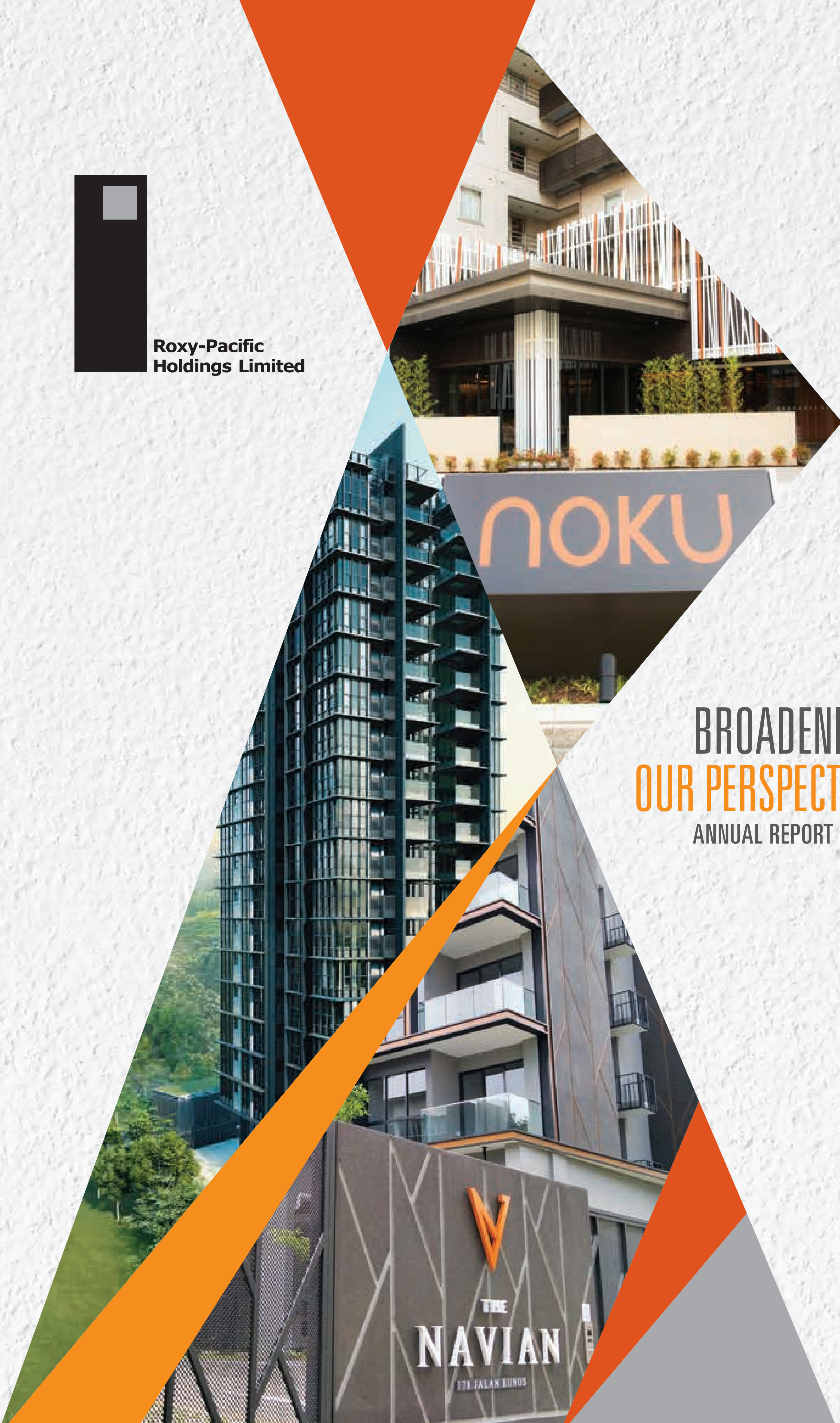
Roxy-Pacific
Holdings Limited



BROADENING
OUR PERSPECTIVE

ANNUAL REPORT 2019

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CORPORATE PROFILE

Established in May 1967, Roxy-Pacific Holdings Limited ("**Roxy-Pacific**" or the "**Group**"), an established property and hospitality group with an Asia-Pacific focus, was listed on the SGX Mainboard on 12 March 2008. The Group is principally engaged in the development and sale of residential and commercial properties ("**Property Development**"). The Group's recurring income streams are strengthened through its flagship hotel Grand Mercure Singapore Roxy hotel, self-managed upscale boutique hotels, Noku Kyoto and Noku Osaka, Japan, and first self-managed upscale resort Noku Maldives, and other investment properties in Asia-Pacific ("**Hotel Ownership** and **Property Investment**").

The Group's residential development projects typically comprise small-to-medium sized residential developments such as apartments and condominiums targeted at middle-to-upper income segments. Between 2004 and 2019, the Group developed and launched 54 small-to-medium sized developments comprising a total of more than 5,006 residential and commercial units in Singapore, Malaysia and Australia.

Grand Mercure Singapore Roxy hotel, a major asset of the Group, is self-managed under franchise agreement with international hotel operator, Accor Group. Beyond Singapore, the Group has opened its upscale boutique hotels under the *Noku hotels* brand name in Kyoto and Osaka, Japan, and upscale resort in Maldives. The Group's second upscale resort in Phuket, Thailand, is targeted to operate in 2021.

For Property Investment, the Group owns 52 retail shops at Roxy Square Shopping Centre in Singapore. In Australia, Roxy-Pacific owns a 45% interest in a freehold six-storey commercial building at 312 St Kilda Road on the fringe of the Melbourne CBD. The Group also owns a 40% interest in a centrally-located, 10-storey commercial building at 33 Argyle Street, Parramatta, New South Wales. In Auckland, the Group owns NZI Centre and has a 50% interest in the office building at 205 Queen Street. In Tokyo, the Group recently acquired a 49% interest in a retail property at renowned retail districts at Shibuya, expanding Roxy-Pacific's hospitality presence in Japan to the retail property sector.

FINANCIAL HIGHLIGHTS

Revenue (S$000)

2019	**444,030**
2018	132,855
2017	246,813
2016	385,373
2015	460,942

Total Comprehensive Income Attributable to Shareholders (S$000)

2019	**30,319**
2018	21,292
2017	31,713
2016	49,804
2015	85,096

Net Asset Value Per Share (cents)[1]

2019	**39.16**
2018	38.06
2017	38.47
2016	41.20
2015	38.34

	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year
PERIOD	**Dec-19**	**Dec-18** (restated)[5]	**Dec-17** (restated)[3]	**Dec-16**	**Dec-15**	**Dec-14**	**Dec-13**	**Dec-12**	**Dec-11** (restated)[2]	**Dec-10** (restated)[2]
PROFIT & LOSS (SGD'000)										
Revenue	444,030	132,855	246,813	385,373	460,942	317,810	369,047	190,556	183,651	216,877
Finance Costs	(25,190)	(16,341)	(18,512)	(15,187)	(13,124)	(9,107)	(5,476)	(4,394)	(4,650)	(4,470)
Share of Profit of Associates	8,478	20,062	13,863	18,641	11,134	54,858	9,944	3,974	288	55
Profit Before Tax	44,565	25,210	49,601	65,584	101,060	110,275	106,728	65,875	58,524	53,232
Total Comprehensive Income Attributable to Shareholders	30,319	21,292	31,713	49,804	85,096	96,653	92,250	58,447	51,807	43,573
BALANCE SHEET (SGD'000)										
No. of Ordinary Shares Issued ('000)	1,303,980	1,303,980	1,192,223	1,192,243	1,193,550	1,193,550	1,193,550	954,840	636,560	636,560
Share Capital	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399
Treasury shares	(3,954)	(3,954)	(564)	(555)	–	–	–	–	–	–
Revaluation Reserve	533	533	533	–	–	–	–	–	–	–
Fair Value Reserve	(10)	–	312	50	68	174	111	144	–	–
Translation Reserve	(22,992)	(18,558)	(4,517)	(2,146)	(8,083)	(3,168)	–	–	–	–
Retained Earnings	489,676	470,881	461,313	446,518	418,197	355,933	282,112	206,038	166,864	124,605
Equity Attributable to Owners of the Company	510,652	496,301	504,476	491,263	457,581	400,338	329,622	253,581	214,263	172,004
Non-Controlling Interests	(119)	4,533	5,136	3,745	629	515	347	199	–	–
Total Equity	510,533	500,834	509,612	495,008	458,210	400,853	329,969	253,780	214,263	172,004
Long Term Liabilities	227,046	240,630	334,573	303,643	344,114	300,931	133,129	89,657	100,820	97,507
Current Liabilities	859,755	965,933	673,518	662,967	606,457	731,535	835,846	580,697	433,522	332,115
Total Equity and Liabilities	1,597,334	1,707,397	1,517,703	1,461,618	1,408,781	1,433,319	1,298,944	924,134	748,605	601,626
Fixed Assets	261,970	231,028	215,507	175,527	129,680	120,309	81,942	76,147	73,928	70,421
Intangible Assets	221	393	541	68	86	–	–	1,672	1,672	1,672
Investment Properties	126,609	126,464	124,191	198,835	179,768	175,663	67,987	61,247	44,692	78,767
Investment in Associates	168,432	142,330	165,147	146,458	60,460	69,005	16,726	6,837	2,413	1,635
Other Non-Current Assets	28,008	–	2,275	12,689	68,141	1,574	2,207	1,684	–	–
Current Assets	1,012,094	1,207,182	1,010,042	928,041	970,646	1,066,768	1,130,082	776,547	625,900	449,131
Total Assets	1,597,334	1,707,397	1,517,703	1,461,618	1,408,781	1,433,319	1,298,944	924,134	748,605	601,626
FINANCIAL RATIOS (SGD)										
Earning Per Share (cents)[1]	2.33	1.63	2.42	4.17	7.13	8.10	7.73	4.90	4.34	3.65
Net Asset Value Per Share (cents)[1]	39.16	38.06	38.47	41.20	38.34	33.54	27.62	21.25	17.95	14.41
Return On Asset (ROA)	1.9%	1.2%	2.1%	3%	6.0%	6.7%	7.1%	6.3%	6.9%	7.2%
Return On Equity (ROE)	5.9%	4.3%	6.3%	10%	19%	24.1%	28.0%	23.0%	24.2%	25.3%
Total Liabilities to Equity Ratio (times)	1.48	1.84	1.36	1.31	1.39	1.54	1.87	1.64	1.43	1.58
Net Assets Value	510.65	496.3	504.48	491.26	457.58	400.34	329.62	253.58	214.26	172.00
Revaluation surplus[4]	504.33	485.16	490.27	471.94	463.42	460.35	441.47	384.53	344.14	257.10
Adjusted Net Assets Value (S$m)	1,014.98	981.46	994.75	963.20	921.00	860.69	771.09	638.11	558.40	429.10
Adjusted Net Assets Value per share[1]	77.84	75.27	75.86	80.79	77.16	72.11	64.60	53.46	46.78	35.95
Net Debt to ANAV (times)	0.60	0.77	0.55	0.53	0.45	0.58	0.68	0.56	0.45	0.51

[1] Adjusted based on total issue of 1,303,979,944 (2018: 1,303,979,944, 2017: 1,192,223,494, 2016: 1,192,243,494, 2007 – 2015: 1,193,549,994) ordinary shares.

[2] The figures have been restated to take into account of the retrospective effect of adoption of Amendments to FRS 12.

[3] The figures have been restated to take into account of the retrospective effect of First-time Adoption of International Financial Reporting Standards and then SFRS(I)s

[4] Refer to revaluation surplus of the Grand Mercure Singapore Roxy Hotel, Noku Kyoto, Noku Osaka, Noku Maldives and office premise.

[5] The figures have been restated to present the contract liabilities as a separate item in the statement of financial position.

CALENDAR OF EVENTS

JANUARY

- Sales launched for residential apartment, RV Altitude, located at 344 River Valley Road, Singapore.
- Sales launched for residential apartment, Fyve Derbyshire, located at 5 Derbyshire Road, Singapore.

MARCH

- Partnership with Park Hotel Group to launch 23-storey Park Hotel Melbourne, Australia in year 2022.

APRIL

- Payment of final dividend of $0.705 cents per ordinary share for the financial year ended 2018.
- Sales launched for residential apartment, Wilshire Residences, located at 30 Farrer Rd, Singapore.

JUNE

- Entered into Joint Venture agreement with TE2 Development Pte Ltd for acquisition of retail property at Ginza, Chuo-ku in Tokyo, Japan.
- The Hensley, located at 37-41 Bayswater Road, Potts Point, Sydney, Australia has obtained Final Occupation Certificate on 18 June 2019.

JULY

- Sales launched for residential apartment, Dunearn 386, located at 386 Dunearn Rd, Singapore.
- Sales launched for residential apartment, View at Kismis, located at 15, 17, 19, 21, 23 & 25 Lorong Kismis, Singapore.

AUGUST

- Payment of interim dividend of $0.195 cents per ordinary share for the financial year ended 2019.

OCTOBER

- Ms Cecilia Tan Hong Lye has been appointed as a member of the Audit Risk Management Committee, Nominating Committee and Remuneration Committee.
- West End Residences, located at 10-11 Cowper Street, Glebe, Sydney, Australia, has obtained Interim Occupation certificate on 10 October 2019.
- Sales launched for residential apartment, NEU AT NOVENA, located at 27 Moulmein Rise, Singapore.

NOVEMBER

- The Navian, located at 178 Jalan Eunos, Singapore has obtained Temporary Occupation Permit on 15 November 2019.

DECEMBER

- Octavia Killara located at 6A and 8 Buckingham Road, Killara NSW 2071, Australia has obtained Final Occupation Certificate on 17 December 2019.
- Mr Teo Hong Lim has been appointed as member of the Nominating Committee with effect from 1 January 2020.

OUR AWARDS

HOTEL OWNERSHIP:

NATIONAL KINDNESS AWARD

2 Award Recipients

Since its inception in 1994, the annual SHA/SKM "Service Gold – The National Kindness Award" seeks to motivate and promote graciousness and kindness in the industry by encouraging hotels to give due recognition to their employees who have displayed gracious and kind acts at the workplace.

EMPLOYEE OF THE YEAR AWARD

1 Award Recipient

Jointly presented by FDAWU, NTUC and SHA, this is a long-standing award which was launched in 1985. The award aims to encourage hotels to recognise deserving staff for their excellent performance and for their contribution to productivity at the workplace.

EXCELLENT SERVICE AWARD (EXSA)

Silver Category – 29 Award Recipients

Gold Category – 4 Award Recipients

EXSA is a national award that recognises individuals who have delivered outstanding service. It seeks to develop service models for staff to emulate, create service champions, professionalize services and raise the prestige of a career in service. The 2019 Excellent Service Award is supported by Enterprise Singapore and six industry Lead Associations – Association of Singapore Attractions, Land Transport Authority, Restaurant Association of Singapore, Singapore Hotel Association, Singapore Retailers Association and The Association of Banks in Singapore.

HOTEL SECURITY EXCELLENCE AWARD 2019

The award is to recognise the hotel for ensuring security measures are in compliance with the standards of the Singapore Hotel Association and Singapore Police Force.

PEOPLE'S ASSOCIATION COMMUNITY SPIRIT AWARDS 2019 COMMUNITY PARTNERSHIP EXCELLENCE AWARD

The award is to recognise Roxy Foundation in recognition of its commendable contributions towards the community awarded by People's Association Community Partnership.

5TH ENABLING EMPLOYERS AWARD

This award is presented by SGEnable to Grand Mercure Singapore Roxy hotel in recognition of support for Persons with Disabilities.

BCA GREEN MARK – GOLD AWARD

The award is presented by the Building & Construction Authority (BCA) in Singapore to recognise the hotel for its efforts in heading towards a more environmental-friendly building such as improvements in energy efficiency, water efficiency, environment protection, indoor environmental quality and other green features.

PROPERTY DEVELOPMENT:

BCA UNIVERSAL DESIGN MARK GOLD AWARD 2019 FOR TRILIVE

The award is presented by the Building & Construction Authority (BCA) in Singapore to recognise the stakeholders for incorporating user-friendly design features by adopting a user-centric philosophy in the design, operations and maintenance in their developments. Making Singapore an all-inclusive and barrier-free society.

BCI ASIA TOP 10 DEVELOPERS AWARD 2019 SINGAPORE

The award is presented by construction media group, BCI, to recognise developers with most significant and valuable contributions towards environmentally responsible projects and resource-efficient building methods. The criterion for selection is based on projects with highest aggregate value of over the last calendar year (2018) which is under construction & projects with green ratings are prioritised.

BEST BOUTIQUE DEVELOPER – HIGHLY COMMENDED

PropertyGuru is the organizer of Asia Property Awards. PropertyGuru Asia Property Awards (Singapore) are the most respected and most sought-after real estate industry honours. With a professionally run judging system supervised by BDO, one of the world's largest auditing and accountancy firms, the Asia Property Awards is the gold standard in real estate. For Developer awards, the judges carefully consider a company's reputation, image and corporate social responsibility (CSR) initiatives, overall track record, displays of innovation, and achievement in the past 12 months.

SPECIAL RECOGNITION IN CSR

PropertyGuru is the organizer of Asia Property Awards. PropertyGuru Asia Property Awards (Singapore) are the most respected and most sought-after real estate industry honours. With a professionally run judging system supervised by BDO, one of the world's largest auditing and accountancy firms, the Asia Property Awards is the gold standard in real estate. For Special Recognition in CSR awards, entries are judged based on the company CSR initiatives.

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Roxy-Pacific, it is my pleasure to present to you the Annual Report for the full year ended 31 December 2019 ("**FY2019**").

RESILIENT GROWTH WITH DIVERSITY

Despite economic and geo-political uncertainties, 2019 turned out to be a rewarding year for Roxy-Pacific. Globally, there were various sources of volatility, which began to subside in the last quarter of 2019, including the trade tension between the US and China; and the progress made in the Brexit negotiation, with its irreversible departure from EU. In Singapore, the economy expanded by 0.7% for 2019, down from 3.4% in 2018. The property sector grew at a slower pace, dampened cooling measures implemented in 2018 with a raise of Additional Buyer's Stamp Duty and a tightening of Loan-to-Value limits.

For Roxy-Pacific, our diversity by assets and geographical regions continued to provide a resilient platform. Apart from significant revenue contributions from our property developments in Singapore and Sydney, our investment properties in Australia and New Zealand enjoy high occupancy rates and provided us with good recurring income. At the same time, we expanded our recurring income streams during the year through hotel and property investments overseas, in both Australia and Japan.

FINANCIAL PERFORMANCE

For FY2019, we achieved revenue of S$444.0 million, a 234% increase from S$132.9 million recorded in preceding financial year ("**FY2018**"), mainly due to significantly higher revenue from our Property Development segment, supported by some growth in the Hotel Ownership segment, partially offset by a marginal decline in revenue from the Property Investment segment.

The Property Development's 415% revenue growth was mainly driven out of both Australia and Singapore. In Australia, revenue was recognised for both The Hensley and West End Residences, upon settlement from the purchasers in 1Q2019 and 4Q2019. In Singapore, we saw a progressive revenue recognition from 120 Grange, The Navian and Harbour View Gardens. This was partially offset by the absence of revenue recognition from Trilive and Straits Mansions which obtained TOP in June 2018 and October 2018, respectively.

The Group's total attributable pre-sale revenue remained strong at S$471.2 million, with profits from the residential projects to be recognised from 1Q2020 to FY2023.

CHAIRMAN'S STATEMENT

In terms of Property Investment, contributions were mainly derived from both Roxy Square in Singapore and NZI Centre in Auckland, New Zealand, which dipped 3% to S$7.7 million.

During the year, we saw a 58% decrease in share of results of associates mainly due to the absence of fair value gains of 117 Clarence Street divested in FY2018, coupled with share of loss from showflat expenses incurred in FY2019. Other operating income declined 46% to S$7.2 million, mainly due to a higher fair value gain from NZI Centre as well as higher foreign exchange gain recorded in FY2018.

Consequently, mainly lifted by the significant topline growth, FY2019 net profit rose 42% to S$30.3 million in FY2019 from S$21.3 million in FY2018.

Our strategy for sustainable growth remains focused on having a well-balanced asset portfolio across sectors and geographies. We will continue to look for opportunities to suitably recycle our capital to enhance shareholder value.

Our strategy is supported by our strong balance sheet, with cash and bank balances of S$331.0 million, a comfortable net debt-to-adjusted Net Asset Value ratio of 0.60 time.

BROADENING OUR PERSPECTIVE

PROPERTY DEVELOPMENT

Singapore

Data from the Urban Redevelopment Authority ("**URA**") showed a 0.5% increase in the private residential property index in 4Q2019, compared to the 1.3% increase in 3Q2019. For the whole of 2019, prices of private residential properties increased by 2.7%, compared with the 7.9% increase in 2018[1].

The URA data also showed that for the whole of 2019, developers launched 11,345 uncompleted private residential properties, compared with the 8,769 units in the previous year[1].

We successfully launched all remaining six of our properties comprising a total of 606 units during the year under review including the freehold, prime developments – RV Altitude, Fyve Derbyshire, Wilshire Residences, Dunearn 386 and NEU AT NOVENA – of between 35 to 140 units; and the 99-year leasehold development with 188 units including two commercial units, View at Kismis. These projects are expected to contribute positively to the Group's earnings progressively from 1Q2020.

Amidst a challenging property landscape in 2019, we have placed a greater emphasis on unique concepts and well-designed space for each of our properties, which are all strategically located and well-connected to key amenities and public transportation. Our priority will be on the sale and delivery of these predominantly freehold sites. The Group acquired many of these sites in the early stage of the property upcycle and received encouraging response for the projects, which were launched at attractive price points.

Property developers are likely to face further challenges in 2020 due to the 2019 Novel Coronavirus ("**COVID-19**") situation. The construction industry has been impacted beyond labour shortage as the lockdown in several Chinese cities have resulted in delays for the delivery of construction material and finished products. As a result of the unforeseen circumstances, property developers are facing an increasing risk of construction delays and potentially missing the additional buyer's stamp duty deadline.

Australia

In Australia, the price index for residential properties for the weighted average of eight capital cities registered a 3.7% decline in the September quarter 2019 as compared to the September quarter 2018, with all capital cities except for Hobart recording declines[2].

Notwithstanding a weaker market, the Group's two remaining residential development projects in Sydney, Australia have sold well. The Octavia Killara is fully sold[10], while the 231-unit West End Residences project, which was launched in two phases, has obtained the Interim Occupancy Certificate[4], and is currently overall about 97% sold[3].

Malaysia

In Malaysia, The Colony by Wisma Infinitum is 81% sold[3], having found a niche in the form of compact dual key configurations that are efficiently designed. Phase Two of our Malaysian freehold JV project, The Luxe by Wisma Infinitum, which is strategically located in the Kuala Lumpur City Centre and is positioned higher than The Colony to target a different market segment, is 53% sold[3].

Overall, for Property Development, we will adopt a prudent approach, with a focus on well-located and unique sites, both locally and abroad.

Artist's impression

HOTEL OWNERSHIP

On the hospitality front, latest statistics from the Singapore Tourism Board ("**STB**") showed a 3.3% year-on-year growth in international visitor arrivals for 2019 to 19.1 million[5], though headwinds are expected in the year ahead, due to the COVID-19, volatility of the global political and economic environment, and stiffer regional competition. According to the STB, tourism arrivals and receipts for 2020 are expected to be impacted by the COVID-19. The ongoing COVID-19 outbreak has significantly impacted visitor arrivals, especially from China, which accounts for around 20% of international visitor arrivals. Based on the current situation, visitor arrivals for 2020 is expected to fall by about 25% to 30%[6].

The Grand Mercure Singapore Roxy hotel remained resilient, buoyed by stronger tourist arrival numbers in Singapore last year. With a weaker demand forecast by STB for 2020, we will monitor the situation closely and have stepped up precautionary measures in the meantime.

Japan's hospitality sector has also been impacted by the COVID-19 outbreak with cancellations from mainland Chinese tourists, which make up the largest group of tourists for the country. According to the Japan National Tourism Organisation the estimated number of international travelers to Japan for the year was about 31.9 million, an increase of 2.2% from the previous corresponding period[7]. The government has earlier set a target of 40 million annual visitors by 2020, when Japan will host the Olympics[8].

CHAIRMAN'S STATEMENT

The Group's self-managed hospitality assets under the *Noku hotels* hospitality brand – *Noku Kyoto*, *Noku Osaka* and our first upscale resort in Maldives, *Noku Maldives* – continue to contribute recurring income. The Group's second resort asset in Phuket, Thailand, *Noku Phuket*, is targeted to launch in 2021.

We have also grown our hospitality presence in Australia with plans for 322-room upscale hotel in Melbourne CBD to open in 2022. This is in line with our strategic efforts to strengthen and grow our stable recurring income streams.

With a geographically-diversified portfolio, we hope to progressively build a sustainable stream of recurring income for the Hotel Ownership segment. While we intend to self-manage hotel assets where possible, we will also explore collaborations with international hotel operators to manage larger-scale city hotels.

Going forward, we will work towards the launch of our pipeline hospitality assets to strengthen our recurring income and deepen our presence in existing markets and new geographical markets to build up our yield-accretive hospitality asset base.

PROPERTY INVESTMENT

Australia

For the Australian office sector, the overall sentiment in commercial property markets, as measured by the NAB Commercial Property Index, fell four points to +3 in 3Q2019. By sector, Office and Industrial sentiment remained the highest, despite a decline as below average business conditions persisted.

The Group's investment properties in Australia – namely the office building at 312 St Kilda Road and the centrally-located industrial building at 33 Argyle Street, are at 100% occupancy[9].

Auckland, New Zealand

Of our two key assets in New Zealand, 205 Queen Street, located in the core of Auckland's CBD, enjoyed high occupancy of 88%[9] during the year. We will look for opportunities to raise occupancy to maximise rental yield.

Additionally, our wholly-owned building, NZI Centre, situated in the western end of Auckland's CBD, is fully leased to a well-known tenant – IAG New Zealand Limited – the largest insurer in New Zealand.

Tokyo, Japan

During the year, we expanded into Japan's retail property sector with the acquisition of a 53.07% stake in a retail building situated at Ginza, which is widely known as a popular upscale shopping and entertainment district of Tokyo.

Subsequent to FY2019, we further expanded our presence in Japan with the acquisition of a 49% stake in a retail building at Shibuya, one of the most popular retail districts of Tokyo. As a testament of the Group's foresight in its property investments, the Group has also entered into an agreement for the sale of the retail building situated at Ginza for approximately JPY8.6 billion, representing a premium of over 43% in less than a year, from the initial purchase price of JPY6.0 billion.

Artist's impression

Overall, as part of our ongoing strategy to grow our investment portfolio and recurring income regionally, we will continue to be on the acquisition of well-located and tenanted commercial buildings which will strengthen our recurring income stream. The Group will also place a strong focus on nurturing the properties in its investment portfolio and unlocking value by reinvesting towards potentially higher yielding assets when the opportunity arises.

PROPOSED DIVIDEND

To reward our loyal shareholders for their continuous support, the Board has proposed a final cash dividend (one-tier tax exempt) of 1.09 SGD cent. Coupled with the interim dividend (one-tier tax exempt) of 0.195 SGD cent, this brings the total distributions for the financial year to 1.285 SGD cent, representing a dividend payout ratio of 55%.

WORDS OF APPRECIATION

I would like to thank our Board of Directors for their guidance in steering the Group through the macro volatilities. At this juncture, on behalf of the Board, I will like to warmly welcome our new Independent Director, Ms. Cecilia Tan. Ms. Tan, who brings with her strong expertise in fund management, real estate and retail management, has been appointed as a member of the Audit Risk Management Committee, Nominating Committee and Remuneration Committee. On behalf of the Board, I would like to take this opportunity to express our appreciation to Mr. Tay Kah Poh, our Lead Independent Director, who will be stepping down from the Board at the forthcoming Annual General Meeting. Mr. Tay has been an invaluable member of our Board for the past 12 years, and his strong commitment and expertise has contributed greatly to the Group's success.

I am also deeply appreciative of our senior management team, who has actively led the Group to overcome challenges and continues to work tirelessly to meet evolving demands in the industry.

In closing, I would like to thank our management and staff for their dedication and contributions to Roxy-Pacific. Last but not least, I would like to extend our appreciation to our shareholders, clients, consultants, suppliers, partners and business associates for their ardent support as we remain focused on broadening our perspective for sustainable growth.

TEO HONG LIM
Executive Chairman and Chief Executive Officer

5 March 2020

Sources:

1 *Urban Redevelopment Authority, 23 January 2020 – Release of 4th Quarter 2019 real estate statistics*
2 *Australian Bureau of Statistics, 10 December 2019 – Residential Property Price Indexes: Eight Capital Cities, Sep 2019*
3 *As at 12 February 2020*
4 *Obtained on 10 October 2019*
5 *Singapore Tourism Board, 5 February 2020 – International Visitor Arrivals Statistics*
6 *Singapore Tourism Board, 11 February 2019 – STB rallies tourism sector to face biggest challenge since SARS*
7 *Japan National Tourism Organization, December 2019 – Japan Tourism Statistics*
8 *The Japan Times, 11 January 2019 – Tourists to Japan hit record 31 million in 2018, helped by easier visas for visitors from India, Russia and others*
9 *As at 31 December 2019*
10 *As at 5 March 2020*

FINANCIAL & OPERATIONS REVIEW

For FY2019, the Group recorded revenue of S$444.0 million, 234% higher than the S$132.9 million achieved in FY2018. The increase in revenue was mainly due to higher revenue from the Property Development and Hotel Ownership segments, partially offset by a marginal 3% decline in revenue from the Property Investment segment.

PROPERTY DEVELOPMENT

The Property Development segment contributed S$385.9 million or 87% of the Group's total FY2019 revenue, a 415% increase from S$75.0 million recorded in FY2018. The increase in revenue was mainly due to revenue recognition from The Hensley and West End Residences upon settlement in 1Q2019 and 4Q2019 respectively and progressive revenue recognition from 120 Grange, The Navian and Harbour View Gardens. This was partially offset by the absence of revenue recognition from Trilive and Straits Mansions which obtained TOP in June 2018 and October 2018 respectively.

Based on units sold from ongoing development projects, the Group has total attributable pre-sale revenue of S$471.2 million as at 12 February 2020, the profits of which will be recognised from 1Q2020 to FY2023.

In response to the new property cooling measures that took place on 6 July 2018, the Group adopted a cautious approach while seeking opportunities to replenish its land bank in Singapore. During the year under review, Roxy-Pacific launched all the sites in its land bank with a total of six residential launched projects in 2019. Following RV Altitude and Fyve Derbyshire, which were one of the first projects launched in the year, the Group launched its remaining four land bank sites over the course of the year, including Wilshire Residences, Dunearn 386, View at Kismis and NEU AT NOVENA.

The Group's projects, which are mostly located at prestigious districts across Singapore, provide investors and homebuyers the opportunity to benefit from the exciting long-term developments in these districts. Apart from the unique location of these sites, the Group continues to work closely with and leverage on the consortium partners' experience in property development to feature unique highlights and selling points for joint venture projects such as 120 Grange, Bukit 828, Arena Residences, Wilshire Residences, View at Kismis and NEU AT NOVENA.

	Project name	Type of Development	Group Stake	Total units in project	Unit sold	Attributable total sale value[(i)(ii)]	Attributable revenue recognised up to 31 December 2019	Balance attributable progress billings to be recognised from 1Q2020
	Singapore		%	Unit	%	$'m	$'m	$'m
1	Harbour View Gardens	Residential	100%	57	100%	$73.7	$35.7	$38.0
2	120 Grange	Residential	90%	56	80%	$74.9	$17.4	$57.5
3	Bukit 828	Residential	80%	34	47%	$14.5	$2.7	$11.8
4	Arena Residences	Residential	50%	98	72%	$46.8	$8.6	$38.2
5	RV Altitude	Residential	100%	140	30%	$67.0	$4.2	$62.8
6	Fyve Derbyshire	Residential	100%	71	34%	$46.0	$1.3	$44.7
7	Wilshire Residences	Residential	40%	85	12%	$7.1	$0.1	$7.0
8	Dunearn 386	Residential	100%	35	23%	$12.5	$0.3	$12.2
9	View at Kismis	Residential	60%	186	37%	$51.6	$0.7	$50.9
10	NEU AT NOVENA	Residential	50%	87	77%	$59.3	–	$59.3
	Malaysia							
11	Wisma Infinitum – The Colony	Residential	47%	423	81%	$62.1	$31.7	$30.4
	Wisma Infinitum – The Luxe	Residential	47%	300	53%	$34.2	$16.6	$17.6
	Australia							
12	Octavia, Killara	Residential	100%	43	98%	$40.8	–	$40.8
	Total			**1,615**		**$590.5**	**$119.3**	**$471.2**

(i) For Singapore projects, sale value is based on Option to Purchase granted up to 12 February 2020.
(ii) For overseas projects, sale value is based on contract signed up to 12 February 2020.
Note: Pre-sale revenue is recognised based on Percentage of Completion except for Australia projects which is recognised based on completed contract method.

Roxy-Pacific will continue to step up its marketing efforts for its ongoing prime-location development projects catering to the modern lifestyle, with a primary focus on the sales and delivery of units.

Overseas, the Group has obtained the Interim Occupancy Certificate for the residential development project, West End Residences, in Sydney, Australia, on 10 October 2019. The project is approximately 97% sold as at 12 February 2020 and the Group has commenced revenue recognition from 4Q2019. The Octavia Killara, which obtained the Final Occupancy Certificate on 17 December 2019, is fully sold as at 5 March 2020 and revenue has been recognised from 1Q2020 onwards upon settlement from the purchasers.

The Group's joint venture development in Malaysia, The Colony by Wisma Infinitum, is 81% sold as at 12 February 2020, while The Luxe by Infinitum has sold 53% of its residential units.

Amidst the weaker economic outlook and softened property market conditions, Roxy-Pacific will exercise prudence in its acquisition of sites in Singapore. Overseas, the Group will continue to work closely with its partners to replicate the success of its development projects on future ventures.

