to new investments while holding to conservative financial standards. Second, to focus on building a balanced portfolio of investments comprising (i) core assets with recurrent rental income; and (ii) higher risk projects such as value-add or opportunistic investments which allow the Group to generate increased returns whilst recycling its capital.

The improvement in rental income of S$0.9 million was primarily attributable to an increase in rental income of S$1.0 million from 20 Garrett Street and partially offset by a decrease in rental income of S$0.3 million from Herbal Hill subsequent to the disposal of joint operation in 2018.

Rental income from Singapore and UK properties contributed approximately 35.2% and 30.8% of total revenue, respectively.





Investment business segment
In relation to the investment segment, the Group evaluates investment opportunities in the public and private markets for capital growth, interest income and dividend yield. The investment portfolios are closely monitored and carefully assessed for both risks and returns.

The increase in investment segment revenue of S$3.2 million relative to the prior year was as a result of a dividend income received from one of its investment securities, Gaw NP Capital Vietnam Fund 1 LP (Cayman) ("Gaw Fund") of S$3.4 million.

Net gains from dividend income and interest income contributed approximately 29.3% and 4.7% respectively to the Group's total revenue in FY2019.

Changes in fair value of investment securities
Changes in fair value of investment securities of S$0.5 million in FY2019 was due to net increases in fair values for fair value through profit and loss ("FVPL") investment securities arising from favourable market conditions of the investment securities that were held by the Group. The STI Index increased from 3,068.76 as at 31 December 2018 to 3,222.83 as at 31 December 2019 and KOSPI Index increased from 2,041.04 as at 31 December 2018 to 2,197.67 as at 31 December 2019.

BALANCE SHEET

As at 31 December 2019, the Group remained in a sound financial position with shareholders' equity of S$190.5 million, cash and bank balances of S$39.5 million and S$79.4 million of outstanding bank borrowings. Of the S$39.5 million in cash and bank balances, S$19.3 million is held as collateral for bank facilities.

Total assets decreased by S$1.8 million or approximately 0.6%. Total liabilities decreased by S$3.1 million or approximately 3.1%. Net assets increased by S$1.3 million or 0.7%. Net assets value per share increased by approximately 0.7% from 28.98 cents as at 31 December 2018 to 29.18 cents as at 31 December 2019.

During the year, investment properties decreased by S$3.1 million mainly due to (i) the disposal of a residential property in Singapore; (ii) disposal of a UK residential property in London; (iii) disposal of a land in Sheffield; (iv) depreciation of the investment properties in this year. The decrease was partially offset by additions during the year and translation gain arising from the UK properties as Sterling Pound had strengthened against Singapore Dollar. Investment in associates decreased by S$1.5 million mainly due to distribution of dividends from an associate of S$4.0 million, partially offset by share of results of S$1.4 million and a further investment made to an associated company of S$1.0 million during the year. Non-current investment securities decreased by S$1.6 million mainly due to distribution and return of capital of S$2.3 million from some of the investment securities, partially offset by a fair value gain of S$0.5 million during the year. Trade receivables decreased by S$1.4 million mainly due to the receipt of S$1.0 million being GST refundable arising from the purchase of the freehold land and a lower receivable of S$0.4 million due from tenants. Current other receivables decreased by S$1.0 million mainly due to receipt of S$0.7 million due from a joint venture and a S$0.3 million from a joint venture partner. Amounts due from associates decreased by S$1.2 million mainly due to repayment of S$2.3 million from Hong Property, partially offset by loan of S$1.0 million to another associated company, Shorea Capital Pte Ltd during the year. Non-current other receivables increased by S$1.4 million mainly due to increase in deferred rental receivable of S$0.5 million from 20 Midtown property in UK and amount due from a joint venture of S$0.8 million.

Increase in Group's cash and cash equivalents of S$7.1 million was mainly due to proceeds from disposal of residential properties in Singapore and London, dividends received from investment securities, partially offset by payment of dividends, additional investment in an associate and repayment of bank loans.

Bank borrowings decreased by S$3.0 million during FY2019 mainly due to loan repayment of S$4.5 million, partially offset by a new loan of S$0.3 million obtained for the development of the property purchased in Jalan Besar and a translation loss of S$0.9 million as Sterling Pound had strengthened against Singapore Dollar.

As at 31 December 2019, the Group's current liabilities exceeded its current assets by S$4.4 million. This is primarily due to the current bank loans of S$61.3 million which are due for repayment within the next 12 months. Notwithstanding the current liabilities position, based on the Group's existing financial resources, including the Group's untilised banking facilities, the Group will be able to meet its current obligations as and when they fall due.

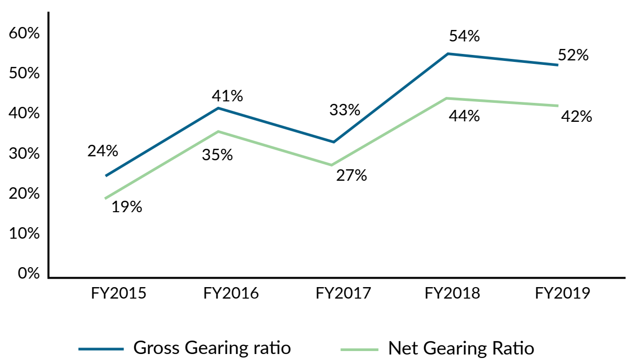
DEBT MANAGEMENT

The Group aims to sustain a strong reputation and a solid balance sheet with sufficient liquidity to meet its liabilities irrespective of market conditions.

To ensure that the Group has adequate overall liquidity for its operations and new investment opportunities, the Group has cash reserves of S$39.5 million (S$20.2 million net of collateral commitments) and has unutilised credit facilities for future investments. The Group monitors the cash flow position, debt maturity profile, cost of debt and overall liquidity position on a regular basis. In managing its debt levels and interest rate risks, the Group takes into account the interest rate outlook, expected cash flow generated from operations, investment horizon for its investments and acquisition and divestment plans.

With a net decline in bank borrowings of S$3.0 million, the gross gearing ratio and net gearing ratio decreased from 54% and 44% as at 31 December 2018 to 52% and 42% as at 31 December 2019 respectively.

Gearing Ratios



Gross Gearing ratio – total liabilities / shareholders' equity
Net Gearing ratio – (long-term and short-term bank loans + bank overdrafts)/ shareholders' equity

At 31 December 2019, the maturity profile of the Group's outstanding bank borrowings was as follows:

	S$'000	% of debt
Current liabilities	61,511	77%
Non-current liabilities	17,886	23%
	79,397	

The Group currently has sufficient resources to repay all outstanding bank borrowings and under current market conditions is confident of its capacity to refinance at acceptable terms, and secure additional loan facilities should the need arise.

INVESTORS' RETURN

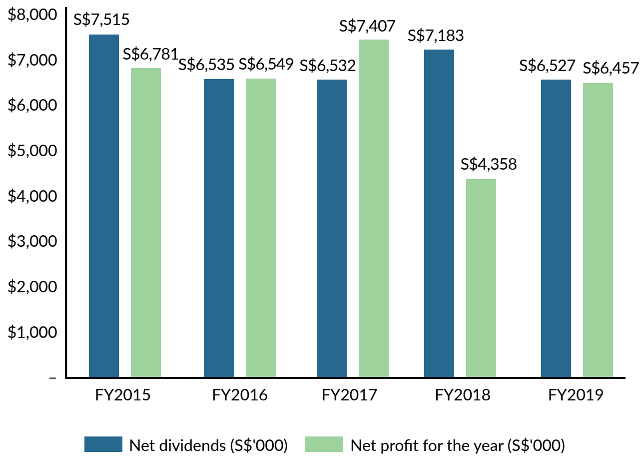
Dividend payout

The Group has a track record of paying consistent dividends to shareholders. Dividends payouts are recommended by the Board of Directors after taking into account, *inter alia*, the Group's balance sheet position, operating results, capital requirements and cash balances. The Group strives to continue declaring dividends to shareholders while maintaining the ability to pursue future investment opportunities.

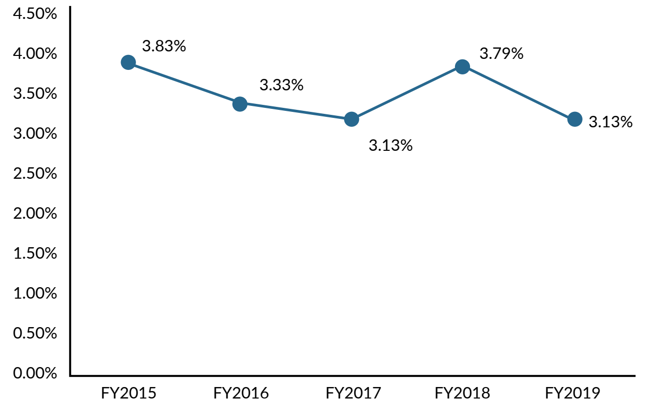
For the last five financial years ended 31 December 2019, the Company paid over S$34.3 million in dividends to the shareholders. Owing to the cash position and sufficient revenue reserves as at 31 December 2018, the Company was able to pay dividends of S$6.5 million, equivalent to approximately 149.9% of FY2018 net profit after tax attributable to shareholders in May 2019. The directors have recommended a final dividend for FY2019 of 1.0 cent per share, totaling S$6.5 million for the financial year ended 31 December 2019. Based on the recommended dividend of 1.00 cents and closing share price of 32 cents as at 31 December 2019, the annualised dividend yield is approximately 3.1%.

PERFORMANCE REVIEW

Dividends and Net Profit for the Year

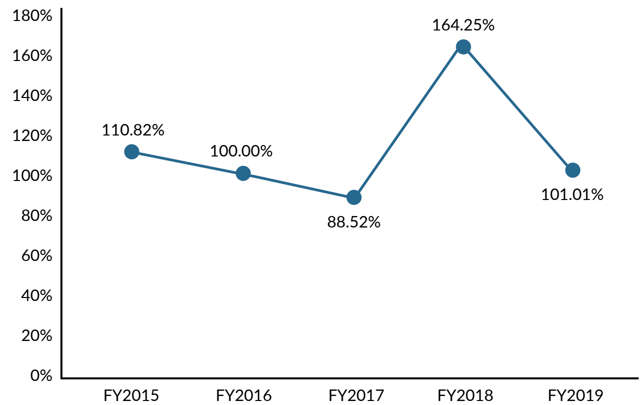


Dividend Yield



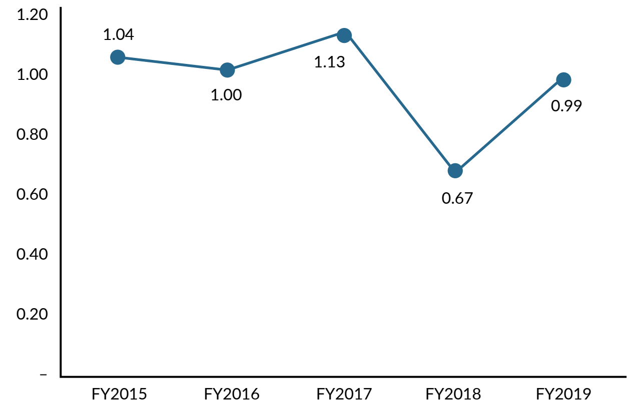
Dividend yield (based on year end share price) – current year dividend per share/ year end share price

Dividend payout for the year



Dividend payout – dividend per share/EPS

Earnings per share



EPS (cents) – net profit for the year attributable to owners of the Company/ weighted average number of shares X 100

Shareholder return

The Group is focused on maximising shareholder value over the medium to long term. The Group will continue to focus both on investment opportunities which enhance recurrent revenues and cash flow and those which contribute to growth in shareholder value.

Total earnings per share increased to 0.99 cents in FY2019 from 0.67 cents in FY2018, representing an increase of approximately 48%, resulting primarily from the timing of the assets sales and increase in revenue as discussed above.

BOARD OF DIRECTORS

HANS HUGH MILLER
Chairman; Independent and Non-Executive
B.A. ECONOMICS

Mr Hans Hugh Miller was appointed a Director and the Chairman of the Board of Directors on 3 January 2005 and 20 April 2005 respectively. He was last re-appointed on 25 April 2018. He is the Chairman of the Audit and Risk Committee and a member of the Nominating Committee and the Remuneration Committee of the Company. He was also a member of the Divestment and Investment Committee, before it was dissolved on 27 July 2017.

With reference to the Company's announcement released to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 February 2020, Mr Miller will relinquish all his duties and responsibilities and cease to be an Independent and Non-Executive Director of the Company with effect from 23 April 2020. Mr Miller will also step down from his role as Chairman of the Audit and Risk Committee, and will cease to be a member of the Nominating Committee and the Remuneration Committee.

Mr Miller holds a BA degree in economics, Carleton College (Minnesota, USA). He is a member of the board and the finance committee of The American Friends of the Louvre (NY, USA); a member of the board, finance and investment committees of The Mark Twain House (CT, USA) and a member of the board, chair of the governance committee and member of the executive committee of Nod Road Preservation Inc (CT, USA).

He is a former trustee of the US investment group, Buffalo Funds, and a member of its audit and nominating committees. From 2009 until the sale of the company in 2015, Mr Miller was a director of publicly traded, Protective Life Corporation in the USA, and a member of that company's audit, finance and risk committee. He is also a former board and audit committee member of publicly traded Tawa PLC in the UK. Mr Miller was formerly Managing Director and Senior Advisor with the investment bank of Bank of America in New York City. Previously he was President and CEO of The Hartford International Financial Services Group, LLC (CT, USA), and Senior Vice President of The Hartford Financial Services Group, Inc, for Planning, Development and Investor Relations. He is a fellow of the Institute of Directors (UK) and a past fellow of the National Association of Corporate Directors (USA). Among other industry and board roles, Mr Miller was formerly active in leadership roles with several industry associations and active with other non-profit organisations working in the areas of youth development, social justice and historic preservation.

ONG CHOO ENG
Group Managing Director; Non-Independent
M. SC. (ENG.), M.I.E.S.

Mr Ong Choo Eng was appointed a Director on 15 June 1982 and has served as Group Managing Director since 10 February 1989. Mr Ong was last re-appointed on 24 April 2015 (pursuant to the now defunct Section 153(6) of the Companies Act, which required directors over the age of 70 to be re-appointed annually).

Under the provisions of the Company's Constitution, Mr Ong, being the Group Managing Director, is not subject to rotation and re-appointment at the Company's Annual General Meetings. However, in accordance with Rule 720(5) of the Listing Manual of the SGX-ST, all Directors must submit themselves for re-nomination and re-appointment at least once every 3 years. Based on the Transitional Practice Note 3 issued by the SGX-ST in November 2018, Mr Ong has up to 31 December 2021 (i.e. by April 2021 being the deadline for the Company to hold its Annual General Meeting for FY2020) to comply with the said Rule 720(5) of the Listing Manual of the SGX-ST.

Mr Ong obtained a Bachelor of Science (Honours) Degree in Civil Engineering and a Master of Science Degree in Advanced Structural Engineering from Queen Mary College, University of London in 1966. He was elected a Fellow of Queen Mary College, University of London in 1990. Mr Ong is a member of The Institution of Engineers (Singapore).

Mr Ong was formerly a director of MTQ Corporation Limited from September 1997 to October 2016 and a director of Singapore Reinsurance Corporation Limited from June 2002 to December 2015.

ONG MUI ENG
Executive Director; Non-Independent

Mr Ong Mui Eng was appointed a Director on 1 February 1983. Mr Ong was last re-appointed on 27 April 2017. Mr Ong will be subject to retirement and will be seeking re-appointment at the forthcoming Annual General Meeting of the Company scheduled to be held on 24 April 2020. Additional information on Mr Ong as required to be furnished pursuant to Rule 720(6) of the Listing Manual of the SGX-ST is found on pages 155 to 159.

Mr Ong is overseeing the finance and administration matters of the Group. Prior to joining the Company, he was a Regional Officer in The Hongkong and Shanghai Banking Corporation Limited.

BOARD OF DIRECTORS

ONG HIAN ENG (DR)

Non-Executive Director; Non-Independent
B. SC., D.I.C., PH. D., C. ENG., F.I. CHEM.E.

Dr Ong Hian Eng was appointed a Director on 24 February 1981. Dr Ong was last re-appointed on 24 April 2019.

Dr Ong is a CEO and Executive Director of AsiaPhos Limited, a public listed company listed in Singapore. He graduated with an Upper Second Class Degree in Chemical Engineering from the University of Surrey in 1969 and completed Doctor of Philosophy (PhD) as a Biochemical Engineer at the Imperial College, London in 1972. He is a Corporate Member in the class of fellows of The Institution of Chemical Engineers, London since November 1986 and was a member of the Trade Development Board from January 1995 to December 1996.

He is also a member of the Singapore Sichuan Trade & Investment Committee and honorary council member of the Singapore Chinese Chamber of Commerce & Industry.

GUAN MENG KUAN

Non-Executive Director; Non-Independent
B. SC. (ENG.), M.I.E.S., M.I.E.M.

Mr Guan Meng Kuan was appointed a Director on 1 February 1983. Mr Guan was last re-appointed on 27 April 2017. He is a member of the Nominating Committee and the Remuneration Committee of the Company. Mr Guan will be subject to retirement and will be seeking re-appointment at the forthcoming Annual General Meeting of the Company scheduled to be held on 24 April 2020. Additional information on Mr Guan as required to be furnished pursuant to Rule 720(6) of the Listing Manual of the SGX-ST is found on pages 155 to 159.

Mr Guan was the Managing Director of Singapore Piling & Civil Engineering Private Limited ("SPACE") from November 1971 to December 1999, after which, he has remained as a Director and acted as a consultant to SPACE until this wholly-owned subsidiary of the Company was disposed of on 2 July 2001. Prior to this, he held several head posts of Executive Engineer, Deputy Director and Acting Director of Development Division of Jurong Town Corporation.

Mr Guan holds a Bachelor of Science (Engineering) from the University of London, and is a member of the Institution of Engineers (Singapore) and Institution of Engineers (Malaysia).

ONG WUI LENG, LINDA

Non-Executive Director; Independent
BSc (Economics) in Management Studies (HONS)
Master of Practising Accounting

Ms Ong Wui Leng, Linda was appointed a Director on 19 April 2013. She was last re-appointed on 25 April 2018. Ms Ong will be subject to retirement at the forthcoming Annual General Meeting of the Company scheduled to be held on 24 April 2020. She will not be seeking re-appointment and will retire as a Director of the Company at the conclusion of the Annual General Meeting of the Company on 24 April 2020. Upon her retirement, she will relinquish her position as a Chairman of the Nominating Committee and a member of the Audit and Risk Committee.

Ms Ong also sits on the board of SiS International Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited and is the chairperson of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. She is appointed to the board of QAF Limited in January 2017 and chairs the Audit Committee and a member of the Nominating Committee.

She is a director of BlackInk Corporate Partners Pte Ltd after having spent more than 10 years in corporate banking. She also has many years of experience in corporate finance and management.

Ms Ong graduated from the University of London, United Kingdom with a Bachelor of Science (Economics) in Management Studies in 1990 and has since completed her Master of Practising Accounting from the Monash University, Australia.

HUANG YUAN CHIANG

Non-Executive Director; Independent
Bachelor of Economics (B.Ec)
Bachelor of Laws (LL.B)

Mr Huang was appointed a Director on 19 April 2013. Mr Huang was last re-appointed on 24 April 2019. Mr Huang is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee of the Company. He was also the Chairman of the Divestment and Investment Committee before it was dissolved on 27 July 2017.

Mr Huang is also an independent director of MTQ Corporation Limited and Asia Commercial Bank (Vietnam).

Mr Huang is a lawyer by training and was an investment banker by vocation. During his banking career he held senior managerial positions with various banking institutions including HSBC, Bankers Trust and Deutsche Bank.

His areas of specialisation were in mergers and acquisitions and equity capital markets.

Mr Huang has degrees in Economics and Laws.

MAK LYE MUN

Non-Executive Director ; Independent
Master of Business Administration
Bachelor of Civil Engineering

Pursuant to the Company's announcement released to the SGX-ST on 7 February 2020 in respect of the resignation of Mr Hans Hugh Miller, the Board has accepted the recommendation of the Nominating Committee on the appointment of Mr Mak Lye Mun in place of Mr Hans Hugh Miller who will step down on 23 April 2020. In addition, for the purpose of board renewal, the Board has also accepted the recommendation of the Nominating Committee on the appointment of Mr Tham Chee Soon in place of Ms Ong Wui Leng, Linda who will step down on 24 April 2020 after the Annual General Meeting of the Company.

Additional information on Mr Mak as required to be furnished under Rule 720(6) of the Listing Manual of the SGX-ST is found on pages 160 to 165.

Mr Mak is currently Advisor to the CEO of CIMB Group.

Mr Mak joined the CIMB Group following the acquisition of GK Goh Securities Pte. Ltd. in 2005, where he served as the Head of Corporate Finance. In 2015, he was appointed as a member of the Inaugural SGX Listings and Advisory Committee. He served as CEO of CIMB Bank Singapore and its Country Head from 2008 until his retirement in December 2019.

Previously, Mr Mak was the Head of Mergers & Acquisitions Advisory Department with DBS Bank Ltd (formerly known as The Development Bank of Singapore). He held various senior positions in the Corporate Finance divisions of Vickers Ballas & Co. Pte. Ltd., Ernst & Young, Oversea-Chinese Banking Corporation Limited and Citicorp Investment Bank (Singapore) Limited.

Mr Mak also served as an independent Non-Executive Director of Boardroom Limited and Tat Hong Holdings until both of these SGX listed companies were successfully privatised in the last two years.

Mr Mak holds a Master of Business Administration Degree from the University of Texas at Austin, USA and a Bachelor of Civil Engineering Degree (First Class Honours) from the University of Malaya, Malaysia.

THAM CHEE SOON

Non-Executive Director ; Independent
Bachelor of Accountancy

For the purpose of board renewal, the Board has accepted the recommendation of the Nominating Committee on the appointment of Mr Tham Chee Soon in place of Ms Ong Wui Leng, Linda who will step down on 24 April 2020 after the Annual General Meeting of the Company. The Nominating Committee has made the recommendation for the appointment of Mr Tham following the review of core competencies of the existing Board members and pursuant to request from some members of the Board for an audit professional to join the Board. In addition, pursuant to the Company's announcement released to the SGX-ST on 7 February 2020 in respect of the resignation of Mr Hans Hugh Miller, the Board has also accepted the recommendation of the Nominating Committee on the appointment of Mr Mak Lye Mun in place of Mr Hans Hugh Miller who will step down on 23 April 2020.

Additional information on Mr Tham as required to be furnished under Rule 720(6) of this Listing Manual of the SGX-ST is found on pages 160 to 165.

Mr Tham retired as an audit partner from a Big 4 accounting firm at end-June 2018 after 31 years in the accounting profession. He has since set up his own business advisory practice, iCFO Advisors Pte. Ltd. He currently serves on the Board of Directors of The Teng Ensemble Ltd and Temenggong Artists-in-Residence Ltd and on the Board for The Bone Marrow Donor Programme. He is an Audit Committee member of Dover Park Hospice.

Mr Tham graduated from the National University of Singapore with a Bachelor's degree in Accountancy. He is a fellow of the Institute of Singapore Chartered Accountants, a member of both CPA Australia and the American Institute of Certified Public Accountants and a CFA Charterholder.

KEY EXECUTIVES

CHEN CHEE KIEW (MRS)
General Manager
Singapore Warehouse Company (Private) Ltd.

Mrs Chen Chee Kiew joined Singapore Warehouse Company (Private) Ltd. ("SWC") as an Executive in April 1977. In 1983, she was promoted to Business Development Manager, to be in charge of leasing, marketing and managing the whole warehouse for SWC. In 1989, she was promoted to General Manager and is responsible for leasing/marketing and management of residential and commercial properties in SWC. In addition, she assists the Group Managing Director in management of funds.

Mrs Chen graduated with a Bachelor of Social Science (Honours) from the University of Singapore in 1975. She also holds a Diploma in Marketing Management.

ONG ENG YAW
Senior Vice President, Real Estate
Singapore Warehouse Company (Private) Ltd.

Mr Ong Eng Yaw joined the Company as Manager for Investments on 1 August 2008. He is responsible for the Group's business development and investment activities. Prior to joining the Company, he has worked in OCBC Bank, Vickers Ballas, DBS Bank, CIMB Group and Parkway Life Real Estate Investment Trust. Mr Ong's career has been in corporate finance and in real estate investment and management in Singapore and the UK. Mr Ong is also an independent director and is the Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee, Executive and Investment Committee of Singapore Reinsurance Corporation Limited. Mr Ong is also an independent director and is a member of the Remuneration Committee of MTQ Corporation Limited.

Mr Ong graduated with a Bachelor of Laws (second class upper division) from University College London, an MSc (Investment Management) from Cass Business School and an MBA from INSEAD.

ONG ENG LOKE
Senior Vice President, Fund Management
Hwa Hong Edible Oil Industries Pte. Ltd.

Mr Ong Eng Loke joined the Company in August 2004 as manager for business development. Prior to the appointment, he was a fund manager in Tokio Marine Asset Management International Pte Ltd, UOB Asset Management and OUB Asset Management. He is currently responsible for investment opportunities in Asia particularly in the region of China, Hong Kong and Korea.