HOTEL OWNERSHIP

Hotels in operations/under development

Properties	Grand Mercure Singapore Roxy	Noku Kyoto	Noku Osaka	Noku Maldives	Noku Phuket (under development)	Park Hotel Melbourne (under development)	Total
Location	50 East Coast Road, Singapore	205-1 Okuracho Kyoto, Japan	10-17 Kita-Ku, Osaka City, Japan	Island of Kudafunafaru, Noonu Atoll, Maldives	48/13 Moo 6, Chaofa Road, Phuket, Thailand	360 Little Bourke, Melbourne, Australia	na
Managed by	Roxy under franchise with Accor Group	Roxy under "NOKU hotels"	Roxy under "NOKU hotels"	Roxy under "NOKU hotels"	Roxy under "NOKU hotels"	Park Hotel Group	na
Rooms	576 rooms	81 rooms	154 rooms	50 villas	91 rooms/villas	322 rooms	1,274 rooms/ villas
Date of TOP/acquisition	TOP in Sep 2000	2-Oct-14	17-Oct-17	11-May-16	6-Nov-14	1-Mar-18	na
Tenure	Freehold	Freehold	Freehold	Remaining 37 years leasehold	Freehold	Freehold	na
Approximate Land Area (sq m)	15,172	940	886	89,896	46,878	939	154,711
Gross Floor area (sq m)	35,336	4,780	3,672	16,830	17,973	16,866	95,457
Net Book Value as at 31 December 2019	S$62.8 million	S$30.2 million (JPY2.40 billion)	S$38.4 million (JPY3.10 billion)	S$51.2 million (US$38.0 million)	S$35.0 million (THB775 million)	S$38.5 million (AUD40.8 million)	S$256.1 million
Valuation as at 31 December 2019	S$538.0 million	S$36.8 million (JPY2.97 billion)	S$38.7 million (JPY3.12 billion)	S$51.2 million (US$38.0 million)	S$35.0 million[1] (THB775 million)	S$38.5 million[2] (AUD40.8 million)	S$738.2 million

(1) The estimate market value is S$56.9m (THB1.26b). The estimated commencement date of hotel operation is FY2021.

(2) The estimate market value is S$141.1m (AUD149.6m). The estimated commencement date of hotel operation is FY2022.

FINANCIAL & OPERATIONS REVIEW

The Group strategy to strengthen its recurring income from the Hotel Ownership segment has shown positive results. The segment contributed S$50.4 million of the Group's FY2019 revenue, compared to S$50.0 million recorded in FY2018.

The Singapore tourism industry achieved a fourth consecutive year of growth in 2019. Visitor arrivals grew by 3.3% to 19.1 million, while tourism receipts edged up 0.5% to S$27.1 billion.[1]

Supported by the stronger tourism sector in 2019, the Grand Mercure Singapore Roxy Hotel remained resilient during the year under review.

Construction of the Marine Parade MRT station of the Thomson-East Coast MRT line is ongoing and the hotel is expected to benefit from increased connectivity in the area when the station opens in 2023.

For 2020, the Singapore Tourism Board expects visitor arrivals to fall by about 25% to 30% as the COVID-19 outbreaks has significantly impacted visitor arrivals from China, which accounts for approximately 20% of Singapore's international visitor arrivals, as well as other key source markets due to lower travel confidence globally.

The Group's self-managed hotel brand, *Noku hotels*, continues to deliver encouraging results. Following the success of *Noku Kyoto*, *Noku Osaka* and *Noku Maldives*, the Group looks forward to the launch of its second resort asset in Chalong Sub-District, Mueang, Phuket, Thailand, in 2021.

With four operating hospitality assets in FY2019, the Group's Hotel Ownership segment remains will continue to provide healthy contributions in the form of recurring income to the Group in the coming financial year. Going forward, Roxy-Pacific will continue to explore opportunities to expand the *Noku hotels* brand and self-managed hotel assets across key gateway cities and top tourist destinations in order to widen its recurring income streams.

PROPERTY INVESTMENT

	Location	Description	Date of TOP/ acquisition	Group's stake	Net Lettable Area/Floor Area (sq m)	Occupancy (%) as at 31 December 2019 (on lettable area)	Valuation[(1)] ($)	Estimated Total Annual Gross Income[(3)] (S$)
	Held by subsidiary company							
1	50 East Coast Road, Roxy Square Singapore	49 shop units[(2)]	1984/1998	100%	2,371	85%	S$64.8m	S$1.5m
2	NZI Centre, 1 Fanshawe Street, Auckland, New Zealand	6-Storey commercial building	15-Dec-17	100%	9,446	100%	S$61.8m (NZ$68.2m)	S$6.3m (NZ$6.9m)
	Total				**11,817**		**$126.6**	
	Held by Associate company							
3	205 Queen Street, Auckland, New Zealand	2 Office Tower with 17 and 22 Storey	20-Dec-17	50%	25,368	88%	S$171.3m (NZ$189.0m)	S$13.6m (NZ$14.9m)
4	312 St Kilda Road, Melbourne, Australia	6 levels of office and 4 basement levels	23-Jan-18	45%	9,887	100%	S$79.2m (A$84.0m)	S$5.8m (A$6.2m)
5	33 Argyle Street, Parramatta NSW, Australia	Office building comprising retail ground floor suite and café, 3 levels of above ground parking, 6 office levels and roof top plant rooms	8-Jan-19	40%	5,281	100%	S$42.0m (A$44.5m)	S$2.9m (A$3.1m)
6	2-15, 7-chome, Ginza[(4)], Chuo-ku, Tokyo	6 levels retail building	13-Jul-19	53%	382	100%	S$83.1m (JPY6.7b)	S$1.42m (JPY114.3m)
7	23-10 Udagawacho, Shibuya-ku, Tokyo	5-storey retail building	28-Feb-20	49%	679	100%[(5)]	S$69.2m[(5)] (JPY5.58b)	S$2.03m[(5)] (JPY163.9m)
	Total				**41,597**		**$444.8**	

(1) Based on latest valuations as of 31 December 2019
(2) Excludes 3 units which are for owner-use premises
(3) Based on occupancy as at 31 December 2019
(4) Entered into a sale and purchase agreement on 6 March 2020 to sell the investment property
(5) Occupancy, valuation and estimated total annual gross income are as of 7 February 2020

The Property Investment segment contributed to the remaining 2% of the Group's FY2019 revenue, recording S$7.7 million of segment revenue compared to S$7.9 million in FY2018. The segment revenue comprised rental income from Roxy Square and NZI Centre. The Group continues to redeploy funds from earlier divestments into other yield-accretive property investments, namely the completion of acquisitions of 33 Argyle Street in New South Wales, Australia, in January 2019 and a retail building at Ginza, Tokyo in July 2019. Subsequent to FY2019, the Group acquired a 49% stake in a retail building situated at Shibuya, marking its second investment in Japan's retail property sector.

The 53.07%-owned retail building at Ginza comprises six retail levels with a net lettable area of 382 square metres. The retail building at Shibuya comprises five storey and has a net lettable area of 679 square metres. Both retail buildings are at 100% occupancy as at 7 February 2020. Subsequent to FY2019, the Group has entered into an agreement for the sale of the retail building for approximately JPY8.6 billion, representing a premium of over 43% from the initial purchase price of JPY6.0 billion. The sale price is approximately 29% above the latest valuation of the property of JPY6.7 billion as at 31 December 2019.

GROSS PROFIT

FY2019 gross profit more than doubled to S$106.2 million from S$50.8 million in FY2018.

The Property Development segment contributed 71% to the Group's FY2019 gross profit. The gross profit margin for the Property Development segment was 19% in FY2019 as compared to 27% in FY2018, mainly due to lower gross profit margin from The Hensley and West End Residences in FY2019, coupled with the reversal of overprovision of project costs in FY2018.

The Hotel Ownership and Property Investment segments contributed 23% and 6% of the Group's FY2019 gross profit, respectively. The gross profit margin of the Hotel Ownership segment decreased two percentage points to 48% in FY2019 due to lower profit margin from overseas hotels, while gross profit margin of the Property Investment segment increased 17 percentage points to 86% in FY2019 from 69% in FY2018 mainly due to reclassification of lease payable on NZI Centre from cost of sales to other operating expenses under the SFRS (I) 16 Leases. This new accounting standard, which is effective from 1 January 2019, had resulted in the amortisation of the right-of-use asset and the interest element of the lease liability over the lease term instead of solely expense off the lease payment.

NET PROFIT

Share of results of associates decreased by 58% to S$8.5 million in FY2019 mainly due to the absence of fair value gains on 117 Clarence Street. In FY2019, share of profit was mainly contributed from Wisma Infinitum and fair value gains from investment properties at St Kilda Road, 33 Argyle Street and Ginza, Japan, partially offset by share of losses from Wilshire Residences and NEU AT NOVENA due to showflat expenses incurred.

Other operating income was 46% lower at S$7.2 million in FY2019 mainly due to higher fair value gain recorded for NZI Centre and higher foreign exchange gain in FY2018.

As a result of the above, the Group achieved net profit attributable to equity holders of the Company of S$30.3 million in FY2019, a 42% increase from S$21.3 million in FY2018.

BALANCE SHEET

The Group's balance sheet remained healthy with cash and cash equivalents of S$331.0 million and a comfortable net debt-to-adjusted Net Asset Value ratio of 0.60 time notwithstanding the acquisition of new investment properties in Australia and Japan during the year.

1 *Singapore Tourism Board, 11 February 2019 – STB rallies tourism sector to face biggest challenge since SARS*

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER:
196700135Z

REGISTERED OFFICE:
50 East Coast Road #B1-18 Roxy Square
Singapore 428769

BOARD OF DIRECTORS:
Teo Hong Lim *(Executive Chairman and Chief Executive Officer)*
Chris Teo Hong Yeow *(Executive Director and Deputy Chief Executive Officer)*
Koh Seng Geok *(Executive Director and Deputy Chief Executive Officer)*
Tay Kah Poh *(Lead Independent Director)*
Tong Din Eu *(Independent Director)*
Winston Tan Tien Hin *(Independent Director)*
Cecilia Tan Hong Lye *(Independent Director)*

COMPANY SECRETARY:
Koh Seng Geok, *CA*

INVESTOR RELATIONS:
Dolores Phua
Citigate Dewe Rogerson, Singapore Pte Ltd.
105 Cecil Street
#09-01 The Octagon, Singapore 069534
Tel: (65) 6534 5122
Fax: (65) 6534 4171

SHARE REGISTRAR AND SHARE TRANSFER OFFICE:
KCK CorpServe Pte. Ltd.
333 North Bridge Road #08-00
KH KEA Building, Singapore 188721

AUDIT RISK MANAGEMENT COMMITTEE:
Tong Din Eu *(Chairman)*
Tay Kah Poh
Winston Tan Tien Hin
Cecilia Tan Hong Lye

NOMINATING COMMITTEE:
Tay Kah Poh *(Chairman)*
Tong Din Eu
Winston Tan Tien Hin
Cecilia Tan Hong Lye
Teo Hong Lim

REMUNERATION COMMITTEE:
Tay Kah Poh *(Chairman)*
Tong Din Eu
Winston Tan Tien Hin
Cecilia Tan Hong Lye

PRINCIPAL BANKERS:
DBS Bank Limited
Hong Leong Finance Limited
Malayan Banking Berhad
Overseas-Chinese Banking Corporation Limited
Standard Chartered Bank
United Overseas Bank Limited

AUDITORS:
Foo Kon Tan LLP
(a principal member of HLB International)
Public Accountants and Chartered Accountants
24 Raffles Place
#07-03 Clifford Centre, Singapore 048621

(Partner-in-charge: Mr Chan Ser, CA)
(Appointed from the financial year ended
31 December 2019)

TOP PROJECTS 2019

1 West End Residences, Australia, Interim Occupation Certificate obtained on 10 October 2019

2 The Navian, Singapore, Temporary Occupation Permit on 15 November 2019

3 Octavia Killara, Australia, Final Occupation Certificate obtained on 17 December 2019

DEVELOPMENT PROJECTS LAUNCHED IN 2019

4 Artist's impression

5 Artist's impression

6 Artist's impression

7 Artist's impression

8 Artist's impression

9 Artist's impression

4 RV Altitude, Singapore
5 Fyve Derbyshire, Singapore
6 Wilshire Residences, Singapore
7 Dunearn 386, Singapore
8 View at Kismis, Singapore
9 NEU AT NOVENA, Singapore

BOARD OF DIRECTORS

Seated from L-R: Winston Tan Tien Hin, Teo Hong Lim, Cecilia Tan Hong Lye
Standing from L-R: Tay Kah Poh, Chris Teo Hong Yeow, Koh Seng Geok, Tong Din Eu

TEO HONG LIM
Executive Chairman and Chief Executive Officer

Teo Hong Lim has been a Director of our Company since 20 May 1993 and was appointed Managing Director on 19 April 2018. He was last re-elected as Director on 6 April 2018 and is appointed a member of the Nominating Committee on 1 January 2020. Mr Teo sets out our Group's strategies and leads overall management. Outside of the group, Mr. Teo is also currently the Chairman of Montfort Care, a network of programmes committed to improving the lives of individuals, families and the community facing transitional challenges. He believes in contributing back to society especially for the less fortunate. Mr Teo graduated from the National University of Singapore with an honours degree in Accountancy. He worked for DBS Bank Ltd as assistant treasurer before joining our Company.

CHRIS TEO HONG YEOW
Executive Director and Deputy Chief Executive Officer

Chris Teo Hong Yeow joined our Group in 1993. He was last re-elected as Director on 23 April 2019 and was appointed Deputy Chief Executive Officer on 23 March 2018. His main task was in the planning and facilities design of Grand Mercure Singapore Roxy Hotel. Mr Teo is primarily responsible for all aspects of our Hotel Ownership business, including ongoing evaluation, investment and improvement of the hotel segment. He supports the Executive Chairman and CEO in the formulation of corporate strategies and the future direction of the Group. Mr Teo graduated from Michigan State University with a Bachelor of Arts degree in Hotel, Restaurant and Institutional Management. Mr Teo has more than 30 years of experience in the hospitality industry. He is also Director of Shatec Global Limited. He has previously held managerial appointments at several international hotels in Asia, such as the Oriental Hotel in Singapore, the Amanpuri in Phuket, Thailand and the Amandari in Bali, Indonesia.

BOARD OF DIRECTORS

KOH SENG GEOK
Executive Director and Deputy Chief Executive Officer

Koh Seng Geok has been the Executive Director of our Company since 1 September 2001 and was last re-elected as Director on 11 April 2017. Mr Koh was appointed Deputy Chief Executive Officer on 23 March 2018. Prior to this appointment, he served as Chief Financial Officer, managing the financial, banking, accounting and legal aspects of our Group. Mr Koh supports the Executive Chairman and CEO in the formulation of corporate strategies and the future direction of the Group. He is concurrently our Company Secretary and also oversees our Human Resource and Administration department. Mr Koh joined our Group in February 2000 as the Financial Controller of Grand Mercure Singapore Roxy Hotel. He graduated from the National University of Singapore with a Bachelor of Accountancy degree and he is a non-practising member of the Institute of Singapore Chartered Accountants. He also holds a Master in Business Administration from the University of Leicester. Prior to joining our Group, Mr Koh worked as an auditor in Deloitte and Touche and Haw Par Brothers International Limited, and held appointments as the Finance Manager of Goldtron Electronics Pte Ltd and Equant Integration Services Pte Ltd.

TAY KAH POH
Lead Independent Director

Tay Kah Poh was appointed as an Independent Director of our Company on 17 December 2007 and was last re-elected as Director on 23 April 2019. He is Chairman of Roxy-Pacific Holdings Limited's Nominating Committee and Remuneration Committee and a Member of Audit Risk Management Committee. Mr Tay was appointed as Lead Independent Director on 1 June 2018. He is currently Executive Director at Knight Frank Pte Ltd, Singapore. On 16 October 2019, he was appointed as independent director of Serrano Limited. He was previously an Associate Professor at the National University of Singapore Department of Real Estate, and Executive Vice President at the Pacific Star Group. Mr Tay holds a Master of Arts in Business Administration from the University of Georgia (Athens), United States of America and a Bachelor of Science (Honours) degree in Estate Management from the National University of Singapore.

TONG DIN EU
Independent Director

Tong Din Eu was appointed as an Independent Director of Roxy-Pacific Holdings Limited on 2 October 2017 and was last re-elected as Director on 6 April 2018. He was appointed as Chairman of the Audit Risk Management Committee on 16 October 2018. He is also a Member of Roxy-Pacific Holdings Limited's Nominating Committee and Remuneration Committee. Mr Tong is a Director of Midas Holdings Limited. He holds a Bachelor Degree in Accountancy from the National University of Singapore and passed the examinations to be a Chartered Financial Analyst. Mr Tong has many years of experience in corporate finance and had advised many regional initial public offerings and merger & acquisitions transactions.

WINSTON TAN TIEN HIN
Independent Director

Winston Tan Tien Hin has been a Non-Executive Director of our Company since 14 December 2006. Mr Tan was re-designated from the position of Non-Executive and Non-Independent Director to Independent Director on 12 January 2012 and was last re-elected as Director on 6 April 2018. He is a Member of Roxy-Pacific Holdings Limited's Audit Risk Management Committee, Nominating Committee and Remuneration Committee. Mr Tan is a Executive Chairman of Serrano Limited and Non-Executive Director of Plastoform Holdings Limited. He is currently the Managing Director for Winmark Investments Pte. Ltd., Corporate Brokers International Pte. Ltd. and ZhenXing Commercial Consultancy (Shanghai) Co. Ltd. Amongst others, he was also previously an Independent Non-Executive Director of Pteris Global Limited and Singapore Technologies Engineering Ltd.; Director of Singapore Technologies Kinetics Limited; Director of Ascendas Pte. Ltd. and AETOS Security Management Pte Ltd; General Manager of Deutsche Bank AG (Singapore Branch) and Vice-President at Citibank N.A. Mr Tan graduated from the University of Singapore with a Bachelor of Science (Physics) degree.

CECILIA TAN HONG LYE
Independent Director

Cecilia Tan Hong Lye was appointed as an Independent Director of Roxy-Pacific Holdings Limited on 1 October 2019. She is a Member of Roxy-Pacific Holdings Limited's Audit Risk Management Committee, Nominating Committee and Remuneration Committee. Ms Tan has more than 20 years of working experience in the areas of corporate finance, investment banking, real estate direct investment and real estate fund management. She is currently the Senior Strategic Adviser to the Chairman of Sasseur Group. Ms Tan holds a Master of Applied Finance from Macquarie University, Australia. She graduated with a Bachelor Degree in Business Administration (Second Upper Class Honours) from the National University of Singapore.

SENIOR EXECUTIVE OFFICERS

Seated from L-R: Angela Khoo Ying Hui, Melvin Poon Tuck Meng, Shermin Chan Poh Choo
Standing from L-R: Libby Walsh, Klaus Gottschalk, Foo Yong Kit Steve

FOO YONG KIT STEVE

Senior Director – Developments

Foo Yong Kit Steve is the Senior Director (Developments), for the Group's Property Development business. Mr Foo joined the Group in May 2007 as Project Manager and he oversees all aspects of our development projects from review of development designs, evaluation of tender and administration of construction and maintenance programmes. As head of the Contract, Project and Property Management division he ensures successful initiation, completion and handover of our development projects. He also supports the Group overseas Hospitality development projects. Mr Foo has more than 35 years of experience in the field of construction and property management. Prior to joining our Group, Mr Foo was employed by the Keppel Club as Manager overseeing the Club maintenance and development of a new Master Plan project. Mr Foo holds a certificate in Architectural Studies and a Diploma in Building from Singapore Polytechnic and also holds a certificate in Common Examination for Housing Agents from the Singapore Institute of Surveyors and Valuers (SISV). He is also a certified Fire Safety Manager as awarded by the Singapore Civil Defence Force (SCDF).

SHERMIN CHAN POH CHOO

Director – Finance and Administration

Shermin Chan Poh Choo is the Director of Finance and Administration. She joined the Group in May 2007 as Assistant Finance Manager. Her duties and responsibilities include overseeing the Group's financial and accounting functions, as well as corporate reporting, secretarial and banking matters. Concurrently as the Director for Administration department, she oversees the Human Resource and Office Administration functions. Ms Chan was trained and started her career as an auditor for a mid-tier Singapore public accounting firm for 10 years. Prior to joining our Group, she worked for Xpress Print Pte Ltd in the accounting and finance department. Ms Chan obtained her professional qualification in accountancy from The Association of Chartered Certified Accountants and is a non-practising member of the Institute of Singapore Chartered Accountants.

SENIOR EXECUTIVE OFFICERS

ANGELA KHOO YING HUI
Director – Sales and Marketing/Director – Business Development and Investment

Angela Khoo Ying Hui is the Director of Sales & Marketing and Director of Business Development and Investment. She joined the Group in 2010 as the Manager of Sales and Marketing. Her current responsibilities includes the entire spectrum of sales and marketing for the Group's projects as well as overseeing commercial leasing portfolios. In additional, Ms Khoo also support the Group's CEO in the areas of Business Development and Investment for the Company. Ms Khoo has accumulated more than 16 years of real estate experience. Formerly, she was with Knight Frank Pte Ltd as a Residential Tenancy & Leasing Manager handling a large portfolio of multinational clients. Prior to that, she joined The American Embassy of Singapore and was under the Property Leasing Department dealing with residential leases for the diplomats. Ms Khoo holds a Bachelor of Science degree with honours in Business and Management from the University of Bradford (UK) and a Diploma in Building and Real Estate Management from Ngee Ann Polytechnic.

MELVIN POON TUCK MENG
Director – Hotel Operations

Melvin Poon Tuck Meng is the Director (Hotel Operations) and is responsible for the overall business and operational matters of the Group's hotels. Mr Poon joined Grand Mercure Singapore Roxy Hotel in 2002 as a Financial Controller and was subsequently promoted to Finance and Administration Director. Mr Poon has more than 30 years of experience in hotel financial management and administration. Prior to joining our Group, he was the executive assistant manager of Yuda Palace Hotel in Zhengzhou, China. Previously, he held appointments as the Financial and Accounts Controller of other hotels in Singapore, namely Golden Landmark Hotel, Boulevard Hotel and Orchard Parade Hotel. Mr Poon holds two Master degrees; a Master of International Business degree from the University of Wollongong, Australia and a Master of Business in Accounting degree from Victoria University of Technology, Melbourne, Australia.

KLAUS GOTTSCHALK
General Manager – Grand Mercure Singapore Roxy

Klaus Gottschalk joined the Group in April 2014 as General Manager of Grand Mercure Singapore Roxy Hotel, responsible for the overall operations of our Singapore hotel. Mr Klaus has more than 35 years of experience in the Hospitality Industry. Having started his career in Germany, he has since worked in senior management positions in Europe, the Middle East, Australia, New Zealand, China, Indonesia and Malaysia. He joined Accor in 1994 as Deputy General Manager for the Novotel Twin Waters Resort in Australia's Sunshine Coast and thereafter also held positions as Hotel Manager in Ibis Slipi Jakarta and later as General Manager for Ibis Jakarta Mangga Dua. In 2000 Klaus returned to Australia as General Manager for the Novotel Pacific Bay Resort before transferring to New Zealand in 2005. Based at the Novotel & Ibis properties in Rotorua, he was Area General Manager for the Central North Island, New Zealand. Prior to joining Grand Mercure Singapore Roxy Hotel, Mr Klaus opened the Pullman Shanghai Skyway Hotel in China and the Pullman Kuala Lumpur Bangsar in Malaysia. Mr Klaus graduated from Hotel Management School, D. Speiser Tegernsee in Germany.

LIBBY WALSH
Director – Australia and New Zealand

Libby Walsh was appointed Director – Australia and New Zealand in August 2019. She originally joined the group in July 2015 as a Development Manager working on the Sydney and Melbourne assets & development projects. Ms Walsh has been involved in managing development projects throughout Australia, primarily in Sydney, Melbourne and Perth and has worked across a range of project fields including residential, commercial, mixed-use, retail and healthcare. She began her career in property as a Consulting Engineer for Wood & Grieve Engineers (now part of Stantec) in Perth and Melbourne before moving into Project & Development Management in Sydney. She has also served as the Treasurer on the Board of the Ausdance National Council, a Not-For-Profit Arts organisation supporting the professional dance sector. Ms Walsh holds a Bachelor of Engineering (Mechanical) from the University of Western Australia (UWA) as well as a Graduate Certificate in Applied Finance and Investment (Major in Property Investment) from FINSIA and has completed the Foundations of Directorship Course with the Australian Institute of Company Directors (AICD) in Sydney. She is also a Green Star Accredited Professional by the Green Building Council of Australia.

GROUP STRUCTURE

Roxy-Pacific Holdings Limited

- 80% RH Capital Pte. Ltd.
- 100% RH Capital Two Pte. Ltd.
- 100% RH Central Pte. Ltd.
- 100% RH Changi Pte. Ltd.*
- 100% RH Developments Pte. Ltd.
- 100% RH Developments Two Pte. Ltd.
- 100% RH Eunos Pte. Ltd.
- 90% RH Mount Sophia Pte. Ltd.*
- 90% RH Orchard Pte. Ltd.
- 100% RL Properties Pte. Ltd.
  - 20% 70 Shenton Pte. Ltd.
- 100% RL West Pte. Ltd.*
- 100% Roxy Australia Pte. Ltd.
  - Group Structure under Roxy Australia Pte. Ltd. (Refer to Annex A)
- 100% Roxy Capital Pte. Ltd.
- 100% Roxy Homes Pte Ltd
  - 100% RH East Coast Pte. Ltd.
  - 90% RH Rochor Pte. Ltd.*
  - 90% RH Tampines Pte. Ltd.
- 100% Roxy Hotels Pte. Ltd.
- 100% Roxy Hotels and Resorts Pte. Ltd.
  - Group Structure under Roxy Hotels and Resorts Pte. Ltd. (Refer to Annex B)
- 100% Roxy Jakarta Investments Pte. Ltd.
  - 49% PT Kramat Roxy Pacific
- 100% Roxy Land Pte. Ltd.*
- 100% Roxy Residential Pte. Ltd.
- 100% Roxy-Pacific Developments Pte Ltd
- 100% Roxy-Pacific Development Management Pte Ltd
  - 100% Roxy Pacific Development Management (Jervois) Pte. Ltd.
- 100% RP North Pte. Ltd.*
- 100% RP Properties Pte. Ltd.*
- 100% RP Ventures Pte Ltd
  - Group Structure under RP Ventures Pte. Ltd. (Refer to Annex C)
- 100% RPV Two Pte. Ltd.
  - Group Structure under RPV Two Pte. Ltd. (Refer to Annex D)

Note:

* In members' voluntary liquidation.

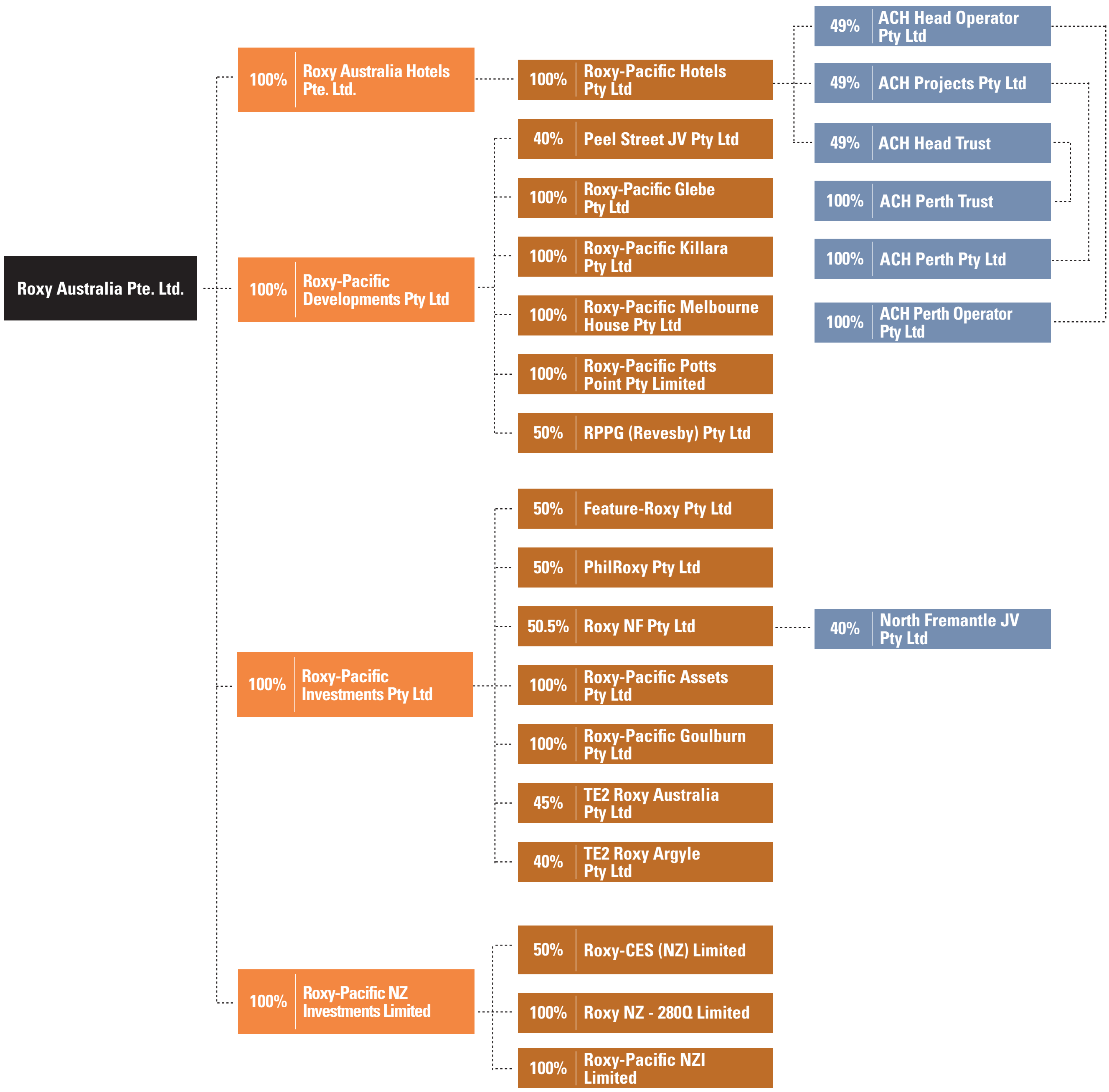
Updated on 21 February 2020

GROUP STRUCTURE

Annex A

Sub-Group Structure

Held under Roxy Australia Pte. Ltd.

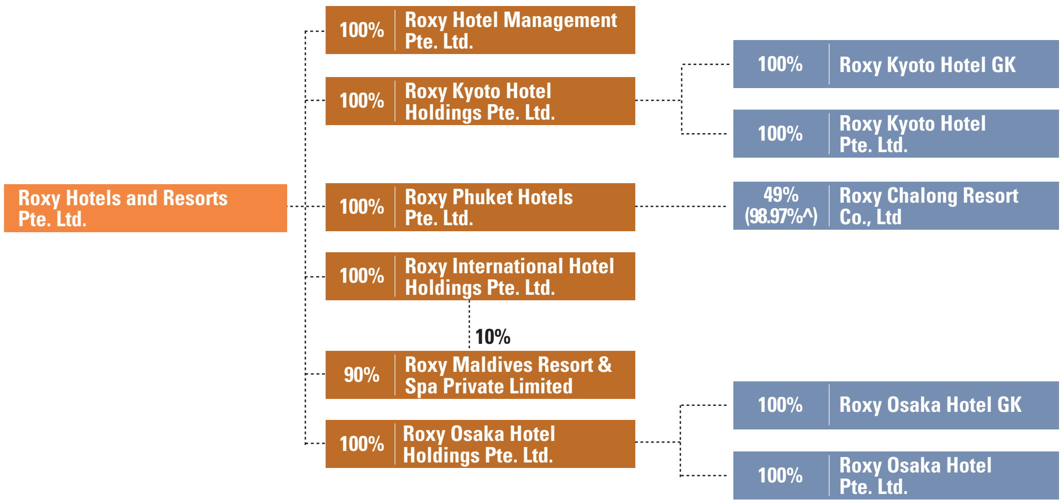


Updated on 21 February 2020

Annex B

Sub-Group Structure

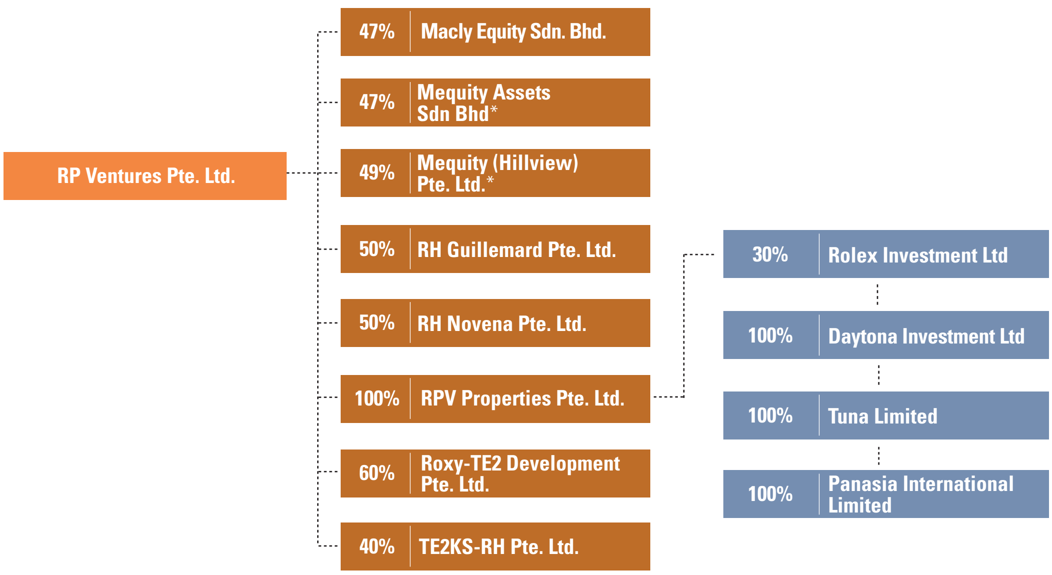
Held under Roxy Hotels and Resorts Pte. Ltd.



Annex C

Sub-Group Structure

Held under RP Ventures Pte. Ltd.



Note:

^ based on voting rights

* In members' voluntary liquidation.

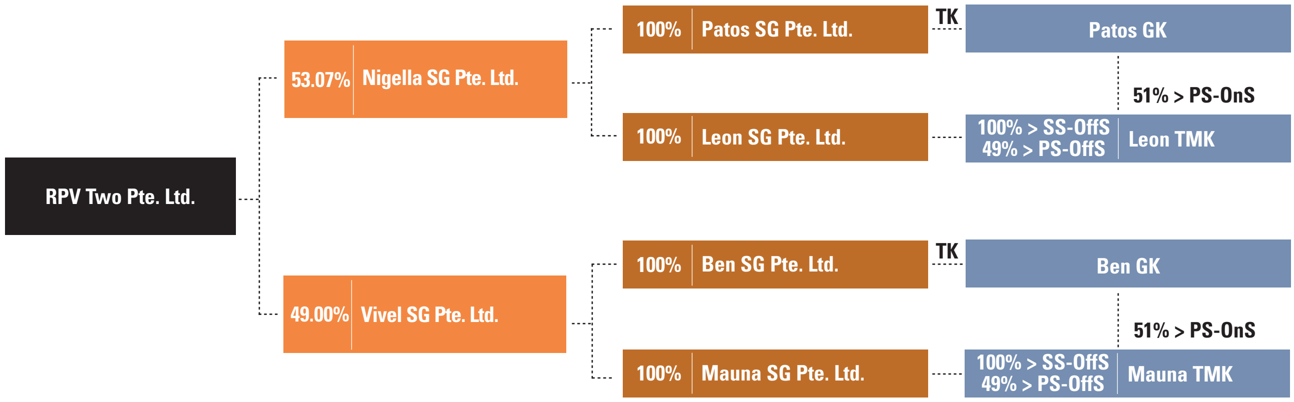
Updated on 21 February 2020

GROUP STRUCTURE

Annex D

Sub-Group Structure

Held under RPV Two Pte. Ltd.



Note:

PS-OnS: Preferred Shares – Onshore
SS-OffS: Specified Shares – Offshore
PS-OffS: Preferred shares – Offshore
TK: Tokumei Kumiai Agreement

Updated on 21 February 2020

INVESTOR RELATIONS

1ST QUARTER

- Release of 4Q2018 and FY2018 financial results and results briefing to media and analyst

2ND QUARTER

- Release of 1Q2019 financial results
- Annual General Meeting
- Payment of 2018 final dividends

3RD QUARTER

- Release of 2Q2019 and 1H2019 financial results
- Payment of 2019 interim dividends

4TH QUARTER

- Release of 3Q2019 and 9M2019 financial results

SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

BOARD STATEMENT

Roxy-Pacific Holdings Limited ("the Group") is pleased to present our sustainability report for FY2019. This is the 3rd edition of our report which demonstrates our commitment to grow our business sustainably as we mature and progress as a company.

FY2019 remains a challenging year for the Group as the business landscape has changed rapidly. Despite the many challenges, we have witnessed the opportunities and new expansion areas that comes with it. In recent years, many companies are giving more emphasis on topics relating to environment, social and governance (ESG) matters especially in business decisions. Likewise, in the Group, we recognise the importance to progress our sustainability efforts as a company to respond to the changing operating landscape and redefine our business resilience.

Early this year in March, the Draft Master Plan 2019 was launched by the Singapore Government. This transforms our business model as it touches on many aspects of development and emphasises on ensuring a sustainable environment for all; creating a caring and inclusive society; and keeping Singapore safe and secure. [1]The Master Plan is not just about having more buildings and infrastructure. It is really an exercise to reimagine and remake our city – to think about new versions of urban living that will be more fulfilling and sustainable; to think of new ways to stay relevant to the world. With this, the built environment is impacted, and dynamic shift is in place. Landlords and developers are called upon to re-consider the built environment that current and future stakeholders will require in the face of climate change. These goals tie in with the Sustainable Singapore Blueprint (SSB) that was launched by the Singapore Government as a $1.5 billion plan with a series of environmental goals to be met by 2030. We understands that the private sector's contribution to the movement is key and will continue to keep this in mind as we continue to evolve and grow in our own sustainability efforts.

Overall, we are heartened that we have embark on the journey of Sustainability Reporting as the cyclical monitoring and coverage increases both vigilance and awareness within the Group. Overall, we found the process to be meaningful and are committed to continue our efforts in stakeholder engagement and more robust data collection for further improvement.

Additionally, we will continue to work closely with our external consultants to further enhance our reporting scope and materials topics which is reviewed as part of an annual process to ensure its relevance to the business strategy and portfolio.

ABOUT THE REPORT

This sustainability report is published annually to provide an overview of the Group's material environmental, social and governance (ESG) topics from 1 January to 31 December 2019 and is to be read in conjunction with its financial statement. This sustainability report for the financial year ended 31 December 2019 has been prepared in compliance with the requirement of SGX-ST Listing Rules 711A and 711B. The report is in accordance to the Global Reporting Initiatives (GRI) Standards: Core Option. The GRI Index and relevant references are presented on page 44 onwards. All data in this report is presented in good faith and to the best of our knowledge.

Roxy-Pacific Holdings Limited is an established property and hospitality group with an Asia-Pacific focus and was listed on the SGX Mainboard on 12 March 2008. The Group is principally engaged in the development and sale of residential and commercial properties ("Property Development"). The group's recurring income stream are strengthened through its flagship hotel in the heart of historical Katong, Grand Mercure Singapore Roxy, self-managed upscale boutique hotels, Noku Kyoto and Noku Osaka, Japan and other investment properties in Asia-Pacific ("Hotel Ownership and Property Investment").

1 Ministry of National Development – Speech by Minister Lawrence Wong at the Draft Master Plan 2019 Exhibition Launch (Mar 27, 2019)

SUSTAINABILITY REPORT

The scope of this report covers the business activities and developments/properties which the Group has operational control in Singapore, Australia and New Zealand, which are listed below.

SCOPE	SINGAPORE	AUSTRALIA	NEW ZEALAND
DEVELOPMENT	Bukit 828	360 Lt. Bourke Street, Melbourne	NZI Centre, 1 Fanshawe Street, Auckland
	Harbour View Gardens		205 Queen Street, Auckland
	Arena Residences		
HOTEL	Grand Mercure Singapore Roxy		

The Group will continue to expand the reporting scope to include other overseas operations when its sustainability efforts mature.

We seek to continuously enhance the accuracy, completeness and coverage of our sustainability practice and report as such we welcome all your feedback or suggestions. For any enquiries and comment, please email info@roxypacific.com.sg

STAKEHOLDER ENGAGEMENT

The Group believes that a stable and consistent relationship with our stakeholders is fundamental for the growth and maturity. Hence, it aims to improve its engagement and interaction efforts in the long run. The below sets out our current engagement processes with key shareholders.

Stakeholder	Topic Raised	Method & Frequency	Outcome
Employees	• Management understanding towards the employee	• Annual appraisal • Employee Satisfaction Survey • New Hires Survey	• Refer to Talent Retention & Employee Well-Being
Shareholders & Investors	• Strategy for growth & value creation for the company	• Annual Report • Annual General Meeting • Company's Investor Relation Webpage	• Refer to Chairman's Statement, Financial & Operations Review in the Annual Report
Customers (Hotel guests)	• Consistent and continuous quality service and product	• On-going and constant review on customer's satisfactory feedback form & online feedback	• Refer to Customer Health & Safety

Stakeholder	Topic Raised	Method & Frequency	Outcome
Business/Strategic Partners	• Profitable and dependable working relationship	• Weekly regular meeting with partners and associates when project on-going	• Refer to Statement of Corporate Governance in Annual Report • Refer to Governance
Community	• Responsible and sustainable development towards environment and community	• Annual corporate philanthropy • Resident's feedback made accessible within development's vicinity	• Refer to Materials, Governance & Corporate Social Responsibility

GOVERNANCE STRUCTURE & MATERIALITY ASSESSMENT

The structure we have established in 2017 will continue to be in force for FY2019 reporting, in which the Board maintain oversight of the implementation of the sustainability efforts of the Group. The Board is supported by the Audit Risk Management Committee ("ARMC") and the Sustainability Steering Committee ("SSC"), which is made up of senior management within the Group. The SSC oversees the sustainability strategy and is focused on driving the sustainability initiative through the Group. On the other hand, the Sustainability Task Force ("STF"), which is made up of representatives from each department, is responsible for gathering data, compiling information and formulating the report so as to support the SSC in the execution of sustainability initiatives.

In 2017, with the assistance of an independent consultant, we undertook a materiality assessment exercise to define the Group's material topics. The three-step materiality assessment identifies the following material topics that have the highest impact and greatest importance to the stakeholders. This year, the Group has reviewed the material topics and they continue to remain the key materials for the Company. The material factors have been streamlined to enhance the structure of the report.

Material Topics	Category			Applicable Operations		
	Environment	Social	Governance	Singapore	Australia	New Zealand
1. Energy	✦			✓	✓	✓
2. Water	✦			✓	✓	✓
3. Materials	✦			✓		
4. Contractor Environment and Social Assessment	✦	✦		✓		
5. Talent Retention		✦		✓	✓	
6. Training & Education		✦		✓	✓	
7. Occupational Health and Safety		✦		✓	✓	
8. Customer Health and Safety		✦		✓	✓	
9. Anti-corruption			✦	✓	✓	
10. Compliance with Law and Regulations (i.e. environment, social, economic, marketing and labelling)			✦	✓	✓	

SUSTAINABILITY REPORT

ENVIRONMENT

ENERGY

	2019 Energy Intensity	Performance	Target for 2019
Singapore*	27.78 kWh/occupant	Increased from 27.68 kWh/occupant in FY2018 ➢ Meet target set	Maintain energy intensity level or an increase no higher than 5% of historical average *(in which the base year for Singapore is FY2016 and the base year for New Zealand is FY2018)*
Australia**	344.50 kWh/m^2	New acquisition, hence, no historical data for comparison/target available	
New Zealand***	94.56 kWh/m^2	Decreased from 96.90 kWh/m^2 in FY2018 ➢ Meet target set	

**Singapore refers to the Grand Mercure Singapore Roxy*
***Australia refers to 360 Lt. Bourke Street*
****New Zealand refers to NZI Centre and 205 Queen Street*

Climate change is no longer a debate but our reality. As said by Minister Lawrence Wong in his speech during the Draft Master Plan 2019 Exhibition launch, we must adapt to the realities of climate change, particularly rising global temperatures and sea levels. There is also a need to do our part as a corporate citizen in fulfilling our nation's pledge towards the Paris Agreement by reducing the overall energy intensity levels to below year 2005 by the year 2030. Considering this, we have revised our target for FY2019 to better reflect our energy consumption and our commitment towards maintaining the energy intensity. The target for FY2019 and onwards will be to maintain the energy intensity level or increase no higher than 5% of historical average, in which the base year for Singapore is FY2016 and the base year for New Zealand is FY2018.

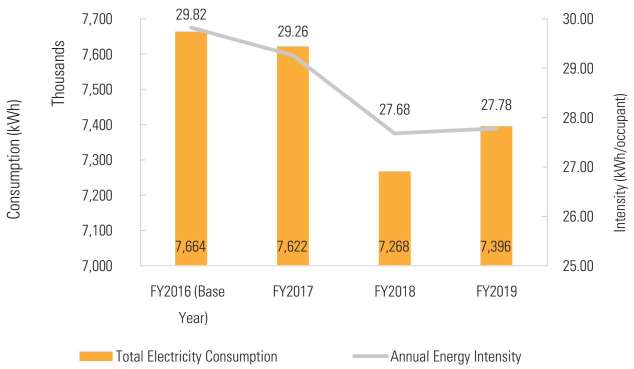
For FY2019, Grand Mercure Singapore Roxy has maintained energy intensity at 27.78 kWh/occupant, which is within the target set in FY2018 of an increase below 5% of the historical average.

Meanwhile, our property in Australia which we purchased in 2018, recorded energy intensity at 344.50 kWh/m^2 for its first-time inclusion in this report.

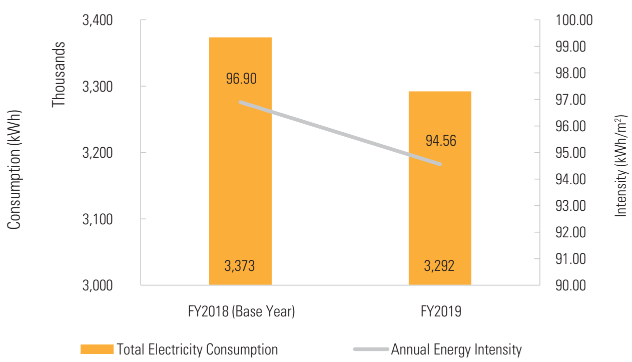
On the other hand, both properties in New Zealand have maintained their energy intensity at 94.56 kWh/m^2 which is a decrease as compared to FY2018 (base year) at 96.90 kWh/m^2. We look forward to continuous healthy maintenance of energy usage in all our properties.

Total Energy Consumption and Intensity

Grand Mercure Singapore Roxy



New Zealand



WATER

	2019 Water Consumption	Performance	Target for 2019
Singapore*	83,620 m^3	Decreased from 86,409 m^3 in FY2018 ➢ Meet target	Maintain water consumption rate or an increase no higher than 5% of historical average *(in which the base year for Singapore is FY2017 and the base year for New Zealand is FY2018)*
Australia**	530 m^3	New acquisition, hence, no historical data for comparison/target available	
New Zealand***	19,002 m^3	Increased from 16,580 m^3 in FY2018 ➢ Did not achieve target	

***Singapore refers to the Grand Mercure Singapore Roxy*
***Australia refers to 360 Lt. Bourke Street*
****New Zealand refers to NZI Centre and 205 Queen Street*

Unfortunately, as an island state, we face the threat of both water supply shortages and rising sea levels. While our government has increased their efforts to protect the coastline and mitigate flood risks due to the increased frequency and intensity of rainfall caused by climate change, there is more that can be done. This includes additional investment and innovation as part of the 4 national taps strategy. Through aligning our goals to this, the Group's target for water consumption FY2019 has been revised to maintaining water consumption rate or increase no higher than 5% of historical average, in which the base year is FY2017. This is done with the purpose to better reflect our consumption patterns.

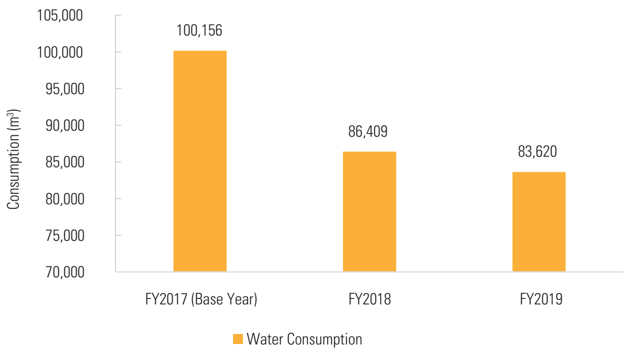
The Group's developments and Hotel withdraw water from public networks and used water is disposed back through the city's sewerage system, where it is treated and recycled according to local regulations. No used water is discharge directly into the environment.

For FY2019, Grand Mercure Singapore Roxy has maintained water consumption at 83,620 m^3 which is a decrease of 2,789 m^3 as compared to last year water consumption of 86,409 m^3 allowing us to meet the target set.

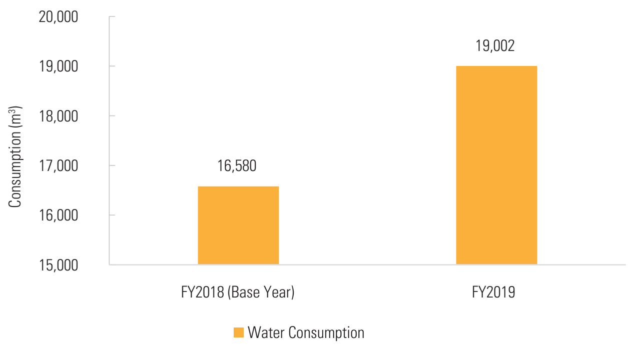
Our development in Melbourne, recorded water consumption at 530 m^3 for its first-time inclusion for this report. Meanwhile, the properties in New Zealand consumed 19,002 m^3 of water, a 14.6% increase as compared to 16,580 m^3 of water consumption recorded in the base year of FY2018. This increase was due to few factors. The first would be due to the increased number of occupants in the NZI building which naturally resulted in a subsequent increase in consumption. This was exacerbated by a dry first quarter in New Zealand where storm water retention was switched to mains. Finally, there were leakages in 205 Queen street which led to a substantial increase of water wastage. Nonetheless, we will continue to remain vigilant in monitoring the increase in water usage of the buildings for the year to come.

Total Water Consumption

Grand Mercure Singapore Roxy



New Zealand



SUSTAINABILITY REPORT

MATERIALS

During the World Cities Summit conference, researchers from Cooling Singapore project introduced seven key elements of design and architecture to enable a cooler outdoor environment for Singapore. The seven elements include:

- greenery
- urban geometry
- water features
- materials and surfaces
- shading
- transport
- energy

These elements form the basis for various initiatives which could vary from different building heights to improve air circulation to a conscientious choice of building materials that could lower external and internal building temperatures. The initiative from Cooling Singapore project is supported by Chairman of Urban Development Authority (URA), Mr Peter Ho, who stressed the detrimental effects of the urban heat island effect on Singapore due to its dense built environment as a city state.

As a developer and landlord, we are aware of our ability and responsibility to influence various architectural design and construction matters. As such we are constantly trying to keep sustainability in mind while making decisions in our day to day operations. We believe that this will benefit our company in the long run as it is in line with our buyers increased demands for lusher landscapes and more inclusive and sustainable housing options. This is also in line with the Draft Master Plan 2019 aims to build a sustainable and resilient city of the future.

As such this brings about a need for a closer and more intimate working relationship between the developer and its consultants, which we can achieve as our consultants are often involved right from initial planning stages due to our design and build strategy. This synergy and the constant market studies of our peers who are more advanced in their sustainability journey, gives us the opportunity to conceptualize a product that is not only value-for-money and safe but built with the environment in mind. For instance, Arena Residences included an Urban Farm corner as one of its development's facilities for the convenience of residents looking to plant their own produce.

Furthermore, we are heartened that we were awarded the TOP 10 Developers Awards 2019 by BCI Asia. This is our second consecutive year to be awarded. On top of this our development, Trilive, was awarded the Gold rating for the BCA Universal Design Mark Award. This award is part of a voluntary certification scheme that promotes and encourages the building industry to adopt Universal Design elements into their developments. The UD Mark provides recognition to developers and architects who apply a design philosophy that enables everyone – regardless of age and abilities – to live within an inclusive environment. This scheme assesses projects at their design stage, facilitating the incorporation of Universal Design at the start of their planning and design development.

Additionally, EON Shenton was awarded a score of 86.7 as part of the Construction Quality Assessment System (CONQUAS) by BCA. Similarly, our private residential development, Straits Mansions was awarded a score rating of 89.5. CONQUAS score of 80 means 80% of the items checked for workmanship quality met the CONQUAS standards. A building that achieves a higher CONQUAS score is deemed as better constructed, in terms of workmanship quality.

[2]BCA has also introduced the Enhanced CONQUAS® Scheme for private residential projects that apply to all application received on and after 15 November 2017. This new scheme aims to help developers/contractors to further raise the quality of their projects by covering more samples and identifying more areas for improvement. Several more of our projects have applied for assessment under CONQUAS and their results are currently unavailable as construction is still in progress.

On 4th October, Roxy-Pacific Holdings Limited was also awarded Highly Commended under the Best Boutique Developer award during the 9th PropertyGuru Asia Property Awards (Singapore) 2019. Established in 2011, the PropertyGuru Asia Property Awards (Singapore) are the gold standard in real estate with an intensive judging process that includes site inspections carefully supervised by third-party BDO, one of the world's award-winning and largest network of accounting and auditing firm.

2 Building And Construction Authority webpage: https://www.bca.gov.sg/Professionals/IQUAS/conquas_abt.html

CONTRACTOR ENVIRONMENTAL & SOCIAL ASSESSMENT

Contractor Environmental & Social Awareness	Target for 2019
100% of all new contractors were screened, where applicable, using the vendor evaluation form and/or consultant's recommendation	Continue to screen 100% of the new contractors, where applicable, using the vendor evaluation form and/or consultant's recommendation

The Group maintains a firm view on due diligence and compliance of each building site. Although as a developer, we are not directly involved in construction and building of the development, we have maintained a strong working relationship with our contractors and business partners.

During FY2019, 100% of all new contractors, where applicable, were screened using the vendor evaluation form and/or consultant's recommendation. The Group's assessment of new vendors is for contracts more than $500,000 and a contract period of more than 6 months. The Group met the target set and seek to maintain the 100% screening of new contractors for the next year.

The Group seeks to ensure smooth construction and mitigate any negative impacts that may arise from our projects. To tackle this issue, fortnightly or monthly site meetings are conducted, depending on the progress of the development with relevant parties such as architect, M&E professional or main contractor to survey the site condition and building progress. During these meetings, the health and safety of the contractors and workers will also be evaluated and highlighted to the main contractor for their further action and upkeep. All the contractors are required to abide and adhere to the Workplace Safety and Health as set out by the BCA.

Apart from regulations set out by the BCA, we are also committed to adhere to regulations imposed by various agencies such as the National Environment Agency (NEA), Public Utilities Board (PUB) and Singapore Civil Defence Force etc. Some areas of concern include construction noise, managing vector and water discharge at our construction site. Noise management for our project sites are also actively monitored in accordance to NEA regulation. Our project managers will be notified if noise pollution exceeds the permissible limit for prompt action to be put in place.

With both intensive formal and informal assessments and inspections throughout the development stages, we have managed to maintain a proper and well-planned construction process with no stop work orders during FY2019.

SOCIAL

TALENT RETENTION

	2019 Total Headcount	Performance	Target for 2019
Roxy-Pacific Holdings Limited*	58	Rate of Turnover: 21% ➢ Did not achieve target	Maintain employee turnover rate or an increase no higher than 8% of base year (FY2017) *FY2017 Turnover rate for Roxy-Pacific Holdings Limited: 6.38%* *FY2017 Turnover rate for Grand Mercure Singapore Roxy: 23.4%*
Grand Mercure Singapore Roxy	233	Rate of Turnover: 26% ➢ Achieved target	
**Roxy-Pacific Holdings Limited refers to both the Singapore office and Australia office*			

SUSTAINABILITY REPORT

As a Group we believe not only on building the business but building people. As such as we continue our commitment to foster an ideal environment to nurture and retain a dedicated and competitive workforce. Human capital will always be our biggest investment especially since the competition for talent has been heating up. With the expansion of our business, we have observed an increase in employment for both the Singapore and Sydney office. This encompasses a replacement for staff who have left the Group as well as additional headcount due to the increased workload across the different departments.

In our bid to gain a better understanding of our growing workforce, an anonymous survey was conducted amongst our employees at the start of the year to determine their overall satisfaction at work in terms of their physical office environment, work processes and relationships within the company. While we are glad that nearly 70% of our employees are generally satisfied with their work and working environment, we are convinced that there is still more to be done as we strive to make periodic adjustments to ensure that the relevant concerns are met.

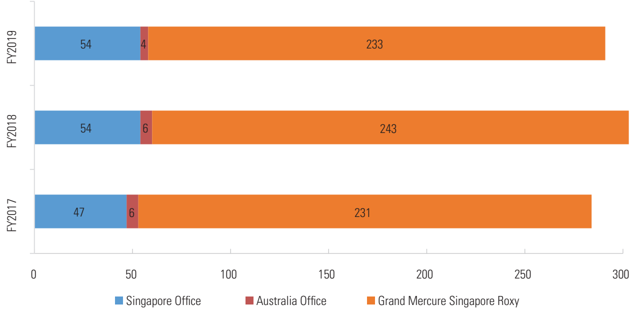
In addition, we have also implemented a new survey form for all new hires to gather their feedback after their probation has ended. This survey form aims to improve on the hiring and probation process for all our future new hires.

This year the Group amended its target for maintaining employee turnover to that of an increase of no higher than 8% of base year (FY2017). The amendment of the target is necessary to better reflect the current workforce movement and the changes within the industry, both locally and globally.

In FY2019, in Roxy-Pacific Holdings Limited the turnover rate is 21% compared to 15% last year and a substantial increase as compared to the base year of FY2017. This can be attributed to some structural changes in the Group as we strive to meet our ever-changing business requirements. However, we will continue to look into our retaining efforts and overall policies to ensure that the work environment and benefits is in line with the current market.

The FY2019 turnover rate at 26% for Grand Mercure Singapore Roxy signifies a slight increase compared to base year (FY2017) turnover rate at 23.4%. In the Hospitality and Service industry, maintaining a stable and consistent workforce has always been the challenge for the management and we are encouraged by the limited increase in turnover rate as it is the direct result of the successful implementation of the Hotel's employment and retention policies. Nonetheless, we are aware that there is still room for improvement especially in a labour tight market.

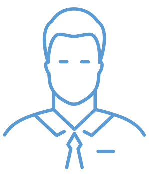
EMPLOYEE DEMOGRAPHICS – TOTAL HEADCOUNT



EMPLOYEE DEMOGRAPHICS – GENDER BREAKDOWN

Singapore Office & Australia Office

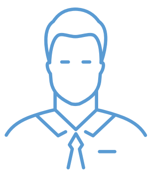
Female
36 | 62%



Male
22 | 38%

Grand Mercure Singapore Roxy

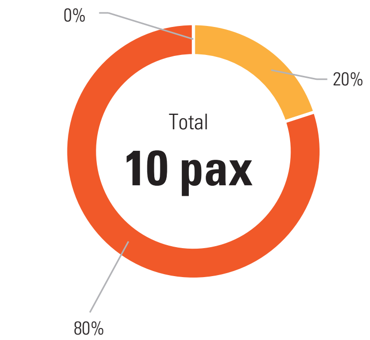
Female
106 | 45%



Male
127 | 55%

EMPLOYEE DEMOGRAPHICS – NEW HIRES/REPLACEMENTS

Singapore Office & Australia Office

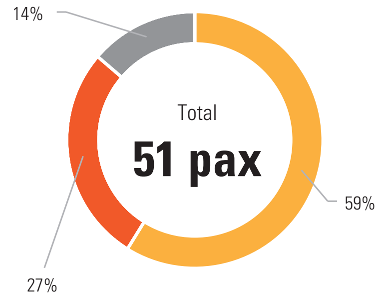


- Less than 30 years old
- Between 30-50 years old
- More than 50 years old

Female
7 | 70%

Male
3 | 30%

Grand Mercure Singapore Roxy



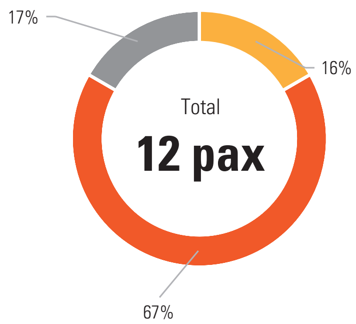
- Less than 30 years old
- Between 30-50 years old
- More than 50 years old

Female
21 | 41%

Male
30 | 59%

EMPLOYEE DEMOGRAPHICS – TURNOVER

Singapore Office & Australia Office

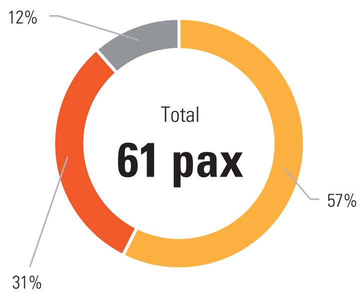


- Less than 30 years old
- Between 30-50 years old
- More than 50 years old

Female
6 | 50%

Male
6 | 50%

Grand Mercure Singapore Roxy



- Less than 30 years old
- Between 30-50 years old
- More than 50 years old

Female
24 | 39%

Male
37 | 61%

SUSTAINABILITY REPORT

TRAINING AND EDUCATION

	2019 Average Training Hours	Performance	Target for 2019
Roxy-Pacific Holdings Limited*	21	Average training hours increased by 1 hour from FY2018 ➢ Meet target	15 hours per employee per year
Grand Mercure Singapore Roxy	44	Average training hours decreased by 5 hours from FY2018 ➢ Meet target	30 hours per employee per year

**Roxy-Pacific Holdings Limited has a total headcount of 58, which exclude the following employees when tabulating the training hours:–*
i) Office Assistant, Pantry Assistant and consultants
ii) Staff employed under Singapore subsidiary and follow different Key Performance Indicator (KPI)
iii) Contract and intern base employee in the Australia office

With real estate being a dynamic industry, our employees need to embrace upskilling and reskilling to remain relevant. As of 2019, we are pleased to note that our employees have maintained a positive attitude to training and have taken a proactive approach to broadening their horizons. It is especially heartening to see our long service employees participate with such enthusiasm as the company has always believed in the importance of lifelong learning especially considering the increase in retirement ages in the coming years.

Apart from the yearly reminder from the Human Resource Department (HR), by setting a minimum number of training and/or training hours as their KPI, employees are encouraged by their Head of Department from time to time to participate in talks in relation to their job scope.

In-house training and inter-department training conducted by employees are also strongly supported by the Group as we believe that such sessions facilitate interactions among staff and are often more relevant to the business. For instance, our project managers conducted an inter-departmental training for both the Project Department and Sales & Marketing Department on Basic Fire Regulation Knowledge. Using our existing projects as case studies, the Project managers provided a crash course on the 2018 Fire Code. This provided a unique insight for the Sales and Marketing department who completed the training with a better understanding of the subject matter which they would otherwise not be exposed to.

Our combined efforts have paid off with both the Group and Hotel meeting their targets set for FY2019. The Group and Hotel achieved an average training hour of 21 and 44 respectively.

EMPLOYEE WELL-BEING

Another area that the Group focuses on would be the wellbeing of its employees. The Group recognizes that it's repeated success through the years is not something to be taken for granted and is grateful to its employees and their contributions.

Hence, to ensure that our staff feel valued, yearly company events are organised by the Welfare Committee that is made up of two representatives from each department. The representatives are appointed yearly so that each employee is given a chance to participate and contribute their ideas. This opportunity also allows the staff to display skills that may not be required in their daily work routine like leadership, public speaking and event coordination.

During the year, multiple meetings were held by the Committee to brainstorm, organise and execute two company luncheons, two activities and a company trip. Apart from rewarding employees for their hard work, these initiatives also give employees the opportunity to mingle around to foster a greater sense of camaraderie.

For FY2019, we had our company luncheons at the Atrium Restaurant in Holiday Inn and the Orchid Ville in Chua Chu Kang. Orchid Ville is a "countryside" restaurant that is complimented with landscaped gardens and a newly fitted Indoor Hydroponic System. Before lunch, we had a guided tour around the Sustainable Advanced Aquaponic System Greenhouses. The various dishes served during the luncheon included ingredients supplied from these aquaponic gardens. When possible, the welfare committee aims at bringing in elements of community and sustainability during such events so that staff can participate in a meaningful activity while having a good time.

The 2 company activities we had for this year were Bottle Sand Art and Baking. During the Bottle Sand Art activity, we had an individual and team game using Kahoot! App with quizzes about our company's history and other general knowledge. As for the Baking session, the employees were tasked to work in teams of four to bake cupcakes and cookies. After the session the teams competed in a cupcake decoration challenge with the winning group displaying both strong teamwork and creativity. Both programs have been well received by employees with an average 70% attendance rate.

This year, our company trip in August was to Phuket for 4 days. For this trip, we invited our colleagues from Grand Mercure Singapore Roxy to join us. Highlights of the trip included a visit to the iconic Phuket Old Town, the famous Phuket Fantasea performance as well as a cooking class session at the renowned Blue Elephant Cooking School where the employees got to show off their superb cooking skills by whipping up famous Thai dishes. A group of employees led by the Projects team also took the opportunity to visit the Noku Phuket construction site as part of a learning journey to better understand and appreciate the design and details required for the conceptualization and execution of a hotel on foreign soil. While providing a good break from work, the trip was also essential in facilitating inter-department engagement which the company feels that is essential in maintaining synergy within the Group as it continues to grow in the future.

During this year, for the benefit of the employee in both Singapore office and the Hotel, we have managed to tie up with several vendors to extend special corporate rates and discounts for our employees. For instance, we tied up with major telecommunications providers like M1 and Singtel for corporate rates and exclusive mobile purchases. We also liaised with Fullerton Health to extend a corporate rate for Health Screening Packages for our employee as well as their family members. In addition, we spoke to the managing company of Parkway Parade, the nearest shopping mall frequented by our employees, for special discount and rebates in certain participating outlets.

For the Group's Singapore office, we have also added a cashless Micro Mart placed in the pantry for the convenience of the employees to purchase snacks and drinks at special prices.

OCCUPATIONAL HEALTH & SAFETY

Performance Data	**2016**	**2017**	**2018**	**2019**
Lost-Time Injury Rate (LTIR)[3]				
Roxy-Pacific Holdings Limited*	0	0	0	0
Grand Mercure Singapore Roxy	10.7	7.5	7.7	9.4
Injury Severity Rate (ISR)[4]				
Roxy-Pacific Holdings Limited*	0	0	0	0
Grand Mercure Singapore Roxy	165.4	161.2	40.3	71.59
Target	• Achieve zero workplace fatalities • Achieve a 5% reduction in Lost-Time Injury Rate and Injury Severity Rate compared to base year FY2016 performance			
**Roxy-Pacific Holdings Limited refers to both the Singapore office and Australia office*				

3 Lost-Time Injury Rate – Number of workplace injuries per million man-hours worked
4 Injury Severity Rate – Number of man-days lost to workplace injuries per million man-hours worked

SUSTAINABILITY REPORT

The Group strives to ensure a safe and healthy working environment for employees in both the Hotel and offices. In our bid to build a culture of work safety, we conduct regular safety checks to ensure that all hazards are removed. If such removal is not possible, the hazard will be adequately signpost. Reminders were also emailed to the employee periodically on the use of office equipment. Staff are reminded to use all machinery in a safe and appropriate manner to avoid inflicting and sustaining any injury. In FY2019, there were zero workplace fatalities and zero work related incidents that resulted in injuries for our employees. This is in line with our target which was set the year before.

We have also conducted a Community Eye Health Programme in April for our employee's eye health through understanding various eye conditions. This 1-hour educational health talk was attended by more than 20 employees who were keen to learn about long term protection and preservation of their vision.

In addition, the Hotel recognizes that due to the nature of work, employees in various departments such as F&B and housekeeping are often more exposed to a higher risk of workplace injury. Hence, these departments were given more attention with more stringent procedures put in place to minimize such occurrences. This is complemented by the policy of reporting and reviewing every injury with the security team and head of each department which was implemented last year. This represents the Group's firm stance on health and safety for every single one of our employees.