Mr Ong graduated with a BComm and Honours BSc (Distinction) in Finance, Actuarial Science and Statistics from the University of Toronto, Canada, and a Master of Arts in Statistics at the York University, Canada, and a Master of Social Science in Applied Economics at the National University of Singapore.

LEE SOO WEI
Chief Financial Officer
Hwa Hong Corporation Limited

Ms Lee Soo Wei joined the Company as Chief Financial Officer on 16 July 2012. She oversees the financial management of the Group, which covers accounting, tax, financial control and reporting.

Ms Lee is a non-practising member of the Institute of Singapore Chartered Accountants.

Prior to joining the Group, Ms Lee was a senior audit manager in one of the big four accounting firms in Singapore, where she was involved in various audit and special engagements of local and multi-national companies in various industries.

Information for Board of Directors and Key Executives were updated to 6 March 2020.

CORPORATE GOVERNANCE REPORT

Hwa Hong Corporation Limited (the "Company") recognises the importance of good corporate governance practices. The Company is committed to adopt its governance framework with the recommendations under the revised Code of Corporate Governance which was issued on 6 August 2018 (the "2018 Code") to align with shareholders' interests.

This report describes the Company's corporate governance practices with specific reference to the Principles and the Provisions of the 2018 Code. Where the Company's practices vary from any Provisions of the 2018 Code, an explanation has been provided.

(A) BOARD MATTERS

The Board's Conduct Of Its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The board of directors of the Company (the "Board") is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. The Board oversees the corporate policy and overall strategy for the Company and its subsidiaries (the "Group"). The Board also seeks to align the interests of the Company with that of shareholders and balance the interests of all stakeholders. In addition to its statutory duties, the principal roles and responsibilities of the Board include:

(a) overseeing the overall strategic plans, overall policies and financial objectives of the Group;
(b) reviewing the operational and financial performance of the Group;
(c) overseeing the business and affairs of the Group, including reviewing the performance of Management;
(d) approving quarterly financial results announcements (where applicable), circulars (if any), and audited financial statements and annual reports;
(e) dealing with matters such as conflicts of interests relating to directors (the "Directors") and/or controlling shareholders (where applicable), major acquisitions and disposals of assets, dividend and other distributions to shareholders, and those transactions or matters which require the Board's approval under the provisions of the listing manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST") or any applicable regulations;
(f) approving changes in the composition of the Board and board committees (the "Board Committees");
(g) overseeing the Group's system of internal controls, risk management framework, financial reporting, information technology controls and compliance;
(h) overseeing and enhancing corporate governance practices and ethical standards within the Group;
(i) overseeing sustainability reporting;
(j) reviewing the investment goals and objectives of the Group;
(k) overseeing and reviewing the investment policies and strategies of the Group to ensure that they are consistent with the goals and objectives of the Group;
(l) reviewing and approving proposed investments, acquisitions and disposal of assets of the Group which are above the thresholds set for the Group Managing Director;
(m) reviewing the appropriate investment/divestment authority levels delegated to Management; and
(n) ensuring transparency and accountability.

The Board has adopted written internal guidelines which set out authorisation and approval limits for capital expenditure, investments and divestments, bank borrowings and cheque signatories at the Board and Management levels.

Management seeks the Board's approval on matters required under the Companies Act, Chapter 50 of Singapore (the "Companies Act") and the Listing Manual.

The functions of the Board are either carried out by the Board or delegated to various Board Committees established by the Board, namely, the Audit and Risk Committee (the “ARC”), the Nominating Committee (the “NC”) and the Remuneration Committee (the “RC”). Each committee has the authority to examine issues relevant to their respective terms of reference and to report and/or make recommendations (as necessary) to the Board thereafter. Since 2017, invitations were extended to all Directors (regardless of them being non-committee members), to voluntarily attend all Board Committee meetings if they so wish.

The Board conducts regularly scheduled meetings on a quarterly basis for FY2019. Additional meetings are convened as and when circumstances warrant. The Constitution of the Company allows Board meetings to be conducted via any form of audio or audio-visual communication. The Directors are free to discuss any information or views presented by any member of the Board and Management. Meetings materials are circulated to the Board and the Board Committees' members on a timely basis to enable the Board and the Board Committees' members to make informed decisions and discharge their duties and responsibilities effectively.

The Company has adopted a policy which welcomes Directors to request further explanations, briefings or informal discussions on any aspect of the Group's operations or business from the Management of the Company. In addition, the Directors have access to the Company Secretary and external advisers (where necessary) at the Company's expense.

Board members may on occasion exchange views outside the formal environment of Board meetings.

The attendance record of each Director at meetings of the Board and Board Committees during the financial year ended 31 December 2019 (“FY2019”) is disclosed below:

Name of Director	Board of Directors	ARC	NC	RC	Annual General Meeting (“**AGM**”)
Hans Hugh Miller	4	4	1	3	1
Ong Choo Eng	4	4*	1*	3*	1
Ong Mui Eng	4	-	-	-	1
Ong Hian Eng	4	-	-	-	1
Guan Meng Kuan	4	-	1	3	1
Ong Wui Leng, Linda	3^	3^	1	-	1
Huang Yuan Chiang	4	4	-	3	1
Number of meetings held in FY2019	**4**	**4**	**1**	**3**	**1**

* Attendance by non-committee member (by invitation)

^ Prior notice duly given for not attending the 2Q2019 Board Meeting and ARC Meeting

It is the Company's policy that newly appointed Directors be provided with briefings and orientation by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. The orientation also allows newly appointed Directors to get acquainted with Executive Directors and Management, thereby facilitating Board interaction and independent access to Management. For a newly appointed Director who has no prior experience as a director of a listed company, in addition to the orientation, he or she will need to also attend the relevant programme conducted by the Singapore Institute of Directors (“SID”) to acquire knowledge of what is expected of a listed company director. It is the Company's practice that newly appointed Directors be also given a copy of the Company's Directors' manual, setting out their duties and obligations. For FY2019, no new Directors were appointed.

The Directors may join institutes and group associations of interests related to the affairs of the Group and attend relevant training seminars or informative talks from time to time. As part of their continuing education, Directors may attend courses in areas of Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, to keep themselves apprised and updated on the latest corporate, regulatory, legal and other requirements. The Directors are regularly kept informed by the in-house corporate secretarial department of the availability of appropriate courses, conferences and seminars, such as those organised by the SID. The registration process is facilitated by the Company with course fees borne by the Company. During FY2019, as part of the training and professional development of the Board, the Company had arranged for the Directors to be briefed on "Corporate Governance 2018: Key Changes to Code of Corporate Governance and SGX-ST Listing Rules".

Under the Code of Business Conduct and Ethics and the Policy on Directors' Conflicts of Interest, Directors shall avoid any conflicts of interest with the Company. Where a Director's personal or business interest interferes, or even appears to interfere, in any way with the interests of the Company, Directors shall promptly disclose such interest at a meeting of the Directors or by sending a written notice to the Company Secretary containing details of the interest and the nature of the conflict and recuse himself/herself from participating in any discussion and decision on the transaction or potential transaction in which the Director has an interest or is conflicted.

Board Composition And Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in the composition to enable it to make decisions in the best interest of the company.

The Board comprises seven Directors, three of whom (including the Chairman of the Board) are Independent Directors, thereby satisfying the requirement that at least one-third of the Board be comprised by Independent Directors. Of the seven Directors, two are full-time Executive Directors, and therefore, non-independent. As Non-Executive Directors make up 71% of the Board, no individual or small group of individuals dominate the Board's decision making. The composition of the Board, including dates of initial appointment and last re-appointment of Directors are set out below:

Name of Director	Appointment	Date of Initial Appointment	Date of Last Re-Appointment	ARC	NC	RC
Hans Hugh Miller(4)	Chairman; Independent and Non-Executive Director	03.01.2005	25.04.2018	Chairman	Member	Member
Ong Choo Eng(3) and (6)	Group Managing Director; Non-Independent	15.06.1982	24.04.2015	-	-	-
Ong Mui Eng(2)	Executive Director; Non-Independent	01.02.1983	27.04.2017	-	-	-
Ong Hian Eng (Dr)	Non-Executive Director; Non-Independent	24.02.1981	24.04.2019	-	-	-
Guan Meng Kuan(1)	Non-Executive Director; Non-Independent	01.02.1983	27.04.2017	-	Member	Member
Ong Wui Leng, Linda(5)	Independent and Non-Executive Director	19.04.2013	25.04.2018	Member	Chairman	-
Huang Yuan Chiang	Independent and Non-Executive Director	19.04.2013	24.04.2019	Member	-	Chairman

Notes:

1. Mr Guan Meng Kuan is retiring by rotation and standing for re-appointment pursuant to Article 113 of the Company's Constitution and Rule 720(5) of the Listing Manual of the SGX-ST at the Company's forthcoming AGM. There are no relationships including immediate family relationships between Mr Guan and the other Directors, the Company or its 5% shareholders.
2. Mr Ong Mui Eng is retiring by rotation and standing for re-appointment pursuant to Article 113 of the Company's Constitution and Rule 720(5) of the Listing Manual of the SGX-ST at the Company's forthcoming AGM.

   Mr Ong Mui Eng's brothers are Mr Ong Choo Eng and Dr Ong Hian Eng, who are Directors, as well as Mr Ong Kwee Eng, Mr Ong Kay Eng and Mr Ong Hoo Eng, who are substantial shareholders. He is the father of Mr Ong Eng Loke, Senior Vice President, Fund Management and a substantial shareholder. He is the uncle of Mr Ong Eng Yaw, Senior Vice President, Real Estate and a substantial shareholder, Ms Ong Bee Leem, a substantial shareholder and Dr Ong Eng Hui David, a substantial shareholder.
3. Mr Ong Choo Eng's brothers are Mr Ong Mui Eng and Dr Ong Hian Eng, who are Directors, as well as Mr Ong Kwee Eng, Mr Ong Kay Eng and Mr Ong Hoo Eng, who are substantial shareholders. He is the father of Mr Ong Eng Yaw, Senior Vice President, Real Estate and a substantial shareholder and Ms Ong Bee Leem, a substantial shareholder. He is the uncle of Mr Ong Eng Loke, Senior Vice President, Fund Management and a substantial shareholder and Dr Ong Eng Hui David, a substantial shareholder.
4. As announced on SGX-ST, Mr Hans Hugh Miller will relinquish all his duties and responsibilities and cease to be an Independent and Non-Executive Director of the Company with effect from 23 April 2020.
5. Ms Ong Wui Leng, Linda is retiring pursuant to Article 113 of the Company's Constitution and will not be seeking re-appointment. She will retire as a Director of the Company on 24 April 2020 at the conclusion of the Company's forthcoming AGM.
6. Under the provisions of the Company's Constitution, Mr Ong Choo Eng, being the Group Managing Director, is not subject to rotation and re-appointment at the Company's AGM. His last re-appointment on 24 April 2015 was due to the now defunct Section 153(6) of the Companies Act, which required directors over the age of 70 to be re-appointed annually.

   In accordance with Rule 720(5) of the Listing Manual of the SGX-ST, all Directors must submit themselves for re-nomination and re-appointment at least once every 3 years. Based on the Transitional Practice Note 3 issued by the SGX-ST in November 2018, Mr Ong Choo Eng has up to 31 December 2021 (i.e. by April 2021 being the deadline for the Company to hold its AGM for FY2020) to comply with the said Rule 720(5) of the Listing Manual of the SGX-ST.

The profiles of the Board members, including information on their qualifications and experiences are set out on pages 21 to 23.

At the recommendation of the NC, the Board adopted in FY2019 a formal Board Diversity Policy, setting out its policy and framework for promoting diversity on the Board. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NC will consider the various aspects of diversity to arrive at a desired balanced composition of the Board. The Board, in concurrence with the NC, confirmed that the size and composition of the Board remains appropriate for effective decision making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members who are in the fields of civil engineering, accounting, chemical engineering, insurance, finance and banking. Notwithstanding that the current composition of the Board remains appropriate, as part of board renewal and pursuant to request by some Board members for auditing professionals to join the Board, the NC (with assistance from Management) has identified a suitable audit experienced candidate to join the Board. The Board comprises one female Director in recognition of the importance and value of gender diversity.

The Non-Executive Directors are encouraged to actively participate at Board meetings, provide constructive feedback and challenge Management's decisions. While the Non-Executive Directors do not exercise management functions, they provide oversight on issues deliberated and in reviewing the performance of the Company. The Non-Executive Directors have unrestricted access to Management and have sufficient time and resources to discharge their oversight function. In encouraging open communication and providing effective oversight on Management, the Non-Executive Directors meet separately after each scheduled quarterly Board meeting in FY2019, without the presence of Management.

The independence of each Independent Director is assessed and reviewed annually by the NC. In its deliberation on the independence of an Independent Director, the NC took into account the 2018 Code's definition of relationships, considered whether such Independent Director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere with the exercise of such Independent Director's objective judgements. There were no business relationships between the Group and the respective Independent Directors for FY2019.

Each Independent Director is required to complete a Director's independence form annually, to confirm his/her independence based on the guidelines as set out in the 2018 Code.

Each member of the NC had abstained from deliberations in respect of assessment of his/her own independence. In line with the 2018 Code and the advice of the Company Secretary, the Company has dispensed with the rigorous assessment of Independent Directors for FY2019.

Chairman And Group Managing Director

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered power of decision-making.

The roles of the Board Chairman and the Group Managing Director in the Company are separate to ensure an appropriate balance of power, accountability and greater capacity of the Board for independent decision making. Mr Hans Hugh Miller is the Chairman of the Board and is an Independent Non-Executive Director and Mr Ong Choo Eng is the Group Managing Director. The Board Chairman and the Group Managing Director are not related.

The Group Managing Director is responsible for making strategic proposals to the Board and implementing the Group's strategies and policies as well as the Board's decisions. He assumes the executive responsibility for the day-to-day operations of the Group, with the support of Management.

The Board Chairman provides leadership to the Board, sets the tone of Board meetings, encourages proactive participation and constructive discussions between Board members, to improve Board, Board Committee and individual Director effectiveness. The Board Chairman ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with the Group Managing Director and fellow Directors and Management, and if warranted, with professional advisors. He also ensures that information and materials to be discussed at Board meetings are circulated on a timely basis to Directors so as to enable them to be updated and prepared, thereby enhancing the effectiveness of the Non-Executive Directors and the Board as a whole. He engages and promotes constructive discussions among the Directors and engages with members of the Management regularly. At general meetings, the Board Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

The Board has established and set out in writing the division of responsibilities between the Chairman and the Group Managing Director.

The Board does not have a lead independent director as there is sufficient independence given that (a) the Chairman and the Group Managing Director are separate persons; (b) the Chairman and the Group Managing Director are not family members; (c) the Chairman is not part of the Management team; and (d) the Chairman is an Independent Director.

Board Membership

Principle 4: The Board has a formal and transparent process for the remuneration and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

The NC comprises entirely of three Non-Executive Directors, a majority of whom, including the Chairman, are independent. The Chairman is not a substantial shareholder or directly associated with a substantial shareholder. The NC assumes the lead role in promoting corporate governance processes. The NC members are:

Ong Wui Leng, Linda	*Chairman, Independent and Non-Executive*
Guan Meng Kuan	
Hans Hugh Miller	

The key duties and responsibilities of the NC under its terms of reference include the following:

(a) Assisting the Board to implement a formal and transparent process for the re-appointment of Directors to the Board, (including Alternate Directors, if applicable) taking into account the need for progressive renewal of the Board.

(b) Making recommendations to the Board on relevant matters relating to:
  - (i) the succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the Group Managing Director and Key Management Personnel;
  - (ii) the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
  - (iii) the review of training and professional development programmes for the Board and its Directors; and
  - (iv) the appointment and re-appointment of Directors (including Alternate Directors, if any). In recommending the re-appointment of Directors, the NC shall consider the Directors' performance, principal commitments, his/her ability to continue contributing to the Board and whether he/she had been adequately carrying out his/her duties; and
  - (v) the maximum number of listed company board representations for Independent Directors.

(c) Reviewing that the Board and Board Committees are of an appropriate size and comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

(d) Determining the process for search, nomination, selection, appointment of Directors to the Board, and assessing candidates for appointment to the Board, determining whether or not such candidate has the requisite qualifications, skills, knowledge, expertise (as required by the Company) and whether or not he/she is independent.

(e) Determining annually and as and when circumstances require, if a Director is independent, having regard to the circumstances set forth in Listing Rule 210(5)(d) of the SGX-ST and Provision 2.1 of the 2018 Code. Where the NC considers that a Director who has one or more of the relationships mentioned under Listing Rule 201(5)(d)(i), (ii) and (iii) of the SGX-ST and the Provision 2.1 of the 2018 Code, is nevertheless independent, the NC should provide its views to the Board for the Board's consideration.

(f) Exercising general oversight in respect of governance matters relating to the Board, including the review and recommendation of any Corporate Governance Principles and Practices that may be applicable to the Company.

(g) Undertaking such other duties or functions as may be delegated by the Board or required by regulatory authorities under the Listing Manual of the SGX-ST or the 2018 Code.

In addition, the NC also takes into consideration the background, qualifications, skills, expertise, experience, age and knowledge that the candidate brings which could benefit the Board. The selection for suitable candidates is conducted through contacts and network of the Board and where necessary, external recruitment companies may be engaged at the Company's expense. Since FY2016, the NC recommended and the Board has instituted the practice of maintaining a ready-pool of Independent Directors which the Company may tap into, as and when required. Recommendations to the Board are made based on the NC's review of these candidates' suitability. Following the Board's confirmation, the NC will send the newly-appointed Director a formal appointment letter which clearly set out his/her roles and responsibilities, authority and the Board's expectations in respect of his/her time commitment as a Director of the Company. New Directors are appointed by way of a Board resolution after the NC recommends the appointment for approval of the Board or at an AGM.

The Company does not currently have any Alternate Directors. The Company would avoid approving the appointment of Alternate Directors unless in exceptional cases.

At each AGM of the Company, the Company's Constitution requires one-third of the Board to retire from office by rotation, being one-third of those who have been longest in office since their last re-appointment and at intervals of at least once in every three years. The retiring Directors are at liberty to submit themselves for re-nomination and re-appointment. The NC has adopted a set of internal guidelines on re-appointment of Directors. A newly appointed Director must also subject himself/herself for retirement and re-appointment at the upcoming AGM immediately following his/her appointment. In addition, effective 1 January 2019, all Directors must submit themselves for re-nomination and re-appointment at least once every three years pursuant to Rule 720(5) of the Listing Manual of the SGX-ST.

Under the provisions of the Company's Constitution, Mr Ong Choo Eng, being the Group Managing Director, is not subject to rotation and re-appointment at the Company's AGM. His last re-appointment on 24 April 2015 was due to the now defunct Section 153(6) of the Companies Act, which required Directors over the age of 70 to be re-appointed annually. Based on the Transitional Practice Note 3 issued by the SGX-ST in November 2018, Mr Ong Choo Eng has up to 31 December 2021 (i.e. by April 2021 being the deadline for the Company to hold its AGM for FY2020) to comply with said Rule 720(5) of the Listing Manual of the SGX-ST.

Mr Guan Meng Kuan (Non-Independent and Non-Executive Director) and Mr Ong Mui Eng (Executive Director) would retire by rotation and stand for re-appointment at the Company's forthcoming AGM. Information as required under Rule 720(6) of the Listing Manual of the SGX-ST can be found on pages 155 to 159 of the FY2019 Annual Report.

In assessing and recommending retiring Directors for re-appointment, the NC takes into account the Director's competencies, commitment, attendance at meetings and his/her contribution and performance at such meetings.

All Directors are required to declare their listed company board representations as and when appointed and not less than once annually. In cases where a Director has multiple listed company board representations, the NC also assesses on an annual basis, whether such Director has adequately carried out his/her duties as a Director.

In anticipation of competing time commitments where Directors serve on multiple listed company boards, the Board has set a maximum limit of six (6) directorships in listed companies for Independent Directors. None of the Independent Directors hold 6 directorships in listed companies.

Further information regarding the Directors can be found in the section "**Board of Directors**" on pages 21 to 23. Details of Directors' shareholdings in the Company and related corporations are set out in the "**Directors' Statement**" on pages 45 to 47.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC meets at least once a year, and as warranted by circumstances, to discharge its functions. For FY2019, the NC met once.

The NC has in place an annual performance evaluation for the Board as a whole, each individual Director and Board Committees . The Board and Board Committees members completed the respective questionnaires covering mainly the following areas of assessment:

i) Board size, composition, mix of expertise and level of independence;
ii) Promptness, availability and clarity of Board information;
iii) Robustness of Board discussions and timely resolution of issues and Board accountability;
iv) Board Committee performance in relation to discharging their responsibilities set out in the respective terms of reference; and
v) Standards of conduct and conflicts of interests.

The Directors' peer and self-evaluation on their performance criterion was assessed mainly on the following:

i) Interactive skills including working with others, being alert and inquisitive;
ii) Knowledge including industry awareness, business knowledge, valuable inputs and participation in decision making; and
iii) Directors' duties including Board Committee work contribution, dedication and commitment, sense of independence, attendance at meetings and meeting preparation.

The NC reviews and assesses Board, Board Committees and individual Director's performance and procedures and recommends any changes (where applicable) annually to ensure that the same remained effective, robust and updated.

The Company's outsourced Company Secretary was engaged to collate the performance evaluations and provide summary of findings for the NC Chairman and the Board Chairman. The NC, in consultation with the Board Chairman, takes appropriate actions to address the findings of the performance evaluations.

The Company conducts annual performance evaluations on a no-name basis, on (i) each Director on an individual basis; and (ii) collectively as a group, to assist the NC in the assessment of the contributions and commitment of each individual Director to the Company and the effectiveness of the Board as a whole. The Company also conducts Board Committees performance evaluations annually. The Company's outsourced Company Secretary assists the Company with the evaluation process and has confirmed that the Company's performance evaluation exercise continues to be informative and feedback provided by Directors continue to be forthcoming. As with previous years, the results of the evaluations for FY2019 clearly indicated that the Directors remain committed and stand ready to contribute to the Company.

(B) REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director should be involved in deciding his or her own remuneration.

Remuneration Committee

The RC comprises entirely of three Non-Executive Directors, a majority of whom, including the Chairman are independent. The RC members are:

Huang Yuan Chiang	*Chairman, Independent and Non-Executive*
Hans Hugh Miller	
Guan Meng Kuan	

The key duties and responsibilities of the RC under its terms of reference include the following:

(a) Reviewing and recommending to the Board a framework of remuneration for the Board and Key Management Personnel and reviewing and recommending to the Board the specific remuneration packages and terms of employment for (i) each Director; and (ii) Key Management Personnel of the Group.

(b) Reviewing:

  (i) that no Director or Key Management Personnel is involved in deciding his/her own remuneration;

  (ii) all aspects of remuneration (including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in- kind and termination payments) with an aim to be fair and avoid rewarding poor performance;

  (iii) the Company's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;

  (iv) the level and structure of remuneration:

  - for the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company;
  - should be aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long-term;
  - that a significant and appropriate proportion of the remuneration of Executive Directors and Key Management Personnel should be structured so as to link rewards to corporate and individual performance; performance-related and aligned with the interests of shareholders and other stakeholders and promote the long-term success of the Company;
  - that performance-related remuneration schemes should take account of the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks, with appropriate and meaningful measures for the purpose of assessing Executive Directors' and Key Management Personnel's performance;
  - should be benchmarked with comparable organisations within the industry, and where external firm or remuneration consultants are engaged to ensure that such remuneration consultants do not have any relationship with the Company that could affect the consultants' independence or objectivity;
  - should have measurable performance indicators that are appropriate and meaningful so that they can incentivise the right behaviour and values that the Company supports. For individuals in control functions, performance measures should principally be based on the achievement of the objectives of their functions.

(v) the remuneration of Non-Executive Directors should be appropriate to the level of their contribution, taking into account factors such as effort and time spent, and responsibilities of the Non-Executive Directors. Non-Executive Directors should not be overly compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of shareholders;

(vi) the remuneration package of (a) employees who are substantial shareholders of the Company; or (b) employees who are immediate family members of a director, a Group Managing Director or a substantial shareholder of the Company, the Group is in line with the Group's staff remuneration guidelines and commensurates with their respective job scopes and levels of responsibility; and

(vii) the contracts of service of the Executive Directors and Key Management Personnel should contain contractual provisions on claw back policy to allow the Group to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group.

(c) Ensuring that all aspects of remuneration, including termination terms are fair.

(d) Carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board.

The roles, duties and responsibilities of the RC cover the functions described in the 2018 Code including but not limited to, ensuring a fair and transparent procedure for developing policy on executive remuneration, developing a performance matrix for the Group Managing Director and fixing the remuneration packages of Directors and Key Management Personnel. Each member of the RC has abstained from deliberations in respect of his own remuneration, compensation or any form of benefits to be granted to him. As and when deemed appropriate by the RC, expert advice is or will be sought. During the financial year, the RC did not require the service of an external remuneration consultant.

The RC reviews the Company's obligations arising in the event of termination of the Executive Directors and Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The Company has a claw back policy for the annual incentive and other performance based compensation. No termination, retirement and post-employment benefits were granted to Directors and employees of the Group for FY2019.

Level And Mix Of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the industry and the Group's performance to ensure that the package is competitive and sufficient to attract, retain and motivate Directors and Key Management Personnel. On the other hand, the Company avoids paying more than is necessary for this purpose. Elements of the Group's relative performance and the performance of the individual Directors form part of the Executive Directors' remuneration packages so as to align their interests with those of shareholders and to promote the success of the Company in the longer term.