During the year, the Hotel recorded zero workplace fatalities. For the Lost-Time Injury Rate (LTIR), the Hotel record 9.4 which is an increase of 1.7 from last year. Nevertheless, it is a decrease of 12.5% compared to base year (FY2016). On the other hand, for the Injury Severity Rate (ISR), the Hotel recorded 71.59 for this year. Although it is an increase of 31.29 compared to last year, it is a reduction of more than 56.7% compared to the base year (FY2016). While there are more preventive measures that can be in place to protect the safety of the employees, both results show that the Hotel's continuous actions and close communication between the departments have been effective.

CUSTOMER HEALTH & SAFETY

Number of Incidents of Non-Compliance	Target for 2019
No incident of non-compliance with regulations and/or voluntary codes concerning the health and safety of guests and visitors at the developments and the Hotel in the year ended 31 December 2019	Zero incident of non-compliance concerning the health and safety of guests and visitors

The Hotel is committed to providing a safe and healthy environment for both guests and visitors. To ensure a safe and comfortable stay, signages and measures have been put in strategic locations to caution guests and visitors of potentially hazardous areas. Information and guides are also made available to inform guests and visitors of the action plan should any emergency were to take place. Our experienced security department also ensures that any potential hotel crimes are prevented and reported to the relevant authorities. In pace with times, the Hotel's cyber security was also upgraded to prevent unpleasant disruptions which may cripple operations and affect the guest.

Considering the recent catering scares, our Hotel prides itself in maintaining a high level of hygiene which is in line with the food safety standards set by the National Environment Agency (NEA). On top of this the Hotel strongly advocates sustainability and is guided by the vision of the Accor 21 initiative which stresses the importance of acquiring a healthy and sustainable food supply for all restaurants under the Accor branding.

For this year, we have met our target as there have been no incidents of non-compliance with regulations or voluntary codes concerning the customer's health and safety, which may result in any significant fine, penalty or warning for the Group. The Hotel also aims to reduce food waste through proper and careful planning. All these are done through the adequate training given to the F&B staff with detailed guidelines recorded in the Food Safety Plan and Baseline Hygiene workbook.

GOVERNANCE

ANTI-CORRUPTION

Number of Confirmed Incidents of Corruption	Target for 2019
No confirmed incident of corruption in the year ended 31 December 2019	Zero confirmed incident of corruption concerning employees or business partners

The Group adopts a zero-tolerance policy against bribery and corruption. We strive to maintain the highest standards of ethic and integrity in all our business dealings. For FY2019, the Group recorded no incidents of corruption and thus achieve the target set last year.

Our employees are held responsible for their conduct during their employment within the Group. The Staff Code of Conduct lists out the expectations towards the staff concerning matters like harassment, fraud, conflict of interest, bribery and improprieties of finances in the course of their work. All new employees are formally briefed on the Code of Conduct on their first day of their employment. In addition, to ensure that existing employee are reminded and kept updated, the Code of Conduct are mentioned in the handbook that is made readily available to the employees and displayed on the staff notice board. Bi-annually, all employees are also required to submit an updated Conflict of Interest declaration as a preventive safeguard for fair and transparent dealings and business relationships and to also act as a reminder to them to act in an ethical manner.

Grand Mercure Singapore Roxy observed to the AccorHotels' Ethic and Corporate Social Responsibility Charter that entails their employees to adhere to the Core Values listed in the Charter concerning their commitment and their interaction between various stakeholders in an ethical and responsible manner.

COMPLIANCE WITH LAWS & REGULATIONS

Number of Incidents of Non-Compliance	Target for 2019
No incident of non-compliance with laws and regulations resulting in significant fines[5] or sanction in the year ended 31 December 2019	Zero incident of non-compliance with laws and regulations resulting in significant fines or sanctions

The Group has a strong adherence to corporate governance practices and all the applicable laws and regulations during the entire course of business. As such there is no incident of no-compliance with laws and regulations resulting in significant fines or sanctions in FY2019 and the year before.

Our Group abides to the Code of Corporate Governance 2012, the listing rules and regulations set out by Singapore Exchange (SGX), Monetary Authority of Singapore (MAS) as well as any other applicable laws and regulations.

The Group works closely with numerous government bodies such as Urban Redevelopment Authority (URA), Building and Construction Authority (BCA), Singapore Civil Defence Force (SCDF), Land Transport Authority (LTA), National Environment Agency (NEA) etc. at various stages throughout the property cycle of our local developments.

Additionally, in New Zealand, our developments are subject to very stringent building codes and regulations met out by the Building Consent Authority (BCA) who work closely with New Zealand Green Building Council (NZGBC) for the best practices that protect and conserve the surrounding environment of the development. Whereas our Australia developments adhere to building codes set out by the Australian Building and Construction Commission (ABCC).

There were no instances of non-compliance with laws and regulations, including environmental regulations and marketing guidelines, resulting in significant fines and sanctions in FY2019. As such we meet the target set the year before.

5 Significant fines indicate fine amounting to S$50,000 and above

CORPORATE SOCIAL RESPONSIBILITY

1. *Emeritus Senior Minister, Mr Goh Chok Tong launched our new vision "Sharing & Caring for Families"*

ROXY FOUNDATION – A NEW CHAPTER

At Roxy-Pacific Holdings we believe that the prolonged success of our business is closely intertwined with the well-being of the society in which we operate. Committed to be a force for positive change, the Group goes beyond charitable donations by encouraging active volunteerism amongst staff.

Incorporated in year 2015, the Roxy Foundation has been our vehicle for active philanthropism with a strong focus on children's welfare through our vision "Children are our Hope for the Future." However, 2019 marked a new and exciting chapter for the Foundation which has since recalibrated its vision to focus not solely on children but the entire family nucleus.

The family is the basic building block of our society and we cannot agree more. As such our new vision "Sharing & Caring for Families" represents the Foundation's goal to branch out our reach to greater causes and beneficiaries. This movement was met with great support from our various stakeholders who concurred with us the need to provide aid to all members within the family taking into consideration the changing demographics and social fabric of Singapore. This has led to an exhilarating year for the Foundation with a total of $442,469.63 donated to both local and overseas causes.

Our efforts were recognised in the 9th PropertyGuru Asia Property Awards (Singapore) where we were presented with a special recognition award for our corporate social responsibility efforts. In addition, the Group was once again presented with the People's Association Excellence Award by Deputy Chairman of PA and Minister for Trade and Industry, Mr Chan Chun Sing. As always, we strive to do better and evolve to meet the needs of our various beneficiaries in the coming year.

OLD IS GOLD

St Hilda's Community Services Chinese New Year Lunch ***Feb 2019***

The year kicked off much fanfare with our annual Chinese New Year lunch in collaboration with St Hilda's Community Services. A total of 320 seniors and special needs residents were invited for a hearty meal of traditional delicacies served by 25 Roxy volunteers and 55 student volunteers from Tanjong Katong Secondary School at Grand Mercure Singapore Roxy. Entertaining performances by both the elderly and students were thoughtfully weaved into the event with both parties bonding through their numerous talents through song and dance. At the end of the event, red packets (ang pows) were given out to each of the seniors as a blessing for health and prosperity for the year ahead.

2. *Seniors arriving for the St Hilda's Community Services Chinese New Year Lunch*

3. *The van we donated to St Hilda's Community Services*

The event also marked the official launch of our "Sharing & Caring for Families" vision by Emeritus Senior Minister, Mr Goh Chok Tong. To commemorate the monumental event, the Foundation donated two vans worth $85,000 each to Montfort Care and St Hilda's Community Services. These vans will go a long way for the beneficiaries. Montfort Care's van will be used to provide home bathing services for the elderly while the wheelchair friendly St Hilda's van will be used for chauffeuring clients with restricted mobility.

Belanja@Geylang Serai ***May 2019***

Hari Raya Puasa marks a time of fasting and strengthening bonds amongst families and friends. Building on our annual tradition, we collaborated with Montfort Care to bring 15 seniors and 10 families on a Hari Raya shopping trip. The event was made possible through our volunteer staff and Victoria Secondary School students who accompanied the seniors and families for a shopping trip at the bustling Geylang Serai Night Market. As we are constantly fine tuning our programs to provide the best for our beneficiaries, the seniors and families were given bigger budgets of $80 and $150 respectively to allow for more flexibility for purchasing as compared to previous years. After battling the heat and heavy crowds, the volunteers and beneficiaries returned to Good Life!Makan to break fast and enjoy a specially catered dinner together.

WE ARE FAMILY

12th Charity Car Wash ***May 2019***

No year in the Group is complete without our signature car wash event which brings many of our staff, business partners and neighbourhood community together. Our management and guest of honour Mr Lim Biow Chuan depicted servant leadership by kicking off the event with the first car wash of the day. Brimming with enthusiasm, the rest of the event proceeded smoothly with the help of 98 staff volunteers who took time away from their work to lend a helping hand through various tasks that ranges between traffic marshalling to washing of vehicles. Delicious packets of bee hoon prepared by Grand Mercure Singapore Roxy were also on sale to raise funds and complement the event. The event saw 123 cars being washed with a total of $138,000 raised through our generous donors and business associates who have proven time and time again that they are firm supporters of our initiatives. All proceeds go to the Roxy Foundation which is managed by the Community Foundation of Singapore to be utilised under the "Sharing & Caring for Families" vision.

4. *Hari Raya shopping with clients of Montfort Care*

CORPORATE SOCIAL RESPONSIBILITY

Sharing and Caring for Families Dinner ***Jul 2019***

The Foundation's first "Sharing and Caring for Families" dinner was hosted at Grand Mercure Singapore Roxy with Associate Professor Fatimah Lateef, MP for the Marine Parade GRC gracing the event as our guest of honour alongside the top donors from the car wash event. Beneficiaries invited to the fun-filled night and were treated to a sumptuous dinner complete with performances by students of Swiss Cottage Secondary School. Highlights of the event include the presentation of $25,000 to South East Community Development Council (CDC) to be used as funds to purchase essential items for needy families across six family service centres as well as the presentation of $5,000 to WeCare @ Marine Parade for the "Roxy Strong Families" Program that caters to kindergarten children from low income families. In addition, 96 students across five schools were each presented with a $500 voucher in financial aid, amounting to $48,000. To further encourage active volunteerism amongst the young, the Group also donated $3,000 to Swiss Cottage Secondary School for their Overseas Outreach Program.

The Learning Journey ***Sep & Nov 2019***

Back by popular demand, our Learning Journey was a hit with the students of Boon Lay Garden Primary School and Eunos Primary School who participated in a half day behind the scenes experience on what it takes to run the operations of a successful hotel. Through various sessions, a total of 152 Primary five and six students toured the hotel and had a valuable hands-on experience in various departments such as housekeeping, F&B and front office. These valuable experiences provided the students a taste of what an actual working environment is all about and gave them deeper insight into one of Singapore's most exciting industries.

Roxy Strong Families Award ***Oct 2019***

2019 also marks the first year in which the "Roxy Strong Families" initiative was introduced. This initiative was to encourage and remind lower income families on the importance of sending their kids to school as part of early childhood education. WeCare @ Marine Parade was presented a sum of $5,000 during the Sharing and Caring for Families Dinner, the amount was used to organise a Superhero themed Children's Day Celebration for families whose children were enrolled in My First Skool Kindergarten. Mr Klaus Gottschalk, General Manager of Grand Mercure Singapore Roxy, graced the event and presented Giant Supermarket vouchers as well as Popular Bookstore vouchers worth $2,400 for winners of Partnership in Parenting award, Outstanding Student award as well as Book Prize award.

The second event that took place was PCF Sparkletots Preschool 43rd graduation ceremony which welcomed Emeritus Senior Minister, Mr Goh Chok Tong as the Guest of Honour. The "Roxy Strong Families" Book Prize award was presented by Mr Teo Hong Lim, CEO of Roxy-Pacific Holdings during the ceremony to celebrate the achievements of the children and their parents who have supported them.

Roxy Movie Event ***Nov 2019***

Continuing with our tradition, we organized our annual "Movies for the Family" event in November. This year the smash hit Frozen 2 was screened to 248 children and their families from Marine Parade St Hilda's Community Services and Grand Mercure Singapore Roxy at GV Katong through the sponsorship of Roxy Foundation.

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5. *Students attending The Learning Journey programme*

6. *One of the children from Sparkletot receiving the Roxy Super Family Award*

7. *Samsung guest workers attending the Hari Raya Dinner*

Christmas Event **Dec 2019**

In celebration of the "happiest time of the year", we organized a retro themed Christmas celebration for children and their families from Montfort Care Centre. Held at the Grand Mercure Singapore Roxy, the venue and food were fully sponsored by the Roxy Foundation. Guest were entertained throughout the night with numerous games and a hilarious skit put up by the talented volunteers and clients of the centre. The event was graced by Emeritus Senior Minister, Mr Goh Chok Tong and Mrs Goh who went table to table for group photos.

WE ARE THE WORLD

Hari Raya Dinner for Samsung C&T **June 2019**

Since the construction of the long-awaited Marine Parade Station, we have never missed an opportunity to appreciate the hardworking workers whose presence have been a mainstay in the neighbourhood for these past three years. As such in celebration of Hari Raya, we organized a delicious dinner spread for 270 guest workers at the Grand Mercure Singapore Roxy alongside Samsung C&T. The event was hosted by the Group's CEO, Mr Teo Hong Lim, and included performances by the children of Just Kids Kindergarten.

Over the Edge for Wishes **Nov 2019**

This year our Australian/New Zealand team reflected their strong belief in giving back by volunteering our 205 Queen Street building for the Make-A-Wish foundation's annual "Over the Edge for Wishes" event. This is the second time the Group has volunteered our building for the meaningful event where daring volunteers abseil down the 17-storey tower in the name of raising funds. These funds in turn helps grant life-changing wishes for critically ill children in New Zealand. On top of that, the Group also took part in a matching funds campaign where we matched dollar for dollar raised up to a cap of NZ$10,000 in which overall the event collected a total of NZ$145,000. This demonstrates how the Group can effectively make use of both its physical assets and financial resources for a good cause.

Medan Water Tank Donation **Dec 2019**

The Group believes in giving back to society in a sustainable and practical manner. Hence, it co-sponsored a water tank and filtration system for the Panti Aushan Teruna Harapan children home in Medan, Indonesia. The home provides a refuge for orphans and children from broken families. With the installation of the water tank, 48 children and their caretakers would have ready access to fresh water, which is essential to their daily needs.

Medan Christmas Celebration **Dec 2019**

To end the year 2019, we organized our annual Christmas trip to the Salvation Army Evangeline Booth Girl's Home in Medan. As a collaboration with like-minded partners and friends, the Group co-organized a 3-day itinerary which included a shopping trip, a movie session and a visit to the Tanjong Morawa blind children's home where the girls were given the opportunity to bring joy to the other children by helping to clean up the premises and playing games with them. This meaningful event culminated with a Christmas dinner held at the Grand Mercure Medan Angkasa Hotel where 55 girls and their caretakers were then treated to a scrumptious Christmas dinner.

8. *Participants looking at the view from 205 Queen Street for the Over the Edge for Wishes event*

9. *Handing over the water tank to Panti Asuhan Teruna Harapan Children's Home in Medan*

10. *Children from Salvation Army Girls Home in Medan attending the Christmas Dinner on Christmas Day*

11. *Children from Salvation Army Evangeline Girl's Home and Tanjong Morawa Blind Children Home getting together for a 1-day programme*

GRI CONTENT INDEX PAGE

GLOBAL REPORTING STANDARDS (2016)		Notes/Page Number(s)
102-1	Name of the organisation	Roxy-Pacific Holdings Limited
102-2	a. Description of the organisation's activities b. Primary products & service	Corporate Profile TOP Projects 2019, page 15 Development Projects Launched in 2019, page 16
102-3	Location of organisation headquarter	Corporate Information, page 14
102-4	Location of operations a. Number of countries where the organisation operates, and the name of countries where it has significant operations and/or that are relevant to the topics covered in the report	Corporate Information, page 14 Financial & Operations Review, page 10
102-5	Ownership and Legal form	Corporate Information, page 14 Financial & Operations Review, page 10
102-6	Market served a. Include geographic location where products and services are offered b. Sectors served c. Types of customer and beneficiaries	Financial & Operations Review, page 10
102-7	Scale of organisation a. No. of employee, number of operative b. Net sale, net profits c. Quantity of products	Talent Retention, page 33 Financial & Operations Review, page 10 Financial & Operations Review, page 10
102-8	Employment a. No. permanent and part time, by gender b. No. permanent and part time, by region c. Employment type, by gender d. Significant portion of work by non-employee (explain nature and scale of work) e. Affected by seasonal variation, e.g. tourism f. Explanation on how data is obtained, include assumption	Talent Retention, page 33 Temporary and part-time staff are not material enough for disclosure A significant portion of work is not done by non-employees We are not affected by seasonal variation Data is obtained from the HR database
102-9	Supply chain a. Description of supply chain and include its main elements as they relate to the organisation's activities, products and services	Contractor Environmental and Social Assessment, page 33
102-10	Significant change to organisation and supply chain a. Any changes to location or location of operation b. Change in share capital c. Change in supply chain – location of supplier	No significant changes during FY2019
102-11	Precautionary Principle a. Whether and how the organisation applies	The precautionary principle is embedded in our general approach to sustainability
102-12	External Initiatives	Our Awards, page 3
102-13	Memberships of Association	• Real Estate Developers' Association of Singapore (REDAS) • Singapore Business Federation (SBF) • Singapore Hotel Association (SHA) • Singapore National Employers Federation (SNEF)
102-14	Statement from Senior decision maker	Board Statement, page 27

GLOBAL REPORTING STANDARDS (2016)		Notes/Page Number(s)
102-16	Description of the organisation's values, principles, standards, and norms of behaviours	Chairman's Statement, page 4
102-18	a. Governance structure b. Committee responsible for decision making concerning ESG	Governance Structure & Materiality Assessment, page 29
102-40	List of Stakeholder groups	Stakeholder Engagement, page 28
102-41	Collective bargaining agreements	The Hotel has entered into collective agreement with the Food, Drinks & Allied Workers' Union
102-42	a. The basis for identifying and selecting stakeholders	Stakeholder Engagement, page 28 Stakeholders are selected based on the level of influence they have over our business and the level of influence our business has over them
102-43	Organisation's approach to engage stakeholder, include a. Frequency, by type, by group and an indication if any engagement is taken specifically for this report	Stakeholder Engagement, page 28
102-44	Key topics raised a. How organisation respond b. Which group that raised what topics	Stakeholder Engagement, page 28
102-45	Entities include in consolidated financial statements	Notes to Financial Statement, page 95
102-46	Define report content and topic Boundaries a. Explanation of the process for defining content and boundaries b. How organisation implement reporting principle	Governance Structure & Materiality Assessment, page 29 Boundaries are defined by our operational control
102-47	List of material topics	Governance Structure & Materiality Assessment, page 29
102-48	Restatement of information – Change of base year, M&A	NA
102-49	Changes of reporting – Change from previous period in list of material topics and boundaries	NA
102-50	Reporting period	1 January – 31 December 2019
102-51	Date of most recent report	4 April 2019
102-52	Reporting cycle	Annual
102-53	Contact point	info@roxypacific.com.sg
102-54	Claims of reporting in accordance with GRI	About The Report, page 27
102-55	GRI Content Index	GRI Content Index, page 44
102-56	Description of organisation's policy and current practice with regard to seeking external assurance	Currently, we do not seek external assurance, however, we may do so in the future
103-1	Explanation of the material topic and its boundary	About The Report, page 27 Governance Structure & Materiality Assessment, page 29 Management initiatives are discussed within the section for each material topic
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

GRI CONTENT INDEX PAGE

GLOBAL REPORTING STANDARDS (2016)		Notes/Page Number(s)
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption, page 39
Materials		
301	Qualitative information	Materials, page 32
Energy		
302-1	Energy consumption within the organisation	Energy, page 30
302-3	Energy intensity	
Water		
303-3 (GRI 2018)	Water withdrawal by source	Water, page 31
303-5 (GRI 2018)	Water Consumption	
Compliance with Laws and Regulations		
307-1	Non-compliance with environmental laws and regulations	Compliance with laws and regulations, page 39
417-3	Incidents of non-compliance concerning marketing communications	
419-1	Non-compliance with laws and regulations in the social and economic area	
Contractor Environmental and Social Assessment		
308-1	New suppliers that were screened using environmental criteria	Contractor Environmental and Social Assessment, page 33
414-1	New suppliers that were screened using social criteria	
Talent Retention		
401-1	New employee hires and turnover	Talent Retention, page 33
Occupational Health and Safety		
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Occupational Health and Safety, page 37
Customer Health and Safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety, page 38
Training and Education		
404-1	Average hours of training per year per employee	Training and Education, page 36

PROPERTY SUMMARY REPORT

SUMMARY OF PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2019

Hotel properties

Name	Location	Managed by	No of units	Approximate Land Area (sq m)	Approximate GFA (sq m)	Effective interest	Tenure
Grand Mercure Singapore Roxy	50 East Coast Road, Singapore	The Company under franchise with Accor Group	576 rooms	15,172	35,336	100%	Freehold
Noku Kyoto	205-1, Okuracho, Karasuma-dori, Marutacho Kudaru, Nakagyo-ku, Kyoto city, Kyoto, Japan	NOKU hotels	81 rooms	940	4,780	100%	Freehold
Noku Osaka	10-17, 2-chome, Tenma, Kita Ku, Osaka City, Osaka, Japan	NOKU hotels	154 rooms	886	3,672	100%	Freehold
Noku Maldives	Island of Kudafunafaru, Noonu Atoll, Maldives	NOKU hotels	50 villas	89,896	16,830	100%	Leasehold

Hotel under development

Name	Location	Estimated Completion	No of units	Approximate Land Area (sq m)	Approximate GFA (sq m)	Effective interest	Tenure
Noku Phuket	48/13 Moo 6, Chaofa Road, Phuket, Thailand	2020	91 rooms/villas	46,878	17,973	99%[1]	Freehold
Park Hotel Melbourne	360 Little Bourke, Melbourne, Australia	2022	322 rooms	939	16,866	100%	Freehold

Commercial properties

Name	Location	Description	Approximate net lettable area (sq m)	Effective interest	Tenure
Roxy Square	50 East Coast Road, Singapore	49 shop units[2]	2,371	100%	Freehold
205 Queen Street	205 Queen Street, Auckland, New Zealand	2 office towers with 17 and 22 storey	25,368	50%	Leasehold
NZI Centre	1 Fanshawe Street, Auckland, New Zealand	6-storey commercial building	9,446	100%	Leasehold
312 St Kilda	312 St Kilda Road, Melbourne, Australia	6 levels of office and 4 basement levels	9,887	45%	Freehold
33 Argyle Street	33 Argyle Street, Parramatta NSW 2150, Australia	Lower B-grade office building comprising a quasi-retail ground floor suite and café, three levels of above ground parking providing 138 car spaces, 6 upper office levels and roof top plant rooms	5,281	40%	Freehold
Lladro Boutique Ginza Store[4]	2-15, 7-chome, Ginza, Chuo-ku, Tokyo, Japan	6 levels retail building	382	53%	Freehold
Vivel Shibuya	23-10 Udagawacho, Shibuya-ku, Tokyo, Japan	5 storey retail building	679	49%	Freehold

Properties for sale under development

Project name	Location	Description	Stage of completion	Expected date of TOP[3]	Approximate land area (sq m)	Gross floor area (sq m)	Effective interest	Tenure
120 Grange	120 Grange Road, Singapore	56 residential units	23%	Oct 21	1,466	3,079	90%	Freehold
Harbour View Gardens	221 & 223 Pasir Panjang Road, Singapore	57 residential units	48%	Nov 21	2,856	3,998	100%	Freehold
Bukit 828	828 Upper Bukit Timah Road, Singapore	34 residential units	20%	Dec 21	953	2,382	80%	Freehold

PROPERTY SUMMARY REPORT

Properties for sale under development (Cont'd)								
Project name	**Location**	**Description**	**Stage of completion**	**Expected date of TOP(3)**	**Approximate land area (sq m)**	**Gross floor area (sq m)**	**Effective interest**	**Tenure**
RV Altitude	344 River Valley Road, Singapore	140 residential units	8%	Jul 22	2,675	7,491	100%	Freehold
Arena Residences	20 Guillemard Crescent, Singapore	98 residential units	20%	Aug 22	2,458	6,882	50%	Freehold
Dunearn 386	386 Dunearn Road, Singapore	35 residential units	7%	Sep 22	1,784	2,747	100%	Freehold
Fyve Derbyshire	5 Derbyshire Road, Singapore	71 residential units	3%	Nov 22	1,777	4,976	100%	Freehold
Wilshire Residences	30 Farrer Road, Singapore	85 residential units	3%	Nov 22	3,635	6,572	40%	Freehold
NEU AT NOVENA	27 Moulmein Rise, Singapore	87 residential units	*	Apr 23	2,062	6,084	50%	Freehold
View at Kismis	15, 17, 19, 21, 23 & 25 Lorong Kismis, Singapore	186 residential units & 2 commercial units	2%	May 23	9,322	13,050	60%	Leasehold
Octavia Killara(5)	6A and 8 Buckingham Road, Killara Sydney, Australia	43 Residential Units	100%	Dec 19	3,792	4,402	100%	Freehold
Wisma Infinitum	18 Jalan Dewan Sultan Sulaiman, Kuala Lumpur, Malaysia	423 residential units in The Colony, and 300 residential units in The Luxe & 31 commercial units	63%	Oct 20	5,622	64,912	47%	Freehold
Land held for development								
Project name	**Location**	**Description**	**Stage of completion**	**Expected date of TOP(3)**	**Approximate land area (sq m)**	**Gross floor area (sq m)**	**Effective interest**	**Tenure**
New World Towers	64 Peel Street and 9 Cordelia Street, South Brisbane, Australia	Commercial and residential development	*	TBC	2,597	56,830	40%	Freehold
Bracks Street **	54 & 85 Bracks Street, North Fremantle, Perth, Australia	Industrial land; to be rezoned for commercial and residential use	*	TBC	45,456	TBC	20%	Freehold
Kramat, Jakarta **	Jalan Kramat, Raya No 110, Jakarta, Indonesia	Commercial development	*	TBC	1,703	7,350	49%	Freehold
The Mavis Quad	34-36 Mavis Street, Revesby NSW 2212, Australia	Industrial development	*	TBC	16,432	TBC	50%	Freehold

* Construction of these properties has yet to commence as of 31 December 2019.
** Project name has yet to be confirmed

(1) Based on voting rights
(2) Excludes 3 units which are for owner-use premises
(3) Based on Sales and Purchase Agreement
(4) Entered into a sale and purchase agreement on 6 March 2020 to sell the investment property.
(5) The Final Occupation Certificate was obtained on December 2019. Settlement to commence from January 2020 onwards.

FINANCIAL CONTENTS

STATEMENT OF CORPORATE GOVERNANCE

Roxy-Pacific Holdings Limited (the "Company") and its subsidiaries (the "Group") are committed to ensuring and maintaining a high standard of corporate governance in complying with the Code of Corporate Governance. The Board and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group's businesses and performance. The Board and its committees have established policies and rules on good governance, and they are guided by their respective written Terms of References. The Company will continue to review and refine its corporate governance framework based on best practices that we are aware of and which are appropriate for the needs and circumstances of the Group.

This report sets out the Group's corporate governance practices for the financial year ended 31 December 2019 ("FY2019") with reference to the Code of Corporate Governance 2018 (the "Code").

CORPORATE GOVERNANCE FRAMEWORK

CHAIRMAN
TEO HONG LIM
Key Objective

Responsible for leadership of the Board and for creating conditions for overall Board, Board Committee and individual Director effectiveness

THE BOARD OF ROXY-PACIFIC HOLDINGS LIMITED
7 DIRECTORS:
4 Independent Directors and 3 Executive Directors
Key Objectives

To set strategic aims, establish a framework of prudent and effective controls and review management performance. To identify key stakeholder groups and to consider sustainability issues as part of its strategy formulation

To create value for shareholders and to ensure the long-term success of the Group

AUDIT RISK MANAGEMENT COMMITTEE

4 Independent Directors	**Key Objectives**
CHAIRMAN **TONG DIN EU**	**Audit** Assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, and business and financial risk management **Risk Management** Ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determine the nature and extent of the material risks that the Board is willing to take in achieving the Group's strategic objectives **Sustainability** Consider sustainability issues as part of its strategy formulation

NOMINATING COMMITTEE

4 Independent Directors and 1 Executive Director	**Key Objectives**
CHAIRMAN **TAY KAH POH**	Establish and review the profile of Board members; make recommendations to the Board on the appointment, renomination and retirement of Directors; review the independence of Directors; assist the Board in evaluating the performance of the Board, Board Committees and Directors; and develop and review the Company's corporate governance practices

REMUNERATION COMMITTEE

4 Independent Directors	**Key Objectives**
CHAIRMAN **TAY KAH POH**	Oversee the remuneration of the Board and Key Management Personnel and set appropriate remuneration framework and policies to deliver annual and long term performance of the Group

GROUP CHIEF EXECUTIVE OFFICER

TEO HONG LIM	**Key Objective** Manage the Group's business and implement strategy and policy

MANAGEMENT

Chief Executive Officer ("CEO") Executive Director and Deputy CEO Key Management Personnel	**Key Objectives** Direct management on operational policies and activities

STATEMENT OF CORPORATE GOVERNANCE

BOARD MATTERS

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.*

Provision 1.1
Board's Role

The Board of Directors of the Company (the "Board") provides leadership to the Group by setting the corporate policies and strategic aims. The Board recognises that the Directors are fiduciaries who should act objectively in the best interests of the Group and hold Management accountable for performance. The Board oversees the Group's affairs and is accountable to shareholders for the management of the Group businesses and its performance. The Board has put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Provision 1.2
Directors' Duties and Responsibilities

Board Charter

The Board has a Board Charter which sets out the responsibilities for it to oversee the business affairs of the Group and documents internal guidelines that govern the composition of the Board, process for appointment and resignation of directors, proceedings of Board meetings and matters reserved for Board's approval and the process for seeking Board's approval.

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

The Company has in place a financial authority matrix and approval guidelines for investments, divestments, corporate exercises and arrangements. New investments and banking facilities, business acquisitions and divestments exceeding certain thresholds require approval of the Board.

The principal responsibilities of the Board include the following:

(a) To provide entrepreneurial leadership, set strategic objectives which include focus on value creation, innovation and sustainability;

(b) To ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(c) To establish a framework of prudent and effective controls which enables key risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(d) To constructively challenge Management and review its performance;

(e) To instil an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the culture;

(f) To identify the key stakeholder groups and ensure transparency and accountability to key stakeholder groups; and

(g) To approve interested persons transactions.

STATEMENT OF CORPORATE GOVERNANCE

Compliance with Listing Requirements

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the Singapore Exchange Trading Limited ("SGX-ST"). The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of Listing Rules to undertake to use their best endeavours to comply with the SGX-ST Listing Rules and to procure that the Company shall so comply. A similar undertaking has been executed by the Director of Finance and Administration in her capacity as executive officer as required by the SGX-ST Listing Rules.

The Board ensures timely, reliable and full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Rules Manual of the of SGX-ST.

Sustainability of the Group

The Board recognises that to ensure that business is sustainable; the Group has to strike a balance between its business needs and the need of the society and the environment in which the Group operates. The Board believes that for the Group to grow sustainably as a forward-looking corporate entity, the Group has to regularly reach out to its key stakeholders, from its employees to the community, and to be responsible stewards of its natural environment. The Group's efforts to ensure customers' health and safety, its attempts to employ eco-friendly and sustainable value chain processes, its development and training programs for its employees, its interaction and cooperation with the communities, its anti-corruption procedures and the relevant policy to ensure health, safety and welfare of its employees and other initiatives on sustainability issues in FY2019 are set out in the Sustainability Report and Corporate Social Responsibility Section on page 27 to page 46.

Orientation, Continuous Training and Development of Directors

The Company has in place an orientation process. A new incoming Director is issued a formal letter of appointment setting out his or her duties and obligations, as well as explaining the policies and practices of the Group. New directors also receive an information pack that contains the Group's organisation structure, the Company's Annual Report, Board Charter, respective Board committees' terms of reference, annual budget, internal audit and risk management reports, the Group's policy relating to disclosure of interests in securities and prohibition on dealings in the Company's securities. Directors are given appropriate briefings by the management on the business activities of the Group and its strategic directions.

Incoming Directors joining the Board will be briefed by the Nominating Committee on their directors' duties and obligations and introduced to the Group's businesses and governances practices and arrangements, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on disclosure of price-sensitive and trade sensitive information.

The incoming Director will meet up with Management and the Company Secretary to familiarise himself or herself with their roles, organisation structure and businesses practices. This will enable him or her to get acquainted with Management and the Company Secretary thereby facilitating board interaction and independent access to Management and the Company Secretary.

Ms Cecilia Tan Hong Lye who was appointed to the Board on 1 October 2019 as an Independent Director and is a first-time director of a listed company had attended the Listed Entity Director Programme conducted by the Singapore Institute of Directors ("SID") at the arrangement of the Company.

The Directors are continually and regularly updated on the Group's businesses and governances practices, including changes in laws and regulations, financial reporting standards and code of corporate governance so as to enable Directors to effectively discharge their duties. The Company will fund Directors' participation at industry conferences, seminars or any training programs in connection with their duties as Directors. All Directors are also encouraged to be members of SID and for them to receive journal updates and training from SID. Information on training programs, seminars and workshops organised by various professional bodies and organisations were circulated to the Directors on a regular basis; some of which the Directors have attended or participated during the year.

STATEMENT OF CORPORATE GOVERNANCE

Provision 1.3
Internal Guidelines on Matters Requiring Board Approval

Matters specifically reserved to the Board for its approval as set out in the Board Charter are:–

(a) Matters involving a conflict of interest for a substantial shareholder or a director;

(b) Strategic policies of the Group;

(c) Annual budgets;

(d) Material acquisitions and disposal of assets;

(e) Corporate or financial restructuring; and

(f) Share and bond issuances, interim dividends and other returns to shareholders.

Provision 1.4
Delegation of Authority to Board Committees

In carrying out and discharging its duties and responsibilities efficiently and effectively, the Board is assisted by various Board Committees namely, the Audit Risk Management Committee ("ARMC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC").