The RC recommends to the Board the quantum of Directors' fees and the Board in turn determines the recommendation for shareholders' approval at the Company's AGM. Directors' fees are payable to the Non-Executive Directors and take into account the Non-Executive Director's contribution, taking into account factors such as effort, time spent, attendance and responsibilities on the respective Board Committees. Non-Executive Directors who cease to be a director during any part of the financial year, are paid pro-rated fees for their term in office. For Executive

Directors and Key Management Personnel, each of their service contracts and compensation packages is reviewed privately by the RC. The RC takes into account the risk policies of the Group and ensures that remuneration is commensurate with risk outcomes and is sensitive to the time horizon of risks. The RC will continually evaluate the remuneration structure of Executive Directors and Key Management Personnel and consider linking rewards to corporate and individual performance, to promote the long-term success of the Company. During the year, the RC had reviewed various long-term incentive plans/schemes which may be suitable for implementation for the Group's Key Management Personnel to promote retention and reward strategies for its Key Management Personnel and to enhance the Group's remuneration competitiveness amongst its industry-peers.

The RC is also responsible for the administration of the Company's share option scheme known as the "Hwa Hong Corporation Limited (2001) Share Option Scheme" (the "2001 Scheme"), approved by shareholders on 29 May 2001. The extension of the 2001 Scheme for a further period of 10 years from 29 May 2011 to 28 May 2021 was approved by shareholders at the AGM held on 27 April 2011. Under the 2001 Scheme, the number of shares in respect of which options may be granted shall be determined by the RC who shall take into account, *inter alia*, the seniority, level of responsibility, years of service, performance evaluation and potential for development of the employee. More information on the 2001 Scheme can be found in the Rules of the 2001 Scheme as set out in Appendix 1 of the Circular to Shareholders dated 4 May 2001.

No options were granted under the 2001 Scheme to date and the Company has no long term scheme involving the offer of shares or options in place. At the moment, the 2001 Scheme is not operational and there are no outstanding share options.

Disclosure On Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2019 is set out below:

Remuneration Band & Name of Director	Based/ Fixed salary* %	Variable or performance related income/ Bonus* %	Fees ** %	Benefits in kind %	Other long term incentives %	Total %
(i) $500,001 to $750,000						
Ong Choo Eng[1]	76.0	22.1	–	1.9	–	100
(ii) $250,000 and below						
Ong Mui Eng[1]	77.6	12.4	-	10.0	–	100
Hans Hugh Miller	–	–	100	–	–	100
Guan Meng Kuan	–	–	100	–	–	100
Ong Wui Leng, Linda	–	–	100	–	–	100
Huang Yuan Chiang	–	–	100	–	–	100
Ong Hian Eng	–	–	100	–	–	100

* Inclusive of employer's central provident fund contributions.

** The fees payable by the Company to the Non-Executive Directors for FY2019 were approved by shareholders at the AGM held on 24 April 2019.

1. Mr Ong Choo Eng and Mr Ong Mui Eng are brothers and also Executive Directors of the Group, and each of their all-in remuneration exceeded S$50,000 for FY2019.

Information regarding Key Management Personnel can be found in the section "**Key Executives**" on page 24. The remuneration of top four Key Management Personnel (who are not Directors) of the Group is categorised into the respective remuneration bands as follows:

Top 4 Key Management Personnel in Remuneration Bands		**Number**
(i)	*$250,001 to $500,000*	4
(ii)	*$250,000 and below*	0
	Total	4

The remuneration packages of the Directors and Key Management Personnel of the Group generally comprise two components. One component is fixed in the form of a base salary. The other component is variable consisting of AWS and performance bonus. The variable portion is largely dependent on the Group and individual performance, both in terms of financial and non-financial performance and creation of shareholder wealth. For FY2019, the RC reviewed the mix of fixed and variable components and considered it appropriate for the Group and Key Management Personnel. During the year, the RC has also implemented the use of long-term cash incentive plans ("LTCIP") to promote retention and competitiveness compared to its industry-peers for its Executive Directors and Key Management Personnel.

The LTCIP is a cash incentive scheme which allows the Company, *inter alia*, to set specific performance objectives, i.e. key performance indicators ("KPIs") for individual participant and provide an incentive for them to achieve these set targets. The RC will meet every year to approve the quantum of the LTCIP and set the KPIs for each participant, review the achievement of these KPIs at the end of the financial year and approve the allocation of the LTCIP amongst those eligible participants. The cash award granted in each year shall be divided into 3 tranches, payable over a period of 3 years fulfilling certain conditions.

The Directors believe that the LTCIP will help the Company to achieve the following objectives:

(a) incentivise the participants to excel in their performance;
(b) retain the participants whose contributions are important to the long-term growth and profitability of the Group; and
(c) recognise and reward past contributions and services and to motivate the participants to continue to strive for the Group's long-term goals and prosperity.

For FY2019, the Company has approved the LTCIP for the eligible participants and payments will be made from FY2020 onwards.

One of the employee, Mr Ong Eng Yaw (Senior Vice President, Real Estate and a substantial shareholder of the Company) whose all-in remuneration exceeded S$100,000 is an immediate family member of Mr Ong Choo Eng, the Group Managing Director and a substantial shareholder of the Company. Another employee, Mr Ong Eng Loke (Senior Vice President, Fund Management and a substantial shareholder of the Company) whose all-in remuneration exceeded S$100,000 is an immediate family member of Mr Ong Mui Eng, an Executive Director of the Company. Due to the sensitivity and confidentiality attached to remuneration pertaining to these employees, the disclosures are not made in incremental bands of S$100,000. Save as disclosed, none of the employees of the Company and its subsidiaries was an immediate family of any Directors or the Group Managing Director or substantial shareholder, and whose remuneration exceeded S$100,000 during the year.

Given the highly competitive industry conditions and the sensitivity and confidentiality of remuneration matters and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company believes that the disclosure of the details of the remuneration of the Executive Directors, Non-Executive Directors and Key Management Personnel (including the aggregate total remuneration paid to the key executives) as recommended by the 2018 Code, would be disadvantageous to the Group's interests. The Company has, however, disclosed the aggregate remuneration of the Executive Directors, Non-Executive Directors and Key Management Personnel (on an unnamed basis) in bands and will not be disclosing all forms of remuneration and other payments and benefits paid by the Company to its Directors and Key Management Personnel.

(C) ACCOUNTABILITY AND AUDIT

Risk Management Systems and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The ARC reviews the Group's system of risk management and internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by Management. Management maintains a system of risk management and internal controls which the Board believes is adequate to provide reasonable assurance of the integrity, effectiveness and efficiency in safeguarding shareholders' interests and the Group's assets.

A formalised risk management process has been established since 2006 whereby key risks, control measures, risk tolerance levels or limits and Management actions are identified and monitored by Management and reported to the Board for review and evaluation at least annually. The Risk Management Report can be found on page 44.

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and written representations from the Group Managing Director and Chief Financial Officer on internal controls, the Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls addressing financial, operational, compliance risks and information technology controls, and risk management systems remains adequate and effective as at 31 December 2019.

The Group's system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board has received assurances from the Group Managing Director and the Chief Financial Officer that for the year in review that:

(i) Nothing has come to their attention, which may render the Group's financial statements to be false and misleading in any material aspect pursuant to Rule 705(5) of the Listing Manual of the SGX-ST;
(ii) The Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
(iii) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the financial, operational, compliance, information technology controls and risk management systems.

The Group Managing Director and the Chief Financial Officer obtained similar assurance from the respective managers of the various business units in the Group.

Audit and Risk Committee

Principle 10: The Board has an Audit Committee ("AC") which discharge its duties objectively.

The ARC comprises three members, all of whom are Independent Directors. The members of the ARC are:

Hans Hugh Miller	*Chairman, Independent and Non-Executive*
Ong Wui Leng, Linda	
Huang Yuan Chiang	

The Board confirms that the ARC is appropriately qualified to discharge its duties and responsibilities. At least two members of the ARC (including the ARC Chairman) have recent and relevant accounting or related financial management expertise or experience. Neither the Chairman of the ARC nor any of its members is a former partner nor a director of the Company's existing auditing firm or auditing corporation (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The ARC has explicit authority to investigate any matter within its terms of reference. It has full access to Management and full discretion to invite any Director or executive officer to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly.

The key duties and functions of the ARC under its term of reference include the following:

(a) Reviewing the audit plans and reports of the external auditors and internal auditors, and considering the effectiveness of actions taken by Management on the recommendations and observations.
(b) Reviewing the assistance given by the Group's officers to the internal auditors and external auditors.
(c) Reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance.
(d) Determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.
(e) Reviewing the assurance from the Group Managing Director and the Chief Financial Officer on the financial records and financial statements
(f) Reviewing the assurance from the Group Managing Director and the other Key Management Personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.
(g) Reviewing and reporting to the Board at least annually, the adequacy and effectiveness of the Company's risk management and internal control systems and providing concurrence to the Board's comments on the adequacy and effectiveness of the same, including financial , operational, compliance and information technology controls. Where material weaknesses are identified by the ARC, to provide clear disclosures on the weaknesses and the steps taken to address them.
(h) Reviewing the Company's audited financial statements and the Group's consolidated financial statements before approval by the Board.
(i) Approving the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced. The ARC also ensure that internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the ARC, and has appropriate standing within the Company.
(j) Making recommendations to the Board on (i) proposals to shareholders on the appointment and removal of the external auditors; and (ii) the remuneration and terms of engagement of the external auditors.

(k) In respect of the appointments and re-appointments of external auditors, evaluating the performance of external auditors, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority.
(l) Reviewing annually the adequacy, effectiveness, independence, scope and results of the external audit and the internal audit functions.
(m) Ensuring that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience.
(n) Ensuring that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies.
(o) Reviewing the investment/divestment transactions from an accounting, capital requirements and financing perspective.
(p) Reviewing the interested persons transactions and related parties transactions.
(q) Overseeing the design and implementation of the Company's sustainability policies and practices addressing material Environmental, Social and Governance factors material to the Company's business, including reviewing of the Company's disclosures in its sustainability reporting.
(r) Undertaking such other functions and duties as may be delegated by the Board or required by statutes or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time.
(s) Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up pursuant to the Company's whistle-blowing policy.

The ARC met with the external auditors and internal auditors without the presence of Management for the FY2019 audit to discuss issues that they may have (including any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations), which has or is likely to have a material impact on the Company and Group's operating results or financial position, and Management's response thereof.

The Group Managing Director and the Chief Financial Officer were invited to be present at the ARC meetings to report and brief the ARC members on the financial and operating performance of the Group and to answer any queries from the ARC members on any aspect of the operations of the Group. The external auditors were also invited to be present at all ARC meetings held during the year to, *inter alia*, deliberate on accounting and auditing matters.

During FY2019, the ARC carried out the functions enumerated above and reviewed the annual audit plans of the external and internal auditors and the results and findings of the audits performed by them and the re-appointment of the external auditors and their remuneration.

The Board is of the view that given the size and range of activities within the Group, outsourcing of the internal audit function provides a broader range of capabilities and at a lower cost than would staffing the function internally. The internal audit function is outsourced to KPMG Services Pte Ltd ("IA") who reports directly to the ARC. The IA conducts independent reviews, assessment and follow-up procedures on the Group's financial, operational, compliance controls and risk management systems and the IA's findings and recommendations are presented to and reviewed by the ARC. The internal auditors reports primarily to the ARC and has unrestricted access to the documents, records, properties and personnel of the Company and the Group, including the ARC, and has appropriate standing within the Company.

The ARC is satisfied that the internal audit function is independent, effective and adequately staffed by suitably qualified and experienced professionals with the relevant experience. The IA is a member of the Institute of Internal Auditors ("IIA") and has adopted the Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA.

The ARC is kept abreast by Management and the external auditors of changes to accounting standards, Listing Manual of the SGX-ST and other regulations that could have an impact on the Group's business and financial statements.

In the review of the financial statements, the ARC has discussed with Management the accounting principles that were applied and their judgment that might affect the integrity of the financial statements. The following significant matters relating to the financial statements were discussed with Management and the external auditor and were reviewed by the ARC:

Significant matters	How the ARC reviewed these matters and what decisions were made
Impairment assessment of investment properties	The Group accounts for investment properties using the cost model. The ARC reviewed the performance of the investment properties and their respective valuations (external and Directors' valuations) of investment properties to consider whether there were any impairment indicators for the carrying value of the investment properties and the appropriateness of fair values of investment properties disclosed. The impairment assessment of investment properties was also an area of focus for the external auditor. The external auditor had included this item as key audit matter in its audit report for FY2019. Refer to pages 48 to 49 of this annual report

Following due review and discussions, the ARC recommended the full year financial statements to the Board for its approval.

For the year in review, the ARC had reviewed the audit and non-audit services provided by external auditors and was satisfied that the independence and objectivity of the external auditor had not been compromised.

Service Category Fees	**EY entities in Singapore S$'000**
Audit Services	224
Non-Audit Services	21
Total	245

The financial statements of the Company and significant subsidiaries and associated companies, except for two associated companies are audited by Ernst & Young LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority. One of the significant associated companies is audited by KPMG LLP, Singapore, an auditing firm registered with the Accounting and Corporate Regulatory Authority and the other is audited by Deloitte LLP, UK. The Group's joint operations in the United Kingdom ("UK") are audited by BDO LLP, UK who is also the Group's tax advisors for the UK. The ARC and the Board are satisfied that the appointment of different auditors for the overseas joint operations and associated companies does not compromise the standard and effectiveness of the audit of the Company and does not increase overall costs to the Group. The Group's overseas subsidiaries, joint ventures and associated companies whose contributions to the Group are not significant, are audited by other auditors. The Company has complied with Rule 712 and Rule 715 together with Rule 716 of the Listing Manual of the SGX-ST.

The Company has a whistle-blowing policy whereby staff of the Group and relevant external parties may, in confidence, raise concerns about possible irregularities in financial reporting or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to communicate directly with the ARC Chairman.

The ARC's activities during the year, amongst other things, included:

(i) the review by ARC on the impact of Brexit to the Group's business;
(ii) the review by ARC on stress tests carried out by Management and sensitivity analysis on the Group's foreign currency risks;
(iii) the review by the ARC on investment and/or divestment proposals from an accounting, capital requirements and financing perspective; and
(iv) the review by the ARC on Directors' Valuation carried out on the Group's investment.

The Company's FY2019 Sustainability Report is expected to be issued and published on the Company's website in May 2020.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treat all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company ensures that shareholders are given the opportunity to effectively participate and vote at all general meetings of shareholders. Each distinct issue is tabled for shareholders' approval via separate resolutions at the general meetings. All resolutions are each put to vote by poll with the poll voting procedures being briefed to shareholders prior to voting, and the results of each resolution put to vote by poll are announced in the meeting and subsequently via SGXNet after the conclusion of the meeting. Minutes of general meetings are taken and are available to shareholders at the Company's website.

Under the existing Constitution of the Company, a shareholder may vote in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, nominee company or custodian bank or a CPF agent bank may appoint more than two proxies to attend and vote. The Company's Constitution provides for abstentia voting however voting in absentia by mail, electronic mail or facsimile has not been implemented due to concerns relating to issues of authentication of shareholder identity and other related security issues.

The Chairman of the Board, ARC, NC and RC, the Group Managing Director and the external auditors are also present to assist the Directors in addressing any relevant queries by shareholders.

The Company published its minutes of AGM held on 24 April 2019 and its summary of questions and answers on the Company's website at **www.hwahongcorp.com**.

The Company does not have a formal dividend policy. However, the Company has been consistent in its dividend pay-outs to shareholders. Any pay-outs are clearly communicated to shareholders in public announcements via SGXNet. The Board is cognizant of the requirement to provide reasons in support of its decision in the event it is not declaring or recommending a dividend. In determining the dividend pay-outs for a given year, the Board takes into account, *inter alia*, the Group's cashflow, balance sheet position, operating results, capital requirements and such other factors as the Board deems relevant.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders and investors and in FY2019, formalised its investor relations policy. The Company's corporate governance practices promote a fair and equitable treatment to all shareholders. The Company strives to disclose information on a timely basis to shareholders and ensure any disclosure of price sensitive information is not made to a selective group. To facilitate shareholders' ownership rights, Management ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet. All shareholders of the Company receive the full annual report with the notice of AGM. Recent annual reports of the Company are available on the Company's website at **www.hwahongcorp.com**. The notice of AGM to shareholders is issued at least fourteen days, or as required, before the scheduled AGM. The notice is also advertised in The Business Times and made available on the SGXNet. AGM and other general meetings of shareholders are the principal forum for dialogue and interaction with shareholders. During these meetings, shareholders are given the opportunity to air their views and ask Directors and/or Management questions regarding the Company and the Group. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at general meetings.

Engagement with Shareholders and Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company actively engage with its stakeholders through various medium and channels to ensure that its business interests are aligned with those of our stakeholders. We have identified seven stakeholder groups through an assessment of their significance to the Company's operations. They are namely, customers, investors (equity shareholders), Board of Directors and Key Management Personnel, team members, suppliers (property management and professional service providers), regulators and industry associations.

The Company's strategy and key areas of focus in relation to the management of stakeholder relationship for FY2019 will be addressed under the Sustainability Report to be published annually on the Company's corporate website.

The stakeholders can communicate and engage with the Company at the Company's website at **www.hwahongcorp.com**.

DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities, which has been disseminated to all employees within the Group (the "Code").

Directors and employees of the Company are regularly reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and to be mindful of the law on insider trading as prescribed by the Securities and Futures Act.

The Code also makes clear that it is an offence to deal in the Company's securities, while in possession of unpublished price-sensitive information and prohibits trading as well as in:

i) the period commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year (if applicable); and
ii) the period commencing one month before the announcement of the Company's financial statements for its full financial year.

Each of the above periods will end only upon the release of the announcement of the relevant results of the Company.

The Company has complied with its Code and has not dealt in its own securities during the dealing restricted periods.

INTERESTED PERSONS TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the ARC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Transactions entered into with interested persons during FY2019 were as follows:

Name of interested person	**Nature of relationship**	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**
Hong Leong Investment Holdings Pte. Ltd. Group - Interest charged on shareholder loan to Hong Property Investment Pte Ltd	Associates	122,238	Nil**

** There is no subsisting shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST.

RISK MANAGEMENT AND CONTROL ENVIRONMENT

RISK MANAGEMENT

The main objective of risk management in Hwa Hong Group is to protect the Group against material losses that may result from taking on risks which are not managed, or for which it has not been adequately compensated. The Board determines acceptable levels of risk tolerance and policies. Its philosophy on risk management is that all identifiable, material risks should be analysed, understood, managed and monitored. Furthermore, risk management processes must be closely aligned to the Group's vision and strategy.

Since 2006, the Group has implemented a formalised Risk Management Framework for the identification, monitoring and reporting of risks. The Group evaluates its risk exposure whereby all identifiable, material risks are assigned risk exposure ratings based on the likelihood and consequences of each risk identified. The risk exposure rating determines the extent of risk exposures and the corresponding risk treatment required.

The Group believes that effective risk management is the responsibility of all directors and managers, with the Board of Directors providing general oversight. The ARC supports the Board in the oversight of the financial and other operational risks.

A sound system of internal control is essential, and in this regard, the responsibilities of managers are designed such that there is adequate segregation of duties so that there is a system of checks and balances in the key areas of operations.

The Group's financial risk management objectives and policies are discussed further in Note 36 to the financial statements.

RISK PROCESSES AND ACTIVITIES

During the year, Management carried out a review of the Group's Risk Journals to update and identify new risks that may adversely affect the Group's operations. Based on the reviews, the Board of Directors is not aware of any matter which suggests that key risks are not being satisfactorily managed.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Hwa Hong Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

DIRECTORS

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

Hans Hugh Miller	(Chairman)
Ong Choo Eng	(Group Managing Director)
Ong Mui Eng	
Ong Hian Eng	
Guan Meng Kuan	
Ong Wui Leng, Linda	
Huang Yuan Chiang	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

At an extraordinary general meeting of the Company held on 7 November 2003, shareholders of the Company approved, *inter alia*, a scrip dividend scheme known as Hwa Hong Corporation Limited Scrip Dividend Scheme (the "Scrip Dividend Scheme"), which, if applied, provides an opportunity for shareholders of the Company to make an election to receive dividends in the form of ordinary shares in the Company, instead of cash. Pursuant to the Scrip Dividend Scheme, directors who are also shareholders of the Company may elect to receive their dividend entitlements in the form of ordinary shares in the Company if the directors of the Company have determined that the Scrip Dividend Scheme is to apply to a particular dividend.

Except as disclosed aforesaid and under "Share Options" in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

	Shares beneficially held by director		Shareholdings in which director is deemed to have an interest	
	At 1.1.2019	At 31.12.2019	At 1.1.2019	At 31.12.2019
Ong Choo Eng	903,000	903,000	80,986,000	80,986,000
Ong Mui Eng	11,505,664	11,505,664	321,748	321,748
Ong Hian Eng	9,898,463	9,898,463	20,385,000	18,385,000
Guan Meng Kuan	1,034,860	1,034,860	–	–

There were no changes in the Directors' interest in the Company between the end of the financial year and 21 January 2020.

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

SHARE OPTIONS

Hwa Hong Corporation Limited (2001) Share Option Scheme

At an Extraordinary General Meeting held on 29 May 2001, shareholders approved the Hwa Hong Corporation Limited (2001) Share Option Scheme (the "Scheme"). The Scheme will continue in operation for a maximum period of 10 years from 29 May 2001, unless otherwise extended and subject to relevant approvals. At the 58th Annual General Meeting held on 27 April 2011, shareholders approved the extension of the Scheme for another ten years to 28 May 2021.

The principal features of the Scheme had been set out in previous years' Directors' Reports.

The Scheme is administered by the Remuneration Committee, comprising the following directors who are ineligible for the Scheme:

Huang Yuan Chiang (Chairman)
Hans Hugh Miller
Guan Meng Kuan

Since the commencement of the Scheme till the end of the financial year, no options have been granted to directors and employees of the Company and its subsidiaries.

DIRECTORS' STATEMENT

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee performed, *inter alia*, the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are set out in the Corporate Governance Report.

The Audit and Risk Committee has nominated Ernst & Young LLP for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF CHIEF EXECUTIVE OFFICER, EACH DIRECTOR OR CONTROLLING SHAREHOLDER

Since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving the interests of the Chief Executive Officer, each director or controlling shareholder (as defined under the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company and no such material contracts subsist at the end of the financial year, except as disclosed in the accompanying notes and that Singapore Warehouse Company (Private) Ltd. ("SWC"), a wholly owned subsidiary, has entered into property joint ventures and related transactions with certain related corporations of Hong Leong Investment Holdings Pte. Ltd., a controlling shareholder of the Company. The joint ventures are Hong Property Investments Pte Ltd and a residential development known as *The Pier at Robertson* in which SWC has an interest of 30% and 20% respectively.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Ong Choo Eng
Director

Ong Mui Eng
Director

Singapore
6 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HWA HONG CORPORATION LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hwa Hong Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, and the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HWA HONG CORPORATION LIMITED (CONT'D)

Key Audit Matters (cont'd)

Impairment assessment of investment properties

The Group's investment properties represent 53% of the Group's total assets as at 31 December 2019. These investment properties are accounted using the cost model. The carrying value of the investment properties is significant to our audit due to the judgmental nature of their impairment assessment. This assessment is complex and highly dependent on a range of estimates made by directors of the subsidiaries owning the investment properties as well as the external valuation experts engaged by directors. The most significant judgements and estimates affecting the value of the properties are comparable market transactions, net rental income and rate of return which reflects the tenure and quality of the investments. The Group uses external valuation experts to support its determination of the fair value of the individual investment properties at least once every three years. Directors' valuation is carried out in years when no external valuation expert is appointed for the individual investment property.

Amongst others, we have considered the objectivity, independence and expertise of the external valuation experts. We discussed with the external valuation experts and directors about the appropriateness of the valuation model and property related data, including estimates used by them. In addition, we involved our internal real estate and valuation specialists to assist us in reviewing the appropriateness of the data used in the estimation process. We researched the market for data to compare against the assumptions used in the valuation and assessed whether the assumptions used are supported by observable market data. We assessed whether the valuation methodology and techniques used were complete, adequate and consistent with appraisal methodology given the nature of the investment properties. The related disclosures for investment properties are included in Note 16 and Note 35.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HWA HONG CORPORATION LIMITED (CONT'D)

Responsibilities of Management and Directors for the Financial Statements (cont'd)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HWA HONG CORPORATION LIMITED (CONT'D)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Philip Ng Weng Kwai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
6 March 2020

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2019

	Note	Group 2019 $	Group 2018 $
Revenue	4	14,523,568	10,424,113
Cost of sales	5	(4,238,619)	(3,829,942)
Changes in fair value of investment securities		469,909	(2,863,633)
Gross profit		10,754,858	3,730,538
Other income	6	3,618,779	8,866,630
General and administrative costs	7	(5,957,086)	(7,495,504)
Other operating costs	8	(310,409)	(70,145)
Finance costs	9	(2,346,512)	(1,199,450)
Share of results of associates and joint ventures		1,338,158	1,034,992
Profit before tax		7,097,788	4,867,061
Income tax expense	10	(641,316)	(509,239)
Profit for the year		6,456,472	4,357,822
Attributable to:			
Owners of the Company		6,481,106	4,354,096
Non-controlling interests		(24,634)	3,726
Profit for the year		6,456,472	4,357,822
Earnings per share (cents):			
Basic and fully diluted	12	0.99	0.67

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Group	
	2019	**2018**
	$	**$**
Profit for the year	6,456,472	4,357,822
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Net change on equity instruments at fair value through other comprehensive income	528,585	(3,029,593)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	1,012,301	(1,961,946)
Reclassification adjustments for gains included in profit or loss relating to disposal of investment properties, which were previously revalued and purchased from an associate	(132,193)	(109,599)
Other comprehensive income/(loss) for the year, net of tax	1,408,693	(5,101,138)
Total comprehensive income/(loss) for the year	7,865,165	(743,316)
Attributable to:		
Owners of the Company	7,890,087	(746,934)
Non-controlling interests	(24,922)	3,618
Total comprehensive income/(loss) for the year	7,865,165	(743,316)

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

BALANCE SHEETS

As at 31 December 2019

	Note	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Equity attributable to owners of the Company					
Share capital	13(a)	172,153,626	172,153,626	172,153,626	172,153,626
Treasury shares	13(b)	(260,086)	(260,086)	(260,086)	(260,086)
Reserves	14	18,586,366	17,222,890	9,477,616	7,669,950
		190,479,906	189,116,430	181,371,156	179,563,490
Non-controlling interests		(21,254)	3,668	–	–
Total equity		**190,458,652**	**189,120,098**	**181,371,156**	**179,563,490**
Non-current assets					
Property, plant and equipment	15	4,264,446	4,442,684	–	–
Investment properties	16	153,026,423	156,088,956	–	–
Investment in subsidiaries	17	–	–	169,024,853	167,848,865
Investment in associates	18	22,158,140	23,698,802	745,800	745,800
Investment in joint ventures	19	3,469,594	3,107,344	–	–
Investment securities	20	25,189,770	26,798,815	–	–
Other receivables	21	15,322,473	13,936,184	–	–
		223,430,846	228,072,785	169,770,653	168,594,665
Current assets					
Trade receivables	22	490,052	1,860,845	–	–
Tax recoverable		17,105	16,871	–	–
Prepayments and deposits		154,124	180,147	41,969	47,553
Other receivables	21	3,040,668	4,067,071	6,068	–
Amounts due from subsidiaries	17	–	–	5,044,000	11,264,000
Amounts due from associates	18	5,167,970	6,383,802	–	–
Investment securities	20	17,811,030	18,426,041	–	–
Cash and cash equivalents	23	39,464,852	32,371,088	7,524,310	674,128
		66,145,801	63,305,865	12,616,347	11,985,681
Total assets		289,576,647	291,378,650	182,387,000	180,580,346

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

BALANCE SHEETS
As at 31 December 2019

	Note	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Current liabilities					
Bank overdraft	24	199,630	100,429	–	–
Trade payables	25	559,654	317,108	–	–
Other payables	26	2,710,841	2,983,071	374,858	371,791
Derivatives		30,868	–	–	–
Accrued operating expenses		2,396,492	2,382,362	274,590	278,682
Amounts due to associates	18	1,979,259	1,982,589	366,396	366,383
Bank loans (secured)	27	61,310,587	65,119,778	–	–
Income tax payable		1,401,494	1,697,760	–	–
		70,588,825	74,583,097	1,015,844	1,016,856
Net current (liabilities) / assets		(4,443,024)	(11,277,232)	11,600,503	10,968,825
Non-current liabilities					
Other payables	26	5,571,048	5,543,067	–	–
Bank loans (secured)	27	17,885,607	17,217,455	–	–
Deferred tax liabilities	28	5,072,515	4,914,933	–	–
		28,529,170	27,675,455	–	–
Total liabilities		99,117,995	102,258,552	1,015,844	1,016,856
Net assets		**190,458,652**	**189,120,098**	**181,371,156**	**179,563,490**

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

2019 Group	Share capital $	Treasury shares $	Revenue reserve $	Capital reserve $	Fair value reserve $	Currency translation reserve $	Equity attributable to the owners of the Company, total $	Non-controlling interests $	Total equity $
	Attributable to owners of the Company								
At 1 January	172,153,626	(260,086)	42,373,096	891,163	(2,206,350)	(23,835,019)	189,116,430	3,668	189,120,098
Profit for the year	–	–	6,481,106	–	–	–	6,481,106	(24,634)	6,456,472
Other comprehensive income									
Net change on equity instruments at fair value through other comprehensive income	–	–	–	–	528,585	–	528,585	–	528,585
Foreign currency translation	–	–	–	–	–	1,012,589	1,012,589	(288)	1,012,301
Reclassification adjustments for gains included in profit or loss relating to disposal of investment properties	–	–	–	(132,193)	–	–	(132,193)	–	(132,193)
Other comprehensive income for the year, net of tax	–	–	–	(132,193)	528,585	1,012,589	1,408,981	(288)	1,408,693
Total comprehensive income for the year	–	–	6,481,106	(132,193)	528,585	1,012,589	7,890,087	(24,922)	7,865,165

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

2019 Group	Share capital	Treasury shares	Revenue reserve	Capital reserve	Fair value reserve	Currency translation reserve	Equity attributable to the owners of the Company, total	Non-controlling interests	Total equity
	Attributable to owners of the Company								
	$	$	$	$	$	$	$	$	$
Distributions to owners									
Dividends on ordinary shares (Note 29)	–	–	(6,526,611)	–	–	–	(6,526,611)	–	(6,526,611)
Total distributions to owners	–	–	(6,526,611)	–	–	–	(6,526,611)	–	(6,526,611)
At 31 December	172,153,626	(260,086)	42,327,591	758,970	(1,677,765)	(22,822,430)	190,479,906	(21,254)	190,458,652

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

2018 Group	Attributable to owners of the Company								
	Share capital $	Treasury shares $	Revenue reserve $	Capital reserve $	Fair value reserve $	Currency translation reserve $	Equity attributable to the owners of the Company, total $	Non-controlling interests $	Total equity $
At 1 January	172,153,626	(164,945)	45,201,538	1,000,762	823,243	(21,873,181)	197,141,043	–	197,141,043
Profit for the year	–	–	4,354,096	–	–	–	4,354,096	3,726	4,357,822
Other comprehensive income									
Net change on equity instruments at fair value through other comprehensive income	–	–	–	–	(3,029,593)	–	(3,029,593)	–	(3,029,593)
Foreign currency translation	–	–	–	–	–	(1,961,838)	(1,961,838)	(108)	(1,961,946)
Reclassification adjustments for gains included in profit or loss relating to disposal of investment properties	–	–	–	(109,599)	–	–	(109,599)	–	(109,599)
Other comprehensive income for the year, net of tax	–	–	–	(109,599)	(3,029,593)	(1,961,838)	(5,101,030)	(108)	(5,101,138)
Total comprehensive income for the year	–	–	4,354,096	(109,599)	(3,029,593)	(1,961,838)	(746,934)	3,618	(743,316)

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Attributable to owners of the Company								
2018 Group	**Share capital $**	**Treasury shares $**	**Revenue reserve $**	**Capital reserve $**	**Fair value reserve $**	**Currency translation reserve $**	**Equity attributable to the owners of the Company, total $**	**Non-controlling interests $**	**Total equity $**
Distributions to owners									
Purchase of treasury shares (Note 13(b))	–	(95,141)	–	–	–	–	(95,141)	–	(95,141)
Dividends on ordinary shares (Note 29)	–	–	(7,182,538)	–	–	–	(7,182,538)	–	(7,182,538)
Total distributions to owners	–	(95,141)	(7,182,538)	–	–	–	(7,277,679)	–	(7,277,679)
Contribution from non-controlling interests for a subsidiary	–	–	–	–	–	–	–	50	50
At 31 December	172,153,626	(260,086)	42,373,096	891,163	(2,206,350)	(23,835,019)	189,116,430	3,668	189,120,098

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Company **2019**	**Share capital** **$**	**Treasury shares** **$**	**Revenue reserve** **$**	**Total equity** **$**
At 1 January 2019	172,153,626	(260,086)	7,669,950	179,563,490
Profit for the year, representing total comprehensive income for the year	–	–	8,334,277	8,334,277
Distributions to owners				
Dividends on ordinary shares (Note 29)	–	–	(6,526,611)	(6,526,611)
Total distributions to owners	–	–	(6,526,611)	(6,526,611)
At 31 December 2019	172,153,626	(260,086)	9,477,616	181,371,156
2018				
At 1 January 2018	172,153,626	(164,945)	8,954,957	180,943,638
Profit for the year, representing total comprehensive income for the year	–	–	5,897,531	5,897,531
Distributions to owners				
Purchase of treasury shares (Note 13(b))	–	(95,141)	–	(95,141)
Dividends on ordinary shares (Note 29)	–	–	(7,182,538)	(7,182,538)
Total distributions to owners	–	(95,141)	(7,182,538)	(7,277,679)
At 31 December 2018	172,153,626	(260,086)	7,669,950	179,563,490

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2019

	Note	Group 2019 $	Group 2018 $
Cash flows from operating activities			
Profit before tax		7,097,788	4,867,061
Adjustments for:			
Depreciation of property, plant and equipment	7	303,721	297,424
Dividend income from investment securities	4	(4,251,467)	(1,075,188)
Depreciation of investment properties	5	2,372,899	1,881,217
Changes in fair value of investment securities		(469,909)	2,863,633
Gain on liquidation of an associated company	6	–	(464,190)
Gain on disposal of investment properties	6	(3,119,264)	(1,571,652)
Gain on disposal of property, plant and equipment	6	(4,795)	(30,242)
Gain on disposal of a subsidiary and its joint operation	6	–	(1,037,045)
Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages	6	–	(4,755,470)
Goodwill written off	8	–	70,145
Fair value loss on derivative financial instruments	8	30,449	–
Interest expenses	9	2,346,512	1,199,450
Interest income	4,6	(710,158)	(663,000)
Share of results of associates and joint ventures		(1,338,158)	(1,034,992)
Unrealised exchange differences		283,324	(1,226,994)
Operating cash flows before changes in working capital		2,540,942	(679,843)
Decrease/(increase) in receivables and current investment securities		2,191,980	(3,103,817)
(Decrease)/increase in payables		(33,698)	949,646
Cash flows from/(used in) operations		4,699,224	(2,834,014)
Dividend income from investment securities	4	4,251,467	1,075,188
Interest received		587,920	473,414
Interest paid		(2,256,749)	(1,199,450)
Income tax paid		(812,325)	(1,111,407)
Net cash flows from/(used in) operating activities		6,469,537	(3,596,269)

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

CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 December 2019

		Group	
	Note	**2019**	**2018**
		$	**$**
Cash flows from investing activities			
Additions to investment properties	16	(702,922)	(953,577)
Decrease in amounts due from associates		1,338,070	210,000
Dividends and distribution received from an associate		4,000,000	4,649,884
Increase in amounts due from joint ventures		–	(7,148,877)
Contribution from non-controlling interests for a subsidiary		–	50
Decrease/(increase) in investment securities, net		2,305,182	(3,229,168)
Increase in investment in associates		(1,000,000)	–
Increase in investment in joint ventures		(328,270)	(87)
Proceeds from disposal of investment properties		5,743,878	2,468,574
Proceeds from disposal of investment securities (non-current)		–	77,724
Proceeds from disposal of property, plant and equipment		5,418	30,242
Purchase of investment properties	16	–	(48,299,784)
Purchase of property, plant and equipment	15	(125,397)	(287,629)
Net cash inflows on disposal of a subsidiary and its joint operation	11	–	11,753,592
Net cash outflows on acquisition of a subsidiary	17	–	(18,650,540)
Net cash flows from/(used in) investing activities		11,235,959	(59,379,596)
Cash flows from financing activities			
Dividends paid on ordinary shares	29	(6,526,611)	(7,182,538)
Purchase of treasury shares	13(b)	–	(95,141)
Proceeds from bank loans	27	339,098	47,250,440
Repayments of bank loans	27	(4,536,757)	(1,800,000)
Increase in pledged cash and bank balances		–	(278,980)
Loan from non-controlling interest		–	5,065,792
Net cash flows (used in)/from financing activities		(10,724,270)	42,959,573
Net increase in cash and cash equivalents		6,981,226	(20,016,292)
Cash and cash equivalents at the beginning of the year		11,548,054	31,682,911
Effects of exchange rate changes on cash and cash equivalents		9,479	(118,565)
Cash and cash equivalents at the end of the year		18,538,759	11,548,054

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2019

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

		Group	
		2019	**2018**
		$	**$**
Cash and cash equivalents in the balance sheets	23	39,464,852	32,371,088
Less: fixed deposits, pledged	23	(19,282,838)	(19,278,980)
Less: bank overdraft	24	(199,630)	(100,429)
Less: restricted cash		(1,443,625)	(1,443,625)
Cash and cash equivalents in the statement of cash flows		18,538,759	11,548,054

The restricted cash relates to cash held on behalf of an associate.

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

1. CORPORATE INFORMATION

Hwa Hong Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 38 South Bridge Road, Singapore 058672.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries, associates and joint ventures are disclosed below. The Group operates in Singapore and United Kingdom.

The subsidiaries, associates and joint ventures as at 31 December 2019 and 2018 are:

Name of company	Percentage of interest held		Place of incorporation	Cost of investment		Principal activities
	2019	2018		2019	2018	
	%	%		$	$	
(a) *Subsidiaries*						
Held by the Company						
Singapore Warehouse Company (Private) Ltd.[1]	100.0	100.0	Singapore	154,425,000	154,425,000	Owner of warehouse for rental and storage and investment holding.
Hwa Hong Edible Oil Industries Pte. Ltd.[1]	100.0	100.0	Singapore	27,740,002	27,740,002	Investment holding.
Paco Industries Pte. Ltd.[1]	100.0	100.0	Singapore	5,970,001	5,970,001	Provision of management services.
				188,135,003	188,135,003	

1. CORPORATE INFORMATION (CONT'D)

Name of company	Percentage of interest held 2019 %	2018 %	Place of incorporation	Principal activities
(a) *Subsidiaries (cont'd)*				
Held by Singapore Warehouse Company (Private) Ltd.				
Thackeray Properties Limited[2]	100.0	100.0	Hong Kong	Owner of investment properties for rental and development.
Pumbledon Limited[2]	100.0	100.0	Hong Kong	Owner of investment properties for rental and development.
Global Trade Investment Management Pte Ltd[1]	100.0	100.0	Singapore	Leasing of residential and commercial properties, business management, consultancy and investment holding.
Vantagepro Investment Limited[7]	100.0	100.0	British Virgin Islands	Investment holding.
Held by Global Trade Investment Management Pte Ltd				
253 JB Pte Ltd[1]	100.0	100.0	Singapore	Owner of investment properties for rental and development (properties under development)
Held by Hwa Hong Edible Oil Industries Pte. Ltd.				
Jining Ningfeng Chemical Industry Co., Limited[8]	100.0	100.0	People's Republic of China	Dormant.
Held by Paco Industries Pte. Ltd.				
Jining Paco Chemical Industry Co., Ltd[8]	100.0	100.0	People's Republic of China	Dormant.

1. CORPORATE INFORMATION (CONT'D)

Name of company	Percentage of interest held 2019 %	Percentage of interest held 2018 %	Place of incorporation	Principal activities
(a) *Subsidiaries (cont'd)*				
Held by Vantagepro Investment Limited				
Capital Fitzalan Limited[4][10]	50.0	50.0	United Kingdom	Acting as nominee company for investment holding.
Capital Eagle Limited[4][10]	100.0	100.0	United Kingdom	Acting as nominee company for investment holding.
Garrett Property Holdings Ltd [4]	71.4	71.4	United Kingdom	Investment holding.
(b) *Associates*				
Held by the Company				
Singamet Trading Pte. Ltd.[1]	20.0	20.0	Singapore	Property investment.
Held by Singapore Warehouse Company (Private) Ltd.				
Clan Kilmuir (Jersey) Limited[6]	50.0[11]	50.0[11]	Jersey	Property investment.
Riverwalk Promenade Pte Ltd[3]	50.0	50.0	Singapore	Property development.
Hong Property Investments Pte Ltd[3]	30.0	30.0	Singapore	Property investment.
Scotts Spazio Pte. Ltd.[1]	50.0	50.0	Singapore	Property investment.
The Pier at Robertson[3][9]	–	20.0	Singapore	Property development.
Shorea Capital Pte. Ltd. [1]	50.0	50.0	Singapore	Real estate investment advisory services

1. CORPORATE INFORMATION (CONT'D)

Name of company	Percentage of interest held 2019 %	2018 %	Place of incorporation	Principal activities
(c) *Joint ventures*				
Held by Singapore Warehouse Company (Private) Ltd.				
Neo Pav E Investments LLP[5]	50.0	50.0	United Kingdom	Owner of investment properties for rental and development.
Neo Bankside Retail LLP[5]	50.0	50.0	United Kingdom	Owner of investment properties for rental and development.
Held by Vantagepro Investment Limited				
Loman Holdings Limited[4]	50.0	50.0	United Kingdom	Investment holding.

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global in their respective countries
(3) Audited by KPMG LLP, Singapore
(4) Audited by BDO Stoy Hayward LLP, London
(5) Audited by Grant Thornton UK LLP
(6) Audited by Deloitte LLP, UK
(7) Not required to be audited in the country of incorporation/registration. The beneficial interests held in the UK by the Capital Group were audited by BDO Stoy Hayward LLP, London.
(8) Not required to be audited as the company is dormant
(9) The Group has a 20% interest in a residential development known as *The Pier at Robertson*, which is a residential development with a related company of a substantial shareholder of the Company, Hong Leong Investment Holdings Pte. Ltd. The unincorporated joint venture agreement in The Pier at Robertson had been terminated during the year.
(10) Collectively known as Capital Group. The Capital Group are nominee companies which hold the Group's United Kingdom properties in trust for a subsidiary, under a joint arrangement with an external party in respect of the United Kingdom properties.
(11) The Group has 50% equity interest in the company which represents 49.9% voting rights.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

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

The financial statements are presented in Singapore Dollars (SGD or $), unless otherwise stated.

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

2.1 *Basis of preparation (cont'd)*

As at 31 December 2019, the Group's current liabilities exceeded its current assets by $4,443,024 (2018: $11,277,232). This is primarily due to current bank loans of $61,310,587 (2018: $65,119,778) which are due for repayment within the next 12 months. Notwithstanding the net current liabilities position, based on the Group's existing financial resources, including the Group's unutilised banking facilities, the directors believe that the Group will be able to meet its current obligations as and when they fall due.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*	1 January 2020
SFRS(I) 17 *Insurance Contracts*	1 January 2021
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the year of initial application.

2.3 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

2.3 *Basis of consolidation and business combinations (cont'd)*

(a) *Basis of consolidation (cont'd)*

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

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

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

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

(b) *Business combinations and goodwill*

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

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

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

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

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

2.3 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill (cont'd)*

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

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

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.4 *Transactions with non-controlling interests*

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

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

2.5 *Foreign currency*

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

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

2.5 *Foreign currency (cont'd)*

(a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.18. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

2.6 *Property, plant and equipment (cont'd)*

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Freehold office property	–	50 years
Leasehold land and buildings	–	43 to 50 years
Furniture, motor vehicles, computers and other equipment	–	3 to 15 years

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

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

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

2.7 *Investment properties*

Investment properties are properties that are owned by the Group to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are subject to renovations or improvements at regular intervals. Its cost is recognised in the carrying amount of the investment property as a replacement if the recognition criteria are satisfied. Components that are replaced are derecognised and included in profit or loss. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

2.7 *Investment properties (cont'd)*

Depreciation is computed on a straight-line method over the investment properties' estimated useful lives of 50 years. Freehold land has an unlimited useful life and therefore the freehold land component of investment properties is not depreciated. Investment properties that are being constructed or developed for future use as investment properties are not depreciated as these assets are not yet available for use.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered. The residual value, useful life and depreciation method are reviewed, and adjusted prospectively, if appropriate.

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

2.8 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

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

2.8 *Impairment of non-financial assets (cont'd)*

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

2.9 *Subsidiaries*

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

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

2.10 *Joint arrangements*

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

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

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

(a) ***Joint operations***

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

(i) its assets, including its share of any assets held jointly;

(ii) its liabilities, including its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

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

2.10 *Joint arrangements (cont'd)*

(a) ***Joint operations (cont'd)***

(v) its expenses, including its share of any expenses incurred jointly.

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

(b) ***Joint ventures***

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.11.

2.11 *Joint ventures and associates*

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

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

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

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

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

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

2.11 *Joint ventures and associates (cont'd)*

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

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

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

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

Subsequent measurement

Investments in debt instruments

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

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

2.12 *Financial instruments (cont'd)*

(a) ***Financial assets (cont'd)***

Subsequent measurement (cont'd)

(i) Amortised cost

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

(ii) Fair value through profit or loss

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

Investments in equity instruments

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

Derecognition

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

Regular way purchase or sale of a financial asset

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

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

2.12 *Financial instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.13 *Impairment of financial assets*

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

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

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

2.13 *Impairment of financial assets (cont'd)*

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

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, fixed deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, these also include cash held on behalf of an associate and bank overdrafts that form an integral part of the Group's cash management.

2.15 *Non-current assets held for sale and discontinued operations*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss of the current reporting period, and of the comparative period of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss.

Property, plant and equipment and investment properties once classified as held for sale are not depreciated or amortised.

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

2.16 *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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 *Transfers between levels of the fair value hierarchy*

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2.18 *Borrowing costs*

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

2.19 *Employee benefits*

(a) ***Defined contribution plans***

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

(b) ***Employee leave entitlement***

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

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

2.20 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 *Financial guarantee*

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.13 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.22 *Revenue*

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

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

The following specific recognition criteria must also be met before revenue is recognised:

(a) ***Interest income***

Interest income is recognised using the effective interest method.

(b) ***Dividend income***

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

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

2.22 *Revenue (cont'd)*

(c) *Rental income*

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

(d) *Sale/redemption of investment securities*

Revenue from sale/redemption of investment securities is recognised on trade date.

2.23 *Net gain or loss on financial assets at fair value through profit or loss*

Net gains or losses on financial assets at FVPL are changes in the fair value of financial assets held for trading or designated upon initial recognition as at FVPL and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the weighted-average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

2.24 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

2.24 *Taxes (cont'd)*

(b) ***Deferred tax (cont'd)***

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

2.24 *Taxes (cont'd)*

(b) ***Deferred tax (cont'd)***

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) ***Sales tax***

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.25 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 *Share capital and share issuance expenses*

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

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

2.27 *Treasury shares*

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

2.28 *Contingencies*

A contingent liability is:

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

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

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

2.29 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

  (i) Has control or joint control over the Company;

  (ii) Has significant influence over the Company; or

  (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

2.29 *Related parties (cont'd)*

A related party is defined as follows: (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 *Judgements made in applying accounting policies*

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of investment properties

The Group carries its investment properties at cost less accumulated depreciation and any accumulated impairment losses, with excess of carrying value over fair values being recognised as impairment in profit or loss. The Group has a policy to obtain external, independent valuations for its properties once every three years. Directors' valuations are carried out annually.

As at 31 December 2019, the fair value of the investment properties at the end of the reporting period are disclosed in Note 35 to the financial statements. The valuations applied in the determination of the fair value of investment properties are disclosed and further explained in Note 16. No impairment loss on investment properties was recorded in 2019 and 2018. The carrying amount of investment properties as at 31 December 2019 was $153,026,423 (2018: $156,088,956).

4. REVENUE

	Group	
	2019	**2018**
	$	**$**
Dividend income from investment securities	4,251,467	1,075,188
Rental income from investment properties	9,584,307	8,705,137
Interest income from:		
- Associates	122,238	129,203
- Deposits with financial institutions	540,152	454,202
- Others	25,404	60,383
	687,794	643,788
	14,523,568	10,424,113

5. COST OF SALES

Included in cost of sales are:

	Group 2019 $	Group 2018 $
Direct operating expenses arising from rental generating properties	(1,865,720)	(1,948,725)
Depreciation of investment properties	(2,372,899)	(1,881,217)

6. OTHER INCOME

	Group 2019 $	Group 2018 $
Interest income from:		
- Deposits with financial institutions	22,364	19,212
Gain on disposal of investment properties	3,119,264	1,571,652
Gain on liquidation of an associated company	–	464,190
Gain on disposal of property, plant and equipment	4,795	30,242
Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages	–	4,755,470
Gain on disposal of a subsidiary and its joint operation (Note 11)	–	1,037,045
Foreign currency gain (net)	–	723,983
Other investment income	217,966	–
Rental income from an associated company	12,559	–
Management fee from an associated company	3,000	–
Reimbursement of expenses from an associated company	3,327	–
Sundry income	235,504	264,836
	3,618,779	8,866,630

Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages

Remeasurement gain arose from the acquisition of 30% remaining interests in Capital Eagle Limited ("CEL") in 2018. The Group recorded a gain from remeasuring its existing 70% interest in CEL to fair value upon completion of the acquisition (Note 17).

Gain on disposal of a subsidiary and its joint operation

Gain on disposal of a subsidiary and its joint operation refers to the disposal of the Group's interest in Capital Herbal Limited (Note 11).