The present Board members and Board Committee members are as follows:

		Board Committees		
Name of director	**Board Membership**	**Audit Risk Management Committee**	**Nominating Committee**	**Remuneration Committee**
Teo Hong Lim	Executive Chairman and CEO	–	Member[(1)]	–
Chris Teo Hong Yeow	Executive Director and Deputy CEO	–	–	–
Koh Seng Geok	Executive Director and Deputy CEO	–	–	–
Tay Kah Poh	Lead Independent Director	Member	Chairman	Chairman
Winston Tan Tien Hin	Independent Director	Member	Member	Member
Tong Din Eu	Independent Director	Chairman	Member	Member
Cecilia Tan Hong Lye	Independent Director	Member	Member	Member

(1) Appointed with effect from 1 January 2020

These Board Committees function within clearly defined terms of references and operating procedures including procedures for dealing with conflicts of interest. A Board Committee member is required to disclose his interest and recuse himself from discussions and decisions involving a conflict of interest. The Board also constantly reviews the effectiveness of each Committee. The segments of this report under Principle 4 to 10 detailed the activities of the NC, RC and ARMC.

STATEMENT OF CORPORATE GOVERNANCE

Provision 1.5

Meetings of Board and Board Committees and Attendance Records of the Board Members

During FY2019, the Board met at least once every quarter for the purpose of approving the release of the financial results. Other than the quarterly meetings, ad hoc Board and Board Committee Meetings were convened during FY2019. Where exigencies prevent a director from attending a Board meeting in person, the Constitution of the Company permits the director to participate via teleconferencing or video conferencing. The Board and Board Committees may also make decisions by way of resolutions in writing. Directors are free to seek clarifications and explanations from Management on the reports and papers submitted to the Board.

During FY2019, independent directors met on an ad hoc basis with the CEO, Executive Directors and Key Management Personnel to discuss and update on on-going matters, including issues faced by the Group. The Company benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committees meetings.

Following amendment to Rule 705 of the Listing Manual of SGX-ST, quarterly reporting of the financial statements is no longer mandatory effective from 7 February 2020. The Board has, after due deliberation, taking into consideration the compliance efforts required in connection with quarterly reporting, decided to adopt half-yearly reporting of its unaudited financial statements from FY2020. The Board views half-yearly reporting as a positive move for greater allocation of resources for management of operations and in enhancing the Board's role in setting strategies and objectives to deliver sustainable growth for the Group. Notwithstanding the transition from quarterly to half-yearly reporting, the Board will continue to meet at least 4 times a year to attend to its responsibilities and discharges its duties.

The table below sets out the number of Board and Board Committee meetings which were convened during FY2019:

	Board	**Audit Risk Management**	**Remuneration**	**Nominating**	**General Meeting**
Number of meetings held	5	5	6	2	1
Name of directors			**Number of meetings attended**		
Teo Hong Lim[1]	5	5	3	1	1
Chris Teo Hong Yeow[2]	5	5	NA	NA	1
Koh Seng Geok[3]	5	5	4	1	1
Winston Tan Tien Hin	5	5	4	2	1
Tay Kah Poh	5	5	5	2	1
Tong Din Eu	5	5	6	2	1
Cecilia Tan Hong Lye[4]	2	1	3	NA	NA

1. Mr Teo Hong Lim was invited to attend all the board committees meeting
2. Mr Chris Teo Hong Yeow was invited to attend the Audit Risk Management committee meeting
3. Mr Koh Seng Geok attended the meeting as Company Secretary
4. Ms Cecilia Tan Hong Lye was appointed on 1 October 2019

NA – Not applicable as the Directors are non-members of the Board Committees.

The NC takes into consideration other listed board representations held by the Directors and ensures that Directors give sufficient time and attention to the affairs of the Group. While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion to measure their contributions. The Board also takes into account the contributions by board members in other forms including periodic review, level of discussion at board meetings, provision of guidance and advice on various matters relating to the Group.

The Constitution of the Company provides for Directors to conduct meetings by teleconferencing or videoconferencing. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circular resolutions.

STATEMENT OF CORPORATE GOVERNANCE

Provision 1.6
Board's Access to information

To enable the Board to make informed decisions and to fulfil its responsibilities, the Management provides complete, accurate and adequate information in a timely manner. A system of communication between the Management and the Board and Board committees has been established and improved over time. All scheduled Board and Board committees' meetings are planned 12 months ahead. The Board, its committees and every Director have separate and independent access to the management and are free to request for additional information as needed to make informed decisions.

All Directors are furnished with information concerning the Company on a periodic and timely basis to enable them to be fully cognisant of the decisions and actions of the Company's executive management team. Management also provides the Board with regular management reports, which includes budgets, forecasts and quarterly management accounts. In respect of budgets, any material variances between the projections and actual results are disclosed and explained to the Board. Management provides Directors with information whenever necessary and board papers are sent to Directors prior to each Board and Board Committee meeting. In carrying out its duties, the Board has unrestricted access to the Company's records and information.

Provision 1.7
Board's Access to Management, Company Secretary and External Advisers

The Board has separate and independent access to the Management and Company Secretary at all times.

The role of the Company Secretary includes, *inter alia*, advising the Board on all matters regarding the proper functioning of the Board, compliance with the Company's Constitution and applicable regulations, requirements of the Companies Act, Cap. 50 ("**Companies Act**"), the Securities and Futures Act and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual. The Company Secretary assists the Board in implementing and strengthening corporate governance policies and procedures.

Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and its committees and between the Management and Non-Executive Directors.

The Company Secretary is supported on company secretarial matters by the Company's external secretarial agent KCK CorpServe Pte. Ltd and also guided in this role by the Company's external legal advisor, Shook Lin & Bok LLP.

During FY2019, the Company Secretary attended all meetings of the Board and its committees and the minutes of such meetings were promptly circulated to all members of the Board and Board committees.

The Company Secretary ensures that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary are subject to the Board's approval.

The Board takes independent professional advice as and when necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to discharge its responsibilities effectively.

STATEMENT OF CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

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

Provision 2.1
Strong and Independent Element of the Board

As at the date of this Report, the Board of Directors comprises seven members; of whom four are independent:

Teo Hong Lim	Executive Chairman and Chief Executive Officer
Chris Teo Hong Yeow	Executive Director and Deputy Chief Executive Officer
Koh Seng Geok	Executive Director and Deputy Chief Executive Officer
Tay Kah Poh	Lead Independent Director, Chairman of Nominating Committee and Remuneration Committee
Winston Tan Tien Hin	Independent Director
Tong Din Eu	Independent Director, Chairman of Audit Risk Management Committee
Cecilia Tan Hong Lye	Independent Director

The criterion for independence is based on the definition given in the Code and in the Listing Rules of SGX-ST. The Code has defined an "independent" director as one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. Under the Listing Rules of SGX-ST, an independent director is not one who is or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC.

The independence of each Independent Director is reviewed annually by the NC, based on the definition of independence as stated in the Code and the Listing Rules of SGX-ST.

Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the provisions as set out in the Code and the Listing Rules of SGX-ST. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code or the Listing Rules of SGX-ST. Each of the Independent Directors has confirmed their independence based on the provisions as set out in the Code and the Listing Rules of SGX-ST.

The Board noted that under the Listing Rules of SGX-ST which will take effect from 1 January 2022, an independent director will not be considered independent if he has served on the Board for more than nine years. Mr Winston Tan Tien Hin who was appointed on 14 December 2006, and Mr Tay Kah Poh who was appointed on 17 December 2007 have each served for more than nine years on the Board as Independent Directors.

The Board recognises that independent directors may over time develop significant insights in the Group's businesses and operations and can continue to provide noteworthy and valuable contributions to the Board. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

The NC has assessed the independence of Mr Tan and Mr Tay and is satisfied that there is no relationship or other factors such as gifts or financial assistance, past association, business dealings, financial dependence, relationship with the Group or the Group's management, etc. which would impair their independent judgement.

STATEMENT OF CORPORATE GOVERNANCE

The Board is of the view that Mr Tan and Mr Tay have demonstrated strong independent character and judgment over the years in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised and challenged management. They have sought clarification and amplification as they deemed necessary, including through direct access to the management. They have also sought external professional advice, where necessary, such as in the review of executive directors' remuneration.

Each of the Independent Directors is subject to a rigorous review which requires him or her to complete a Directors' Declaration Checklist to confirm his or her independence under stricter criteria over and above the guidelines set out in the Code. Under such rigorous review, each Independent Director has confirmed that he or she and any of his or her immediate family, relatives and associates (collectively, "**connected persons**") does not have any relationship or business dealings with a controlling shareholder or a controlling shareholder's connected persons that would give rise to a conflict of interest or impairment of the Independent Director's independence. Emphasis are placed on whether they have continued to demonstrate integrity, professionalism and independent judgement and/or decisions on matters with the interests of the Company at heart without undue reliance on and influence by others. Having subject their independence to rigorous review, the Board has resolved that Mr Tan and Mr Tay are independent notwithstanding their length of appointment.

Notwithstanding the Board has considered the independent directors independent, the NC has recognised the importance of the independent directors being independent and be perceived by all stakeholders to be so. Since 2017, the Company has begun a transition to include new independent directors to further strengthen the independence element of the Board. Mr Tong Din Eu was appointed as Independent Director on 2 October 2017, following which Mr Hew Koon Chan had retired as Independent Director by rotation under the Constitution at the annual general meeting on 6 April 2018. Ms Cecilia Tan Hong Lye was appointed as Independent Director on 1 October 2019. As part of the Board's renewal process, Mr Tay Kah Poh would retire by rotation at the conclusion of the forthcoming AGM. Mr Winston Tan would be due for retirement by rotation in 2021 which coincides with his final term of service as an Independent Director.

Provisions 2.2 and 2.3
Composition of Independent Directors and Non-Executive Directors on the Board

Under the Listing Rules of SGX-ST, the independent directors should make up one-third of the Board.

Under Provision 2.2 of the Code, the independent directors should make up majority of the Board where the Chairman is part of management team and is not an independent director. Under Provision 2.3 of the Code, the Non-Executive Directors should make up a majority of the Board. All the Non-Executive Directors are Independent Directors. The composition of the Board complies with the requirements of the Listing Rules of SGX-ST and the Code.

Provision 2.4
Composition and Size of the Board

It is the Board's policy that the members of the Board should possess the relevant core competencies in areas such as accounting and finance, legal, strategic planning, business and management experience. In particular, the Executive Directors possess good industry knowledge while the Non-Executive Directors who are professionals and experts in their fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during Board deliberations.

The current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The Company recognises the benefits of diversity on the Board and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board also considers gender as an important aspect of diversity as it believes that diversity in the Board's composition contributes to the quality of its decision making. In its renewal process, the Board has appointed Ms Cecilia Tan Hong Lye with effect from 1 October 2019 who adds to the Board's diversity of perspectives.

STATEMENT OF CORPORATE GOVERNANCE

Taking into account the scope and nature of the operations of the Group, it is the NC's considered opinion that the current Board composition and size are appropriate and as a group, the Directors provide relevant competencies to facilitate effective decision making for the existing needs and demands of the Group's businesses. The Board's decision-making process is not dominated by any individual or small group of individuals. The Board will continue with its renewal process to meet the requirements of the Code on the nine year cap for an independent director (which will take effect from 1 January 2022).

Details of the Directors' qualifications, background and working experience, are provided under the "Board of Directors' Profile" section of this Annual Report.

Provision 2.5
Role of Non-Executive Directors

During the year, the Non-Executive Directors, who are also Independent Directors, constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress in implementing such agreed business strategies are monitored by the Non-Executive Directors.

The Company benefited from the Management's ready access to its Non-Executive Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committees' meetings.

Sessions are available for the Non-Executive Directors to meet without the presence of Management during the course of Board meetings or outside of Board meetings. The Non-Executive Directors have convened sessions without the presence of Management. The implementation of a Rigorous Directors' Declaration Checklist, the extension of the Company's whistleblowing policy to cover governance issues, and the commissioning of an external remuneration consultant to review Executive Directors' remuneration are a result of such sessions.

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Provisions 3.1 and 3.2
Chairman and Chief Executive Officer

The Executive Chairman, Mr Teo Hong Lim, is also the Group's CEO. While the roles of Chairman and CEO are held by Mr Teo, the responsibilities of Chairman and CEO are separate and distinct. In accordance with the requirements of the Code where Chairman is not independent, the Independent Directors form the majority of the Board, and the Company has a Lead Independent Director. The Board is of the view that the discharge of responsibilities in the two roles by Mr Teo will not be compromised as there is strong independence within the Board to ensure an appropriate balance of power, increased accountability and capacity of the Board for independent decision-making. The NC also assesses the performance and effectiveness of Mr Teo on his performance as Chairman separately from that of CEO.

The Board Charter of the Company sets out the distinct responsibilities of the Chairman and CEO. As Chairman, Mr Teo leads the Board, approves the agendas for the Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item. He promotes an open environment for debate, and ensures that the Non-Executive Directors are able to speak freely and contribute effectively. He exercises control over the quality and quantity of the information as well as the timeliness of the flow of information between the Board and Management. He strives to promote high standard of corporate governance by ensuring that the responsibilities as set out in the Code are properly discharged.

As CEO, Mr Teo Hong Lim manages and develops the businesses of the Group and implements the Board's decision. He undertakes the executive responsibilities of the Group's performance.

STATEMENT OF CORPORATE GOVERNANCE

At Annual General Meetings ("**AGMs**") and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management. Under his leadership, the Company continues to reach out to stakeholders through its sustainability initiatives and corporate social responsibility programmes as set out in the Sustainability Report and Corporate Social Responsibility Section on page 27 to page 46 of this Annual Report.

Provision 3.3
Lead Independent Director

Mr Tay Kah Poh is the Lead Independent Director. As Lead Independent Director, he is the principal liaison on Board issues between the Independent Directors and the Executive Chairman. He is available to shareholders where they have concerns in which contact through the normal channels of the Executive Chairman and CEO or Director of Finance and Administration has failed to resolve or is inappropriate. The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the Executive Directors where necessary, and the Lead Independent Director will provide feedback to the Chairman after such meetings. The Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

BOARD MEMBERSHIP

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

Provisions 4.1 and 4.2
Nominating Committee

The NC comprises five Directors, four of whom, including the Chairman are independent.

Tay Kah Poh	Chairman	Lead Independent Director
Winston Tan Tien Hin	Member	Independent Director
Tong Din Eu	Member	Independent Director
Cecilia Tan Hong Lye	Member	Independent Director
Teo Hong Lim[1]	Member	Executive Director

1 appointed with effect from 1 January 2020

The NC has written terms of reference, under which the key functions of the NC are as follows:

(a) to review board succession plans for Directors, in particular, the Chairman, the CEO, the Deputy CEO and Key Management Personnel;

(b) to develop a process for evaluation of the performance of the Board, its committees and Directors, and undertake assessment of the effectiveness of the Board, Board Committees and individual Directors, including setting a limit on multiple board representations of Directors where applicable;

(c) to review the training and professional development programs for the Board;

(d) to recommend to the Board the appointment and re-election of Directors; and

(e) to assess the independence of the Independent Directors.

STATEMENT OF CORPORATE GOVERNANCE

Succession Planning

The NC will review board succession plans for directors, and will seek to refresh the Board membership in an orderly and timely manner where it deems applicable. The NC will also ensure that the Company has succession planning for its CEO, Executive Directors and Key Management Personnel, including appointing, training and mentoring successors. The NC has reviewed contingency arrangements for any unexpected incapacity of the CEO or any of the Key Management Personnel and is satisfied with procedures in place to ensure a transition to a full operational management team.

Provision 4.3
Process for the Selection, Appointment and Re-appointment of Directors

The Company has in place policies and procedures for the appointment of new Directors to the Board, including a description on the search and nomination process. This process includes, *inter alia*, an evaluation of the candidate's capabilities by taking into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board. The NC will determine the criteria for identifying candidates and reviewing nominations for the appointment of Directors to the Board, ensuring that the process of Board appointments and re-nominations are formal and transparent. Short-listed candidates would be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, in addition to completing certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines.

Regulation 107 of the Company's Constitution requires a Director appointed by the Board to hold office until the next AGM and shall be eligible for re-election. Accordingly, Ms Cecilia Tan Hong Lye who was appointed by the Board on 1 October 2019 will retire at the forthcoming AGM. Ms Tan has consented to stand for re-election at the forthcoming AGM.

Regulation 103 of the Company's Constitution require at least one-third of the Directors, including the CEO or a person holding an equivalent position to retire from office by rotation at least once every three years and be eligible for re-election. Accordingly, Mr Koh Seng Geok and Mr Tay Kah Poh will retire at the forthcoming AGM by rotation. As stated under Provision 2.1, as part of the Board renewal process, Mr Tay will not stand for re-election. Taking into account his attendance and participation at Board meetings, the NC is satisfied that Mr Koh Seng Geok has committed his time to effectively discharge his duties as a Director. The NC has recommended his re-election.and Mr Koh has consented to stand for re-election.

In accordance with the Rules of the Listing Rules of SGX-ST, the information as set out in Appendix 7.4.1 of the Listing Manual in respect of Ms Cecilia Tan Hong Lye and Mr Koh Seng Geok are provided on pages 75 to 79 of this Annual Report.

Provision 4.4
Determining Directors' Independence

The NC has conducted an annual review of the independence of the Independent Directors, using the criteria of independence in the Listing Rules of SGX-ST and as set out under Provision 2.2 of the Code, and has ascertained that they are independent.

Provision 4.5
Multiple Board Representations

The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company. The NC has set guidelines on the maximum number of Board appointments in listed companies that a Board member can hold to ensure that the Directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each Board member cannot have more than six listed Board representations including the Company. None of the Directors currently sit on the boards of more than six listed companies.

STATEMENT OF CORPORATE GOVERNANCE

The NC has reviewed each Director's outside directorships, their principal commitments, attendance and contributions to the Board. Despite the multiple directorships of certain Directors, the NC is satisfied that the Directors have discharged their duties adequately and satisfactorily for FY2019.

Details of the Directors' principal commitments and outside directorships are set out on page 17 to 18 of this Annual Report.

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.*

Provisions 5.1 and 5.2
Conduct of Board performance

The NC will conduct a formal assessment of the effectiveness of the Board as a whole and its committees and the contribution by each Director to the effectiveness of the Board on an annual basis.

The NC has, with the Board's approval, implemented a process to annually assess the effectiveness of the Board and its committees and the contribution by each individual Director.

This process includes having the Directors complete a performance evaluation form seeking their evaluation on various aspects of Board performance, such as Board's level of governance, effective delegation to the Board committees, leadership and accountability. To ensure confidentiality, the evaluation returns completed by all Directors were submitted directly to and compiled by the Company's external secretarial agent for collation. The Company Secretary compiles the Directors' evaluation into a consolidated report. The report is discussed at the NC meeting and also shared with the entire Board. The Chairman will act on the results of the performance evaluation and propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

The NC also evaluates the Board's performance on the level of governance against its peers and industry with reference to the Singapore Transparency and Governance Index.

The NC has reviewed the evaluations of the Board for FY2019 and is satisfied that the Board has been effective in the conduct of its duties and the directors have each contributed to the effectiveness of the Board and Board committees.

Evaluation of individual Director's performance is a continuous process. For the year under review, the NC and the Board Chairman took note of each individual Director's attendance at meetings of the Board, Board committees and at general meetings; participation in discussions at meetings; knowledge of and contacts in the regions where the Group operates; the individual Director's functional expertise and his/her commitment of time to the Company and took such factors into consideration when accessing the performance of the individual Directors.

The Company does not use any external professional facilitator for the assessments of the Board, Board Committees and individual Directors, and will consider the use of such facilitator as and when appropriate.

STATEMENT OF CORPORATE GOVERNANCE

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 is involved in deciding his or her own remuneration.*

Provisions 6.1 and 6.2
Remuneration Committee

The RC comprises the following four members, all of whom including the Chairman are independent.

Tay Kah Poh	Chairman	Lead Independent Director
Winston Tan Tien Hin	Member	Independent Director
Tong Din Eu	Member	Independent Director
Cecilia Tan Hong Lye	Member	Independent Director

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

(a) To review and recommend to the Board a framework for remuneration for the Executive Directors and Key Management Personnel of the Company;

(b) To review and recommend Directors' fees for Non-Executive Directors for approval at the AGM;

(c) To determine specific remuneration packages for each Executive Director as well as Key Management Personnel;

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

(e) To review the remuneration of employees who are immediate family members of a director or the CEO to ensure that the remuneration of each of such employee commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her.

Matters concerning remuneration of the Board, Key Management Personnel and other employees who are related to the controlling shareholders and/or our Directors (if any) are handled by the RC whose primary function is to establish formal and transparent policies on remuneration matters in the Company.

Matters which are required to be disclosed have been sufficiently disclosed in this Report and in the notes to the Financial Statements of the Company and of the Group.

STATEMENT OF CORPORATE GOVERNANCE

Provision 6.3
Review of remuneration

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in-kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package. The recommendations of the RC will be submitted to the Board for endorsement.

Provision 6.4
Engagement of remuneration consultants

In FY2019, the Company commissioned AON Hewitt Singapore Pte Ltd ("AON") to undertake a review of Executive Directors' compensation to benchmark the remuneration of the Executive Directors against comparable companies in the industry. The RC is guided by AON Compensation Review in its review of the Executive Directors' compensation to ensure that they are not overly or underly compensated.

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.*

Provision 7.1
Remuneration of Executive Directors and Key Management Personnel

A significant and appropriate proportion of Executive Directors' and Key Management Personnel's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company.

The Executive Directors do not receive directors' fees, unless appointed as member of a Board Committee. An Executive Director Board Committee member will be put on parity with other Non-Executive Board Committee member to receive a director fee based on the remuneration framework for Non-Executive Directors set out in Provision 7.2.

The Executive Directors are paid a fixed salary and a performance-related profit sharing bonus pursuant to their respective service agreements. The performance-related profit sharing bonus is linked to the Company and individual performance. The RC reviews and approves the overall variable bonus payable to the Executive Directors within the framework of the service agreements.

The remuneration structure for the Company's top Key Management Personnel comprises both fixed and variable components. The variable component is determined annually based on achievement of specific key performance indicators ("KPIs") which are clearly set out for each management personnel each financial year and such KPIs comprise both quantitative and qualitative factors.

The KPIs for individual performance take into consideration the broad categories of objectives, namely financial, business and functional, regulatory and controls, and organisational and people development as well as alignment to the Company's risk policies. For FY 2019, the ARMC has evaluated the extent to which each of Key Management Personnel has delivered on the corporate and individual objectives (details are not disclosed for strategic and confidentiality reasons) and based on the evaluation, has approved the compensation for the Key Management Personnel which was endorsed by the Board.

Each of the Executive Directors and Key Management Personnel have a service agreement or employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on a long term basis and no onerous removal clauses are contained in the service agreement or employment contract.

The Company has set a threshold for deferral of bonus payment for the Executive Directors (the "Deferral Threshold"). In the event that the total compensation in respect of a financial year exceeds the deferral threshold, the excess amount will be paid to the Executive Director in equal instalments over a 3-year period. In addition, the Company has included claw-back provisions in the service agreement of the Executive Directors which would give the right to the Company to claw back the bonus from the Executive Director in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company.

Other than the above, there are no contractual provisions in the employment contracts of the Key Management Personnel for the Company to reclaim incentive components of remuneration as there are policies to factor management of risks as performance indicators and to manage risk exposures identified.

Provision 7.2
Remuneration of Non-Executive and Independent Directors

All the Non-Executive Directors who are Independent directors have no service contract and are compensated based on a fixed annual fee taking into consideration their respective contributions and attendance at meetings. Additional variable fees are paid for appointment to Board Committees according to the level of responsibilities undertaken as Chairman or member of the Board Committees.

The current remuneration framework for the Non-Executive Directors remains unchanged since financial year ended 31 December 2014.

Roles	**Members (per annum)**	**Chairman (per annum)**
Board of Directors	$34,320	NA
Lead Independent Director	$6,600	NA
Audit Risk Management Committee, Nominating Committee, Remuneration Committee	$3,960	Additional $2,640

The RC has reviewed the fee structure for the Non-Executive and Independent Directors as being reflective of their responsibilities and work commitments and recommends the Directors fee for FY2019 in accordance with the fee structure for shareholders' approval at the Company's AGM. The RC is of the view that the fee structure does not compromise the independence of the Non-Executive and Independent Directors. There is no policy to prohibit or require the Non-Executive and Independent Directors to hold shares in the Company. Mr Winston Tan Tien Hin, Mr Tay Kah Poh and Mr Tong Din Eu, hold shares in the Company amounting to 0.70%, 0.08% and 0.0025% respectively of the total issued shares in the Company (including treasury shares). The RC and the Board are of the view that the holding of shares by Non-Executive and Independent Directors of less than 5% of the total issued shares in the Company encourages the alignment of their interests with the interests of shareholders without compromising their independence.

DISCLOSURE OF 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.*

STATEMENT OF CORPORATE GOVERNANCE

Provision 8.1

Remuneration Report

Remuneration of Executive Directors and the CEO

The remuneration paid to or accrued to each individual Director and the CEO for FY2019 is as follows:

Name of Director	Directors Fee S$'000	Salary S$'000	Bonus S$'000	Other benefits[1] S$'000	Total Remuneration S$'000
Chairman and CEO					
Teo Hong Lim	–	660	2,092	106	2,858
Executive Directors					
Chris Teo Hong Yeow					
Koh Seng Geok	–	412	1,272	75	1,759
	–	412	1,289	93	1,794
Independent Directors					
Tay Kah Poh	58	–	–	–	58
Winston Tan Tien Hin	46	–	–	–	46
Tong Din Eu	49	–	–	–	49
Cecilia Tan Hong Lye[2]	12	–	–	–	12

1 Other benefits refer to benefits-in-kind such as food and beverage benefits, automobile benefits, etc. made available to directors, as appropriate
2 Appointed as Director on 1 October 2019

The remuneration paid to or accrued to the top Key Management Personnel (who are not Directors or the CEO) for FY2019 is as follows:

Remuneration Band and Name	Base/Fixed Salary %	Bonus %	Other benefits[1] %	Total %
S$500,000 to S$749,999				
Ben Hopkins[2]				
(Managing Director – Australia and New Zealand)	40%	51%	9%	100%
S$250,000 to S$499,999				
Klaus Gottschalk				
(General Manager – Grand Mercure Singapore Roxy)	46%	19%	35%	100%
Melvin Poon Tuck Meng				
(Director – Hotel Operations)	59%	33%	8%	100%
Steve Foo Yong Kit				
(Senior Director – Developments)	58%	35%	7%	100%
Shermin Chan Poh Choo				
(Director – Finance and Administration)	56%	35%	9%	100%
Angela Khoo Ying Hui				
(Director – Sales and Marketing/Director – Business Development and Investment)	55%	36%	9%	100%
Below S$250,000				
Libby Walsh[3]				
(Director – Australia and New Zealand)	67%	22%	11%	100%

1 Other benefits refer to food and beverage benefits, automobile benefits, home passage and CPF contribution.
2 Left the Group in October 2019
3 Joined the Group in August 2019

The aggregate total remuneration paid or accrued to the top Key Management Personnel for FY2019 is $2,443,133.

STATEMENT OF CORPORATE GOVERNANCE

Provision 8.2

Remuneration of employees who are immediate family members of a Director or the CEO

For FY2019, saved as disclosed in the following table which shows the remuneration of employees who are related to our substantial shareholders or Directors, the Company and its subsidiary companies do not have any other employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds S$100,000.

Remuneration Band and Name	Relationship to director or the CEO
S$100,000 to S$149,999	
Cheong Kwai Fun (Manager – Sales and Marketing)	Cousin of Teo Hong Lim and Chris Teo Hong Yeow

Provision 8.3

Employee Share Option Scheme

The Company does not have any share option or other share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing compensation structure with variable component paid out in cash to staff has continued to be effective in incentivizing performance.

RISK MANAGEMENT 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.*

Provision 9.1

Risk Management and Internal Control Systems

The Board is responsible for the governance of risk, including determining the nature and extent of the significant risks which the Company is willing or appropriate to take. The Board oversees the Company's risk management framework and policies, and ensures that Management maintains a sound system of risk management and internal controls.

The ARMC assists the Board in its risk oversight. The ARMC, through the assistance of internal and external auditors, reviews and reports to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, established by Management. In addition, the ARMC reviews and determines the Group's level of risk tolerance and risk policies, and oversees the design, implementation and monitoring of the risk management and internal control systems. In assessing the effectiveness of internal controls, the ARMC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate, complete, and reliable and financial information is prepared in compliance with applicable internal policies, laws and regulations.

Since FY2012, the Group has had in place an Enterprise Risk Management ("ERM") Framework, which governs the risk management processes of the Group. Risk management capabilities and competencies are continuously enhanced through this Framework. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks and associated key controls in the Group's businesses. The key risks of the Group are deliberated by Management and reported to the ARMC at least once a year.

Complementing the ERM framework is a Group-wide system of internal controls, which includes documented policies and procedures, proper segregation of duties, approval procedures and authorisations, as well as checks-and-balances built into the business processes. The Group has in place a risk management process that requires business units to perform regular assessments of the effectiveness of applicable internal controls. In addition to ensuring that internal controls and risk management processes are adequate and effective, the ARMC is assisted by various independent professional service providers. The external auditor provided assurance over the risk of material misstatements in the Group's financial statements. The Internal auditor conducted audit reviews based on the approved internal audit plans. All audit reports detailing audit findings and recommendations are provided to Management who timely responded to actions to be taken. The ARMC monitors closely to ensure proper and timely implementation of the required corrective action plans are undertaken by the Management.

STATEMENT OF CORPORATE GOVERNANCE

Provision 9.2
Assurances to the Board

The Board has received assurances from the CEO and Director of Finance and Administration that:

(a) the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems were adequate and effective to address key financial, operational, compliance and information technology risks which the Company considers relevant and material to its current business environment.

The CEO and Director of Finance and Administration have obtained similar assurances from the General Manager and Financial Controller (or equivalent positions) of each operating Group entity.

Board's Comment on Adequacy and Effectiveness of Internal Controls

Based on the review of the key risks identified through the ERM process, and the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and the ARMC, and the aforesaid assurances from the CEO and Director of Finance and Administration, the Board is of the opinion that the Group's internal controls, addressing financial, operational and compliance and information technology risks and risk management systems, were adequate and effective as at 31 December 2019.The ARMC concurs with the Board.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

AUDIT COMMITTEE

Principle 10: *The Board has an Audit Committee which discharges its duties objectively.*

Provisions 10.1 and 10.2
ARMC Membership

The ARMC comprises the following four members all of whom, including the Chairman, are independent.

Tong Din Eu	Chairman	Independent Director
Tay Kah Poh	Member	Lead Independent Director
Winston Tan Tien Hin	Member	Independent Director
Cecilia Tan Hong Lye	Member	Independent Director

None of the members of the ARMC have any management and business relationships with the Company and is not a substantial shareholder of the Company. None of the ARMC members were former partners or directors of the Company's external auditor or hold any financial interest in the external auditor.

Expertise of ARMC Members

The Chairman of the ARMC, Mr Tong Din Eu holds a Bachelor Degree in Accountancy and has many years of experience in corporate finance. The other members of the ARMC have many years of experience in business management and financial services. The Board is satisfied that the members of the ARMC have recent and relevant accounting or related financial management expertise or experience to discharge the ARMC's functions.

STATEMENT OF CORPORATE GOVERNANCE

During FY2019, the members of the ARMC attended external training on changes in accounting standards, risk management, corporate governance and regulatory related topics. Besides the external training, the ARMC has kept abreast of changes in accounting standards and issues which impact the financial statements from briefings from auditors during the quarterly ARMC meetings.

Roles, Responsibilities and Authorities of ARMC

The ARMC functions under the terms of reference that sets out its responsibilities as follows:

(a) To review the financial statements of the Company and the Group, in particular significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance before submission to the Board;

(b) To review the external and internal audit plans of the Company with the external and internal auditors to ensure the adequacy of the audit scope and findings of auditor's reports;

(c) To review at least annually with the internal and external auditors, the adequacy and effectiveness of the Company's internal controls and risk management systems;

(d) To review the assurance from the CEO and the Director of Finance and Administration on the financial records and financial statements; and the CEO and Director of Finance and Administration on the adequacy and effectiveness of the risk management systems;

(e) To review the independence and performance of the internal and external auditors and make recommendations to the Board on the appointment, re-appointment or removal of the internal and external auditors;

(f) To review the sustainability report before submission to the Board;

(g) To review interested person transactions and potential conflicts of interest; and

(h) To review arrangements by which the staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters.

The ARMC has the power to conduct or authorise investigations into any matter within the ARMC's scope of responsibility. The ARMC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. The ARMC has full access to and co-operation of Management, has full discretion to invite any Director or Key Management Personnel to attend its meetings and has been given reasonable resources to enable it to discharge its functions. No member of the ARMC or any Director is involved in the deliberations and voting on any resolutions in respect of matters he is interested in.

The role of the ARMC in relation to financial reporting is to monitor the integrity of the quarterly and full year financial statements and that of any formal announcements relating to the Group's financial performance. The ARMC has considered whether accounting standards are consistently applied across the Group and whether disclosures to the financial statements are clear and sufficient.

In the review of the financial statements for FY2019, the ARMC has discussed with the Management and the external auditors significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the members under "Key Audit Matters". Following the review, the ARMC is satisfied that those matters, namely, net realisable value of development properties for sale, valuation of investment properties and revenue recognition, have been properly dealt with and recommended the Board to approve the financial statements.

STATEMENT OF CORPORATE GOVERNANCE

Meeting with External and Internal Auditors without Presence of Management

The ARMC meets with both the external and internal auditors without the presence of the Management at least once a year. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the ARMC.

Independence of External Auditors

The Company confirms compliance with Rule 712 and Rule 715 (read with Rule 716) of the Listing Manual of SGX-ST in engaging Foo Kon Tan LLP ("FKT") which is registered with the Accounting and Corporate Regulatory Authority, as the external auditor of the Company and of its Singapore subsidiaries and significant Singapore and foreign associated companies.