6. OTHER INCOME (CONT'D)

Other investment income

Other investment income relates to income received from redevelopment of a former post office (the "Site") by lessee of the Site (Note 31(c)).

7. GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs include the following:

	Group	
	2019	**2018**
	$	**$**
Directors' fees		
- Directors of the Company	(326,000)	(326,000)
Directors' remuneration		
- Directors of the Company	(854,159)	(838,390)
- Other directors of subsidiaries	(794,638)	(772,670)
- CPF contributions	(46,633)	(49,958)
	(1,695,430)	(1,661,018)
Audit fees paid to:		
- Auditor of the Company	(224,000)	(184,000)
- Other auditors	(81,666)	(84,931)
	(305,666)	(268,931)
Non-audit fees paid to auditors of the Company	(20,868)	(22,800)
Consultancy fees paid to a Director	(24,000)	(10,000)
Foreign currency loss (net)	(206,095)	–
Depreciation of property, plant and equipment	(303,721)	(297,424)
Staff costs (including executive directors)	(3,288,147)	(3,257,586)
CPF contribution (including executive directors)	(167,174)	(170,617)

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The executive directors are considered key management personnel of the Group.

8. OTHER OPERATING COSTS

	Group	
	2019	2018
	$	$
Goodwill written off	–	(70,145)
Fund management fees	(279,960)	–
Fair value loss on derivative financial instruments	(30,449)	–
	(310,409)	(70,145)

Fund management fees relates to carried interest incurred in relation to an unquoted investment securities.

9. FINANCE COSTS

	Group	
	2019	2018
	$	$
Interest expense on bank loans and overdrafts	(2,350,060)	(1,199,450)
Less: Interest expense capitalised in investment properties (Note 16)	3,548	–
Total finance costs	(2,346,512)	(1,199,450)

10. INCOME TAX EXPENSE

Major components of income tax expense

Major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group	
	2019	2018
	$	$
Consolidated income statement:		
Current income tax		
- Current income taxation	(682,571)	(497,213)
- Over provision (net) in respect of previous years	184,476	209,471
	(498,095)	(287,742)
Deferred income tax		
- Origination and reversal of temporary differences	(140,681)	(215,469)
Withholding tax expense	(2,540)	(6,028)
Income tax expense recognised in profit or loss	(641,316)	(509,239)

10. INCOME TAX EXPENSE (CONT'D)

Relationship between income tax expense and accounting profit

A reconciliation of the applicable statutory tax rate to the Group's effective tax rate for the years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	2018
	$	$
Accounting profit before tax	7,097,788	4,867,061
Domestic statutory tax rate	17.00	17.00
Adjustments:		
Non-deductible expenses	14.19	13.01
Income not subject to taxation	(12.86)	(12.91)
Over provision in respect of previous years	(2.60)	(3.99)
Withholding tax expense	0.04	0.12
Deferred tax assets not recognised	2.04	0.26
Benefits from previously unrecognised tax losses	(2.74)	(0.49)
Effect of tax due to different jurisdiction	0.25	0.72
Effect of partial tax exemption and tax relief	(0.42)	(2.21)
Share of results of associates and joint ventures	(3.21)	(3.62)
Others	(2.65)	2.57
Effective tax rate	9.04	10.46

11. DISPOSAL OF A SUBSIDIARY AND ITS JOINT OPERATION

On 23 April 2018, the Group disposed of its 50% interest in Capital Herbal Limited ("CHL") and its joint operation. The disposal consideration was fully settled in cash, and was arrived at following arm's length negotiations on a willing-buyer willing-seller basis, taking into account, amongst others, the unaudited net asset value of CHL as at 6 April 2018. There was no significant change to the assets and liabilities of CHL for the intervening period from 6 April 2018 to 23 April 2018.

11. DISPOSAL OF A SUBSIDIARY AND ITS JOINT OPERATION (CONT'D)

The carrying value of assets and liabilities of CHL and its joint operation recorded in the financial statements at disposal date, and the effects of the disposal were:

	2018 $
Assets:	
Investment property	23,844,272
Trade receivables	300,819
Other receivables	1,502
Cash and bank balances	911,546
	25,058,139
Liabilities:	
Trade payables	(48,495)
Other payables	(215,261)
Accrued operating expenses	(90,023)
Bank loans	(14,539,597)
	(14,893,376)
Carrying value of net assets	10,164,763
Cash consideration	12,665,138
Less: Cash and cash equivalents of the subsidiary and joint operation disposed of	(911,546)
Net cash inflow on disposal of CHL	11,753,592
Gain on disposal:	
Cash consideration	12,665,138
Net assets derecognised	(10,164,763)
Cumulative exchange differences in respect of the net assets of CHL reclassified from equity on loss of control of subsidiary	(1,463,330)
Gain on disposal	1,037,045

The gain on disposal was included in "Other income" in the Group's profit or loss for the year ended 31 December 2018.

12. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year, attributable to owners of the Company by the weighted average number of ordinary shares (excluding treasury shares) outstanding during the year. There are no dilutive potential ordinary shares.

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

	Group	
	2019	**2018**
	$	**$**
Profit for the year attributable to owners of the Company	6,481,106	4,354,096
Weighted average number of ordinary shares for basic and diluted earnings per share computation	652,661,100	652,908,500

The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

13. SHARE CAPITAL AND TREASURY SHARES

(a) ***Share capital***

	Group and Company 2019 and 2018	
	No. of shares	**$**
Issued and fully paid ordinary shares		
Balance at the beginning and end of the year	653,504,000	172,153,626

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

13. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(b) ***Treasury shares***

	Group and Company			
	2019		2018	
	No. of shares	$	No. of shares	$
At 1 January	(842,900)	(260,086)	(546,000)	(164,945)
Acquired during the year	–	–	(296,900)	(95,141)
At 31 December	(842,900)	(260,086)	(842,900)	(260,086)

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

Share repurchase

At the Extraordinary General Meeting held on 7 November 2003, shareholders approved the grant of a general mandate to enable the Company to purchase or otherwise acquire its issued ordinary shares (the "Share Purchase Mandate"). The terms of the Share Purchase Mandate were set out in the Company's Circular to Shareholders dated 15 October 2003. The Share Purchase Mandate was renewed on 24 April 2019.

In the previous year, the Company acquired 296,900 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was $95,141 and this was presented as a component within the shareholders' equity.

14. RESERVES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Revenue reserve	42,327,591	42,373,096	9,477,616	7,669,950
Capital reserve	758,970	891,163	–	–
Fair value reserve	(1,677,765)	(2,206,350)	–	–
Currency translation reserve	(22,822,430)	(23,835,019)	–	–
	18,586,366	17,222,890	9,477,616	7,669,950

Capital reserve represents unrealised gain pertaining to certain properties purchased from an associate.

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets at FVOCI until they are disposed of or impaired.

14. RESERVES (CONT'D)

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

15. PROPERTY, PLANT AND EQUIPMENT

Group	**Freehold office property** $	**Leasehold land and buildings** $	**Furniture, motor vehicles, computers and other equipment** $	**Total** $
Cost				
At 1 January 2018	2,299,292	5,187,456	1,786,715	9,273,463
Additions	–	73,000	214,629	287,629
Disposals	–	–	(147,054)	(147,054)
Currency realignment	–	–	(1,282)	(1,282)
At 31 December 2018 and 1 January 2019	2,299,292	5,260,456	1,853,008	9,412,756
Additions	–	–	125,397	125,397
Disposals	–	–	(50,336)	(50,336)
Written off			(6,671)	(6,671)
Currency realignment	–	–	855	855
At 31 December 2019	2,299,292	5,260,456	1,922,253	9,482,001

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

Group	Freehold office property $	Leasehold land and buildings $	Furniture, motor vehicles, computers and other equipment $	Total $
Accumulated depreciation and impairment loss				
At 1 January 2018	781,760	2,600,346	1,438,878	4,820,984
Depreciation for the year	45,986	122,661	128,777	297,424
Disposals	–	–	(147,054)	(147,054)
Currency realignment	–	–	(1,282)	(1,282)
At 31 December 2018 and 1 January 2019	827,746	2,723,007	1,419,319	4,970,072
Depreciation for the year	45,986	124,487	133,248	303,721
Disposals	–	–	(49,713)	(49,713)
Written off	–	–	(6,671)	(6,671)
Currency realignment	–	–	146	146
At 31 December 2019	873,732	2,847,494	1,496,329	5,217,555
Net carrying amount				
At 31 December 2018	1,471,546	2,537,449	433,689	4,442,684
At 31 December 2019	1,425,560	2,412,962	425,924	4,264,446

The Group's leasehold land and buildings with a carrying value of $2,412,962 (2018: $2,537,449) is mortgaged to secure its banking facilities including bank overdraft (Note 24).

16. INVESTMENT PROPERTIES

Group	Freehold land $	Buildings $	Construction in-progress $	Total $
Cost				
At 1 January 2018	58,390,205	71,931,982	334,339	130,656,526
Additions (subsequent expenditure)	–	443,144	510,433	953,577
Reclassification	320,828	(410,347)	89,519	–
Purchase of investment properties	33,464,877	14,834,907	–	48,299,784
Arising from business combination (Note 17)	10,418,645	7,859,680	–	18,278,325
Remeasurement of previously held interest to fair value (Note 17)	5,078,491	956,237	–	6,034,728
Disposal	(17,620,998)	(7,569,302)	–	(25,190,300)
Currency realignment	(1,471,201)	(1,500,257)	(13,505)	(2,984,963)
At 31 December 2018 and 1 January 2019	88,580,847	86,546,044	920,786	176,047,677
Additions (subsequent expenditure)	–	477,374	225,548	702,922
Reclassification	(9,851,125)	9,851,125	–	–
Written off	–	(1,089,195)	–	(1,089,195)
Disposal	(1,556,245)	(1,007,390)	(410,370)	(2,974,005)
Currency realignment	621,000	814,810	23	1,435,833
At 31 December 2019	77,794,477	95,592,768	735,987	174,123,232
Accumulated depreciation and impairment loss				
At 1 January 2018	–	18,616,450	–	18,616,450
Depreciation for the year	–	1,881,217	–	1,881,217
Disposal	–	(339,507)	–	(339,507)
Currency realignment	–	(199,439)	–	(199,439)
At 31 December 2018 and 1 January 2019	–	19,958,721	–	19,958,721
Depreciation for the year	–	2,372,899	–	2,372,899
Written off	–	(1,089,195)	–	(1,089,195)
Disposal	–	(217,198)	–	(217,198)
Currency realignment	–	71,582	–	71,582
At 31 December 2019	–	21,096,809	–	21,096,809
Net carrying amount				
At 31 December 2018	88,907,026	67,485,763	831,267	156,088,956
At 31 December 2019	77,794,477	74,495,959	735,987	153,026,423

16. INVESTMENT PROPERTIES (CONT'D)

	Group	
	2019	2018
	$	$
Rental income from investment properties	9,584,307	8,705,137
Direct operating expenses (including depreciation, repairs and maintenance) arising from rental generating properties	4,238,619	3,829,942

The investment properties held by the Group, which are all rental generating, are disclosed in Note 34. During the year, the Group made additions and alterations to its existing investment properties.

During the financial year, borrowing costs of $3,548 (2018: Nil), arising from borrowings obtained specifically for the investment properties were capitalised under "Construction-in-progress". The rate used to determine the amount of borrowing costs eligible for capitalisation is 3.5% per annum which is the effective interest rate of the specific borrowing.

Valuation of the investment properties

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Valuation of investment properties is performed for disclosure purposes and impairment assessments. The Group has a policy to obtain external, independent valuations for its properties once every three years. Directors' valuations are carried out annually.

Fair values are based on 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 after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

For valuations performed by external valuation experts, the Group reviews the appropriateness of the valuation methodologies and assumptions adopted. The Group also evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The Chief Financial Officer (CFO) documents and reports its analysis and results of the valuation to the Audit and Risk Committee on a quarterly basis, in line with the Group's quarterly reporting dates.

16. INVESTMENT PROPERTIES (CONT'D)

Valuation of the investment properties (cont'd)

During the year, valuations were performed by Savills Valuation and Professional Services (S) Pte Ltd, Knight Frank Pte Ltd, CBRE Pte Ltd, Avison Young UK LLP for three properties in Singapore and two properties in United Kingdom (31 December 2018: Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers") and Knight Frank Pte Ltd for two properties in Singapore). These independent valuers have recognised and relevant professional qualification with relevant experience in the location and category of the properties being valued.

Valuation for the remaining properties was performed by the directors as at year end, taking into consideration the advice of external valuation experts using recent transaction prices, investment method and residual method.

The valuation methods applied are further discussed in Note 35.

Properties pledged as security

Investment properties in Singapore amounting to $8,766,364 (2018: $10,644,790) are mortgaged and their rental income assigned to a bank to secure bank loans and banking facilities.

Another investment property in Singapore amounting to $30,491,650 (2018: $31,396,365) is mortgaged and its rental income is assigned to a bank to secure bank loans.

During the year, an investment property in Singapore amounting to $15,017,226 is mortgaged to a bank to secure bank loans.

An investment property in United Kingdom amounting to $34,579,874 (2018: $34,499,785) is mortgaged to secure bank loans.

Material contract with a controlling shareholder

Included in the purchase of investment properties in 2018 were two plots of commercial land in Singapore purchased from City Developments Limited ("CDL") amounting to $13,800,000. CDL is a related corporation of Hong Leong Investment Holdings Pte. Ltd., a controlling shareholder of the Company.

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	2018
	$	$
Shares, at cost	188,135,003	188,135,003
Impairment losses		
Balance at 1 January	(20,286,138)	(17,671,146)
Charge to profit or loss	–	(2,614,992)
Written back	1,175,988	–
Balance at 31 December	(19,110,150)	(20,286,138)
	169,024,853	167,848,865
Amounts due from subsidiaries	5,044,000	11,264,000

Amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

At the end of the reporting period, the Company has written back impairment of $1,175,988 (2018: provided an impairment loss of $2,614,992) for the investment in Hwa Hong Edible Oil Industries Pte Ltd ("HHEO") as there was an increase (2018: decrease) in the recoverable amount of this subsidiary. The recoverable amount has been determined based on fair value less costs to sell of the underlying assets of the subsidiary, which largely comprises quoted equity securities. In the current year, there was an increase in the quoted prices of its equity securities, mainly due to favourable market conditions, which has led to the impairment loss being written back.

Acquisition of a subsidiary

On 23 April 2018, the Group acquired the remaining 30% interest in Capital Eagle Limited ("CEL") and the remaining 30% beneficial interest held by CEL as trustee in the freehold retail and commercial property known as 20 Midtown. The consideration for the transfer of the remaining CEL shares was arrived at following arm's length negotiations on a willing-buyer willing-seller basis, taking into account, amongst others, the unaudited net asset value of CEL as at 6 April 2018.

Prior to the transaction, the Group's 70% equity interest in CEL and the 20 Midtown property was accounted for as a joint operation. As CEL became a wholly-owned subsidiary, the acquisition of the remaining 30% is then a business combination achieved in stages, for which the Group performed a provisional purchase price allocation ("PPA") exercise. The PPA exercise was completed in current financial year.

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of a subsidiary (cont'd)

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

	Fair value recognised on acquisition $
Assets	
Investment properties	18,278,325
Other receivables	356,060
Trade debtors	181,404
Other receivables	233,431
	19,049,220
Liabilities	
Trade creditors	(46,369)
Other creditors	(314,179)
Accruals	(38,132)
Deferred tax liability	(71,213)
	(469,893)
Total identifiable net assets at fair value	18,579,327
Goodwill arising from acquisition	71,213
Consideration for the acquisition of 30% interest in CEL	18,650,540
Effect of the acquisition of CEL on cash flows	
Consideration settled in cash	18,650,540
Less: Cash and cash equivalents of subsidiary acquired	–
Net cash outflow on acquisition	18,650,540

Transaction and advisory costs

Transaction and advisory costs related to the acquisition of $1,543,604 were recognised in the "General and administrative costs" line item in the Group's profit or loss for the year ended 31 December 2018.

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of a subsidiary (cont'd)

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

The Group recognised a gain of $4,755,470 as a result of measuring at fair value its 70% equity interest in CEL held before the business combination. The gain is included in the "Other income" line item in the Group's profit or loss for the year ended for 31 December 2018.

Goodwill on acquisition and goodwill written off in financial year 31 December 2018

The goodwill of $71,213 represents excess purchase consideration paid over the fair value of its identifiable net assets and is written off in the "Other operating costs" in the Group's profit or loss for the year ended 31 December 2018. The goodwill amount written off amounted to $70,145, after deducting the impact of currency differences of $1,068. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss in financial year 31 December 2018

From the acquisition date, CEL has contributed approximately $1,835,000 of revenue and $1,082,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been approximately $2,512,000 and the Group's profit from continuing operations, net of tax would have been approximately $1,835,000.

Provisional accounting of the acquisition of CEL

A purchase price allocation ("PPA") exercise was conducted to determine the fair values of the identifiable net assets of CEL. As at 31 December 2018, the fair values of CEL were determined on a provisional basis as the final results of the assessment were not finalised by the date the 2018 financial statements were authorised for issue. The PPA exercise was completed in 2019 with no adjustments needed.

18. INVESTMENT IN ASSOCIATES

The Group's and the Company's material investments in associates are summarised below:

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Scotts Spazio Pte. Ltd.	5,593,353	7,636,346	–	–
Hong Property Investments Pte Ltd	8,117,962	6,819,360	–	–
Clan Kilmuir (Jersey) Limited	7,523,120	8,446,522	–	–
Shorea Capital Pte. Ltd.	94,833	–	–	–
Other associates	828,872	796,574	800,000	800,000
	22,158,140	23,698,802	800,000	800,000
Less: Impairment losses	–	–	(54,200)	(54,200)
	22,158,140	23,698,802	745,800	745,800

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

	Group	
	2019	2018
	$	$
(Loss)/profit after tax, representing total comprehensive income	(10,885)	64,713

The summarised financial information in respect of Scotts Spazio Pte. Ltd., Hong Property Investments Pte. Ltd., Clan Kilmuir (Jersey) Limited and Shorea Capital Pte. Ltd. based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

18. INVESTMENT IN ASSOCIATES (CONT'D)

Summarised balance sheet

	Scotts Spazio Pte. Ltd. 2019 $	2018 $
Current assets	1,866,376	1,095,314
Non-current assets	13,935,629	18,734,305
Total assets	15,802,005	19,829,619
Current liabilities	1,713,017	1,609,338
Non-current liabilities	2,902,281	2,947,589
Total liabilities	4,615,298	4,556,927
Net assets	11,186,707	15,272,692
Proportion of the Group's ownership	50%	50%
Group's share of net assets	5,593,353	7,636,346
Other adjustments[1]	–	–
Carrying amount of the investment, representing Group's share of net assets	5,593,353	7,636,346

Summarised statement of comprehensive income

	2019 $	2018 $
Revenue	12,301,332	12,304,986
Profit after tax, representing total comprehensive income before adjustments	3,914,015	3,438,472
Other adjustments[1]	–	–
Profit after tax, representing total comprehensive income	3,914,015	3,438,472

[1] Other adjustments mainly relate to adjustments made to the carrying value of the associate's investment property and reversal of deferred taxation in order to align their accounting treatment with the accounting policy of the Group.

Hong Property Investments Pte Ltd		Clan Kilmuir (Jersey) Limited		Shorea Capital Pte. Ltd.	
2019	**2018**	**2019**	**2018**	**2019**	**2018**
$	**$**	**$**	**$**	**$**	**$**
42,276,698	44,582,903	289	62,438	552,470	–
3,645	2,516	23,864,436	23,538,978	1,757,172	–
42,280,343	44,585,419	23,864,725	23,601,416	2,309,642	–
1,283,567	574,879	14,971	13,023	2,119,974	–
13,936,904	21,279,341	–	–	–	–
15,220,471	21,854,220	14,971	13,023	2,119,974	–
27,059,872	22,731,199	23,849,754	23,588,393	189,668	–
30%	30%	50%	50%	50%	50%
8,117,962	6,819,360	11,924,877	11,794,197	94,833	–
–	–	(4,401,757)	(3,347,675)	–	–
8,117,962	6,819,360	7,523,120	8,446,522	94,833	–

2019	2018	2019	2018	2019	2018
$	**$**	**$**	**$**	**$**	**$**
6,670,350	–	–	–	425,000	–
4,328,673	584,196	(1,420,392)	(722,788)	(1,724,930)	–
–	–	(631,608)	(1,386,829)	–	–
4,328,673	584,196	(2,052,000)	(2,109,617)	(1,724,930)	–

18. INVESTMENT IN ASSOCIATES (CONT'D)

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Amount due from associate:				
- Loan 1	4,181,071	6,383,802	–	–
- Loan 2	986,899	–	–	–
	5,167,970	6,383,802	–	–
Amount due within one year	5,167,970	6,383,802	–	–
	5,167,970	6,383,802	–	–
Amounts due to associates:				
Amounts due within one year	(1,979,259)	(1,982,589)	(366,396)	(366,383)

Included in amounts due to associates is an amount of $336,397 (2018: $366,383) denominated in United States Dollar.

Loan 1 is due from an associate is a loan that is related to Hong Leong Investment Holdings Pte. Ltd., a substantial shareholder of the Company. The amount is unsecured, repayable upon demand, bears interest at 2% (2018: 2%) per annum and is to be settled in cash.

Loan 2 is unsecured, bears interest at 2.8% per annum and is to be settled in cash.

Amounts due to associates are non-trade related, unsecured, non-interest bearing, repayable on demand and to be settled in cash. Included in amounts due to associates is an amount of $1,443,625 (2018: $1,443,625) being cash held on behalf of an associate.

19. INVESTMENT IN JOINT VENTURES

The Group's investment in joint ventures is summarised below:

	Group	
	2019	2018
	$	$
Neo Pav E Investments LLP	1,416,401	1,014,568
Neo Bankside Retail LLP	2,053,193	2,092,776
Loman Holdings Ltd	–	–
	3,469,594	3,107,344

19. INVESTMENT IN JOINT VENTURES (CONT'D)

The Group has a 50% (2018: 50%) interest in the ownership and voting rights in two limited liability partnership joint ventures, Neo Pav E Investments LLP and Neo Bankside Retail LLP that are held through a subsidiary. The Group jointly controls the ventures with the other partner under the contractual agreement which requires unanimous consent for all major decisions over the relevant activities.

The Group has not recognised losses relating to Loman Holdings Ltd where its share of losses exceeds the Group's interest in this joint venture. The Group's share of unrecognised losses at the end of the reporting period was $162,026 (2018: $49,720), of which $112,307 (2018: $49,807) was the share of the current year's losses. The Group has no obligation in respect of these losses.

Summarised financial information in respect of Neo Pav E Investments LLP and Neo Bankside Retail LLP based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Neo Pav E Investments LLP		**Neo Bankside Retail LLP**	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Current assets	327,750	385,339	1,283,942	1,525,552
Non-current assets	14,030,328	12,728,484	24,925,077	25,108,243
Total assets	14,358,078	13,113,823	26,209,019	26,633,795
Current liabilities	455,499	249,461	612,019	748,793
Non-current liabilities	7,218,844	7,216,843	14,373,314	14,363,330
Total liabilities	7,674,343	7,466,304	14,985,333	15,112,123
Net assets	6,683,735	5,647,519	11,223,686	11,521,672
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	3,341,868	2,823,760	5,611,843	5,760,836
Other adjustments (1)	(1,925,467)	(1,809,192)	(3,558,651)	(3,668,060)
Carrying amount of the investment	1,416,401	1,014,568	2,053,193	2,092,776

19. INVESTMENT IN JOINT VENTURES (CONT'D)

Summarised financial information in respect of Neo Pav E Investments LLP and Neo Bankside Retail LLP based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows (cont'd):

Summarised statement of comprehensive income

	Neo Pav E Investments LLP		Neo Bankside Retail LLP	
	2019	2018	2019	2018
	$	$	$	$
Revenue	656,010	484,773	685,787	961,954
Other income	–	37,183	935	742
Operating (expenses)/income	(119,284)	(117,879)	(245,106)	(455,848)
Interest expense	(257,712)	(259,138)	(369,573)	(372,990)
	279,014	144,939	72,043	133,858
Other adjustments [1]	(180,042)	(148,983)	(207,216)	133,570
(Loss)/profit after tax, representing total comprehensive income	98,972	(4,044)	(135,173)	267,428

[1] Other adjustments mainly relate to adjustments made to the carrying values of the joint ventures' investment properties in order to align their accounting treatment with the accounting policies of the Group.

20. INVESTMENT SECURITIES

	Group	
	2019	2018
	$	$
Current		
At fair value through profit or loss		
- Equity securities (quoted)	16,488,992	15,747,041
- Debt instruments	1,322,038	2,679,000
	17,811,030	18,426,041
Non-current		
At fair value through other comprehensive income		
- Equity securities (quoted)	5,985,735	5,256,613
- Equity securities (unquoted)	15,047,456	17,938,474
- Non-equity securities (quoted)	4,156,579	3,603,728
	25,189,770	26,798,815

20. INVESTMENT SECURITIES (CONT'D)

Included in the quoted non-equity investments, unquoted equity securities, quoted equity securities and debt instruments are amounts of $11,351,279 (2018: $10,959,742), $8,536,289 (2018: $12,646,862) and $7,436,111 (2018: $6,835,254) denominated in Sterling Pound, United States Dollar and Korean Won, respectively.

Investments in equity instruments designated at fair value through other comprehensive income

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

	Group	
	2019	2018
	$	$
MTQ Corporation Ltd	2,960,893	2,356,870
Pan Hong Holdings Group Ltd	89,600	64,000
Singapore Reinsurance Corporation Limited	2,935,242	2,835,743
DCG Asia Value Fund (Cayman)	239,995	219,313
Value Monetization III Ltd (BVI) ("VML")	2,662,044	3,495,053
Majuven Fund 1 Ltd	398,512	395,285
Accion Asia Growth Fund (Cayman)	264,076	267,731
Gaw NP Capital Vietnam Fund 1 LP (Cayman) ("Gaw Fund")	4,288,131	6,205,078
GOGC Allen House, LP (Cayman)	7,194,698	7,356,014
	21,033,191	23,195,087

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

During the year, the Group received returns of capital of $416,634, $21,090 and $1,877,458 from VML, Majuven Fund 1 Ltd and Gaw Fund respectively (2018: $42,069 from Majuven Fund 1 Ltd, $35,655 from Accion Asia Growth Fund and $575,008 from Gaw Fund).

The Group recognised a dividend of $12,000, $129,350 and $3,388,914 (2018: $202,400, $129,350 and $33,936) from Pan Hong Holdings Group Ltd, Singapore Reinsurance and Gaw Fund respectively during the year.

21. OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Current				
Sundry receivables	485,838	599,363	–	–
Dividend receivable	53,674	112,617	–	–
Interest receivable	287,201	276,313	6,068	–
Deposits receivable	99,716	93,753	–	–
Amounts receivable from joint venture	–	1,485,546	–	–
Amounts receivable from a joint venture partner	–	340,530	–	–
Amounts due from estate agents	2,114,239	1,158,949	–	–
	3,040,668	4,067,071	6,068	–
Non-current				
Amounts receivable from joint venture	7,993,594	7,148,877	–	–
Deferred rental receivable	7,328,879	6,787,307	–	–
	15,322,473	13,936,184	–	–
Total other receivables	18,363,141	18,003,255	6,068	–

Current amounts receivable from joint ventures of $Nil (2018: $1,485,546), amounts receivable from a joint venture partner of $Nil (2018: $340,530), amounts due from estate agents of $2,114,239 (2018: $1,158,949) and non-current amounts receivable from joint venture of $7,993,594 (2018: $7,148,877) are denominated in Sterling Pound.

Deposits receivable

The amount pertains to tenants' deposits receivable from agents and is repayable on demand.

Current amounts receivable from joint venture

In 2018, amounts receivable from joint venture $1,485,546 bore interest at 4% per annum and was repaid in 2019. The amounts were secured by way of legal mortgage over an investment property of the joint venture in United Kingdom, including the joint venture partner's share of the property. At 31 December 2018, the carrying amount of the property $7,994,534, including the joint venture partner's share of the property.

21. OTHER RECEIVABLES (CONT'D)

Current amounts receivable from a joint venture partner

In 2018, amounts receivable of $340,530 from a joint venture partner was non-trade related, unsecured, non-interest bearing and was repaid in 2019.

Non-current amounts receivable from joint venture

Amount receivable from joint ventures of $7,993,594 (2018: $7,148,877) is non-interest bearing, unsecured, non-trade related and is not expected to be repaid within the next twelve months.

Deferred rental receivable

Deferred rental receivable relates to lease income that remains to be amortised over the lease term on a straight-line basis. The amount is mainly contributed by rental income from a Singapore investment property, for which a subsidiary has entered into a 15-year commercial property lease and granted the lessee a 7-month rent free period.

Receivables that are past due but not impaired

The Group has no other receivables that are past due but not impaired.

22. TRADE RECEIVABLES

	Group	
	2019	**2018**
	$	**$**
Trade receivables	490,052	1,860,845
Allowance for expected credit loss	–	–
	490,052	1,860,845

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

22. TRADE RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $Nil (2018: $5,812) that are past due at the end of the reporting period but not impaired. These receivables were unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2019	2018
	$	$
Trade receivables past due but not impaired:		
Lesser than 30 days	–	5,812
30 – 60 days	–	–
61 – 90 days	–	–
91 – 120 days	–	–
More than 120 days	–	–
	–	5,812

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Fixed deposits	28,911,961	22,778,980	7,009,123	–
Cash at bank and on hand	10,552,891	9,592,108	515,187	674,128
Cash and cash equivalents in the statements of financial position	39,464,852	32,371,088	7,524,310	674,128
Fixed deposits pledged for banking facilities	(19,282,838)	(19,278,980)		
Bank overdrafts	(199,630)	(100,429)		
Restricted cash (Note 18)	(1,443,625)	(1,443,625)		
Cash and cash equivalents in the statement of cash flows	18,538,759	11,548,054		

Fixed deposits are made for varying periods of between one month and six months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective fixed deposit rates. The effective interest rates at 31 December 2019 were in the range of 1.4% to 1.97% (2018: 0.78% to 1.54%) per annum.

23. CASH AND CASH EQUIVALENTS (CONT'D)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Hong Kong Dollars	58,534	45,205	–	–
Sterling Pound	214,667	432,037	–	–
Singapore Dollars	48,917	399,337	–	–
United States Dollars	873,871	66,462	–	–

24. BANK OVERDRAFT

The bank overdraft is denominated in SGD, bears interest at 5% p.a (2018: 5% p.a). and is secured by the leasehold building and assignment of tenancy agreement in respect of the property (Note 15).

25. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

26. OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Current				
Tenancy deposits	871,709	838,936	–	–
Unclaimed dividends	340,254	337,404	340,254	337,404
Deferred income	746,115	736,266	–	–
Other tax payables	15,827	31,251	–	–
Construction related costs payable	–	58,850	–	–
Rental received in advance	6,880	9,340	–	–
Amounts due to estate agents	–	180,601	–	–
Sundry payables	730,056	790,423	34,604	34,387
	2,710,841	2,983,071	374,858	371,791
Non-current				
Tenancy deposits	475,675	477,275	–	–
Loan to non-controlling interest	5,095,373	5,065,792	–	–
	5,571,048	5,543,067	–	–

Sundry payables are non-interest bearing and have an average term of 60 days.

Loan to non-controlling interest

Loan to non-controlling interest is denominated in Sterling Pound. The amount is unsecured, non-interest bearing, and not repayable within the next 12 months.

Other payables denominated in foreign currencies as at 31 December are as follows:

	Group	
	2019	2018
	$	$
Chinese Renminbi	235,194	246,426

27. BANK LOANS (SECURED)

	Group	
	2019	2018
	$	$
Current		
- Short-term Singapore Dollar bank loan	8,000,000	12,500,000
- Short-term Sterling Pound bank loans	53,310,587	52,619,778
	61,310,587	65,119,778
Non-current		
- Long-term Singapore Dollar bank loan	339,098	–
- Long-term Sterling Pound bank loan	17,546,509	17,217,455
	17,885,607	17,217,455
Total bank loans	79,196,194	82,337,233

Short-term Singapore Dollar bank loan comprises of a revolving loan of $8,000,000 (2018: $12,500,000) which is secured by a legal charge over a subsidiary's investment property, assignment of tenancy agreements in the investment property and a corporate guarantee from another subsidiary. The loan bears interest at bank's cost of funds rate + 1.4% per annum.

Short-term Sterling Pound bank loans comprise of:

(a) A revolving loan of $3,535,472 (2018: $3,487,256) granted to a subsidiary. The loan is secured by a legal charge of $4,000,000 (2018: $4,000,000) over the subsidiary's fixed deposits and bears interest at bank's costs of funds rate plus 1.4% (2018: 1.4%) per annum.

(b) A revolving loan of $24,571,530 (2018: $24,236,429) granted by the same bank to the same subsidiary as in (a) above. The loan is secured by a legal charge over the subsidiary's investment property and assignment of tenancy agreement in respect of the property. The loan bears interest at bank's offer rate plus 1.4% (2018: 1.4%) per annum.

(c) A revolving loan of $25,203,585 (2018: $24,896,093) granted by another bank to the same subsidiary as in (a) above. The loan is secured by a corporate guarantee from the holding company and a legal charge of $15,000,000 (2018: $15,000,000) over the subsidiary's fixed deposits. The loan bears interest at bank's costs of funds rate plus 1.1% - 1.7% (2018: 1.1% - 1.7%) per annum.

Long-term Singapore Dollar was drawn under a revolving credit facility which is secured by a legal charge over the investment properties, assignment of construction contracts, performance bonds in respect to the development of the investment properties and a corporate guarantee from one of the subsidiary companies. The loan bears interest at bank's swap rate plus 1.6% per annum.

27. BANK LOANS (SECURED) (CONT'D)

Long-term Sterling Pound bank loans comprises of a bank loan of $17,546,509 (2018: $17,217,455) granted to a subsidiary. The loan is secured by a legal charge over the subsidiary's investment property, a pledged deposit of $282,838 (2018: $278,980), assignment of tenancy agreement and rental income and a corporate guarantee from another subsidiary. The loan is repayable in year 2021 and bears interest at LIBOR rate plus 2.3% (2018: 2.3%) per annum.

Under the terms and conditions of the respective loans, these subsidiaries are prohibited from lifting the fixed deposits or subjecting them to further charges without furnishing a replacement security of similar value.

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

				Non-cash changes		
2019	**At 1 January**	**Proceeds**	**Repayments**	**Foreign exchange movement**	**Other**	**At 31 December**
	$	**$**	**$**	**$**	**$**	**$**
Bank borrowings						
Current	65,119,778	–	(4,536,757)	727,566	–	61,310,587
Non-current	17,217,455	339,098	–	239,291	89,763	17,885,607
Total	82,337,233	339,098	(4,536,757)	966,857	89,763	79,196,194
2018						
Bank borrowings						
Current	53,176,494	30,032,985	(1,800,000)	(1,750,104)	(14,539,597)	65,119,778
Non-current	–	17,217,455	–	–	–	17,217,455
Total	53,176,494	47,250,440	(1,800,000)	(1,750,104)	(14,539,597)	82,337,233

The 'Other' column in 2019 relates to amortisation of capitalised finance costs using the effective interest method. The 'Other' column in 2018 relates to disposal of Capital Herbal Limited (Note 11).

28. DEFERRED TAX LIABILITIES

Group	Group			
	Consolidated balance sheet		Consolidated income statement	
	2019	2018	2019	2018
	$	$	$	$
Deferred tax liabilities				
Remeasurement gain	(1,239,310)	(1,222,409)	–	–
Differences in depreciation and capital allowances	(1,239,337)	(1,342,335)	(102,998)	(97,459)
Accrued interest income	(2,539,868)	(2,350,189)	243,679	312,928
	(5,072,515)	(4,914,933)		
Net deferred tax liabilities	(5,072,515)	(4,914,933)		
Deferred tax expense			140,681	215,469

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $14,178,000 (2018: $15,222,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

There are no income tax consequences (2018: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 29).

29. DIVIDENDS

	Group 2019 $	Group 2018 $
In respect of financial year ended 31 December 2017:		
- Final exempt (one-tier) dividend of 1.10 cent per share	–	7,182,538
In respect of financial year ended 31 December 2018:		
- Final exempt (one-tier) dividend of 1.0 cents per share	6,526,611	–
	6,526,611	7,182,538

The directors of the Company have recommended a final tax exempt ordinary dividend of 1 cent per share, totaling $6,526,611 to be paid in respect of the financial year ended 31 December 2019, subject to shareholders' approval at the annual general meeting of the Company.

30. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions are entered into by the Group and the Company with related parties at terms agreed between the parties:

	Group		Company	
	2019 $	2018 $	2019 $	2018 $
Income statement				
Management fees paid and payable to a subsidiary	–	–	199,262	122,187
Rental fee paid and payable to a subsidiary	–	–	55,525	53,741
Reimbursement of expense to a subsidiary	–	–	13,791	6,727
Interest income from associates	(122,238)	(129,203)	–	–
Rental income from an associated company	(12,559)	–	–	–
Management fees from an associated company	(3,000)	–	–	–
Reimbursement of expense from an associated company	(3,327)	–	–	–

31. COMMITMENT AND CONTINGENCIES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
(a) ***Contingent liabilities***				
Financial guarantees given to financial institutions in connection with facilities given to its joint ventures and subsidiaries	8,060,876	7,950,994	15,000,000	15,000,000

The fair value of the financial guarantees provided for its joint ventures and subsidiaries is not expected to be material as a portion of the loans and borrowings are collateralised against the joint ventures' investment properties and a subsidiary's fixed deposits. Further, the probability of the joint ventures and the subsidiaries defaulting on the credit lines is remote. Accordingly, the financial guarantees have not been recognised.

	Group	
	2019	2018
	$	$
(b) ***Capital commitments***		
Investment properties	4,012,835	282,552
Property, plant and equipment	280,000	–
Unquoted investment securities	4,852,937	4,862,756
Investment in an associates	5,621,400	5,544,737

(c) ***Contingent asset***

In April 2013, one of the Group's joint ventures (the "JV") was granted a 125 year lease on the site of the former post office building in Fitzalan Square, Sheffield, United Kingdom (the "Site") as part of the redevelopment of the Site.

Concurrently, the lessee of the Site, the JV and the development manager of the site ("DM") have entered into agreements for the redevelopment of the Site ("Agreements") and the Group opined that the Agreements were integral to the 125 year lease as the lease would not have been granted had the Agreements not been put in place.

Pursuant to the Agreements, the funds required for the redevelopment of the Site is to be provided by the lessee and the JV could be entitled to receive up to GBP2.16 million in the event the Site is refinanced or disposed of in the future following its redevelopment, including the Group's share of GBP1.08 million.

31. COMMITMENT AND CONTINGENCIES (CONT'D)

(c) *Contingent asset (cont'd)*

During the financial year ended 31 December 2016, the JV has received GBP749,000 (equivalent to approximately $1,399,546), including the Group's share of GBP374,500 (equivalent to approximately $699,773) upon the completion of the Site refinancing. During the financial year ended 31 December 2019, the JV has recognised gain of GBP250,000, including the Group's share of GBP125,000 (equivalent to approximately $217,966). The JV could be entitled to receive the remaining balance of GBP1,161,000 (equivalent to approximately $2,052,000), including the Group's share of GBP580,500 (equivalent to approximately $1,026,000), in the event the Site is disposed of in the future following its redevelopment.

Given the uncertainty in relation to (i) the future value of the Site post-development; and (ii) the possible sale of the redeveloped Site post-completion, the directors believe that it is not virtually certain that a profit will be realised. Hence, no asset is recognised at the end of the reporting period in 2019 and 2018.

(d) *Operating lease commitments - As lessor*

The Group has entered into residential and commercial property leases on its investment property portfolio. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 119 years (2018: 1 and 120 years). All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum lease payments receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2019	**2018**
	$	**$**
Within one year	9,163,542	8,680,000
Between one year and five years	29,768,932	31,538,720
Later than 5 years	24,373,870	33,656,549
	63,306,344	73,875,269

32. DIRECTORS' REMUNERATION

The number of directors of the Company whose emoluments fall within the following bands is as follows:

	2019	2018
$500,000 to $749,999	1	1
Below $250,000	6	6
	7	7

33. GROUP SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the chief operating decision maker to make decisions about allocation of resources and assessment of performance.

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic units offer different products and services and are managed separately because they require different strategies.

The following summary describes the operations in each of the Group's reportable segments:

- Rental: rental of residential, commercial properties and warehouse
- Investments: investment holding (other than the Company's investment in subsidiaries)
- Corporate and others: packing and trading of edible oils as well as the Company's investment holding of subsidiaries

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. All assets and liabilities are allocated to reportable segments.

For purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors performance based on segment profit before income tax. Segment profit is measured as management believes the information is useful in evaluating the results of certain segments relative to other entities that operate within these industries. The segment transactions are determined on an arm's length basis.

Transfer prices between operating segments are on an arms' length basis in a manner similar to transactions with third parties.

Unallocated items such as cash at bank, bank overdraft, bank loans, provision for tax, deferred taxation, group financing (including finance costs), income tax and certain foreign exchange differences are managed on a group basis and are not allocated to operating segments.

33. GROUP SEGMENTAL INFORMATION (CONT'D)

31 December	Rental		Investments	
	2019	2018	2019	2018
	$	$	$	$
Revenue				
- External	9,584,307	8,705,137	4,939,261	1,718,976
- Inter-segment	–	–	4,350,000	4,500,000
Total revenue	9,584,307	8,705,137	9,289,261	6,218,976
Results:				
Interest income (in other income)	4,354	2,431	345	671
Depreciation of property, plant and equipment and investment properties	(2,468,363)	(1,980,024)	(40,031)	(42,591)
Fair value changes in investment securities	–	–	469,909	(2,863,633)
Gain on disposal of property, plant and equipment	4,795	21,169	–	9,073
Gain on disposal of investment properties	3,119,264	1,571,652	–	–
Gain on liquidation of an associate	–	–	–	464,190
Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages	–	4,755,470	–	–
Gain on disposal of a subsidiary and its joint operation	–	–	–	1,037,045
Goodwill written off	–	(70,145)	–	–
Share of results of associates and joint ventures	–	–	1,338,158	1,034,992
Segment profit/(loss) before tax	6,509,726	7,403,340	5,124,030	34,417
Investment in joint ventures	–	–	3,469,594	3,107,344
Investment in associates	–	–	22,158,140	23,698,802
Additions to non-current assets	761,750	73,715,164	1,966	63,750
Segment assets	184,347,423	189,823,166	179,056,083	180,641,416
Segment liabilities	161,313,699	122,303,689	26,523,758	34,080,451

Corporate and others			Adjustments and eliminations		Per consolidated financial statements	
2019	2018		2019	2018	2019	2018
$	$		$	$	$	$
–	–		–	–	14,523,568	10,424,113
8,166,547	9,608,000	A	(12,516,547)	(14,108,000)	–	–
8,166,547	9,608,000		(12,516,547)	(14,108,000)	14,523,568	10,424,113
17,665	16,110		–	–	22,364	19,212
(168,226)	(156,026)		–	–	(2,676,620)	(2,178,641)
–	–		–	–	469,909	(2,863,633)
–	–		–	–	4,795	30,242
–	–		–	–	3,119,264	1,571,652
–	–		–	–	–	464,190
–	–		–	–	–	4,755,470
–	–		–	–	–	1,037,045
–	–		–	–	–	(70,145)
–	–		–	–	1,338,158	1,034,992
(2,028,205)	(2,129,157)	B	(2,507,763)	(441,539)	7,097,788	4,867,061
–						
–	–		–	–	3,469,594	3,107,344
–	–		–	–	22,158,140	23,698,802
64,603	75,129	C	–	–	828,319	73,854,043
180,583,299	185,406,421	D	(254,410,158)	(264,492,353)	289,576,647	291,378,650
3,216,747	3,206,635	E	(91,936,209)	(57,332,223)	99,117,995	102,258,552

33. GROUP SEGMENTAL INFORMATION (CONT'D)

A. Inter-segment revenues are eliminated on consolidation.

B. The following items are (deducted from)/added to segment profit to arrive at "profit before tax" presented in the consolidated income statement:

	2019 $	2018 $
Unallocated income/(expenses)	(161,251)	757,911
Finance costs	(2,346,512)	(1,199,450)
	(2,507,763)	(441,539)

C. Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

D. The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	2019 $	2018 $
Cash and bank balances	39,464,852	32,371,088
Inter-segment assets	(293,875,010)	(296,863,441)
	(254,410,158)	(264,492,353)

E. The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2019 $	2018 $
Bank loans	79,196,194	82,337,233
Bank overdraft	199,630	100,429
Income tax payable	1,401,494	1,697,760
Deferred tax liabilities	5,072,515	4,914,933
Inter-segment liabilities	(177,806,042)	(146,382,578)
	(91,936,209)	(57,332,223)

33. GROUP SEGMENTAL INFORMATION (CONT'D)

Geographical information

	Revenue		Non-current assets	
	2019	2018	2019	2018
	$	$	$	$
Singapore	9,885,568	6,794,381	107,961,071	115,464,695
United Kingdom	4,638,000	3,629,732	115,469,775	112,608,090
	14,523,568	10,424,113	223,430,846	228,072,785

In presenting information on the basis of geographical segments, segment revenue and assets are based on geographical location of customers and assets respectively.

Information about a major customer

Revenue of $4,368,877 (2018: $4,368,877) was derived from a single external customer. This revenue was derived in Singapore and relates to rental income.

34. MAJOR PROPERTIES OWNED BY THE GROUP

Location	Company	Type/Usage	Area
Property, plant and equipment			
Leasehold land and building			
38 South Bridge Road Singapore 058672	Paco Industries Pte. Ltd.	Lot 160 – 99 years lease from 1941. Lot 164 – 99 years lease from 1947. Office	Lot 160 – land area of about 121 square metres. Lot 164 – land area of about 123 square metres. Gross floor area of about 1,022 square metres (10,989 sq feet)
Freehold office property			
400 Orchard Road #11-09/10 Orchard Towers Singapore 238875	Singapore Warehouse Company (Private) Ltd	Freehold. Office	Gross floor area of about 157 square metres (1,690 square feet)

34. MAJOR PROPERTIES OWNED BY THE GROUP (CONT'D)

Location	Company	Type/Usage	Area
Investment properties			
Held by the Group			
93,95,97,99 Robertson Quay Singapore 238255/6/7/8	Global Trade Investment Management Pte Ltd	4 units of freehold residential apartments and 4 units of commercial shops.	Gross floor area of 959 square metres (10,322 square feet)
110 Paya Lebar Road Singapore Warehouse Singapore 409009	Singapore Warehouse Company (Private) Ltd	Freehold. Factory, warehouse, ancillary office and showroom	Land area of about 5,480 square metres. Gross floor area of about 14,612 square metres (157,109 square feet)
Lands lots 2706N and lots 2847M, Jalan Besar Singapore	253 JB Pte. Ltd.	Freehold. 2 Commercial freehold sites	Land area of about 900.3 square metres (9,691 square feet)
58 Queensgate London SW7 United Kingdom	Thackeray Properties Limited	Freehold. 6 units of residential apartments	Gross floor area of 630.4 square metres (6,778 square feet)
115B Queensgate London SW7 United Kingdom	Thackeray Properties Limited	Freehold. 2 units of residential apartments	Gross floor area of 177.5 square metres (1,911 square feet)
15/17 Hornton Street London W8 United Kingdom	Pumbledon Limited	Freehold. 3 units of residential apartments	Gross floor area of 200 square metres (2,153 square feet)
71.4% interest in 20 Garrett Street, London EC1Y 0TW, United Kingdom[(2)]	Garrett Property Holdings Ltd	Freehold. Office building	Floor area of 1,625.80 square metres (17,500 square feet)
20 Midtown, Procter Street, Holborn London WC1 6NX United Kingdom	Vantagepro Investment Limited	Freehold. Office building	Floor area of 2,836.58 square metres (30,533 square feet)

34. MAJOR PROPERTIES OWNED BY THE GROUP (CONT'D)

Location	Company	Type/Usage	Area
Investment properties (cont'd)			
Held by the Group (cont'd)			
50% interest in Head Post Office Fitzalan Square,Sheffield S1 2AB United Kingdom	Vantagepro Investment Limited	Freehold. Office building	Floor area of 6,422.43 square metres (69,131 square feet)
Held by joint ventures			
Block E Bankside 4, London SE1 9RE United Kingdom	Neo Pav E Investments LLP	Leasehold. Office building	Gross floor area of 678.2 square metres (7,300 square feet)
Block A, B, C and D, Retail units located at Bankside 4, London SE1 0SW United Kingdom	Neo Bankside Retail LLP	Leasehold. Retail units	Gross floor area of 1,337.70 square metres (14,399 square feet)
46 Loman Street London SE1 0EH United Kingdom[3]	Loman Holdings Limited	Freehold. Office building	Gross floor area of 1,838.18 square metres (19,786 square feet)
Held by associates			
304 Orchard Road #05-00 Lucky Plaza Singapore 238863	Hong Property Investments Pte Ltd	Freehold. Commercial	Gross floor area of 2,855 square metres (30,731 square feet)
400 Orchard Road #20-05/05A/06 Orchard Towers Singapore 238875	Hong Property Investments Pte Ltd	Freehold. Commercial	Gross floor area of 330.92 square metres (3,562 square feet)
Kilmuir House Ebury Street, London SW1W 9JL United Kingdom[1]	Clan Kilmuir (Jersey) Limited	Leasehold. Residential	Gross floor area of 3,273 square metres (35,231 square feet)
51 Scotts Road	Scotts Spazio Pte. Ltd.	Leasehold. 15 years from 15 August 2007 4-storey office block	Land area of 1.04 hectares. Maximum permissible gross floor area of 15,666 sq metres (168,628 sq feet)

(1) Clan Kilmuir (Jersey) Limited has a 50% investment in Kilmuir House (Jersey) Limited, which in turn holds the Kilmuir House property.
(2) Garrett Property Holdings Ltd has a 100% investment in Capital Garrett Ltd, which in turn holds the 20 Garrett Street property.
(3) Loman Holdings Limited Ltd has a 100% investment in Capital Loman Ltd, which in turn holds the 46 Loman Street property.

35. FAIR VALUES OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

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

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
(ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3 - Unobservable inputs for the asset or liability.