Audit fees paid/payable to the external auditor of the Company amounted to $260,200 for the financial year ended 31 December 2019. The ARMC has reviewed the amount of non-audit services rendered to the Group by the external auditors. During the year, the estimated fees payable to the external auditors of the Company for non-audit services amounted to $5,500 or 2% of the audit fee. Being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the ARMC has recommended their re-nomination to the Board.

Whistle-blowing Policy

The Company has a whistle-blowing policy to allow staff to raise concerns in confidence to the ARMC Chairman, and to encourage the reporting of fraud, misappropriation of assets, unauthorised expenditure and violation of regulations in the Group. In 2018, the whistleblowing policy was expanded to cover reporting of serious improper conduct including non-disclosure of conflict of interest by officers and directors or demonstration of or perceived impairment of independence by Independent Directors.

The policy makes available the contact details of the ARMC Chairman and sets out the procedures for raising concern or making a complaint and the process of investigation and dealing with the outcome of the investigation.

Employees are free to bring complaints to the attention of their supervisors or the Human Resource Department as they would in any other workplace concerns. The recipient of such complaints shall forward them promptly to the ARMC Chairman. The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Following investigation and evaluation of a complaint, the ARMC Chairman shall report to the ARMC on recommended disciplinary or remedial action, if any. The action determined by the ARMC shall then be brought to the Board or to appropriate members of Management for authorisation and implementation respectively.

On a half yearly basis, employees are required to submit an Annual Declaration Form requiring disclosure of any conflicts of interest or raising any issues or concerns of possible irregularities of the Company or the Group's affairs. A "nil" return is also required from the employees.

The policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

The ARMC confirms that no reports have been received under the whistle-blowing policy in 2019.

Provision 10.3
Partners or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARMC.

STATEMENT OF CORPORATE GOVERNANCE

Provision 10.4
Internal Audit Function

The Company has engaged KPMG Services Pte. Ltd. ("KPMG") as its internal auditor. The internal auditor reports directly to the Chairman of the ARMC on all internal audit matters.

The primary functions of internal audit are to help:–

(a) assess if an adequate and effective systems of risk management and internal controls are in place to protect the assets of the Group and to ensure whether control procedures are complied with;

(b) assess if operations of the business processes under review are conducted efficiently and effectively; and

(c) identify and recommend improvement to internal control procedures, where required.

The Internal Auditor, KPMG, is a member of the Institute of Internal Auditors Singapore and staffed with professionals with relevant qualifications and experience. The Group's engagement with KPMG stipulates that its work shall comply with the KPMG's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors (IIA Standards). The Internal Audit continues to meet the IIA Standards in all key aspects. KPMG has confirmed their independence to the ARMC.

During the year, Group Internal Auditor adopted a risk-based audit approach that focused on material internal controls, including financial, operational, compliance and information technology controls. Audits were carried out on all significant business units in the Group. All Group Internal Audit reports are submitted to the ARMC for deliberation with copies of these reports extended to the Chairman and CEO, Executive Directors and the relevant Key Management Personnel. In addition, Group Internal Audit summary of findings and recommendations are discussed at the ARMC meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the ARMC. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARMC.

The ARMC has reviewed the Company's internal control assessment and based on the internal auditors' and external auditors' reports and the internal controls in place, it is satisfied that there are adequate and effective internal controls to meet the needs of the Group in its current business environment. The ARMC is satisfied that the internal audit function is independent, effective and adequately resourced.

Provision 10.5:
Meeting with external and internal auditors without presence of the Management

The ARMC meets with both the internal and external auditors without the presence of the Management at least once a year.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: *The company treats 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.*

STATEMENT OF CORPORATE GOVERNANCE

Provision 11.1
Providing Opportunity for Shareholders to Participate and Vote at General Meetings

The Company's AGM is a forum for the Board to invite shareholders to ask questions on the resolutions tabled at the AGM and to express their views. Shareholders are provided with opportunities to ask questions in the latest AGM and the meeting minutes recorded the details of shareholders' questions and answers. During these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. Simultaneously, the Company is also able to gather views or input and address shareholders' concerns at general meetings. The Chairman of each Board Committee as well as external auditors are normally present at the AGMs to address shareholders' queries, if any.

In previous AGMs, before the commencement of the meeting, the Company had made a presentation to shareholders to update them on the Group's performance, financial position and prospects at general meetings. Presentation materials would be made available on SGXNET and the Company's website for the benefit of shareholders. The Company will do likewise at the forthcoming AGM.

Shareholders are encouraged to attend the AGMs/EGMs to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. They are provided with opportunities to ask questions in the latest AGM and the meeting minutes recorded the details of shareholders' questions and answers. Notice of the AGM/EGM will be advertised in newspapers and announced on SGXNET.

All resolutions at general meetings are put to vote by electronic poll to allow greater transparency and more equitable participation by shareholders. Voting and vote tabulation procedures are disclosed at the general meetings. Votes cast for, or against, each resolution will be displayed live-on-screen to shareholders immediately at the general meetings. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET.

An independent scrutineer firm was present to validate the votes at the last AGM. The results of the electronic poll voting on each resolution tabled at the last AGM, including the total number of votes cast for or against each resolution, were also announced after the said meeting via SGXNet.

Provision 11.2
Separate resolutions at general meetings

The Company will have separate resolutions at general meetings on each distinct issue. For resolutions that are special business, explanations are given in the accompanying notes to the Notice of the AGM. For resolutions on the election or re-election of directors, information on the Directors as set out in Appendix 7.4.1 of the Listing Manual are given in this Annual Report.

Provision 11.3
Attendance of Directors and auditors at general meetings

In 2019, the Company held one Annual General Meeting ("AGM") which was attended by the Directors. A record of the Directors' attendance at the AGM is set out on page 54 of this Annual Report.

The Directors, including the chairpersons of each of the Board Committees are available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Provision 11.4
Absentia voting

The Company's constitution allows appointment of proxies for a shareholder who is absent from a general meeting to exercise his vote in absence through his proxy or proxies.

STATEMENT OF CORPORATE GOVERNANCE

The Company's Constitution allows all shareholders (who are not relevant intermediaries as set out under the Companies Act) to appoint up to two proxies to attend general meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the CPF agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

Provision 11.5
Minutes of general meetings

The Company prepares minutes of general meetings detailing the proceedings and questions raised by shareholders and answers given by the Board and Management.

Provision 11.6
Dividend Policy

The Company's priority is to achieve long-term capital growth for the benefit of shareholders. The bulk of its profits, when made, shall therefore be retained for investment into the future. Nevertheless, the Company recognises the desire of some of its shareholders to receive income out of their investment in the Company. Therefore, the Company has adopted a dividend policy with a view of paying dividends, on a half-yearly basis, of at least 50% of the net operating profits attributable to the Company's business of hotel ownership and provision of hotel accommodation services (the "Hotel Business"), subject to the following factors:–

- The level of cash and retained earnings;
- The net profits of the Company;
- The actual and projected overall financial performance of the Company and its subsidiaries (taking into account all of the Company's businesses and operations);
- The projected levels of capital expenditure and other investment plans; and
- Restrictions on payment of dividend that may be imposed by financing arrangements (if any).

The net operating profits attributable to the Hotel Business are defined as the earnings before interest, taxes, depreciation and amortisation in respect of the Hotel Business.

The Board of Directors will continually review the dividend policy and reserve the right to update the dividend policy at any time, in the best interests of the Company and its shareholders.

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.*

Provision 12.1
Avenues for communication between the Board and shareholders

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

STATEMENT OF CORPORATE GOVERNANCE

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price. Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;

(b) Annual Report prepared and issued to all shareholders;

(c) Press releases on major developments of the Group;

(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGMs"); and

(e) Company's Investor Relations website at http://roxypacific.com.sg/, where shareholders can access timely information on the Group

The notices of general meetings are also released via SGXNET, published in local newspapers, and posted on the Company's website. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

Provisions 12.2 and 12.3
Investor Relations

The Company's investor relations policy is to communicate with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET. The Company does not practice selective disclosure and price sensitive and trade sensitive information is publicly released on an immediate basis where required under the Listing Rules.

Price sensitive and trade sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods. The Board also ensures timely and full disclosure of material corporate developments to shareholders. The Board also reviews regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements.

The Company has posted the contact of the Audit Risk Management Committee chairman on its corporate website to facilitate shareholders and other stakeholders who wish to communicate with the Audit Risk Management Committee chairman. To further enhance its communication with the investors, the Company's website allows the public to have access to information on the Group including the Company's announcements made to the SGX-ST and the contact email, info@roxypacific.com.sg.

The Company has also engaged its shareholders and investors through results briefings and investor roadshows when there are major developments or as and when applicable.

ENGAGEMENT WITH 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.*

Provisions 13.1 and 13.2
Engage with its material stakeholder groups

The Group's material stakeholders are its shareholders, customers, employees, business partners and the community and the Company engages with them through its sustainability initiatives and corporate social responsibility programmes as set out in its Sustainability Report for FY2019 in this Annual Report. Please refer to the Sustainability Report for details.

STATEMENT OF CORPORATE GOVERNANCE

Provision 13.3
Corporate website to communicate and engage with stakeholders.

The Group maintains a corporate website at www.roxypacific.com.sg which stakeholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group. Shareholders and stakeholders are provided with an investor relations contact at info@roxypacific.com.sg to contact the Company.

INTERESTED PERSONS TRANSACTIONS

Interested Person Transactions ("**IPTs**") are executed on fair terms and at arm's length regardless of nature and size. Where any IPT requires shareholders' approval, the interested person will abstain from voting and the decision will be made by disinterested shareholders. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The Company has adopted an IPT policy that sets out the procedure of monitoring, reviewing and approving IPTs in the Group to ensure that IPTs entered into are conducted on normal terms and are not prejudicial to the interest of the shareholders.

Quarterly report on IPTs is submitted to the ARMC and Board for review if the Company will be entering into any interested person transaction.

There were no IPT for the financial year ended 31 December 2019.

Disclosure of interested person transactions is set out as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions conducted (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)
Nil	N.A.	Nil	Nil

DEALINGS IN SECURITIES

The Company has issued an internal compliance policy to all employees of the Group setting out the implications of insider trading. Staff who wants to trade in the Company's shares is required to submit a pre-clearance authorisation form and obtain approvals from the CEO, the Deputy CEO and the Director of Finance and Administration.

Under the Company's policy, the Company, its Directors and Key Management Personnel of the Group have been prohibited in dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. With the adoption of half year reporting of the financial statements from FY2020 as announced by the Company on 20 February 2020, the Directors and employees of the Group will be prohibited from dealing in the Company's securities one month before and up to the release of the half year and full year financial statements. Notices are issued to all directors and employees of the Group to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company and within the Group on short-term consideration or during prohibitive periods. Directors and employees are expected to observe the insider trading laws at all times even when dealing in shares of the Company within permitted trading periods.

STATEMENT OF CORPORATE GOVERNANCE

MATERIAL CONTRACTS

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder during the financial year ended 31 December 2019.

DIRECTOR'S INFORMATION

Information on Directors nominated for re-election at the forthcoming annual general meeting as set out in Appendix 7.4.1 pursuant to Rule 720(6) of the SGX-ST Listing Manual

	Name of directors to be re-elected	
	Mr Koh Seng Geok	**Ms Cecilia Tan Hong Lye**
Date of appointment	01 September 2001	01 October 2019
Date of last re-appointment	11 April 2017	Not applicable
Age	54	50
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Koh Seng Geok as the Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Koh Seng Geok's qualifications, expertise, past experiences and overall contribution since he was appointed as an Executive Director of the Company.	The re-election of Ms Cecilia Tan Hong Lye as the Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Ms Cecilia Tan Hong Lye's qualifications, expertise, past experiences and overall contribution since she was appointed as an Independent Director of the Company.
Whether appointment is executive, if so, the area of responsibility	Executive Mr Koh Seng Geok supports the Executive Chairman and CEO in the formulation of corporate strategies and the future direction of the Group. He manages the financial, banking, accounting and legal aspects of our Group. He is concurrently the Company Secretary and also oversees the human resource and administration department.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Director, Deputy CEO and Company Secretary	Independent Director, Member of ARMC, Member of NC and Member of RC

STATEMENT OF CORPORATE GOVERNANCE

	Name of directors to be re-elected	
	Mr Koh Seng Geok	**Ms Cecilia Tan Hong Lye**
Professional qualifications	Mr Koh Seng Geok graduated from the National University of Singapore with a Bachelor of Accountancy degree and he is a non-practising member of the Institute of Singapore Chartered Accountants. He also holds a Master in Business Administration from the University of Leicester.	Ms Tan holds a Master of Applied Finance from Macquarie University, Australia. She graduated with a Second Upper Class Honours Degree in Business Administration from the National University of Singapore.
Working experience and occupation(s) during the past 10 years	2000 – Present: Appointed as Executive Director since 1 September 2001; and Appointed as Deputy CEO on 23 March 2018.	2019 – Present: Appointed as Independent Director of Roxy-Pacific Holdings Ltd since 1 October 2019 Senior Strategic Adviser to Chairman of Sasseur Group 2017 – 2018: Principal Consultant, AEP Investment Management Pte Ltd 2014 – 2015: Chief Executive Officer & Executive Director, Celestine Management Pte Ltd 2009 – 2013: Chief financial Officer/Chief Operating Officer, KOP Group Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries[1]	Deemed Interested in 7,258,000 shares of the Company	No
Any relationship (including immediate family relationships) with any existing director, existing executive office, the issuer and/or substantial shareholder of the listed issuer or of any of its principle subsidiaries	No	No
Conflict of interests (including any competing business)	No	No
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes	Yes
Other Principal Commitments including Directorship	• **Past (for the last 5 years):** – Nil • **Present:** – Nil	• **Past (for the last 5 years):** – Nil • **Present:** – Nil

1 As at 12 March 2020; by the latest practicable date prior to the printing of this Annual Report 2019.

STATEMENT OF CORPORATE GOVERNANCE

	Name of directors to be re-elected	
	Mr Koh Seng Geok	**Ms Cecilia Tan Hong Lye**
The general statutory disclosures of the Directors are as follows:		
(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/her?	No	No
(d) Whether he/she 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/she is aware) for such purpose?	No	No
(e) Whether he/she 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/she is aware) for such breach?	No	No

STATEMENT OF CORPORATE GOVERNANCE

	Name of directors to be re-elected	
	Mr Koh Seng Geok	Ms Cecilia Tan Hong Lye
(f) Whether at any time during the last 10 years, judgment has been entered against him/her 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/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No
(g) Whether he/she 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/she 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/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No
(j) Whether he/she has ever, to his/her 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

STATEMENT OF CORPORATE GOVERNANCE

	Name of directors to be re-elected	
	Mr Koh Seng Geok	**Ms Cecilia Tan Hong Lye**
(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/she was so concerned with the entity or business trust?	No	No
(k) Whether he/she 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
Any prior experience as a director of a listed company?	Not applicable. This is a re-election of director.	Not applicable. This is a re-election of director.
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.	Not applicable.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable.	Not applicable.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

We are pleased to submit this statement to the members together with the audited consolidated financial statements of Roxy-Pacific Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2019 and statement of financial position of the Company as at 31 December 2019.

In our opinion:

(a) the financial statements are drawn up so as to give a true and fair view of the financial positions of the Company and of the Group as at 31 December 2019 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

The directors in office at the date of this report are:

Teo Hong Lim	(Executive Chairman and Chief Executive Officer)
Chris Teo Hong Yeow	(Executive Director and Deputy Chief Executive Officer)
Koh Seng Geok	(Executive Director and Deputy Chief Executive Officer)
Tay Kah Poh	(Lead Independent Director)
Tong Din Eu	(Independent Director)
Winston Tan Tien Hin	(Independent Director)
Cecilia Tan Hong Lye	(Independent Director) (appointed on 1 October 2019)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other body corporate other than as disclosed in this statement.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, the following directors who held office at the end of the financial year were interested in shares of the Company and its related corporations as follows:

	Holdings registered in the name of director or nominee			Holdings in which director is deemed to have an interest		
	As at 1.1.2019	As at 31.12.2019	As at 21.1.2020	As at 1.1.2019	As at 31.12.2019	As at 21.1.2020
The Company						
Roxy-Pacific Holdings Limited			Number of ordinary shares			
Teo Hong Lim	154,499,097	154,499,097	**154,499,097**	654,496,820	665,636,820	**666,294,820**
Chris Teo Hong Yeow	31,627,062	31,627,062	**31,627,062**	12,375	12,375	**12,375**
Koh Seng Geok	7,026,800	7,026,800	**7,026,800**	–	–	**–**
Tay Kah Poh	1,083,500	1,083,500	**1,083,500**	–	–	**–**
Tong Din Eu	33,000	33,000	**33,000**	–	–	**–**
Winston Tan Tien Hin	35,000	35,000	**35,000**	20,962,562	9,822,562	**9,164,562**
The Holding Company						
Kian Lam Investment Pte Ltd						
Teo Hong Lim	6,892	6,892	**6,892**	–	–	**–**
Chris Teo Hong Yeow	3,101	3,101	**3,101**	–	–	**–**
Related company						
Sen Lee Development Private Limited						
Teo Hong Lim	3,390	3,390	**3,390**	182,000	182,000	**182,000**
Chris Teo Hong Yeow	3,390	3,390	**3,390**	–	–	**–**

Mr Teo Hong Lim, by virtue of the provisions of Section 7 of the Act, is deemed to have an interest in the other subsidiaries of the Company of which all but eight are wholly-owned.

Mr Winston Tan Tien Hin is deemed to have interest in the shares of the Company held by Winmark Investments Pte Ltd, a company wholly-owned by Mr Winston Tan Tien Hin and his wife.

The changes to the above shareholdings or debentures as of 21 January 2020 are disclosed above.

Share options

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

Audit Risk Management Committee

The Audit Risk Management Committee comprises the following members:

Tong Din Eu (Chairman)
Tay Kah Poh
Winston Tan Tien Hin
Cecilia Tan Hong Lye (Appointed on 1 October 2019)

The Audit Risk Management Committee performs the functions set out in Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance including the following:

– reviewed the audit plans of the internal auditor and external auditor, assistance given by the Company's officers to the internal auditor and external auditor and results of the internal and external auditor's audit procedures;

– reviewed the internal and external auditor's evaluation of the Company's system of internal accounting controls;

– reviewed the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor;

– met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Risk Management Committee;

– reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

– reviewed the cost effectiveness and the independence and objectivity of the external auditor;

– reviewed the nature and extent of non-audit services provided by the external auditor;

– reviewed quarterly financial information and annual financial statements of the Group and the Company before submission to the directors of the Company for approval; and

– reviewed interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Risk Management Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or key management personnel to attend its meetings. The Audit Risk Management Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Risk Management Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Risk Management Committee are provided in the Statement of Corporate Governance.

In appointing our auditors of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
TEO HONG LIM

....
KOH SENG GEOK

Dated: 17 March 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Roxy-Pacific Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Roxy-Pacific Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial 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 statement of financial position 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)s") 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 the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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.

<u>Net realisable value of development properties for sale (Refer to Note 12 to the financial statements)</u>

Risk:

Development properties for sale represent the largest category of assets on the balance sheet, with a carrying value of $552.7 million as at 31 December 2019 and include properties for sale under development and developed properties for sale.

Development properties for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price, less estimated costs of completion and selling expenses.

The determination of the estimated net realisable values of these development properties is dependent upon the Group's expectations of estimated selling prices which are affected by macro and micro factors, amongst other things, demand and supply, interest rates, government policies and economic conditions. There is an inherent risk that the estimate of net realisable values exceed future selling prices, resulting in a loss when these properties are sold.

INDEPENDENT AUDITOR'S REPORT

To the members of Roxy-Pacific Holdings Limited

Key Audit Matters (Continued)

Net realisable value of development properties for sale (Refer to Note 12 to the financial statements) (Continued)

Our response:

We reviewed reasonableness of the inputs used by management in assessing the estimated selling prices of unsold properties under development and completed properties held for sale. The inputs used included recently transacted selling prices of these properties and prices of comparable properties located in the vicinity of these development projects, and management's expectations based on the market and project-specific factors.

We also evaluated the Group's estimated total development costs, taking into consideration costs incurred to date, estimated costs to completion, construction progress and any deviation in project cost components which could lead to cost overruns.

Valuation of investment properties (Refer to Note 6 to the financial statements)

Risk:

Investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement and estimation in determining the appropriate valuation methodology to be used, and in evaluating the underlying assumptions to be applied. These key assumptions used include price per square meter of market comparables, capitalisation and discount rates, terminal yield, expected rental growth, renewal probability and capital expenditure.

Our response:

We assessed the Group's processes for the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We read the terms of engagement of the external valuers to consider the objectivity and independence of the external valuers, and also considered the qualification and competency of the external valuers engaged.

We also evaluated the auditor's expert and ascertained that the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the appropriateness of the valuation techniques used by the external valuers for the respective investment properties, taking into account the profile and type of these properties. We discussed with the external valuers on the results of their work, and compared the key assumptions used in their valuations by reference to internal historical data and available benchmarks and considered whether these assumptions are consistent with the current market environment.

We also considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between key unobservable inputs and fair values.

INDEPENDENT AUDITOR'S REPORT

To the members of Roxy-Pacific Holdings Limited

Key Audit Matters (Continued)

Revenue recognition of development properties (Refer to Note 3 to the financial statements)

Risk:

Revenue from sale of development properties approximate $385.9 million for the financial year ended 31 December 2019.

Revenue recognition of development properties requires management's use of estimates in identification of performance obligations, assessment of the number of performance obligations and whether they are satisfied over time or at a point in time, and determination of an appropriate method to measure progress of the property development project for revenue recognition.

Revenue on development properties that have been sold is recognised using the percentage of completion ("POC") method. The stage of completion is certified by independent architects or quantity surveyors and measured by reference to the value of the main contractor costs incurred to date to the estimated total main contractor costs to complete the property development. Significant judgements are required to determine the total construction costs which include estimation for variation works and any other claims from contractors. Any changes to the estimated total development costs will impact the POC method.

Our response:

We read the sales and purchase agreements for sale of properties and engaged management to obtain an understanding of the performance obligations of the Group as the developer, and its contractual rights. We discussed with management to assess whether the criteria for recognising revenue over time or at a point in time are met, taking into consideration the contractual terms.

Procedures performed in our audit included reviewing the terms of sales and purchase agreement of development properties, assessing appropriateness of methods of revenue recognition for the types of development properties sold, reviewing the estimates involved in the methods applied for revenue recognition, testing the revenue billings and accrued costs after the year-end date and reviewing any cancellation of sales after the year end.

We also reviewed management's estimated total construction costs for each of the development projects, and assessed the reasonableness of the assumptions and estimates applied by management which included key elements such as construction costs and variation works. We ascertained that any effects of significant or unusual events that occurred during the year leading to cost increase had been factored into the estimated total construction costs. We used the value of the main contractor costs incurred to date as certified by third party architects or quantity surveyors, compared to the estimated total main contractor costs and performed arithmetic computations of the POC method and revenue to be recognised for the year.

We also considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions in the estimates.

Other Information

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

The Annual Report is expected to be made available to us after the date of this auditor's report.

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

INDEPENDENT AUDITOR'S REPORT

To the members of Roxy-Pacific Holdings Limited

Other Information (Continued)

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. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of Roxy-Pacific Holdings Limited

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Ser.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 17 March 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	The Group 31 December 2019 $'000	The Group 31 December 2018 $'000	The Company 31 December 2019 $'000	The Company 31 December 2018 (Restated) $'000	The Company 1 January 2018 (Restated) $'000
ASSETS						
Non-Current						
Property, plant and equipment	4	**261,970**	231,028	**688**	774	801
Intangible assets	5	**221**	393	**164**	327	491
Investment properties	6	**126,609**	126,464	**–**	–	–
Investments in subsidiaries	7	**–**	–	**175,454**	170,603	143,180
Investments in associates	9	**168,432**	142,330	**–**	–	–
Right-of-use assets	10	**28,008**	–	**–**	–	–
		585,240	500,215	**176,306**	171,704	144,472
Current						
Financial assets at fair value through profit or loss	11	**10,109**	1,856	**10,109**	356	700
Development properties for sale	12	**552,657**	782,499	**–**	–	–
Inventories	13	**1,455**	1,086	**–**	–	–
Trade receivables	14	**6,346**	8,282	**33**	2	9
Contract assets	15	**25,155**	20,410	**–**	–	–
Contract costs	15.1	**10,371**	6,084	**–**	–	–
Other receivables	16	**12,586**	36,959	**428,056**	396,182	336,084
Amounts owing by associates	17	**62,456**	58,432	**–**	–	–
Cash and bank balances	18	**330,959**	291,574	**134,710**	166,888	168,220
		1,012,094	1,207,182	**572,908**	563,428	505,013
Total assets		**1,597,334**	1,707,397	**749,214**	735,132	649,485
EQUITY						
Capital and Reserves						
Share capital	19	**47,399**	47,399	**47,399**	47,399	47,399
Treasury shares	20	**(3,954)**	(3,954)	**(3,954)**	(3,954)	(564)
Other reserves	21	**(22,469)**	(18,025)	**–**	–	138
Retained earnings		**489,676**	470,881	**272,521**	195,471	175,340
Equity attributable to owners of the company		**510,652**	496,301	**315,966**	238,916	222,313
Non-controlling interests		**(119)**	4,533	**–**	–	–
Total equity		**510,533**	500,834	**315,966**	238,916	222,313
LIABILITIES						
Non-Current						
Borrowings	22	**189,118**	229,651	**–**	–	–
Lease liabilities	23	**27,985**	–	**–**	–	–
Deferred tax liabilities	24	**9,943**	10,979	**851**	671	643
		227,046	240,630	**851**	671	643
Current						
Trade and other payables	25	**89,901**	104,234	**359,334**	430,138	377,055
Lease liabilities	23	**240**	–	**–**	–	–
Contract liabilities	26	**25,563**	30,933	**–**	–	–
Current tax liabilities		**18,103**	17,554	**706**	678	300
Borrowings	22	**725,948**	813,212	**72,357**	64,729	49,174
		859,755	965,933	**432,397**	495,545	426,529
Total liabilities		**1,086,801**	1,206,563	**433,248**	496,216	427,172
Total equity and liabilities		**1,597,334**	1,707,397	**749,214**	735,132	649,485

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

	Note	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Revenue	3	**444,030**	132,855
Cost of sales		**(337,840)**	(82,030)
Gross profit		**106,190**	50,825
Other income			
– Interest income	28	**2,757**	2,096
– Others	28	**4,428**	11,130
Distribution and selling expenses		**(8,881)**	(8,787)
Administrative expenses		**(13,980)**	(10,215)
Other operating expenses		**(29,237)**	(23,560)
Finance costs	29	**(25,190)**	(16,341)
Share of results of associates (net of income tax)		**8,478**	20,062
Profit before taxation	30	**44,565**	25,210
Tax expense	31	**(15,426)**	(4,154)
Profit for the year		**29,139**	21,056
Attributable to:			
– Owners of the Company		**30,319**	21,292
– Non-controlling interests		**(1,180)**	(236)
		29,139	21,056
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of interest rate swaps		**(16)**	–
Currency translation differences arising from consolidation		**(4,466)**	(14,038)
Other comprehensive income, net of tax		**(4,482)**	(14,038)
Total comprehensive income for the year		**24,657**	7,018
Attributable to:			
– Equity holders of the Company		**25,875**	7,251
– Non-controlling interests		**(1,218)**	(233)
		24,657	7,018
Earnings per share – Basic/Diluted (cents)	32	**2.33**	1.63

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

		Attributable to owners of the Company								
	Share capital $'000	Treasury shares $'000	Fair Value Reserve $'000	Hedges reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018	47,399	(564)	–	–	533	(4,517)	461,313	504,164	5,136	509,300
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	21,292	21,292	(236)	21,056
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	(14,041)	–	(14,041)	3	(14,038)
Total other comprehensive income	–	–	–	–	–	(14,041)	–	(14,041)	3	(14,038)
Total comprehensive income for the year	–	–	–	–	–	(14,041)	21,292	7,251	(233)	7,018
Transactions with owners, directly recognised in equity										
Contributions by and distributions to owners										
Share buy back	–	(3,390)	–	–	–	–	–	(3,390)	–	(3,390)
Issue of shares to non-controlling interest	–	–	–	–	–	–	–	–	800	800
Dividend to shareholders (Note 38)	–	–	–	–	–	–	(11,724)	(11,724)	(1,170)	(12,894)
Total transactions with owners	–	(3,390)	–	–	–	–	(11,724)	(15,114)	(370)	(15,484)
At 31 December 2018	**47,399**	**(3,954)**	–	–	**533**	**(18,558)**	**470,881**	**496,301**	**4,533**	**500,834**
At 1 January 2019	**47,399**	**(3,954)**	–	–	**533**	**(18,558)**	**470,881**	**496,301**	**4,533**	**500,834**
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	**30,319**	**30,319**	**(1,180)**	**29,139**
Other comprehensive income										
Changes in fair value of interest rate swaps	–	–	–	**(10)**	–	–	–	**(10)**	**(6)**	**(16)**
Foreign currency translation differences	–	–	–	–	–	**(4,434)**	–	**(4,434)**	**(32)**	**(4,466)**
Total other comprehensive income	–	–	–	**(10)**	–	**(4,434)**		**(4,444)**	**(38)**	**(4,482)**
Total comprehensive income for the year	–	–	–	**(10)**	–	**(4,434)**	**30,319**	**25,875**	**(1,218)**	**24,657**
Transactions with owners, directly recognised in equity										
Contributions by and distributions to owners										
Acquisition of additional equity interest in a subsidiary (Note 7)	–	–	–	–	–	–	**212**	**212**	**(1,150)**	**(938)**
Dividend to shareholders (Note 38)	–	–	–	–	–	–	**(11,736)**	**(11,736)**	**(2,284)**	**(14,020)**
Total transactions with owners	–	–	–	–	–	–	**(11,524)**	**(11,524)**	**(3,434)**	**(14,958)**
At 31 December 2019	**47,399**	**(3,954)**	–	**(10)**	**533**	**(22,992)**	**489,676**	**510,652**	**(119)**	**510,533**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Cash Flows from Operating Activities			
Profit before taxation		**44,565**	25,210
Adjustments for:			
Depreciation of property, plant and equipment	4	**8,478**	7,048
Depreciation of right-of-use assets	10	**700**	–
Amortisation of intangible assets	5	**188**	182
Impairment of trade and other receivables	14	**275**	19
Impairment of property, plant and equipment	4	**3,338**	–
Dividend income from investments in equity securities	28	**(110)**	(115)
Fair value gain on investment properties	6	**(737)**	(4,910)
Cumulative fair value gain on available-for-sale financial assets reclassified to profit or loss on adoption of SFRS(I) 9	28	**–**	(312)
Fair value (gain)/loss on financial assets at fair value through profit or loss	11	**(224)**	419
Share of associates' results	9	**(8,478)**	(20,062)
Interest income	28	**(2,757)**	(2,096)
Interest expense on bank loans	29	**23,157**	16,207
Interest expense on lease liabilities	29	**1,675**	–
Foreign exchange (gain)/loss (unrealised)		**(339)**	1,546
Operating profit before working capital changes		**69,731**	23,136
Changes in properties for sale under development		**255,560**	(244,984)
Changes in developed properties for sale		**(58,237)**	1,309
Changes in contract assets		**(4,745)**	21,249
Changes in contract liabilities		**(5,370)**	28,340
Changes in contract costs		**(4,287)**	(4,427)
Changes in inventories		**(369)**	(21)
Changes in operating receivables		**25,571**	17,427
Changes in operating payables		**(10,271)**	14,865
Cash generated from/(used in) operations		**267,583**	(143,106)
Income tax paid		**(15,887)**	(21,901)
Net cash generated from/(used in) operating activities		**251,696**	(165,007)
Cash Flows from Investing Activities			
Dividend received from associates	9	**3,515**	41,421
Dividend received from investments in equity securities		**110**	115
Investments in associates	9	**(13,907)**	(2,300)
Acquisition of intangible assets	5	**(16)**	(34)
Loans to associates		**(14,006)**	(43,540)
Purchase of equity investment	11	**(10,021)**	–
Proceeds from disposal of equity investment	11	**1,992**	–
Proceeds from liquidation of associates	9	**480**	918
Repayment of loans from associates		**–**	21,621
Acquisition of additional equity interest in a subsidiary	7	**(938)**	–
Acquisition of investment properties	6	**(99)**	–
Acquisition of property, plant and equipment	4	**(5,942)**	(16,948)
Interest received		**3,233**	2,189
Net cash (used in)/generated from investing activities		**(35,599)**	3,442

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Cash Flows from Financing Activities			
Proceeds from bank loans (Note A)		**98,214**	393,763
Repayment of bank loans (Note A)		**(223,852)**	(216,471)
(Increase)/Decrease in fixed deposits pledged to financial institutions		**(10,000)**	16,923
Dividend paid to non-controlling shareholders		**(2,284)**	(1,170)
Dividends paid	38	**(11,736)**	(11,724)
Principal repayment of lease liabilities (Note A)		**(2,158)**	–
Proceeds from issuance of share to non-controlling interests		**–**	800
Share buy back		**–**	(3,390)
Interest paid (Note A)		**(33,479)**	(26,062)
Net cash (used in)/generated from financing activities		**(185,295)**	152,669
Net increase/(decrease) in cash and cash equivalents		**30,802**	(8,896)
Cash and cash equivalents at beginning of year	18	**220,332**	234,295
Effect of exchange fluctuations on cash held		**(1,460)**	(5,067)
Cash and cash equivalents at end of year	18	**249,674**	220,332

Note A: Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of liabilities arising from financing activities, excluding equity items:

	As at 1 January 2019 $'000	Non-cash flows – Foreign exchange movement $'000	Accrual $'000	Cash flows – Proceeds from loans $'000	Cash flows – Repayment $'000	As at 31 December 2019 $'000
Borrowings (Note 22)						
Bank loans	**1,042,456**	**(2,185)**	**–**	**98,214**	**(223,852)**	**914,633**
Accrued interest	**407**	**–**	**5,173**	**–**	**(5,147)**	**433**
Total	**1,042,863**	**(2,185)**	**5,173**	**98,214**	**(228,999)**	**915,066**
Accrued interest (Note 25)						
Bank loans	**3,860**	**–**	**26,313**	**–**	**(28,332)**	**1,841**
Total	**3,860**	**–**	**26,313**	**–**	**(28,332)**	**1,841**

	As at 1 January 2019	Adoption of SFRS(I) 16	Cash flow – lease payment	Non-cash flows – Interest expense	Non-cash flows – Foreign exchange movement	As at 31 December 2019
Lease Liabilities (Note 23)	**–**	**29,051**	**(2,158)**	**1,675**	**(343)**	**28,225**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	As at 1 January 2018 $'000	Non-cash flows – Foreign exchange movement $'000	Accrual $'000	Cash flows – Proceeds from loans $'000	Cash flows – Repayment $'000	As at 31 December 2018 $'000
Borrowings (Note 22)						
Bank loans	830,907	(6,243)	–	393,763	(175,971)	1,042,456
Accrued interest	439	–	4,976		(5,008)	407
Multi-currency term notes	40,500	–	–	–	(40,500)	–
Total	871,846	(6,243)	4,976	393,763	(221,480)	1,042,863
Accrued interest (Note 25)						
Bank loans	2,005	–	21,086	–	(19,231)	3,860
Multi-currency term notes	819	–	1,004	–	(1,823)	–
Total	2,824	–	22,090	–	(21,054)	3,860

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1 General information

The financial statements of the Group and of the Company for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company was incorporated as a limited liability company and domiciled in Singapore. The registered office and place of business is located at 50 East Coast Road #B1-18, Roxy Square, Singapore 428769.

The Company was listed on the Singapore Exchange Securities Trading Limited on 12 March 2008.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The immediate and ultimate holding Company is Kian Lam Investment Pte Ltd which is incorporated and domiciled in Singapore.

2(a) Basis of preparation

The financial statements are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)") including related interpretations promulgated by the Accounting Standards Council ("ASC").

This is the first set of the Group's financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes are described in Note 2(b).

The consolidated financial statements have been prepared on the historical cost basis except as otherwise described in the notes below. These financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information has been presented in Singapore dollars and rounded to the nearest thousand ($'000), unless otherwise stated.

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

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

2(a) Basis of preparation (Continued)

Significant judgements in applying accounting policies

(a) Carrying amount of development properties for sale (Note 12)

The Group pre-sells properties under development. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately. Net realisable value in respect of development properties for sale is assessed with reference to pre-sale proceeds received less estimated costs to complete construction. Significant judgement is required in determining total costs of properties, including construction costs and variation works. The Group estimates total construction costs based on contracts awarded, past experience and specialists. Net realisable value of completed properties for sale is determined based on management's estimates of the selling price which takes into account projected timing of sales and prevailing customer demand and market conditions, less applicable variable selling expenses. Revisions to estimates are made when there is a change in market conditions.

The Group's carrying amount of development properties for sale at the reporting date amounted to $552,657,000 (2018 – $782,499,000).

(b) Impairment of financial assets and contract assets (Notes 14, 15, 16 and 17)

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade and other receivables and contract assets. The provision rates are based on days past due for groupings of customer with similar credit risk pattern. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is an estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables and contract assets is disclosed in Note 35. ECLs on trade and other receivables are disclosed in Notes 14 and 16, respectively. A reasonably possible change in key assumptions also indicates that the impact is insignificant.

The Group's and the Company's carrying amount of financial assets and contract assets at the reporting date amounted to $102,478,000 (2018 – $118,597,000) and $428,024,000 (2018 – $396,156,000) respectively.

(c) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(d) Income taxes (Note 31)

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2(a) Basis of preparation (Continued)

Significant judgements in applying accounting policies (Continued)

(e) Deferred taxation on investment properties (Note 24)

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under the business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, instead the investment properties are recovered through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption of the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred taxes on changes in fair value of investment properties held in the Republic of Singapore as gain on disposal of investment properties is not subject to tax.

(f) Consolidation (Note 7)

Entities are included within the financial statements of the Group where the Group has control over the entities. Control arises from exposure, or rights, to variable returns from involvement with an entity, where the Group has the ability to affect those returns through its power over the entity. Judgement is applied by management in assessing whether control exists. Judgement is applied in determining the relevant activities of each entity and determining whether the Group has power over these activities. This involves assessment of the purpose and design of the entity, identification of the activities which significantly affect that entity's returns and how decisions are made about those activities. In assessing how decisions are made, management considers voting and veto rights, contractual arrangements with the entity or other parties, and any rights or ability to appoint, remove or direct key management personnel or entities that have the ability to direct the relevant activities of the entity. Consideration is also given to the practical ability of other parties to exercise their rights.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Although the Group owns less than half of the equity interest in Roxy Chalong Resort Co. Ltd, the Group controls this entity through its 98.97% voting rights (Note 7).

Critical accounting estimates and assumptions used in applying accounting policies

(a) Revenue recognition (Note 3)

The Group recognised revenues of $106,465,000 (2018 – $74,992,000) from its Singapore residential properties and mixed development properties (combination of residential units and commercial units) as construction progresses using the percentage-of-completion method. The percentage of completion is estimated by reference to the stage of completion based on the value of the main contractor costs incurred to date as certified by third party architects or quantity surveyors and the estimated total main contractor costs on completion. Significant judgement is required in determining the estimated total development costs which include contracts awarded, estimation of variation works, if any, and the experience of qualified project managers.

If contract costs to be incurred increased 10% from management's estimates, the Group's profit would have decreased by $1,004,000 (2018 – $733,000).

2(a) Basis of preparation (Continued)

Critical accounting estimates and assumptions used in applying accounting policies (Continued)

(b) Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Group's management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If depreciation on the Group's property, plant and equipment changes by 5% (2018 - 5%) from management's estimates, this would result in approximately 1.5% (2018 – 1.7%) variance in the Group's profit for the financial year. The Group's and the Company's carrying amount of property, plant and equipment at the reporting date amounted to $261,970,000 (2018 – $231,028,000) and $688,000 (2018 – $774,000), respectively.

(c) Valuation of investment properties (Note 6)

The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers using various valuation methods, including the direct comparison method, discounted cash flows method and capitalisation method. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

A 5% (2018 – 5%) difference in the change in fair value of investment properties from management's estimates would result in approximately 0.1% (2018 – 1.2%) variance in the Group's profit for the financial year. The Group's carrying amount of investment properties at the reporting date amounted to $126,609,000 (2018 – $126,464,000).

(d) Impairment of non-financial assets (Note 4, 5, 7, 9 and 10)

Property, plant and equipment, intangible assets, investments in subsidiaries and associates and right-of use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash generating units, have been determined based on adjusted fair value and value-in-use calculations. These calculations require the use of estimates. Estimating the recoverable amount requires the Group to make estimates of the expected future cash flows from the cash-generating unit and use estimates and assumptions such as future market growth, forecast revenue and costs, utilisation period of the assets, discount rates and other factors.

The carrying amounts of the Group's property, plant and equipment, intangible assets and right-of-use assets at the reporting date amounted to $261,970,000 (2018 – $231,028,000), $221,000 (2018 – $393,000) and $28,008,000 (2018 – Nil). The carrying amounts of the Company's property, plant and equipment and intangible assets at the reporting date amounted to $688,000 (2018 – $774,000) and $164,000 (2018 – $327,000), respectively.

The Company's investments in subsidiaries and the Group's investment in associates at the reporting date amounted to $175,454,000 (2018 – $170,603,000) and $168,432,000 (2018 – $142,330,000), respectively. Allowance for impairment loss on investment in subsidiaries is disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(a) Basis of preparation (Continued)

Critical accounting estimates and assumptions used in applying accounting policies (Continued)

(e) Impairment of amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries of $427,537,000 (2018: $395,291,000) as at the end of the reporting period. The impairment of the amounts due from its subsidiaries are based on the expected credit loss model using general approach which considers the availability of highly accessible liquid assets of the subsidiaries to repay these amounts if demanded at the end of the reporting period. As a result of management's assessment, the Company is not exposed to significant credit loss in respect of the amounts due from subsidiaries.

(f) Estimation of the incremental borrowing rate ("IBR")

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity uses its IBR applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amount of the Group's right-of-use assets and lease liabilities are disclosed in Note 10 and 23, respectively. An increase/decrease of 50 basis points in the estimated IBR will decrease/increase the Group's right-of-use assets and lease liabilities by approximately $1,747,000 and $1,737,000 respectively.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 January 2019, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
SFRS(I) 16	*Leases*	1 January 2019
SFRS(I) INT 23	*Uncertainty over Income Tax Treatments*	1 January 2019

SFRS(I) 16 Leases

SFRS(I) 16 Leases supersedes SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases – Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease, and pronounces new or amended requirements with respect to lease accounting. For lessee accounting, SFRS(I) 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's financial statements are discussed below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019. The Group has elected the transition to SFRS(I) 16 using the cumulative catch-up approach which requires the Group to recognise lease liabilities at the present value of future lease payment using IBR applicable to the leased asset and to recognise right-of-use asset equal to their lease liabilities at the date of initial application without restatement of comparatives under SFRS(I) 1-17.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Continued)

SFRS(I) 16 Leases (Continued)

(a) Definition of a lease

The new definition of a lease under SFRS(I) 16 mainly relates to the concept of 'control' that determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration, which is in contrast to the concept of 'risks and rewards' under SFRS(I) 1-17.

The Group has elected to apply the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under SFRS(I) 1-17 continues to be applied to those leases entered into, or modified, before 1 January 2019, and the Group applies the new definition of a lease and related guidance set out in SFRS(I) 16 only to those lease contracts entered into, or modified, on or after 1 January 2019. After the transition to SFRS(I) 16, the Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The new requirements for identifying a lease under SFRS(I) 16 do not change significantly the scope of contracts that will meet the definition of a lease for the Group.

(b) Lessee accounting

Former operating leases

Before the adoption of SFRS(I) 16, the Group's non-cancellable operating lease payments in future reporting periods for leasehold land and certain property, plant and equipment were not recognised as liabilities in the statement of financial position but were disclosed as commitments in the notes to the financial statements, and these lease payments were reported as rental expenses in profit or loss over the lease term on a straight-line basis and presented under operating activities in the statement of cash flows. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities in the statement of financial position for these outstanding lease payments, reports depreciation of right-of-use assets and interest expense on lease liabilities in profit or loss, and presents these lease payments as principal repayment and interest paid separately under financing activities in the statement of cash flows.

The Group has elected, as a practical expedient of SFRS(I) 16, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to SFRS(I) 9.

For short-term leases and leases of low value assets, the Group has elected for exemption under SFRS(I) 16 from recognising their right-of-use assets and lease liabilities, and to report their lease expense in profit or loss on a straight line basis.

On 1 January 2019, the Group has applied the following SFRS(I) 16 transition provisions under the cumulative catch-up approach for each lease, formerly classified as operating lease under SFRS(I) 1-17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset;

- recognises a right-of-use asset, on a lease-by-lease basis:

  – for leasehold land, motor vehicles and photocopier, at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Continued)

SFRS(I) 16 Leases (Continued)

(b) Lessee accounting (Continued)

Former operating leases (Continued)

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

(c) Lessor accounting

The Group leases out its investment property. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor, except for a sub-lease. There is no sub-lease for the Group.

(d) Deferred tax effects on adoption of SFRS(I) 16

In certain jurisdictions that the Group operates in, tax deductions are available only for the lease payments as they are paid, and no tax deduction is allowed for the leased asset depreciation or finance cost. On 1 January 2019, these tax circumstances give rise to temporary differences on initial recognition of both the right-of-use asset and lease liability. However, the deferred tax effects for these temporary differences, either initially or over the lease term, are not recognised due to application of the initial recognition exemption in SFRS(I) 1-12 Income Taxes, that explicitly excludes recognising the deferred tax effects arising from initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit.

In July 2019, the International Accounting Standards Board ("IASB") decided to propose amendments to International Accounting Standard ("IAS") 12 Income Taxes which would narrow the scope of the initial recognition exemption in IAS 12 such that it would no longer apply when an entity recognises equal amount of deferred tax asset and deferred tax liability arising from the initial recognition of a right-of-use asset and a lease liability under IFRS 16 Leases. In November 2019, the public comment window had closed for the Exposure Draft on Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Proposed amendments to IAS 12) issued by IASB. If implemented, an entity shall apply these amendments retrospectively. At the date of these financial statements, IASB has not issued these amendments to IAS 12 or any related IFRS pronouncements. Accordingly, no adjustment has been made by the Group in these financial statements in respect of this matter.

(e) Financial impact of initial application of SFRS (I) 16

The Group's weighted average incremental borrowing rate applied to measure the Group's lease liabilities recognised in the consolidated statement of financial position on 1 January 2019 is 6.16%.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Continued)

SFRS(I) 16 Leases (Continued)

(e) Financial impact of initial application of SFRS (I) 16 (Continued)

A reconciliation of the differences between the Group's operating lease commitments previously disclosed in the financial statements as at 31 December 2018 and the Group's lease liabilities recognised in the consolidated statement of financial position on 1 January 2019 is as follows:

	$'000
Operating lease commitments as of 31 December 2018	53,505
Add/(Less):	
Exempted from recognition	
– Leases of low-value assets	(20)
– Leases with lease term ending within 12 months from the date of initial application	(14)
Extension options reasonably certain to be exercised	42,422
Discounting using average incremental borrowing rate as at 1 January 2019	(66,842)
Lease liabilities recognised on 1 January 2019	29,051

The effects of adoption of SFRS (I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

	Increase/(Decrease) $'000
Assets	
Right-of-use assets	29,051
Liabilities	
Lease liabilities	29,051

There is no impact to the opening retained earnings as of 1 January 2019.

SFRS(I) INT 23 Uncertainty over Income Tax Treatments

The Group has adopted SFRS(I) INT 23 for the first time in the current year. SFRS(I) INT 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings, as follows:
  - if yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; or
  - if no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

There is no material impact to the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(c) Standards issued but not yet effective

The following are the new or amended SFRS(I) and SFRS(I) INT issued in 2019 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to References to the Conceptual Framework in SFRS(I)		1 January 2020
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 References to the Conceptual Framework in SFRS(I)

The Conceptual Framework for Financial Reporting is the foundation on which new accounting standards are developed. The revised Conceptual Framework became effective immediately upon its publication in March 2018. The main changes to principles in the Conceptual Framework have implications for how and when assets and liabilities are recognised and derecognised in the financial statements. Some entities may use the Conceptual Framework as a reference for selecting their accounting policies in the absence of specific SFRS(I) requirements. In these cases, the entities should review those policies and apply the new guidance retrospectively.

The Amendments to References to the Conceptual Framework in SFRS(I) are issued together with the revised Conceptual Framework. Some SFRS(I), their accompanying documents and SFRS(I) practice statements contain references to, or quotations from the Conceptual Framework. The Amendments to References to the Conceptual Framework in SFRS(I) Standards sets out amendments to SFRS(I), their accompanying documents and SFRS(I) practice statements to reflect the issue of the revised Conceptual Framework. These amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

Amendments to SFRS(I) 3: Definition of a Business

On 11 March 2019, ASC issued the narrow-scope amendments to SFRS(I) 3 Business Combinations to improve the definition of a business. The amendments narrowed and clarified the definition of a business.

They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets.

The amendments to SFRS(I) 3 should apply for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning or after 1 January 2020, with earlier application permitted.

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

The amendments are intended to make the definition of 'material' in SFRS(I) 1-1 easier to understand and are not intended to alter the underlying concept of materiality in SFRS(I). The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of 'material' in SFRS(I) 1-8 has been replaced by a reference to the definition of 'material' in SFRS(I) 1-1. In addition, the other SFRS(I) and the Conceptual Framework, which contain a definition of 'material' or refer to the term 'material', have been updated to ensure consistency.

The amendments to SFRS(I) 1-1 and SFRS(I) 1-8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

In respect of the above amendments to SFRS(I), the Group is currently assessing the impact to its consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies

Consolidation

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Specifically, income and expenses of a subsidiary or an investee acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company or its subsidiary gains control until the date when the Company or its subsidiary ceases to control the subsidiary or investee.

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

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

<u>Subsidiary</u>

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.

Thus, the Group controls an investee if, and only if, the Group has all of the following:

– power over the investee;

– exposure, or rights to variable returns from its involvement with the investee; and

– the ability to use its power over the investee to affect its returns.

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

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

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

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

2(d) Significant accounting policies (Continued)

Consolidation (Continued)

Non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in ownership interests in subsidiaries without change of control

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

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that 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 retained earnings, as appropriate.

A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies (Continued)

Consolidation (Continued)

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed.

Goodwill arising in a business combination is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisition prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Land	40 years
Buildings	20 to 50 years
Other assets	3 to 10 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies (Continued)

Property, plant and equipment and depreciation (Continued)

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Intangible assets

Intangible assets are accounted for using the cost model. Capitalised costs are amortised on a straight-line basis, which is their estimated useful life for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing, more often if there are any indicators of impairment. Estimated useful lives of intangible assets are as follows:

Websites	5 years
Computer software	3 years

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Investment properties

Investment properties, principally comprising shop and office units, are held for long-term rental yields and are not occupied by the Group.

Investment properties are treated as non-current investments and are initially recognised at cost and subsequently carried at fair value, representing open market value on the highest and best use basis determined on annual basis by independent professional valuers. Gross changes in fair values and the related tax impact are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties are de-recognised 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. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

2(d) Significant accounting policies (Continued)

Investment properties (Continued)

Transfers

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

– commencement of owner occupation, for a transfer from investment properties to property, plant and equipment;

– commencement of development with a view to sell, for a transfer of investment properties to development properties for sale; or

– end of owner occupation, for a transfer from property, plant and equipment to investment properties.

For transfer from investment property to owner occupied property or development properties for sale, the property's deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is measured at revalued amount and accounted for in accordance with the accounting policy for Property, Plant and Equipment up to the date of change in use.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's separate financial statements, investment in subsidiaries are carried at cost less any impairment losses. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates are accounted for using the equity method.

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

2(d) Significant accounting policies (Continued)

Investment in associates (Continued)

Under the equity method, the investment in associates are carried in the consolidated statement of financial position at cost plus any borrowings forming part of the net investment and post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the associate are eliminated to the extent of the Group's interest in the associates.

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

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. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates 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.

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate had directly disposed of the related assets or liabilities.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Leases (from 1 January 2019)

(i) The Group as lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2(d) Significant accounting policies (Continued)

Leases (from 1 January 2019) (Continued)

(i) The Group as lessee (Continued)

(a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantee;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

2(d) Significant accounting policies (Continued)

Leases (from 1 January 2019) (Continued)

(i) The Group as lessee (Continued)

(a) Lease liability (Continued)

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold building	: 2 to 68 years
Plant and equipment	: 5 years
Motor vehicles	: 2 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

2(d) Significant accounting policies (Continued)

Leases (from 1 January 2019) (Continued)

(ii) The Group as lessor

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16, except when the Group is an intermediate lessor and the sublease is assessed as a finance lease.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight- line basis over the lease term within "revenue" in profit or loss. Lease incentives if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

Leases (before 1 January 2019)

(i) The Group as lessee

Operating lease

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

(ii) The Group as lessor

Operating lease

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies (Continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

(I) Financial assets

Measurement

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. 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. Refer to the accounting policies in this section *Revenue from contracts with customers*.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("OCI"), it needs to give rise to cash flows that are "solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated as fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies (Continued)

Financial instruments (Continued)

(I) Financial assets (Continued)

Financial assets at amortised cost (debt instruments)

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.

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised cost include trade receivables, other receivables and amounts owing by associates.

Fair value through other comprehensive income ("FVOCI")

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

Financial assets designated as fair value through other comprehensive income (OCI) (equity instruments)

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by-instrument basis. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at FVOCI recognised in OCI are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies (Continued)

Financial instruments (Continued)

(I) Financial assets (Continued)

Financial assets at fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. 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 statement in the period in which it arises. Interest income from these financial assets is included in finance income.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes listed equity investment which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

De-recognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Group's consolidated statement of financial position) when:

– The rights to receive cash flows from the asset have expired; or

– The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2(d) Significant accounting policies (Continued)

Financial instruments (Continued)

(I) Financial assets (Continued)

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its debt instrument assets carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

2(d) Significant accounting policies (Continued)

Financial instruments (Continued)

(I) Financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings), or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (i) cash flow hedge; (ii) fair value hedge; or (iii) net investment hedge.

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

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of SFRS(I) 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of SFRS(I) 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value through profit or loss as appropriate.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis on whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9.

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

The following hedge qualifies as cash flow hedge under SFRS(I) 9. The Group's management strategies and hedge documentation are aligned with the requirements of SFRS(I) 9 and are thus treated as continuing hedges.

2(d) Significant accounting policies (Continued)

Financial instruments (Continued)

(I) Financial assets (Continued)

Derivative financial instruments and hedging activities (Continued)

Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss and presented separately in "finance costs". The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

(II) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value less directly attributable transaction costs. These financial liabilities comprised loans and borrowings, trade and other payables and lease liabilities.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Bank borrowings

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Company's and the Group's normal operating cycle are classified as current. Borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

Bank borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Bank borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the bank borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

2(d) Significant accounting policies (Continued)

Financial instruments (Continued)

(II) Financial liabilities (Continued)

Initial recognition and measurement (Continued)

Bank borrowings (Continued)

Bank borrowings are de-recognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When the contractual cash flows of bank borrowings are modified but do not result in derecognition, difference between the recalculated gross carrying amount and the carrying amount before modification is recognised in profit or loss as modification gain or loss, at the date of modification.

Subsequent measurement

Bank borrowings are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

De-recognition

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if the Group currently has a legally enforceable right to offset the recognised amounts and it intends to either settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

(III) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, fixed deposits and monies held in project accounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies (Continued)

Financial guarantee contracts

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 payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Development properties

Development properties comprise properties in the course of development, developed properties for sale, and land held for development.

Pre-sold and unsold properties for sale under development

Properties for sale under development for sale are recorded as current assets and are stated at specifically identified cost, including capitalised borrowing costs directly attributable to the development of the properties and other related expenditure.

When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately. The aggregated costs incurred and the profit/loss recognised in each development property that has been sold is compared against progress billings up to the end of financial period.

Developed properties for sale

Developed properties for sale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

Land held for development

Land held for development and costs attributable to the development activities which are held for future development where no significant development has been undertaken is stated at cost less impairment loss (if any).

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customers. If the Group transferred goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies (Continued)

Contract balances (Continued)

Trade receivables

A receivable represents the Group right to an amount of consideration that is unconditional i.e. only the passage of time is required before a payment of the consideration is due.

Contract costs

The Group pays sales commission to its intermediaries for each contract that they obtain for sale of development properties. The Group capitalises such commission as incremental costs to obtain a contract with the customer if these costs are recoverable. The capitalised costs are amortised to profit or loss as the Group recognises the related revenue.

Contract liabilities

Contract liabilities relate primarily to the progress billing issued in excess of the Group's right to the consideration in respect of its property development business.

Inventories

Inventories, comprising food and beverage and other hotel-related consumable stocks, are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes freight and handling charges.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

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

Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction which necessarily takes a substantial period of time to be prepared for its intended use. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

Share capital

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

Treasury shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

2(d) Significant accounting policies (Continued)

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and warrants.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of constitution of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Income taxes

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

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

Deferred income tax is provided in full, using the liability method, on temporary differences at the statement of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

– Where the deferred tax 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.

– In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

– In respect of deductible temporary differences and carry-forward of unutilised tax losses, if it is not probable that taxable profits will be available against which those deductible temporary differences and carry-forward of unutilised tax losses can be utilised.

2(d) Significant accounting policies (Continued)

Income taxes (Continued)

The carrying amount of deferred tax assets is reviewed at each reporting date 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 each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 reporting date.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale. The carrying amounts of the Group's investment properties are presumed to be recovered entirely through sale.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Employee benefits

Short-term employee benefits

Short-term benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies (Continued)

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 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.

(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); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies (Continued)

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss, except for goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

2(d) Significant accounting policies (Continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

Revenue from development properties for sale

The Group enters into sale and purchase agreements with customers of its properties prior to completion of construction.

For sales of residential properties in Singapore, the Group is restricted contractually from readily directing the pre-sold property to another customer and has an enforceable right to payment for performance completed to date. The Group accounts for revenue on using the percentage of completion method. The percentage of completion is measured by reference to the stage of completion based on the value of the main contractor costs incurred to date as certified by third party architects or quantity surveyors and the estimated total main contractor costs on completion.

For sales of properties where the Group transfers control of the property to the buyer at a point in time, revenue is recognised when the property is delivered and legal title thereto has passed to the customer upon the customer's payment of the remainder of the purchase price (a majority) after construction is complete.

Rendering of services

Revenue from hotel operations, comprising primarily the rental of rooms, food and beverage sales and other services, is recognised when rooms are occupied, food and beverages are sold and services are performed.

Rental income

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset.

Interest income

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

Dividend income

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

Functional currencies

Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2(d) Significant accounting policies (Continued)

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from monetary items that are considered to form part of a net investment in foreign operations, are recognised in other comprehensive income and accumulated in the other reserves.

Foreign currency gains and losses are reported as either other income or other operating expense depending on whether foreign currency movements are in a gain or loss position.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the date of the transaction.

Group entities

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

(i) Assets and liabilities are translated at the closing rates at the end of the reporting date;

(ii) Income and expenses for each statements presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in translation reserves.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Executive Officer has been identified as the Chief Operating Decision Maker who makes strategic resources allocation decisions and assesses segment performance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3 Revenue

Disaggregation of revenue from contracts with customers

The Group	At a point in time $'000	Over time $'000	Total $'000
2019			
Revenue from sale of development property			
– Singapore	**–**	**106,465**	**106,465**
– Australia	**279,477**	**–**	**279,477**
	279,477	**106,465**	**385,942**
Hotel ownership			
– Singapore	**11,047**	**26,103**	**37,150**
– Japan	**1,320**	**6,976**	**8,296**
– Maldives	**2,725**	**2,243**	**4,968**
	15,092	**35,322**	**50,414**
Rental income from investment properties			
– Singapore	**–**	**1,457**	**1,457**
– New Zealand	**–**	**6,217**	**6,217**
(Note 6)	**–**	**7,674**	**7,674**
	294,569	**149,461**	**444,030**
2018			
Revenue from sale of development property development			
– Singapore	–	74,992	74,992
Hotel ownership			
– Singapore	11,903	25,928	37,831
– Japan	1,252	7,792	9,044
– Maldives	2,006	1,105	3,111
	15,161	34,825	49,986
Rental income from investment properties			
– Singapore	–	1,484	1,484
– New Zealand	–	6,393	6,393
(Note 6)	–	7,877	7,877
	15,161	117,694	132,855

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4 Property, plant and equipment

The Group	Land $'000	Buildings $'000	Other assets $'000	Total $'000
Cost				
At 1 January 2018	60,716	157,643	42,856	261,215
Additions	46	12,357	4,545	16,948
Transfer from investment properties (Note 6)	–	499	–	499
Written off	–	–	(2)	(2)
Exchange differences	1,766	2,337	641	4,744
At 31 December 2018	**62,528**	**172,836**	**48,040**	**283,404**
Transfer from development properties for sale (Note 12)	**33,820**	**–**	**1,550**	**35,370**
Additions	**–**	**1,939**	**4,003**	**5,942**
Exchange differences	**4**	**(5)**	**1,443**	**1,442**
At 31 December 2019	**96,352**	**174,770**	**55,036**	**326,158**
Accumulated depreciation and impairment loss				
At 1 January 2018	150	32,301	13,257	45,708
Depreciation for the year (Note 30)	235	4,625	2,188	7,048
Written off	–	–	(2)	(2)
Exchange differences	243	(702)	81	(378)
At 31 December 2018	**628**	**36,224**	**15,524**	**52,376**
Depreciation for the year (Note 30)	**237**	**5,651**	**2,590**	**8,478**
Impairment (Note 30)	**–**	**3,338**	**–**	**3,338**
Exchange differences	**(10)**	**4**	**2**	**(4)**
At 31 December 2019	**855**	**45,217**	**18,116**	**64,188**
Net book value				
At 31 December 2019	**95,497**	**129,553**	**36,920**	**261,970**
At 31 December 2018	61,900	136,612	32,516	231,028

As at 31 December 2019, land and buildings with a net total carrying amount of $225,050,000 (2018 - $198,512,000) are mortgaged to secure bank loans (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4 Property, plant and equipment (Continued)

The properties held by the Group as at 31 December 2019 are as follows:

Location	Use of property	Tenure
50 East Coast Road, Singapore	Hotel, Office	Freehold
205-1 Okuracho, Kyoto, Japan	Hotel	Freehold
Kita-Ku Osaka City, Japan	Hotel	Freehold
360 Little Bourke, Melbourne, Australia	Hotel	Freehold
48/13 Moo 6, Chaofa Road, Phuket, Thailand	Resort	Freehold
Island of Kudafunafaru, Noonu Atoll, Maldives	Resort	Leasehold*

* The property has a lease term till year 2056 and it can be further extended by another 49 years subject to certain conditions being met.

During the financial year, the Group has identified that there are triggers of impairment for Roxy Maldives Resort & Spa Private Limited as it is in a loss-making position for the year.

Roxy Maldives Resort & Spa Private Limited is assessed to be one cash generating unit ("CGU") given that it has the ability to operate independently and generate its own cash inflows from business activities.

Management has engaged an external professional valuer to determine the fair value of the CGU as at 31 December 2019. The recoverable amount of this CGU was based on its fair value less cost to sell calculation, determined using a combination of direct comparison method, income capitalisation method and discounted cash flows method. The carrying value of the CGU was determined to be higher than its recoverable amount of $50,339,000 and an impairment loss of $3,338,000 was recognised and included under "other operating expenses".

The following table shows the valuation techniques and key assumptions used in the calculation:

Valuation technique	Inter-relationship between key unobservable inputs and fair value measurement	Significant unobservable inputs
	The estimated fair value would increase (decrease) if:	
Direct comparison method	*Price per room was higher (lower):*	US$750,000
Income capitalisation method	*Capitalisation rate was higher (lower):*	7.00%
Discounted cash flows method	*Terminal yield was lower (higher):*	7.50% – 8.00%
	Discount rate was lower (higher):	9.50% – 10.00%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4 Property, plant and equipment (Continued)

The Company	Other assets $'000
Cost	
At 1 January 2018	1,305
Additions	118
Written off	(2)
At 31 December 2018	**1,421**
Additions	**76**
At 31 December 2019	**1,497**
Accumulated depreciation	
At 1 January 2018	504
Depreciation for the year	145
Written off	(2)
At 31 December 2018	**647**
Depreciation for the year	**162**
At 31 December 2019	**809**
Net book value	
At 31 December 2019	**688**
At 31 December 2018	774

5 Intangible assets

The Group	Websites $'000	Computer software $'000	Total $'000
Cost			
At 1 January 2018	87	491	578
Additions	34	–	34
At 31 December 2018	**121**	**491**	**612**
Additions	**16**	**–**	**16**
At 31 December 2019	**137**	**491**	**628**
Accumulated amortisation			
At 1 January 2018	37	–	37
Amortisation for the year (Note 30)	18	164	182
At 31 December 2018	**55**	**164**	**219**
Amortisation for the year (Note 30)	**25**	**163**	**188**
At 31 December 2019	**80**	**327**	**407**
Net book value			
At 31 December 2019	**57**	**164**	**221**
At 31 December 2018	66	327	393

5 Intangible assets (Continued)

The Company	**Computer software $'000**
Cost	
At 1 January 2018, 31 December 2018 and **31 December 2019**	**491**
Accumulated amortisation	
At 1 January 2018	–
Amortisation for the year	164
At 31 December 2018	**164**
Amortisation for the year	**163**
At 31 December 2019	**327**
Net book value	
At 31 December 2019	**164**
At 31 December 2018	327

6 Investment properties

The Group	**31 December 2019 $'000**	**31 December 2018 $'000**
At beginning of year	**126,464**	124,191
Additions	**99**	–
Transfer to property, plant and equipment (Note 4)	**–**	(499)
Fair value gain recognised in profit or loss (Note 30)	**737**	4,910
Effect of movement in exchange rate	**(691)**	(2,138)
At end of year	**126,609**	126,464

The fair value of the investment properties located in Singapore is based on valuations determined by an independent firm of professional valuers who has appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued. The fair value is based on the market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on direct comparison method which involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.

The fair value of the investment property located overseas is based on valuations determined by an independent certified appraiser with recognised and relevant professional qualifications and experience within the local market and the category of properties to be valued. The valuation is based on a combination of the discounted cash flows method and the income capitalisation method. The discounted cash flows method considers the present value of net cash flows to be generated from the property, taking into account capitalisation and discount rates, terminal yield, expected rental growth, renewal probability and capital expenditure.

Investment properties are valued on a highest and best use basis. For all of the Group's investment properties, the current use is considered to be the highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

6 Investment properties (Continued)

The investment properties are leased to third parties under operating leases. As at 31 December 2019, the investment properties with a total carrying amount of $126,609,000 (2018 – $126,464,000) were mortgaged to secure bank loans (Note 22).

The following amounts are recognised in profit or loss:

The Group	31 December 2019 $'000	31 December 2018 $'000
Rental income (Note 3)	**7,674**	7,877
Direct operating expenses	**(1,067)**	(2,475)
	6,607	5,402

Investment properties as at 31 December 2019 are as follows:

Property name	Location	Description	Total net lettable area (square meter)	Tenure
Roxy Square Shopping Centre	50 East Coast Road, Singapore	49 shop units	2,371	Freehold
NZI Centre	1 Fanshawe Street, Auckland	6-storey commercial building	9,446	Leasehold*

* The property has a lease term till 31 December 2037, which is perpetually renewable at an interval of 20 years.

7 Investments in subsidiaries

The Company	31 December 2019 $'000	31 December 2018 $'000
Unquoted equity investments, at cost	**54,943**	55,943
Loans to subsidiaries forming part of net investment (Note 8)	**126,925**	114,660
Less: impairment allowance	**(6,414)**	–
	175,454	170,603

As at 31 December 2019, impairment test on the investment in certain subsidiaries were triggered due to the poor financial performance of these subsidiaries. Each subsidiary is identified as a specific cash-generating unit ("CGU"). Based on the recoverable amount of the investment in the subsidiaries, determined based on fair value less costs to sell, the Company recognised an impairment loss of $6,414,000 under "other operating expenses" on these investment in subsidiaries.