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

(b) *Assets and liabilities measured at fair value*

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

	Group			
	Fair value measurements at the end of the period using			
31 December 2019	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$	**$**	**$**	**$**
Recurring fair value measurements				
Assets:				
Financial assets:				
Investment securities at FVPL (current)				
- Quoted equity securities	16,488,992	–	–	16,488,992
- Unquoted debt securities	–	–	1,322,038	1,322,038
Equity securities at FVOCI (non-current)				
- Quoted equity securities	5,985,735	–	–	5,985,735
- Quoted non-equity securities	4,156,579	–	–	4,156,579
- Unquoted equity securities	–	239,995	14,807,461	15,047,456
	26,631,306	239,995	16,129,499	43,000,800

35. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(b) ***Assets and liabilities measured at fair value (cont'd)***

	Group			
	Fair value measurements at the end of the period using			
31 December 2019	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$	**$**	**$**	**$**
Recurring fair value measurements				
Liabilities:				
Financial liabilities:				
Derivatives	–	(30,868)	–	(30,868)
31 December 2018				
Assets:				
Financial assets:				
Investment securities at FVPL (current)				
- Quoted equity securities	15,747,041	–	–	15,747,041
- Unquoted debt securities	–	–	2,679,000	2,679,000
Equity securities at FVOCI (non-current)				
- Quoted equity securities	5,256,613	–	–	5,256,613
- Quoted non-equity securities	3,603,728	–	–	3,603,728
- Unquoted equity securities	–	219,313	17,719,161	17,938,474
	24,607,382	219,313	20,398,161	45,224,856

(c) ***Level 2 fair value measurement***

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

Unquoted equity securities (non-current)

The investments relate to funds which invest primarily in equities that are publicly traded and listed in recognised stock exchanges. Fair values have been determined based on investor statements issued by the fund managers.

35. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(c) ***Level 2 fair value measurement (cont'd)***

Derivatives (current)

The fair value of interest rate swaps are based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

(d) ***Level 3 fair value measurements***

Information about significant unobservable inputs used in the Level 3 fair value measurements

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

Description	**Fair value at 31 December 2019 $**	**Valuation techniques**	**Unobservable inputs**
Recurring fair value measurements			
Investment securities at FVPL			
- Unquoted debt securities (current)	1,322,038	Expected present value method	Discount rate
Equity securities at FVOCI			
- Unquoted equity investments, at fair value (non-current)	14,807,461	Quote from fund manager	Not applicable

Description	**Fair value at 31 December 2018 $**	**Valuation techniques**	**Unobservable inputs**
Recurring fair value measurements			
Investment securities at FVPL			
- Unquoted debt securities (current)	2,679,000	Discounted cash flows	Discount rate
Equity securities at FVOCI			
- Unquoted equity investments, at fair value (non-current)	17,719,161	Quote from fund manager	Not applicable

35. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(d) ***Level 3 fair value measurements (cont'd)***

For investment securities at FVPL, a significant increase (decrease) in the discount rate would result in a significantly lower (higher) fair value measurement.

Equity securities at FVOCI relate to funds which invest primarily in unquoted assets. Fair values have been determined based on investor statements issued by the fund managers.

Movements in level 3 assets and liabilities measured at fair value

	Group	
	2019	**2018**
	$	**$**
Fair value measurements using significant unobservable inputs (Level 3)		
Investment securities at FVPL:		
Unquoted debt securities (current)		
At 1 January	2,679,000	–
Purchased during the year	–	2,679,000
Net change in fair value included in other comprehensive income	(1,356,962)	–
At 31 December	1,322,038	2,679,000
Equity securities:		
Unquoted equity investments (non-current)		
At 1 January	17,719,161	18,701,820
Net change in fair value included in other comprehensive income	(606,518)	(734,990)
Return of capital during the year	(2,315,182)	(652,732)
Purchased during the year	10,000	405,063
At 31 December	14,807,461	17,719,161

35. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(e) ***Assets and liabilities not carried at fair value but for which fair value is disclosed***

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2019 but for which fair value is disclosed:

	Group			
	Fair value measurements at the end of the period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
31 December 2019				
Non-financial assets:				
Investment properties				
- Commercial	–	8,430,000	204,864,448	213,294,448
- Residential	–	43,723,518	–	43,723,518
	–	52,153,518	204,864,448	257,017,966

	Group			
	Fair value measurements at the end of the period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
31 December 2018				
Non-financial assets:				
Investment properties				
- Commercial	–	8,430,000	198,692,780	207,122,780
- Residential	–	47,910,762	–	47,910,762
	–	56,340,762	198,692,780	255,033,542

35. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(e) ***Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)***

Determination of fair value

Commercial investment properties

The valuation for one of the Singapore properties was based on income capitalisation method, which involves the conversion of the estimated annual net rental income of the property after deducting all necessary outgoings and expenses such as property tax, costs of repairs and maintenance and insurance into a capital sum at a suitable rate of return which reflects the tenure and quality of the investment.

The valuation of the other Singapore properties were based on income capitalisation method and comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

The valuations for United Kingdom office and commercial properties were derived using two methods, which were investment method and income capitalisation method. For the investment method, the fair value was derived on investment method, taking into consideration of the rental and capital transactions in the vicinity of the investment properties, the passing rents and the estimated rental values of the properties which have been capitalised using investment yields. The fair value, after deducting purchaser's costs, was compared to other capital transactions on a capital value per square foot basis.

Valuations for the remaining properties are based on comparable market transactions that consider the sale of similar properties that have been transacted in the open market.

Residential investment properties

Valuations are based on comparable market transactions that consider the sale of similar properties that have been transacted in the open market.

35. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(f) *Carrying amounts of financial instruments by categories*

The table below is an analysis of the carrying amounts of financial instruments by categories as at 31 December:

	Note	Group	
		2019	2018
		$	$
Financial assets measured at amortised cost			
Other receivables (exclude deferred rental receivable)		11,034,262	11,215,948
Trade receivables	22	490,052	1,860,845
Amounts due from associates	18	5,167,970	6,383,802
Cash and bank balances	23	39,464,852	32,371,088
		56,157,136	51,831,683
Equity securities			
At fair value through profit and loss			
- Quoted equity securities (current)	20	16,488,992	15,747,041
- Debt instruments	20	1,322,038	2,679,000
At fair value through other comprehensive income			
- Quoted equity securities (non-current)	20	5,985,735	5,256,613
- Quoted non-equity securities (non-current)	20	4,156,579	3,603,728
- Unquoted equity securities (non-current)	20	15,047,456	17,938,474
		43,000,800	45,224,856
Financial liabilities measured at amortised cost			
Bank overdraft	24	199,630	100,429
Trade payable	25	559,654	317,108
Other payables (exclude deferred income, rental received in advance and other tax payables)		7,513,067	7,749,281
Accrued operating expenses		2,396,492	2,382,362
Amounts due to associates	18	1,979,259	1,982,589
Bank loans (secured)	27	79,196,194	82,337,233
		91,844,296	94,869,002

35. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(f) ***Carrying amounts of financial instruments by categories (cont'd)***

	Note	Group 2019 $	Group 2018 $
Financial liabilities at fair value through profit and loss			
Derivatives		30,868	–

	Note	Company 2019 $	Company 2018 $
Financial assets measured at amortised cost			
Other receivables	21	6,068	–
Amounts due from subsidiaries	17	5,044,000	11,264,000
Cash and bank balances	23	7,524,310	674,128
		12,574,378	11,938,128
Financial liabilities measured at amortised cost			
Other payables	26	374,858	371,791
Accrued operating expenses		274,590	278,682
Amounts due to associates	18	366,396	366,383
		1,015,844	1,016,856

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include equity price risk, interest rate risk, liquidity risk, credit risk and foreign currency risk. The directors review and agree policies and procedures for the management of these risks. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit and Risk Committee provides independent oversight on the effectiveness of the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

(a) ***Equity price risk***

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on stock exchanges in Singapore, Korea and London. The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility. To manage its price risk arising from investments in quoted equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below demonstrates the sensitivity to a reasonably possible change in equity price risk with all other variables held constant, of the Group's profit before tax and the Group's fair value reserve:

	Group		
	Percentage point change in assumption	**Effect on profit before tax**	**Effect on fair value reserve**
2019		**$'000**	**$'000**
- Straits Times Index	+10%	520	152
	-10%	(520)	(152)
- Korea Composite Stock Price Index	+10%	744	–
	-10%	(744)	–
- London Stock Exchange	+10%	–	415
	-10%	–	(415)

	Group		
	Percentage point change in assumption	**Effect on profit before tax**	**Effect on fair value reserve**
2018		**$'000**	**$'000**
- Straits Times Index	+10%	448	73
	-10%	(448)	(73)
- Korea Composite Stock Price Index	+10%	684	–
	-10%	(684)	–
- London Stock Exchange	+10%	–	360
	-10%	–	(360)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Interest rate risk*

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 Group's exposure to interest rate risk arises primarily from its placements in fixed deposits, investments in unquoted bonds and debt obligations with financial institutions. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group uses a combination of fixed and floating rates facilities to allow the Group to benefit from the relative lower interest rate in short term loans and mitigate sudden hike in interest rates.

At the end of the reporting period, if interest rates had been 50 (2018: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $394,000 (2018: $326,000) higher/lower.

(c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's objective is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions if any, without incurring unacceptable losses or risking damage to the Group's reputation. This is achieved through monitoring the cash flow requirements closely and optimising its cash return on investments. In addition, the Group also maintains the availability of stand-by credit facilities.

Surplus funds are placed with reputable banks and/or financial institutions.

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

Group **31 December 2019**	**1 year or less** **$**	**2 to 5 years** **$**	**After 5 years** **$**	**Total** **$**
Financial assets				
Amounts due from associates	5,279,224	–	–	5,279,224
Investment securities	17,811,030	20,325,192	4,864,578	43,000,800
Trade and other receivables	3,530,720	–	7,993,594	11,524,314
Cash and bank balances	39,464,852	–	–	39,464,852
Total undiscounted financial assets	66,085,826	20,325,192	12,858,172	99,269,190

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) ***Liquidity risk (cont'd)***

Group 31 December 2019	1 year or less $	2 to 5 years $	After 5 years $	Total $
Financial liabilities				
Bank overdraft	199,630	–	–	199,630
Trade and other payables	2,501,673	93,679	5,477,369	8,072,721
Derivatives	30,868	–	–	30,868
Accrued operating expenses	2,396,492	–	–	2,396,492
Amounts due to associates	1,979,259	–	–	1,979,259
Bank loans	62,992,633	18,362,422	–	81,355,055
Total undiscounted financial liabilities	70,100,555	18,456,101	5,477,369	94,034,025
Total net undiscounted financial (liabilities)/ assets	(4,014,729)	1,869,091	7,380,803	5,235,165
31 December 2018				
Financial assets				
Amounts due from associates	6,511,478	–	–	6,511,478
Investment securities	18,426,041	23,303,763	3,495,052	45,224,856
Trade and other receivables	5,987,338	–	7,148,877	13,136,215
Cash and bank balances	32,371,088	–	–	32,371,088
Total undiscounted financial assets	63,295,945	23,303,763	10,643,929	97,243,637
Financial liabilities				
Bank overdraft	100,429	–	–	100,429
Trade and other payables	2,523,322	123,575	5,419,492	8,066,389
Accrued operating expenses	2,382,362	–	–	2,382,362
Amounts due to associates	1,982,589	–	–	1,982,589
Bank loans	66,903,484	18,592,994	–	85,496,478
Total undiscounted financial liabilities	73,892,186	18,716,569	5,419,492	98,028,247
Total net undiscounted financial (liabilities)/ assets	(10,596,241)	4,587,194	5,224,437	(784,610)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) ***Liquidity risk (cont'd)***

Company **31 December 2019**	**1 year or less** **$**	**2 to 5 years** **$**	**Total** **$**
Financial assets			
Other receivables	6,068	–	6,068
Amounts due from subsidiaries	5,044,000	–	5,019,006
Cash and bank balances	7,524,310	–	7,549,304
Total undiscounted financial assets	12,574,378	–	12,574,378
Financial liabilities			
Trade and other payables	374,858	–	374,858
Amounts due to associates	366,396	–	366,396
Accrued operating expenses	274,590	–	274,590
Total undiscounted financial liabilities	1,015,844	–	1,015,844
Total net undiscounted financial assets	11,552,466	–	11,552,466
31 December 2018			
Financial assets			
Amounts due from subsidiaries	11,264,000	–	11,264,000
Cash and bank balances	674,128	–	674,128
Total undiscounted financial assets	11,938,128	–	11,938,128
Financial liabilities			
Trade and other payables	371,791	–	371,791
Amounts due to associates	366,383	–	366,383
Accrued operating expenses	278,682	–	278,682
Total undiscounted financial liabilities	1,016,856	–	1,016,856
Total net undiscounted financial assets	10,921,272	–	10,921,272

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Liquidity risk (cont'd)*

The table below shows the contractual expiry by maturity of the Group's and the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantees could be called.

Group	1 year or less $	2 to 5 years $	Total $
31 December 2019			
Financial guarantees provided to joint ventures	–	8,060,876	8,060,876
31 December 2018			
Financial guarantees provided to joint ventures	–	7,950,994	7,950,994

Company	1 year or less $	2 to 5 years $	Total $
31 December 2019			
Financial guarantees provided to subsidiaries	15,000,000	–	15,000,000
31 December 2018			
Financial guarantees provided to subsidiaries	15,000,000	–	15,000,000

(d) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises mainly from amounts due from subsidiaries/associates, trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Credit risk (cont'd)*

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

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

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

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

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

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) ***Credit risk (cont'd)***

At the end of the reporting period, the carrying amount of amounts due from subsidiaries/associates, trade and other receivables and cash and bank balances represent the Group's and the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

At the end of the reporting period, there was no significant concentration of credit risks.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21 (Other receivables) and Note 22 (Trade receivables).

(e) ***Foreign currency risk***

Currency risk arises when transactions are denominated in currencies other than the functional currencies of the respective entities. In addition, the Group is exposed to currency translation gains/losses as a result of translating its overseas assets and liabilities held through its subsidiaries. Such translation gains/losses are unrealised in nature and do not impact current year profits unless the underlying assets or liabilities of the subsidiaries are disposed of.

The Group does not generally use derivative foreign exchange contracts in managing its foreign currency risk arising from cash flows from anticipated transactions denominated in foreign currencies, primarily the Sterling Pound and Korean Won. Wherever possible, the Group manages its currency risks by financing its purchases using bank borrowings denominated in the currency of the country in which the asset is situated. Foreign currencies received are kept in foreign currencies accounts and are converted to the respective functional currency of the Group companies on a need-to basis so as to minimise foreign exchange exposure.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

Entities in the Group regularly transact in currencies other than their respective functional currencies, such as Singapore Dollar, United States Dollar and Sterling Pound. The following table demonstrates the sensitivity to a reasonably possible change in the Singapore Dollar, United States Dollar, Sterling Pound and Korean Won, against the respective functional currencies of the Group's entities with all other variables held constant, on the Group's profit before tax and fair value reserve:

	Group			
	2019		**2018**	
	Profit before tax $'000	**Fair value reserve $'000**	**Profit before tax $'000**	**Fair value reserve $'000**
United States Dollar/Singapore Dollar				
- strengthened 10% (2018: 10%)	312	588	320	822
- weakened 10% (2018: 10%)	(312)	(588)	(320)	(822)
Sterling Pound/Singapore Dollar				
- strengthened 10% (2018: 10%)	(1,827)	719	(2,117)	927
- weakened 10% (2018: 10%)	1,827	(719)	2,117	(927)
United States Dollar/Sterling Pound				
- strengthened 10% (2018: 10%)	–	(133)	–	(179)
- weakened 10% (2018: 10%)	–	133	–	179
Korean Won/Singapore Dollar				
- strengthened 10% (2018: 10%)	743	–	684	–
- weakened 10% (2018: 10%)	(743)	–	(684)	–
Hong Kong Dollar/Singapore Dollar				
- strengthened 10% (2018: 10%)	15	–	33	–
- weakened 10% (2018: 10%)	(15)	–	(33)	–

37. CAPITAL MANAGEMENT

Capital includes equity attributable to owners of the Company.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Company may also purchase its own shares on the market; subject to the terms of the share purchase mandate as approved by the shareholders. Share purchase allows the Company greater flexibility over its share capital structure with a view to improving, *inter alia*, its return on equity. Share purchase in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders. During the previous financial year, the Company acquired 296,900 shares in the Company through purchases on the Singapore Exchange for cash consideration amounting to $95,141 and held these shares as treasury shares (Note 13(b)). There were no such acquisition of treasury shares transacted in 2019.

No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

The Group monitors capital based on gearing ratio which is total liabilities divided by total equity. At 31 December 2019, total liabilities and total equity are $99,117,995 (2018: $102,258,552) and $190,458,652 (2018: $189,120,098) respectively. The Group also monitors dividends paid to shareholders. The Group seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. At 31 December 2019, the Group's gearing ratio was 0.52 (2018: 0.54).

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 6 March 2020.

SHAREHOLDING STATISTICS

As At 6 March 2020

No. of Issue Shares	: 653,504,000
No. of Issue Shares (excluding Treasury Shares)	: 652,661,100
No. of Treasury Shares Held	: 842,900
No. of Subsidiary Holdings Held	: Nil
Class of Shares	: Ordinary Shares
Voting Rights	: 1 vote per ordinary share (no vote for Treasury Shares)

Percentage of the aggregate number of the Treasury Shares and Subsidiary Holdings held against the total number of issued Ordinary Shares: 0.13%

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	33	0.67	721	0.00
100 - 1,000	213	4.32	141,195	0.02
1,001 - 10,000	2,253	45.70	15,038,141	2.30
10,001 - 1,000,000	2,396	48.60	113,735,714	17.43
1,000,001 and above	35	0.71	523,745,329	80.25
Total	4,930	100.00	652,661,100	100.00

TWENTY LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1.	Ely Investments (Pte) Ltd.	80,986,000	12.41
2.	Ong Kay Eng	56,000,000	8.58
3.	Ong Eng Hui David (Wang Ronghui David)	39,537,900	6.06
4.	United Overseas Bank Nominees (Private) Limited	37,622,800	5.76
5.	Ong Eng Loke	36,090,858	5.53
6.	City Developments Realty Limited	33,355,000	5.11
7.	Astute Investment Holdings Pte Ltd	31,328,552	4.80
8.	Tudor Court Gallery Pte Ltd	29,940,000	4.59
9.	Ong Hoo Eng and Sharon Chng	22,886,753	3.51
10.	Welkin Investments Pte Ltd	21,296,000	3.26
11.	Fica (Pte) Ltd	18,385,000	2.82
12.	Citibank Nominees Singapore Pte Ltd	12,527,500	1.92
13.	Ong Hoo Eng	11,000,000	1.69
14.	CGS-CIMB Securities (Singapore) Pte. Ltd.	9,940,213	1.52
15.	Ong Hian Eng	9,899,623	1.52
16.	DBS Nominees (Private) Limited	8,971,402	1.37
17.	HSBC (Singapore) Nominees Pte Ltd	7,603,148	1.16
18.	Ong Mui Eng	6,958,416	1.07
19.	Chen Wah Chi @ Chen Rosy	6,527,000	1.00
20.	Chew Cheng Hoi Investments Pte Ltd	6,258,584	0.96
	Total	487,114,749	74.64

PERCENTAGE OF PUBLIC FLOAT

Based on information available to the Company as at 6 March 2020, approximately 27.48% of the issued Ordinary Shares of the Company are held in the hands of public and accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

SHAREHOLDING STATISTICS

As at 6 March 2020

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest	Deemed Interest	Aggregate	%[14]
Ong Choo Eng[1]	903,000	80,986,000	81,889,000	12.547
Ong Kwee Eng[2]	2,809,812	32,929,052	35,738,864	5.476
Ong Eng Loke[3]	36,090,858	884,000	36,974,858	5.665
Ong Eng Yaw[4]	5,919,200	80,986,000	86,905,200	13.316
Ong Bee Leem[5]	151,440	80,986,000	81,137,440	12.432
Ely Investments (Pte) Ltd.	80,986,000	–	80,986,000	12.409
Hong Leong Enterprises Pte. Ltd.[6]	29,648,000	9,409,000	39,057,000	5.984
City Developments Realty Limited[7]	33,355,000	–	33,355,000	5.111
City Developments Limited[8]	–	33,355,000	33,355,000	5.111
Hong Leong Investment Holdings Pte. Ltd.[9]	–	123,648,000	123,648,000	18.945
Kwek Holdings Pte Ltd[10]	–	123,648,000	123,648,000	18.945
Davos Investment Holdings Private Limited[10]	–	123,648,000	123,648,000	18.945
Ong Kay Eng[11]	56,000,000	48,067,600	104,067,600	15.945
Ong Hoo Eng[12]	35,578,353	–	35,578,353	5.451
Ong Eng Hui David[13]	39,540,600	–	39,540,600	6.058

Notes:

1 Ong Choo Eng is deemed under Section 7 of the Act to have an interest in the shares held by Ely Investments (Pte) Ltd. ("Ely Investments"), in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

2 Ong Kwee Eng is deemed under Section 7 of the Act to have an interest in the shares held by his spouse and Astute Investment Holdings Pte. Ltd., in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

3 Ong Eng Loke is deemed under Section 7 of the Act to have an interest in the shares held by OME Investment Holding Pte Ltd, in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

4 Ong Eng Yaw is deemed under Section 7 of the Act to have an interest in the shares held by Ely Investments, in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

5 Ong Bee Leem is deemed under Section 7 of the Act to have an interest in the shares held by Ely Investments, in which she and/or her associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

6 The aggregate interest of Hong Leong Enterprises Pte. Ltd. ("HLE") is based on its last notification to the Company on 14 April 2011. HLE is deemed under Section 7 of the Act to have an interest in the shares held by Starich Investments Pte. Ltd. ("Starich"), being a company in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof. As per the Company's Register of Substantial Shareholders as at 6 March 2020, Starich is holding 9,409,000 Ordinary Shares in the Company. HLE is not required to notify the Company on any disposal that has not resulted in a percentage level change in its shareholding.

7 The aggregate interest of City Developments Realty Limited ("CDRL") is based on its last notification to the Company on 13 February 2006.

8 The aggregate interest of City Developments Limited ("CDL") is based on its last notification to the Company on 13 February 2006. CDL is deemed under Section 7 of the Act to have an interest in the shares held by its wholly-owned subsidiary, CDRL.

9 The aggregate interest of Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is based on its last notification to the Company on 13 April 2011. HLIH is deemed under Section 7 of the Act to have an interest in the shares held by Tudor Court Gallery Pte Ltd, Welkin Investments Pte Ltd and CDRL, and the 39,057,000 Ordinary Shares held directly and indirectly by HLE, being companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

10 The aggregate interest of each of Kwek Holdings Pte Ltd ("KH") and Davos Investment Holdings Private Limited ("Davos") is based on their last notification to the Company on 13 April 2011. Each of KH and Davos is deemed under Section 7 of the Act to have an interest in the 123,648,000 Ordinary Shares held directly and indirectly by HLIH, in which each is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

11 The aggregate interest of Ong Kay Eng is based on his last notification to the Company on 5 March 2020 (in respect of a change in interest on 4 March 2020). Ong Kay Eng is deemed to have an interest in 2,000,000 Ordinary Shares held by Altrade Investments Pte Ltd, 6,527,000 Ordinary Shares registered in the name of his spouse, Chen Wah Chi @ Chen Rosy and 39,540,600 Ordinary Shares registered in the name of Ong Eng Hui David.

12 The aggregate interest of Ong Hoo Eng is based on his last notification to the Company on 2 November 2018.

13 The aggregate interest of Ong Eng Hui David is based on his last notification to the Company on 5 March 2020 (in respect of a change in interest on 4 March 2020).

14 The percentage of interest is calculated based on the total issued Ordinary Shares excluding treasury shares (i.e. 652,661,100 Ordinary Shares).

15 The above information is based on the notifications received from the respective substantial shareholders as at 6 March 2020.

NOTICE OF ANNUAL GENERAL MEETING

HWA HONG CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 195200130C)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-Seventh Annual General Meeting of Hwa Hong Corporation Limited (the "**Company**") will be held at Grand Copthorne Waterfront Hotel, Galleria Ballroom, Level 3, 392 Havelock Road, Singapore 169663 on Friday, 24 April 2020 at 9.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 and the auditors' report thereon. **Resolution 1**

2. To declare a one-tier tax exempt final ordinary dividend of 1 cent per ordinary share in respect of the financial year ended 31 December 2019. **Resolution 2**

3. To approve the payment of Directors' fees of up to S$306,000 in aggregate to the Non-Executive Directors of the Company for the financial year ending 31 December 2020 (FY2019: S$306,000), such fees to be paid on a quarterly basis in arrears at the end of each calendar quarter. **Resolution 3**
   [See Explanatory Note (i)]

4. To re-appoint Mr Guan Meng Kuan, who is retiring by rotation in accordance with Article 113 of the Constitution of the Company and Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). **Resolution 4**
   [See Explanatory Note (ii)]

5. To re-appoint Mr Ong Mui Eng, who is retiring by rotation in accordance with Article 113 of the Constitution of the Company and Rule 720(5) of the Listing Manual of the SGX-ST. **Resolution 5**
   [See Explanatory Note (iii)]

6. To note the retirement of Ms Ong Wui Leng, Linda as a Director of the Company in accordance with Article 113 of the Constitution of the Company.
   [See Explanatory Note (iv)]

7. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **Resolution 6**

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions as **Ordinary Resolutions:**

9. **Appointment of Directors pursuant to Article 102 of the Constitution of the Company:-**

"That pursuant to Article 102 of the Constitution of the Company, Mr Mak Lye Mun be and is hereby appointed as a Director of the Company." **Resolution 7**
[See explanatory Note (vii)]

"That pursuant to Article 102 of the Constitution of the Company, Mr Tham Chee Soon be and is hereby appointed as a Director of the Company." **Resolution 8**
[See explanatory Note (viii)]

10. **Authority to issue shares** **Resolution 9**

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the SGX-ST, the Directors of the Company be authorised and empowered to:

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

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

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part III of Chapter 8 of the Listing Manual of the SGX-ST; and

(iii) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (ix)]

11. **Authority to issue shares under Hwa Hong Corporation Limited Scrip Dividend Scheme** **Resolution 10**

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to issue such shares in the Company as may be required to be issued pursuant to the Hwa Hong Corporation Limited Scrip Dividend Scheme ("**Scrip Dividend Scheme**") from time to time in accordance to the "Terms and Conditions of the Scrip Dividend Scheme" approved by shareholders of the Company in general meeting on 7 November 2003, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
[See Explanatory Note (x)]

12. **Renewal of the Share Purchase Mandate** **Resolution 11**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

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

(i) the date on which the next Annual General Meeting of the Company is held; or

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;

(c) in this Resolution:

"Prescribed Limit" means, subject to the Companies Act, 10% of the total number of issued Shares of the Company (excluding any Shares which are held as treasury shares and subsidiary holdings) as at the date of the passing of this Resolution; and

"Maximum Price", in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price (as defined hereinafter),

where:

"Average Closing Price" means the average of the Closing Market Prices of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day of the Market Purchase;

"Closing Market Price" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

[See Explanatory Note (xi)]

BY ORDER OF THE BOARD

Tan Lay Hong
Company Secretary

Singapore, 2 April 2020

Note

A Member (other than a member who is a relevant intermediary as defined below) entitled to attend and vote at the Annual General Meeting ("**AGM**") may appoint not more than two proxies to attend and vote in his stead. Where a Member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 38 South Bridge Road, Singapore 058672 at least forty-eight (48) hours before the time appointed for holding the AGM.

Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend and vote at the AGM. Relevant intermediary is either –

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

(b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares on that capacity; or

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

Explanatory Notes to Ordinary Business

(i) Resolution 3, if passed, will authorise the Company to effect payment of Directors' fees to the Non-Executive Directors (including fees payable to members of the various committees of the Board) for the financial year ending 31 December 2020, such payment to be made on a quarterly basis in arrears at the end of each calendar quarter. This Resolution will facilitate the payment by the Company of the Directors' fees during the financial year in which they are incurred.

(ii) Mr Guan Meng Kuan, if re-appointed, will remain as a member of the Nominating Committee ("**NC**") and a member of the Remuneration Committee ("**RC**"). He is considered a Non-Executive Non-Independent Director. In line with Provision 4.4 of the 2018 Code of Corporate Governance ("**2018 CG Code**"), there are no relationships or business relationships which Mr Guan, his immediate family member, or an organisation which Mr Guan or his immediate member is a substantial shareholder, partner (with 5% or more stake), executive officer or director in has with the Company or any of its related corporations, and Mr Guan's direct association with a substantial shareholder of the Company, in the current and immediate past financial year. Mr Guan does not hold directorships in other listed companies, and the details of his other principal commitments can be found in the FY2019 Annual Report, under the "Board of Directors" section. Additional information on Mr Guan as required to be furnished pursuant to Rule 720(6) of the Listing Manual of the SGX-ST is also found on pages 155 to 159 of the FY2019 Annual Report.

(iii) Mr Ong Mui Eng, if re-appointed, will remain as a Non-Independent Executive Director. In line with Provision 4.4 of the 2018 CG Code, Mr Ong 's brothers are Mr Ong Choo Eng and Dr Ong Hian Eng, who are Directors of the Company, as well as Mr Ong Kwee Eng, Mr Ong Kay Eng and Mr Ong Hoo Eng, who are substantial shareholders of the Company. He is the father of Mr Ong Eng Loke, Senior Vice President, Fund Management and a substantial shareholder of the Company. He is the uncle of Mr Ong Eng Yaw, Senior Vice President, Real Estate and a substantial shareholder of the Company, Ms Ong Bee Leem and Dr Ong Eng Hui David, substantial shareholders of the Company. Mr Ong does not hold directorships in other listed companies, and the details of his other principal commitments can be found in the FY2019 Annual Report, under the "Board of Directors" section. Additional information on Mr Ong as required to be furnished pursuant to Rule 720(6) of the Listing Manual of the SGX-ST is also found on pages 155 to 159 of the FY2019 Annual Report.

(iv) Ms Ong Wui Leng, Linda will not be seeking re-appointment and will retire as a Director of the Company on 24 April 2020 at the conclusion of the AGM of the Company. Upon her retirement, she will relinquish her positions as a Chairman of the NC and a member for the Audit and Risk Committee ("**ARC**").

(v) Under the provisions of the Company's Constitution, Mr Ong Choo Eng, being the Group Managing Director, is not subject to rotation and re-appointment at the Company's AGM. His last re-appointment on 24 April 2015 was due to the now defunct Section 153(6) of the Companies Act, which required directors over the age of 70 to be re-appointed annually. In accordance with Rule 720(5) of the Listing Manual of the SGX-ST, all Directors must submit themselves for re-nomination and re-appointment at least once every 3 years. Based on the Transitional Practice Note 3 issued by the SGX-ST in November 2018, Mr Ong Choo Eng has up to 31 December 2021 (i.e. by April 2021 being the deadline for the Company to hold its AGM for FY2020) to comply with the said Rule 720(5) of the Listing Manual of the SGX-ST.

Explanatory Notes to Special Business

(vi) Pursuant to the Company's announcement released to the SGX-ST on 7 February 2020 in respect of the resignation of Mr Hans Hugh Miller and the retirement of Ms Ong Wui Leng, Linda at the conclusion of the AGM of the Company on 24 April 2020, the Board has accepted the recommendation of the NC on the appointment of Mr Mak Lye Mun and Mr Tham Chee Soon as Directors of the Company. The profile of Mr Mak and Mr Tham are found on page 23 of the FY2019 Annual Report.

(vii) Mr Mak Lye Mun, if appointed as a Director of the Company, and as part of the re-constitution of the Board and Board Committees, will also be appointed by the Board as Chairman of the Board, Chairman of the NC, a member of the ARC and a member of the RC. He is considered an Independent Non-Executive Director. In line with Provision 4.4 of the 2018 CG Code, there are no relationships or business relationships which Mr Mak, his immediate family member, or an organisation which Mr Mak or his immediate member is a substantial shareholder, partner (with 5% or more stake), executive officer or director in has with the Company or any of its related corporations, and Mr Mak's direct association with a substantial shareholder of the Company, in the current and immediate past financial year. Mr Mak's directorships in other listed companies, and the details of his other principal commitments can be found in the FY2019 Annual Report, under the "Board of Directors" section. Additional information on Mr Mak as required to be furnished pursuant to Rule 720(6) of the Listing Manual of the SGX-ST is also found on pages 160 to 165 of the FY2019 Annual Report.

(viii) Mr Tham Chee Soon, if appointed as a Director of the Company, and as part of the re-constitution of the Board and Board Committees, will also be appointed by the Board as Chairman of the ARC and a member of the NC. He is considered an Independent Non-Executive Director. In line with Provision 4.4 of the 2018 CG Code, there are no relationships or business relationships which Mr Tham, his immediate family member, or an organisation which Mr Tham or his immediate member is a substantial shareholder, partner (with 5% or more stake), executive officer or director in has with the Company or any of its related corporations, and Mr Tham's direct association with a substantial shareholder of the Company, in the current and immediate past financial year. Mr Tham's directorships in other companies, and the details of his other principal commitments can be found in the FY2019 Annual Report, under the "Board of Directors" section. Additional information on Mr Tham as required to be furnished pursuant to Rule 720(6) of the Listing Manual of the SGX-ST is also found on pages 160 to 165 of the FY2019 Annual Report.

(ix) Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible to shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company.

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

(x) Resolution 10, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the Company from time to time pursuant to the Scrip Dividend Scheme approved at the Extraordinary General Meeting of the Company held on 7 November 2003. The validity of the Scrip Dividend Scheme remains until such time it is so terminated by the Directors an upon written notice to shareholders of the Company.

(xi) Resolution 11, if passed, will empower the Directors of the Company to exercise all powers of the Company to purchase or otherwise acquire ordinary shares of the Company (whether by way of market purchases or off-market purchases) of up to 10 percent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (the "**Shares**") at the Maximum Price as defined in the Appendix, and on the terms of the Share Purchase Mandate. The authority conferred by this Resolution will continue in force until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held or on the date on which purchases or acquisitions of Shares are carried out to the full extent mandated, whichever is the earlier, unless previously revoked or varied at a general meeting.

The Company intends to use the Group's internal resources to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire the Shares under the Share Purchase Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the Audited Consolidated Financial Statements of the Group for the financial year ended 31 December 2019 are set out in greater detail paragraphs 2.3 to 2.7 of the Appendix.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Important Notice from the Company on the Novel Coronavirus:

As the Novel Coronavirus situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of spread of the Novel Coronavirus. The Company reserves the right to take measures as appropriate in order to minimise any risk to the shareholders and other attending the AGM. In the event such measures are adopted, the Company will make announcements as appropriate.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information on Mr Guan Meng Kuan and Mr Ong Mui Eng, who are seeking re-appointment as Directors at the Company's Sixty-Seventh Annual General Meeting is set out below:

Information as required in Appendix 7.4.1	**MR GUAN MENG KUAN** Non-Independent and Non-Executive Director	**MR ONG MUI ENG** Executive Director
Date of Appointment	1 February 1983	1 February 1983
Date of last re-appointment	27 April 2017	27 April 2017
Age	90	85
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment	The NC had recommended to the Board the re-appointment of Mr Guan as a Director and took into account his attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NC's recommendation on Mr Guan re-appointment as a Director of the Company.	The NC had recommended to the Board the re-appointment of Mr Ong as a Director and took into account his attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NC's recommendation on Mr Ong re-appointment as a Director of the Company.
Whether re-appointment is executive, and if so, the area of responsibility	Not Applicable	Overseeing the finance and administration matters of the Group.
Job Title	• Non-Independent and Non-Executive Director • A member of the NC • A member of the RC	Executive Director
Professional qualifications	• Bachelor of Science (Engineering) • A member of the Institution of Engineers (Singapore) and Institution of Engineers (Malaysia)	Nil
Working experience and occupation(s) during the past 10 years	**2009 – Present:** Consultant and Director Please refer to the "Board of Directors" section on page 22.	**2009 – Present:** Executive Director of the Company Please refer to the "Board of Directors" section on page 21.
Shareholding interest in the Company and its subsidiaries	Please refer to the "Directors' Statement" section on pages 45 to 47.	Please refer to the "Directors' Statement" section on pages 45 to 47.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Information as required in Appendix 7.4.1	MR GUAN MENG KUAN Non-Independent and Non-Executive Director	MR ONG MUI ENG Executive Director
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Nil	Mr Ong is: • Brother of Mr Ong Choo Eng, Executive Director and a substantial shareholder. • Brother of Dr Ong Hian Eng, Non-Executive Director. • Brother of Mr Ong Kwee Eng, Mr Ong Kay Eng and Mr Ong Hoo Eng, who are substantial shareholders. • Father of Mr Ong Eng Loke, Senior Vice President, Fund Management and a substantial shareholder. • Uncle of Mr Ong Eng Yaw, Senior Vice President, Real Estate and a substantial shareholder. • Uncle of Ms Ong Bee Leem, a substantial shareholder. • Uncle of Dr Ong Eng Hui David, who is a substantial shareholder.
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the SGX-ST has been submitted to the Company	Yes	Yes
Other Principal Commitments[1] including Directorships[2]	**Past Directorships** (for the last 5 years) Listed Companies: Nil Others: Nil **Present / Existing Directorships:** Listed Companies: Nil Others: Subsidiaries and indirect subsidiaries held by the Hwa Hong Group	**Past Directorships** (for the last 5 years) Listed Companies: Nil Others: Nil **Present / Existing Directorships:** Listed Companies: Nil Others: Subsidiaries and indirect subsidiaries held by the Hwa Hong Group

1 "Principal Commitments" has the same meaning as defined in the 2018 CG Code (i.e. includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments).

2 Not applicable for announcements of appointment pursuant to Rule 704(9) of the Listing Manual of the SGX-ST (i.e. appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the Company to a managerial position in the Company or any of its principal subsidiaries).

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Information as required in Appendix 7.4.1		MR GUAN MENG KUAN Non-Independent and Non-Executive Director	MR ONG MUI ENG Executive Director
(a)	**Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?**	No	No
(b)	**Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?**	No	No
(c)	**Whether there is any unsatisfied judgment against him?**	No	No
(d)	**Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?**	No	No
(e)	**Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?**	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Information as required in Appendix 7.4.1		MR GUAN MENG KUAN Non-Independent and Non-Executive Director	MR ONG MUI ENG Executive Director
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Information as required in Appendix 7.4.1		MR GUAN MENG KUAN Non-Independent and Non-Executive Director	MR ONG MUI ENG Executive Director
(j)	**Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:**		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k)	**Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?**	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information on Mr Mak Lye Mun and Mr Tham Chee Soon, who are seeking appointment as Directors at the Company's Sixty-Seventh Annual General Meeting is set out below:

Information as required in Appendix 7.4.1	MR MAK LYE MUN Independent and Non-Executive Director	MR THAM CHEE SOON Independent and Non-Executive Director
Proposed Date of Appointment	24 April 2020	24 April 2020
Date of last re-appointment	Not Applicable	Not Applicable
Age	62	55
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment	The Board having considered the qualifications and experience of Mr Mak, concurred with the NC's recommendation on Mr Mak's appointment as an Independent and Non-Executive Director of the Company. Mr Mak's appointment will be tabled for the shareholders' approval at the AGM of the Company scheduled to be held on 24 April 2020.	The Board having considered the qualifications and experience of Mr Tham, concurred with the NC's recommendation on Mr Tham's appointment as an Independent and Non-Executive Director of the Company. Mr Tham's appointment will be tabled for the shareholders' approval at the AGM of the Company scheduled to be held on 24 April 2020.
Whether appointment is executive, and if so, the area of responsibility	Not Applicable, the proposed appointment is Non-Executive.	Not Applicable, the proposed appointment is Non-Executive.
Job Title	• Independent and Non-Executive Director • Chairman of the Board • Chairman of the NC • A member of the ARC • A member of the RC	• Independent and Non-Executive Director • Chairman of the ARC • A member of the NC
Professional qualifications	• Master of Business Administration degree - Finance, the University of Texas Austin • Bachelor of Civil Engineering (First Class Honours) The University of Malaya	• Bachelor's degree in Accountancy, National University of Singapore • Fellow, Chartered Accountant (Singapore) • Certified Public Accountant (US and Australia) • CFA Charterholder

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

Information as required in Appendix 7.4.1	MR MAK LYE MUN Independent and Non-Executive Director	MR THAM CHEE SOON Independent and Non-Executive Director
Working experience and occupation(s) during the past 10 years	• **2020 – Present**: Advisor to the Chief Executive Officer of CIMB Group. • **2005 – 2019**: Chief Executive Officer / Country Head of CIMB Bank Singapore. Please refer to the "Board of Directors" section on page 23.	• **2018 – Present**: Founder/ Director, iCFO Advisors Pte. Ltd. • Audit Partner with a Big 4 accounting firm in Singapore until retirement in June 2018, after 31 years in the accounting profession. Please refer to the "Board of Directors" section on page 23.
Shareholding interest in the Company and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the SGX-ST has been submitted to the Company	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

Information as required in Appendix 7.4.1	MR MAK LYE MUN Independent and Non-Executive Director	MR THAM CHEE SOON Independent and Non-Executive Director
Other Principal Commitments[1] including Directorships[2]	**Past** (for the last 5 years) Listed Companies: • 2004 – 2019: Boardroom Limited – Non-Executive Director • 2005 – 2018: Tat Hong Holdings Ltd – Non-Executive Director Others: • 2005 – 2019: Chief Executive Officer / Country Head of CIMB Bank Singapore • 2011 – 2018: CIMB Securities (Singapore) Pte Ltd – Non-Executive Director • 2016 – 2018: CIMB Group, Group Wholesale Banking - CEO • 2018 – 2019: CGS-CIMB Securities (Singapore) Pte. Ltd. – Director • 2018 – 2019: CGS-CIMB Securities International Pte. Ltd. – Director • 2018 – 2019: Jupiter Securities Sdn Bhd – Director **Present / Existing** Listed Companies: Nil Others: 2020 – Present: Advisor to the Chief Executive Officer of CIMB Group.	**Past** (for the last 5 years) Listed Companies: Nil Others: 2004 – 2018: Ernst & Young LLP, Singapore – Audit Partner **Present / Existing** Listed Companies: Nil Others: 2016 - Present: Temenggong Artists-in-Residence Ltd – Director 2017 – Present: Dover Park Hospice – Audit Committee member 2018 – Present: iCFO Advisors Pte. Ltd. – Director 2018 – Present: iCFO Audit – Sole Proprietor 2018 – Present: The Teng Ensemble Ltd – Director 2018 – Present: Bone Marrow Donor Programme – Board Member

1 "Principal Commitments" has the same meaning as defined in the 2018 CG Code (i.e. includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments).

2 Not applicable for announcements of appointment pursuant to Rule 704(9) of the Listing Manual of the SGX-ST (i.e. appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the Company to a managerial position in the Company or any of its principal subsidiaries).

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

Information as required in Appendix 7.4.1		**MR MAK LYE MUN** Independent and Non-Executive Director	**MR THAM CHEE SOON** Independent and Non-Executive Director
(a)	**Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?**	No	No
(b)	**Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?**	No	No
(c)	**Whether there is any unsatisfied judgment against him?**	No	No
(d)	**Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?**	No	No
(e)	**Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?**	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

Information as required in Appendix 7.4.1		MR MAK LYE MUN Independent and Non-Executive Director	MR THAM CHEE SOON Independent and Non-Executive Director
(f)	**Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?**	No	No
(g)	**Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?**	No	No
(h)	**Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?**	No	No
(i)	**Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?**	No	No
(j)	**Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:**		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT

Information as required in Appendix 7.4.1		MR MAK LYE MUN Independent and Non-Executive Director	MR THAM CHEE SOON Independent and Non-Executive Director
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, **in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?**	No	No
(k)	**Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?**	No	No
Information Required **Disclosure applicable to the appointment of Director only.** **Any prior experience as a Director of an issuer listed on the Exchange?**		Yes	No
If yes, please provide details of prior experience		• 2004 – 2019: Boardroom Limited – Non-Executive Director • 2005 – 2018: Tat Hong Holdings Ltd – Non-Executive Director	Not Applicable.
If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange		Not Applicable.	Mr Tham had attended the Listed Company Directors ("LCD") Programme organised by the Singapore Institute of Directors and completed the 6 modules - LCD 1, LCD 2, LCD 3, LCD 4, LCD 5 and LCD 6 in March 2018.

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HWA HONG CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 195200130C)

Proxy Form

IMPORTANT:
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50, may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF/SRS monies to buy shares in Hwa Hong Corporation Limited, this report is forwarded to them at the request of their CPF Approved Nominees and/or SRS Operators.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF/SRS investors who wish to vote should contact their CPF Approved Nominees and/or SRS Operators.

*I/We, ____(Name)

of____(Address)

being *a Member/Members of HWA HONG CORPORATION LIMITED (the "Company") hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%
*and/or				

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the **Sixty-Seventh Annual General Meeting** ("**AGM**") of the Company to be held at Grand Copthorne Waterfront Hotel, Galleria Ballroom, Level 3, 392 Havelock Road, Singapore 169663 on Friday, **24 April 2020** at **9.00 a.m.** and at any adjournment thereof.

(*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof.)

Resolution No.	Resolutions relating to:	No. of Votes For(1)	No. of Votes Against(1)	No. of Votes Abstain(1)
ORDINARY BUSINESS				
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 together with the auditors' report thereon			
2	Payment of proposed final ordinary dividend			
3	Approval of payment of Directors' fees to Non-Executive Directors for the financial year ending 31 December 2020			
4	Re-appointment of Mr Guan Meng Kuan as a Director			
5	Re-appointment of Mr Ong Mui Eng as a Director			
6	Re-appointment of Messrs Ernst & Young LLP as Auditors and authorising Directors to fix their remuneration			
SPECIAL BUSINESS As Ordinary Resolutions				
7	Appointment of Mr Mak Lye Mun as a Director of the Company			
8	Appointment of Mr Tham Chee Soon as a Director of the Company			
9	Authority to issue shares			
10	Authority to issue shares under Hwa Hong Corporation Limited Scrip Dividend Scheme			
11	Renewal of Share Purchase Mandate			

(1) If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate your vote with a √ within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ______________ 2020

Total Number of Shares Held	
CDP Register	
Members' Register	

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

* Delete as appropriate

IMPORTANT: PLEASE SEE NOTES PRINTED ON THE REVERSE

Fold this flap for sealing

Please affix postage stamp

The Company Secretary
HWA HONG CORPORATION LIMITED
38 South Bridge Road, #04-01
Singapore 058672

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Notes

1. Please insert total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.
   "Relevant intermediary" means:
   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
6. This instrument appointing a proxy or proxies must be under the hand of the appointor or of his duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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7. A body corporate which is a Member may authorise by resolution of its directors or other governing body such persons as it thinks fit to act as its representative or representatives at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. This instrument appointing a proxy or proxies, duly executed, together with the power of attorney (if any) under which it is signed or a certified copy thereof, must be deposited at the Registered Office of the Company at 38 South Bridge Road, Singapore 058672 at least forty-eight (48) hours before the time appointed for the AGM.
9. Investors who have used their CPF/SRS monies ("CPF/SRS Investors") to buy shares in the Company may attend and cast their vote at the AGM in person. CPF/SRS Investors who are unable to attend the AGM but would like to vote, may inform CPF Approved Nominees and/or SRS Operators to appoint Chairman of the AGM to act as their proxy, in which case, the CPF/SRS Investor shall be precluded from attending the AGM.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2020.

General:

The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a Member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

REGISTERED OFFICE
38 South Bridge Road
Singapore 058672
website: www.hwahongcorp.com

Finance and Administrative
38 South Bridge Road #04-01
Singapore 058672
tel: 6538 5711
fax: 6533 3028
email: finance@hwahongcorp.com

Corporate Secretarial
38 South Bridge Road #03-01
Singapore 058672
tel: 6538 5711
fax: 6533 3028
email: secretariat@hwahongcorp.com

PRINCIPAL SUBSIDIARIES
Singapore Warehouse Company (Private) Ltd.
400 Orchard Road
#11-09/10 Orchard Towers
Singapore 238875
tel: 6734 8355
fax: 6733 4288
email: property@hwahongcorp.com

Paco Industries Pte. Ltd.
Hwa Hong Edible Oil Industries Pte. Ltd.
38 South Bridge Road #04-01
Singapore 058672
tel: 6538 5711
fax: 6533 3028

MANAGEMENT
Ong Choo Eng *Group Managing Director*
Hwa Hong Corporation Limited
Ong Mui Eng *Executive Director*
Hwa Hong Corporation Limited
Lee Soo Wei *Chief Financial Officer*
Hwa Hong Corporation Limited
Ong Eng Yaw *Senior Vice President, Real Estate*
Singapore Warehouse Company (Private) Ltd.
Chen Chee Kiew (Mrs) *General Manager*
Singapore Warehouse Company (Private) Ltd.
Ong Eng Loke *Senior Vice President, Fund Management*
Hwa Hong Edible Oil Industries Pte. Ltd

COMPANY SECRETARY
Tan Lay Hong

REGISTRAR / SHARE REGISTRATION OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
tel: 6536 5355
fax: 6536 1360

AUDITORS
Ernst & Young LLP
Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner In-Charge: Philip Ng
(with effect from financial year ended 31 December 2015)

BOARD OF DIRECTORS
Hans Hugh Miller *Non-Executive Chairman; Independent*
Ong Choo Eng *Group Managing Director; Non-Independent*
Ong Mui Eng *Executive Director; Non-Independent*
Ong Hian Eng (Dr) *Non-Executive Director; Non-Independent*
Guan Meng Kuan *Non-Executive Director; Non-Independent*
Ong Wui Leng, Linda *Non-Executive; Independent*
Huang Yuan Chiang *Non-Executive; Independent*

AUDIT AND RISK COMMITTEE
Hans Hugh Miller *Chairman*
Ong Wui Leng, Linda
Huang Yuan Chiang

NOMINATING COMMITTEE
Ong Wui Leng, Linda *Chairman*
Hans Hugh Miller
Guan Meng Kuan

REMUNERATION COMMITTEE
Huang Yuan Chiang *Chairman*
Hans Hugh Miller
Guan Meng Kuan

HWA HONG CORPORATION LIMITED

Company Registration No. 195200130C
38 South Bridge Road Singapore 058672
www.hwahongcorp.com