In determining the recoverable amount of the investment in subsidiaries, management had considered the financials of the subsidiaries as well as the underlying assets and liabilities of the investees held by the subsidiaries. In deriving the fair value of the development properties held by a subsidiary, management had considered the net realisable value of the development properties based on the selling prices from the sales and purchase agreement for all the pre-sold properties, currently pending delivery and transfer of legal title upon completion of the development; and estimated costs to complete the development project as formulated by an independent specialist. The remaining other assets and liabilities of the identified subsidiaries comprise mainly of current assets and current liabilities with a short term to maturity and approximated fair values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7 Investments in subsidiaries (Continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership interest 2019	2018	Principal activities
Held by the Company				
Roxy-Pacific Developments Pte. Ltd.[1]	Singapore	**100%**	100%	Property investment and investment holdings
Roxy Homes Pte. Ltd.[1]	Singapore	**100%**	100%	Property development
Roxy Land Pte. Ltd.[11]	Singapore	**100%**	100%	Property development
RP Properties Pte. Ltd.[11]	Singapore	**100%**	100%	Property investment and property development
RP North Pte. Ltd.[11]	Singapore	**100%**	100%	Property investment and property development
RH Changi Pte. Ltd.[11]	Singapore	**100%**	100%	Property development
RH Central Pte. Ltd.[1]	Singapore	**100%**	100%	Property development and investment holding
RL Properties Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding
RP Ventures Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding
RP Changi Pte. Ltd.[10]	Singapore	–	100%	Property development
Roxy Hotels Pte. Ltd.[1]	Singapore	**100%**	100%	Hotel ownership and development
RP East Pte. Ltd.[10]	Singapore	–	100%	Property development
Roxy Residential Pte. Ltd.[1]	Singapore	**100%**	100%	Property development
RL West Pte. Ltd.[11]	Singapore	**100%**	100%	Property development
RH Mount Sophia Pte. Ltd.[1]	Singapore	**90%**	90%	Property development
Roxy Capital Pte. Ltd.[1]	Singapore	**100%**	100%	Property development
Roxy Australia Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding
Roxy Hotels and Resorts Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding
RH Eunos Pte. Ltd.[1]	Singapore	**100%**	100%	Property development
Roxy Jakarta Investments Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7 Investments in subsidiaries (Continued)

Name of subsidiary	Country of incorporation	Ownership interest 2019	2018	Principal activities
Held by the Company				
RH Orchard Pte. Ltd.(1)	Singapore	**90%**	90%	Property development
RH Developments Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
RH Capital Pte. Ltd.(1)	Singapore	**80%**	80%	Property development
RH Capital Two Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
RH Developments Two Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
RPV Two Pte. Ltd.(1)(7)	Singapore	**100%**	–	Investment holding
Held by Subsidiaries				
RH Rochor Pte. Ltd.(11)	Singapore	**90%**	90%	Property development
RH East Coast Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
RH Tampines Pte. Ltd.(1)(12)	Singapore	**90%**	85%	Property development
RPV Properties Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding
Roxy Australia Hotels Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding
Roxy Kyoto Hotel Holdings Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding
Roxy Kyoto Hotel Pte. Ltd.(1)	Singapore	**100%**	100%	Hotel ownership
Roxy Phuket Hotels Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding
Roxy Hotel Management Pte. Ltd.(1)	Singapore	**100%**	100%	Hotel management
Roxy International Hotel Holdings Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding
Roxy-TE2 Development Pte Ltd.(1)	Singapore	**60%**	60%	Property development
Roxy Kyoto Hotel GK(4)(5)	Japan	**100%**	100%	Hotel operations
Roxy-Pacific Goulburn Pty. Ltd.(4)(5)	Australia	**100%**	100%	Property investment
Roxy-Pacific Glebe Pty. Ltd.(3)	Australia	**100%**	100%	Property development
Roxy-Pacific Killara Pty. Ltd.(3)(5)	Australia	**100%**	100%	Property development
Roxy-Pacific Potts Point Pty Limited(3)	Australia	**100%**	100%	Property development
Roxy-Pacific Developments Pty. Ltd.(4)(5)	Australia	**100%**	100%	Investment holding
Roxy-Pacific Investments Pty. Ltd.(3)(5)	Australia	**100%**	100%	Investment holding
Roxy-Pacific Hotels Pty. Ltd.(4) (5)	Australia	**100%**	100%	Hotel ownership and investment holding
Roxy NF Pty. Ltd.(3)(5)	Australia	**50.5%**	50.5%	Property investment
Roxy-Pacific Assets Pty. Ltd.(4)(5)	Australia	**100%**	100%	Property investment
Roxy Chalong Resort Co., Ltd(2)(6)	Thailand	**49%**	49%	Hotel ownership and development
Roxy Maldives Resort & Spa Private Limited(9)	Maldives	**100%**	100%	Hotel ownership and development
Roxy-Pacific NZ Investment Limited(4)(5)	New Zealand	**100%**	100%	Investment holding
Roxy-Pacific NZI Limited(8)	New Zealand	**100%**	100%	Property investment

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7 Investments in subsidiaries (Continued)

Name of subsidiary	Country of incorporation	Ownership interest 2019	Ownership interest 2018	Principal activities
Held by Subsidiaries				
Roxy-Pacific Melbourne House Pty Ltd[3][5]	Australia	**100%**	100%	Property investment, hotel ownership and development
Roxy Osaka Hotel Holdings Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding
Roxy Osaka Hotel Pte. Ltd.[1]	Singapore	**100%**	100%	Hotel ownership
Roxy Osaka Hotel GK.[4][5]	Japan	**100%**	100%	Hotel operations
Roxy NZ-280Q Limited[4][5]	New Zealand	**100%**	100%	Property Investment

(1) Audited by Foo Kon Tan LLP, Singapore.

(2) Audited by Foo Kon Tan LLP for consolidation purposes.

(3) Audited by HLB Mann Judd (Australia), a member firm of HLB International for consolidation purposes or local statutory requirement.

(4) The subsidiaries are not significant for consolidation purposes.

(5) Not required to be audited under the laws of the country of incorporation.

(6) Although the Group owns less than half of the equity interest in Roxy Chalong Resort Co., Ltd, the Group controls this entity through its 98.97% voting rights. The shares by the Group carry one vote for each share whilst the shares held by other shareholders carry one vote for every hundred shares.

(7) The subsidiary is newly incorporated during the year.

(8) Audited by HLB Mann Judd Limited (New Zealand), a member firm of HLB International for consolidation purposes or local statutory requirement.

(9) Audited by Ernst & Young Maldives.

(10) The subsidiaries have been liquidated.

(11) The subsidiaries are under liquidation.

(12) In the current financial year, the Group acquired an additional 5% interest in RH Tampines Pte. Ltd. ("RH Tampines") for a consideration of $938,000 in cash, increasing its shareholding from 85% to 90% based on the total issued capital of RH Tampines. The net asset value of RH Tampines on the date of the acquisition was approximately $23,000,000. With the increase in its equity interest in RH Tampines, the Group recognised a reduction in non-controlling interests of approximately $1,150,000, and a corresponding increase in retained earnings by $212,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7 Investments in subsidiaries (Continued)

Summarised financial information in respect of Group's non-100% owned subsidiaries, all of which have material non-controlling interest (NCI) is set out below:

31 December 2019	Roxy NF Pty. Ltd. $'000	RH Tampines Pte. Ltd. $'000	RH Orchard Pte. Ltd. $'000	Roxy-TE2 Development Pte. Ltd. $'000	Other individually immaterial subsidiaries $'000	Total $'000
Current assets	20	4,889	57,334	149,179		
Non-current assets	19,084	–	–	–		
Current liabilities	(10,960)	(2,465)	(53,165)	(150,719)		
Non-current liabilities	(8,575)	–	(369)	–		
Net assets/(liabilities)	(431)	2,424	3,800	(1,540)		
Net assets/(liabilities) attributable to NCI	(213)	243	380	(616)	87	(119)
Revenue	–	–	19,372	1,098		
(Loss)/profit for the year	(317)	423	4,092	(3,507)		
Other comprehensive income ("OCI")	(66)	–	–	(16)		
Total comprehensive income/(loss)	(383)	423	4,092	(3,523)		
Attributable to NCI:						
– Profit	(157)	43	409	(1,403)	(72)	(1,180)
– OCI	(32)	–	–	(6)	–	(38)
Total comprehensive income/(loss)	(189)	43	409	(1,409)	(72)	(1,218)
Cash flows (used in)/generated from operating activities	(92)	9,802	(2,605)	(17,584)		
Cash flows generated from investing activities	(266)	1	35	18		
Cash flows generated from/(used in) financing activities (dividends to NCI $2,284)	358	(34,250)	(3,273)	28,187		
Net (decrease)/ increase in cash and cash equivalents	–	(24,447)	(5,843)	10,621		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7 Investments in subsidiaries (Continued)

31 December 2018	Roxy NF Pty. Ltd. $'000	RH Tampines Pte. Ltd. $'000	RH Mount Sophia Pte. Ltd. $'000	RH Rochor Pte. Ltd. $'000	Roxy Chalong Resort Co., Ltd. $'000	RH Orchard Pte. Ltd. $'000	RH Capital Pte. Ltd. $'000	Roxy-TE2 Development Pte. Ltd. $'000	Total $'000
Current assets	5	43,108	2,861	4,005	3,781	54,470	19,572	118,905	246,707
Non-current assets	19,467	–	–	–	35,124	–	–	–	54,591
Current liabilities	(10,824)	(17,650)	(1,072)	(1,804)	(2,702)	(54,761)	(19,865)	(116,922)	(225,600)
Non-current liabilities	(8,766)	(2,241)	–	(1)	(39,253)	–	–	–	(50,261)
Net assets/(liabilities)	(118)	23,217	1,789	2,200	(3,050)	(291)	(293)	1,983	25,437
Net assets/(liabilities) attributable to NCI	(58)	3,483	179	220	5	(30)	(59)	793	4,533
Revenue	–	20,690	–	(1,357)	–	–	–	–	19,333
(Loss)/profit for the year	(48)	1,147	241	270	(496)	(1,720)	(1,285)	(17)	(1,908)
Other comprehensive income ("OCI")	8	–	–	–	–	–	–	–	8
Total comprehensive income/(loss)	(40)	1,147	241	270	(496)	(1,720)	(1,285)	(17)	(1,900)
Attributable to NCI:									
– Profit	(23)	172	24	27	–	(172)	(257)	(7)	(236)
– OCI	3	–	–	–	–	–	–	–	3
Total comprehensive income/(loss)	(20)	172	24	27	–	(172)	(257)	(7)	(233)
Cash flows (used in)/ generated from operating activities	(124)	94,267	4,091	14,781	(455)	8,182	45	(115,267)	5,520
Cash flows generated from/(used in) investing activities	(400)	94	–	(7,653)	(10,020)	3	–	5	(17,971)
Cash flows generated from/(used in) financing activities (dividends to NCI $1,170)	524	(123,365)	(4,100)	(7,600)	10,114	3,841	1,669	116,778	(2,139)
Net (decrease)/increase in cash and cash equivalents	–	(29,004)	(9)	(472)	(361)	12,026	1,714	1,516	(14,590)

8 Loans to subsidiaries

The Company	31 December 2019 $'000	31 December 2018 $'000
Loans to subsidiaries (Note 7)	**126,925**	114,660

Loans granted to subsidiaries to fund their operations are unsecured, interest-free and repayable at the discretion of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9 Investment in associates

The Group	31 December 2019 $'000	31 December 2018 $'000
Unquoted equity investments, at cost	**23,349**	9,922
Net investment loans to associates[1]	**100,065**	90,594
Impairment loss on investment in associates	**(5,197)**	(5,197)
Share of post-acquisition profits	**142,283**	133,805
Exchange differences	**(2,943)**	(1,184)
Dividend income	**(89,125)**	(85,610)
	168,432	142,330

(1) The loans granted to associates to fund their operations are unsecured, interest-free and repayable at the discretion of the associates. These loans are in substance, part of the Group's net investment in the associates.

Details of the associates are as follows:

Name of associate	Country of incorporation	Ownership interest 2019	Ownership interest 2018	Principal activities
Held by Subsidiaries				
70 Shenton Pte. Ltd.[1]	Singapore	**20%**	20%	Property development
Mequity (Hillview) Pte. Ltd.[10]	Singapore	**49%**	49%	Property development
Mequity Assets Pte. Ltd.[7]	Singapore	–	48%	Property development
Feature-Roxy Pty. Ltd.[4]	Australia	**50%**	50%	Investment holding and property investment
ACH Head Trust[4]	Australia	**49%**	49%	Trust
ACH Head Operator Pty. Ltd.[4]	Australia	**49%**	49%	Hotel management
ACH Projects Pty. Ltd.[4]	Australia	**49%**	49%	Hotel development
Peel Street JV Pty. Ltd.[3][4]	Australia	**40%**	40%	Property development
North Fremantle JV Pty. Ltd.[3][4]	Australia	**40%**	40%	Property development
Macly Equity Sdn. Bhd.[5]	Malaysia	**47%**	47%	Property development
Mequity Assets Sdn. Bhd[10]	Malaysia	**47%**	47%	Property development
Rolex Investments Ltd.[4][8]	Cayman Islands	**30%**	30%	Investment holding and property investment
PT Kramat Roxy Pacific[4]	Indonesia	**49%**	49%	Investment holding and property investment
Roxy-CES (NZ) Limited[6]	New Zealand	**50%**	50%	Property investment
RH Guillemard Pte. Ltd.[1]	Singapore	**50%**	50%	Property development
TE2 Roxy Australia Pty Ltd[3][4]	Australia	**45%**	45%	Investment holding and property investment
RH Novena Pte. Ltd.[1]	Singapore	**50%**	50%	Property development
TE2KS-RH Pte. Ltd.[1]	Singapore	**40%**	40%	Property development
PhilRoxy Pte. Ltd[4]	Australia	**50%**	50%	Property investment and investment holding
TE2 Roxy Argyle Pty Ltd[4]	Australia	**40%**	40%	Property investment
RPPG (Revesby) Pty Ltd[4]	Australia	**50%**	50%	Property development
Nigella SG Pte Ltd[2][9][11]	Singapore	**53%**	–	Investment holding and property investment in Japan

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9 Investment in associates (Continued)

All associates are considered significant to the Group, or required for audit under the laws of the country of incorporation, unless otherwise indicated below:

(1) Audited by Foo Kon Tan LLP, Singapore.
(2) Audited by PricewaterhouseCoopers LLP, Singapore.
(3) Audited by HLB Mann Judd (Australia), a member firm of HLB International for consolidation purposes or local statutory requirement.
(4) Not required to be audited under the laws of the country of incorporation.
(5) Audited by Guan & Associates, Malaysia.
(6) Audited by HLB Mann Judd Limited (New Zealand), a member firm of HLB International for consolidation purposes or local statutory requirement.
(7) The associate had been liquidated.
(8) Audited by Foo Kon Tan LLP for consolidation purposes.
(9) The associate is newly incorporated during the year.
(10 The associates are under liquidation.
(11) Although the Company holds 53.07% interest in Nigella SG Pte Ltd, it does not have effective control over Nigella SG Pte Ltd ("Nigella"), the voting rights granted to the Company is more than 20% but less than 50%. Hence the Company has significant influence over the financial and operating policies of the Company. The investment in Nigella is accounted as investment in associate.

The properties held by the associates as at 31 December 2019 are as follows:

Properties under development

Associate name	Project name	Location	Description	Stage of completion	Expected completion date	Gross floor area (square meter)	Group effective interest	Tenure
Macly Equity Sdn. Bhd.	Wisma Infinitum, The Colony & The Luxe	18 Jalan Dewan Sultan Sulaiman, Kuala Lumpur, Malaysia	423 residential units in The Colony, 300 residential units in The Luxe and 31 commercial units	63%	October 2020	64,912	47%	Freehold
RH Guillemard Pte. Ltd.	Arena Residences	20 Guillemard Crescent, Singapore	98 residential units	20%	August 2022	6,882	50%	Freehold
TE2KS-RH Pte. Ltd.	Wilshire Residences	30 Farrer Road, Singapore	85 residential units	3%	November 2022	6,572	40%	Freehold
RH Novena Pte. Ltd.	NEU AT NOVENA	27 Moulmein Rise, Singapore	87 residential units	*	April 2023	6,084	50%	Freehold

* Construction has yet to commence as of 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9 Investment in associates (Continued)

Investment properties

Associate name	Project name	Location	Description	Net lettable floor area (square meter)	Group effective interest	Tenure
Roxy-CES (NZ) Limited	205 Queen Street	205 Queen Street, Auckland, New Zealand	2 office towers with 17 & 22 storey	25,368	50%	Leasehold*
TE2 Roxy Australia Pty Ltd	312 St Kilda	312 St Kilda Road, Melbourne, Australia	6 levels of office & 4 basement levels	9,887	45%	Freehold
TE2 Roxy Argyle Pty Ltd	33 Argyle Street	33 Argyle Street, Parramatta NSW 2150, Australia	Lower B-grade office building comprising a quasi-retail ground floor suite and café, three levels of above ground parking providing 138 car spaces, 6 upper office levels and roof top plant rooms	5,281	40%	Freehold
Nigella SG Pte Ltd	Lladro Boutique Ginza Store	2-15, 7-chome, Ginza, Chuo-ku, Tokyo, Japan	6 levels retail building	382	53%	Freehold

* The property has a lease term until June 2081, with a right for a further term of 98 years, until year 2179.

Land held for development

Associate name	Location	Description	Land area (square meter)	Effective interest	Tenure
North Fremantle JV Pty. Ltd.	54 & 85 Bracks Street, North Fremantle, Perth, Australia	Industrial land; to be rezoned for commercial and residential use	45,456	20%	Freehold
PT Kramat Roxy Pacific	Jalan Kramat Raya No. 110, Jakarta, Indonesia	Commercial development/ Hotel development	1,703	49%	Freehold
ACH Projects Pty. Ltd.	609 Wellington Street, Perth, Australia	Hotel development	1,391	49%	Freehold
RPPG (Revesby) Pty Ltd	34-36 Mavis Street, Revesby NSW 2212, Australia	Industrial development	16,432	50%	Freehold
Peel Street JV Pty Ltd	64 Peel Street and 9 Cordelia Street, South Brisbane, Australia	Commercial and residential development	2,597	40%	Freehold

The Group has eight (2018 – seven) associates that are material and a number of associates that are individually immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9 Investment in associates (Continued)

Summarised financial information, not adjusted for the Group's share of equity interest in respect of the associates is set out below:

31 December 2019	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd $'000	Peel Street JV Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Nigella Singapore Pte Ltd $'000	TE2-Roxy Australia Pty Ltd $'000	Roxy-CES(NZ) Limited $'000	RH Guillemard Pte Ltd $'000	Immaterial associates $'000	Total $'000
Revenue	–	39,764	56	76	560	5,305	12,637	17,192		
Profit/(loss) for the year	185	7,202	(709)	(566)	3,336	2,760	5,534	1,728		
Other comprehensive income ("OCI")	–	–	–	–	–	–	–	–		
Total comprehensive income/(loss)	185	7,202	(709)	(566)	3,336	2,760	5,534	1,728		
Attributable to investee's shareholders	185	7,202	(709)	(566)	3,336	2,760	5,534	1,728		
Current assets	123,535	89,921	535	1,178	3,568	3,950	9,029	80,187		
Non-current assets	–	147	39,274	65,780	83,067	81,278	179,049	–		
Current liabilities	(6,742)	(79,179)	(72)	(154)	(1,463)	(77,175)	(31,586)	(77,569)		
Non-current liabilities	–	–	–	(19,104)	(56,137)	(3,900)	(144,129)	(105)		
Net Assets	116,793	10,889	39,737	47,700	29,035	4,153	12,363	2,513		
Adjusted for net investment loans	–	50,697	–	–	–	30,802	–	–		
Net assets attributable to investee's shareholders	116,793	61,586	39,737	47,700	29,035	34,955	12,363	2,513		
Group's interest in net assets of investee at beginning of the year	35,195	22,457	16,151	19,467	–	14,816	3,431	392	30,421	142,330
Equity investment	–	–	–	–	13,907	–	–	–	–	13,907
Net investment loans	–	3,128	379	268	–	–	–	–	5,696	9,471
Return of capital	–	–	–	–	–	–	–	–	(480)	(480)
Group's share of:										
– Profit/(loss) for the year	55	3,385	(284)	(230)	1,771	1,242	2,767	864	(1,092)	8,478
– OCI	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	55	3,385	(284)	(230)	1,771	1,242	2,767	864	(1,092)	8,478
Dividend income	–	–	–	–	–	–	–	–	(3,515)	(3,515)
Translation differences	(212)	(24)	(351)	(425)	(268)	(329)	(16)	–	(134)	(1,759)
Carrying amount of interest in investee at end of the year	35,038	28,946	15,895	19,080	15,410	15,729	6,182	1,256	30,896	168,432

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For the financial year ended 31 December 2019

9 Investment in associates (Continued)

31 December 2018	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd $'000	Peel Street JV Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Feature-Roxy Pty Ltd $'000	TE2-Roxy Australia Pty Ltd $'000	Roxy-CES(NZ) Limited $'000	Immaterial associates $'000	Total $'000
Revenue	–	22,427	145	356	1,667	4,840	13,449		
Profit/(loss) for the year	25,593	2,349	(3,442)	120	18,537	1,499	6,945		
Other comprehensive income	–	–	–	–	–	–	–		
Total comprehensive income/(loss)	25,593	2,349	(3,442)	120	18,537	1,499	6,945		
Attributable to investee's shareholders	25,593	2,349	(3,442)	120	18,537	1,499	6,945		
Current assets	124,513	63,379	316	1,407	4,027	3,376	6,942		
Non-current assets	–	75	40,125	66,637	–	78,497	164,789		
Current liabilities	(7,196)	(59,866)	(64)	(178)	(93)	(78,276)	(29,912)		
Non-current liabilities	–	–	–	(19,199)	–	(2,159)	(134,957)		
Net assets	117,317	3,588	40,377	48,667	3,934	1,438	6,862		
Adjusted for net investment loans	–	44,193	–	–	–	31,485	–		
Net assets attributable to investee's shareholders	117,317	47,781	40,377	48,667	3,934	32,923	6,862		
Group's interest in net assets of investee at beginning of the year	26,012	21,386	18,878	20,537	32,352	–	–	45,982	165,147
Equity investment	–	–	–	–	–	–	–	2,300	2,300
Net investment loans	–	–	–	394	–	14,168	–	4,202	18,764
Return of capital	–	–	–	–	–	–	–	(918)	(918)
Repayment of net investment loans	–	–	–	–	(18,254)	–	–	–	(18,254)
Group's share of:									
– Profit/(loss) for the year	7,678	1,104	(1,377)	48	9,268	675	3,473	(807)	20,062
– OCI	–	–	–	–	–	–	–	–	–
Total comprehensive income	7,678	1,104	(1,377)	48	9,268	675	3,473	(807)	20,062
Dividend income	–	–	–	–	(20,167)	–	–	(21,254)	(41,421)
Translation differences	1,505	(33)	(1,350)	(1,512)	(1,232)	(27)	(42)	(659)	(3,350)
Carrying amount of interest in investee at the end of the year	35,195	22,457	16,151	19,467	1,967	14,816	3,431	28,846	142,330

9 Investment in associates (Continued)

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

31 December 2019	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd $'000	Peel Street JV Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Nigella SG Pte Ltd $'000	TE2-Roxy Australia Pty Ltd $'000	Roxy-CES (NZ) Limited $'000	RH Guillemard Pte Ltd $'000	Immaterial associates $'000	Total $'000
Net assets attributable to investee's shareholders	**116,793**	**61,586**	**39,737**	**47,700**	**29,035**	**34,955**	**12,363**	**2,513**		
Group's equity interest	**30%**	**47%**	**40%**	**40%**	**53%**	**45%**	**50%**	**50%**		
Group's share of net assets	**35,038**	**28,946**	**15,895**	**19,080**	**15,410**	**15,729**	**6,182**	**1,256**	**30,896**	**168,432**

31 December 2018	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd $'000	Peel Street JV Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Feature-Roxy Pty Ltd $'000	TE2-Roxy Australia Pty Ltd $'000	Roxy-CES (NZ) Limited $'000	Immaterial associates $'000	Total $'000
Net assets attributable to investee's shareholders	117,317	47,781	40,377	48,667	3,934	32,923	6,862		
Group's equity interest	30%	47%	40%	40%	50%	45%	50%		
Group's share of net assets	35,195	22,457	16,151	19,467	1,967	14,816	3,431	28,846	142,330

10 Right-of-use assets

The Group	Leasehold Land $'000	Motor Vehicle $'000	Plant and Equipment $'000	Total $'000
Cost				
Adoption of SFRS(I) 16:				
– Initial recognition as at 1 January 2019	**28,931**	**46**	**74**	**29,051**
Exchange differences	**(346)**	–	–	**(346)**
At 31 December 2019	**28,585**	**46**	**74**	**28,705**
Accumulated depreciation				
Adoption of SFRS(I) 16:				
– Initial recognition as at 1 January 2019	–	–	–	–
Depreciation for the year (Note 30)	**659**	**26**	**15**	**700**
Exchange differences	**(3)**	–	–	**(3)**
At 31 December 2019	**656**	**26**	**15**	**697**
Net book value				
At 31 December 2019	**27,929**	**20**	**59**	**28,008**
At 1 January 2019	**28,931**	**46**	**74**	**29,051**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

10 Right-of-use assets (Continued)

Details of the Group's significant right-of-use assets as at 31 December 2019 are as follows:

Description	Gross land area	Tenure
Island of Kudafunafaru, Noonu Atoll, Maldives	89,896 sqm	50-years leasehold commenced 25 June 2006[1]
1 Fanshawe Street, Auckland	2,604 sqm	31-years leasehold commenced 1 January 2007[2]

(1) The property lease term can be further extended by another 49 years subject to certain conditions being met.

(2) The property lease term is perpetually renewable at an interval of 20 years.

11 Financial assets at fair value through profit or loss

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Equity securities, at fair value				
At 1 January	**1,856**	–	**356**	–
Reclassification from available-for-sale financial assets on adoption of SFRS(I) 9	**–**	2,275	**–**	700
Additions during the year	**10,021**	–	**10,021**	–
Disposal during the year	**(1,992)**	–	**(391)**	–
Net fair value gain/(loss) (Note 30)	**224**	(419)	**123**	(344)
End of financial year	**10,109**	1,856	**10,109**	356

The fair values are within Level 1 of the fair values hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12 Development properties for sale

The Group	31 December 2019 $'000	31 December 2018 $'000
Properties for sale under development	**487,408**	450,876
Land held for future development	**–**	328,618
	487,408	779,494
Developed properties for sale	**65,249**	3,005
	552,657	782,499

During the year, the Group transferred $35,370,000 from land held for future development to property, plant and equipment upon obtaining the approval from Melbourne City Council to re-develop the building into hotel and the signing of the Hotel Management Agreement with Park Hotel Group.

As at 31 December 2019, development properties for sale with a total carrying amount of $552,657,000 (2018 – $782,499,000) were mortgaged as security in respect of bank loans (Note 22).

Properties for sale under development

Details of properties for sale under development at 31 December 2019 are as follows:

The Group	31 December 2019 $'000	31 December 2018 $'000
Land cost	**499,400**	654,684
Development expenditure	**35,640**	139,025
	535,040	793,709
Attributable cost	**(47,632)**	(14,215)
	487,408	779,494
Loan interest capitalised as cost of development properties during the year	**6,564**	9,221

The carrying amounts of properties for sale under development expected to be completed within the Group's normal operating cycle is as follows:

The Group	31 December 2019 $'000	31 December 2018 $'000
Expected completion date:		
– within the next 12 months	**–**	238,617
– beyond 12 months	**487,408**	540,877
	487,408	779,494

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12 Development properties for sale (Continued)

Properties for sale under development (Continued)

Information on properties for sale under development as at 31 December 2019 is as follows:

Location	Project name	Description	Stage of completion	Expected completion date	Approximate land area (square meter)	Gross floor area (square meter)	Group effective interest	Tenure
Singapore								
120 Grange Road, Singapore	120 Grange	56 residential units	23%	October 2021	1,466	3,079	90%	Freehold
221 & 223 Pasir Panjang Road, Singapore	Harbour View Gardens	57 residential units	48%	November 2021	2,856	3,998	100%	Freehold
828 Upper Bukit Timah Road, Singapore	Bukit 828	34 residential units	20%	December 2021	953	2,382	80%	Freehold
344 River Valley Road, Singapore	RV Altitude	140 residential units	8%	July 2022	2,675	7,491	100%	Freehold
386 Dunearn Road, Singapore	Dunearn 386	35 residential units	7%	September 2022	1,784	2,747	100%	Freehold
5 Derbyshire Road, Singapore	Fyve Derbyshire	71 residential units	3%	November 2022	1,777	4,976	100%	Freehold
15, 17, 19, 21, 23 & 25 Lorong Kismis, Singapore	View at Kismis	186 residential units & 2 commercial units	2%	May 2023	9,322	13,050	60%	Leasehold

Developed properties for sale

The Group	31 December 2019 $'000	31 December 2018 $'000
Developed properties for sale	**65,249**	3,005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12 Development properties for sale (Continued)

Properties for sale under development (Continued)

Information on developed properties for sale as at 31 December 2019 is as follows:

Location	Property name	Description	Gross floor area (square meter)	Group effective interest	Tenure
37-41 Bayswater Road, Potts Point, Sydney	The Hensley	1 residential unit	89	100%	Freehold
10-11 Cowper Street, Glebe, Sydney	West End Residences	24 residential units	2,267	100%	Freehold
6A and 8 Buckingham Road, Killara, Sydney*	Octavia Killara	43 residential units	3,792	100%	Freehold

* The Final Occupation Certificate was obtained on Dec 2019. Settlement from customers have commenced from January 2020.

13 Inventories

The Group	31 December 2019 $'000	31 December 2018 $'000
Hotel supplies, at cost	**1,455**	1,086

14 Trade receivables

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Trade receivables	**6,151**	6,700	**–**	–
Impairment of trade receivables	**(285)**	(29)	**–**	–
	5,866	6,671	**–**	–
Goods and Services Tax receivables	**480**	1,611	**33**	2
	6,346	8,282	**33**	2

Trade receivables have credit terms of 30 (2018 – 30) days. The Group does not require collateral in respect of trade receivables.

Analysis of credit risk and currency risk is set out in Note 35.

Trade receivables are denominated in the following currencies:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Singapore dollar	**4,939**	5,038	**33**	2
United States dollar	**546**	792	**–**	–
Thai baht	**39**	–	**–**	–
Japanese yen	**408**	630	**–**	–
Australian dollar	**414**	1,706	**–**	–
New Zealand dollar	**–**	116	**–**	–
	6,346	8,282	**33**	2

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14 Trade receivables (Continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Movements in impairment of trade receivables:				
At beginning of year	**29**	12	**–**	–
Impairment loss recognised (Note 30)	**285**	19	**–**	–
Amounts written back (Note 30)	**(10)**	–	**–**	–
Amounts written off	**(19)**	(2)	**–**	–
At end of year	**285**	29	**–**	–

15 Contract assets

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the end of the reporting period, pertaining to development properties for sale. The amounts recognised as contract assets are reclassified to trade receivables at the point at which it is invoiced to the customer. The Group has not recognised an allowance for contract assets as the ECL are assessed to be insignificant.

The Group	31 December 2019 $'000	31 December 2018 $'000
Contract assets	**25,155**	20,410

Analysis of credit risk is set out in Note 35.

15.1 Contract costs

The Group	31 December 2019 $'000	31 December 2018 $'000
Balance at beginning of year	**6,084**	1,657
Amount capitalised	**7,843**	7,191
Amount amortised	**(3,556)**	(2,764)
Balance at end of year	**10,371**	6,084

Contract costs relate to sales commission incurred in securing sales of residential properties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16 Other receivables

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Amounts due from subsidiaries (non-trade)	**–**	–	**415,805**	387,875
Accrued receivable from subsidiaries	**–**	–	**11,732**	7,416
Advances to associates	**224**	606	**1**	1
Deposits	**2,022**	1,063	**13**	9
Customer deposits held in trust	**4,566**	29,292	**–**	–
Receivable from contractors	**–**	721	**–**	–
Interest receivable	**581**	866	**470**	825
Deposit held in trust	**–**	397	**–**	–
Others	**1,630**	870	**3**	30
	9,023	33,815	**428,024**	396,156
Impairment of other receivables	**(22)**	(731)	**–**	–
	9,001	33,084	**428,024**	396,156
Prepayments	**1,628**	1,783	**32**	26
Tax recoverable	**1,957**	2,092	**–**	–
	12,586	36,959	**428,056**	396,182

The non-trade amounts due from subsidiaries comprise mainly advances from the Company and are unsecured and repayable on demand. At the reporting date, amounts due from subsidiaries of $2,781,600 bear interest at 2.52% (2018 – $2,728,600 at 3.19%) per annum. Interest is re-priced every 12 months. The remaining amounts due from subsidiaries are interest free. The carrying amounts of interest-free amounts due from subsidiaries are repayable on demand.

Customer deposits held in trust received from buyers of pre-sold properties overseas are kept in an escrow account by the solicitor of the property agent. The corresponding liability amounts are recorded in "deposits from pre-sold properties" within other payables in Note 25(b).

Advances to associates are unsecured, interest-free and repayable on demand.

Analysis of credit risk and currency risk is set out in Note 35.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16 Other receivables (Continued)

Other receivables are denominated in the following currencies:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Singapore dollar	**2,175**	2,546	**412,706**	379,530
United States dollar	**1,576**	773	**–**	646
Indonesia rupiah	**–**	–	**–**	81
Thai baht	**1,424**	1,174	**–**	827
Japanese yen	**641**	1,022	**8,492**	7,983
Australian dollar	**6,479**	30,871	**6,858**	7,115
New Zealand dollar	**291**	573	**–**	–
	12,586	36,959	**428,056**	396,182

The movement in the allowance for impairment in respect of other receivables during the year was as follows:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Movements in impairment of other receivables				
At beginning of year	**731**	738	**–**	–
Amounts written off	**(709)**	(7)	**–**	–
At end of year	**22**	731	**–**	–

17 Amounts owing by associates

The Group	31 December 2019 $'000	31 December 2018 $'000
Amounts owing by associates	**62,456**	58,432

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

17 Amounts owing by associates (Continued)

Amounts owing by associates are denominated in the following currencies:

The Group	**31 December 2019 $'000**	**31 December 2018 $'000**
Singapore dollar	**34,417**	29,917
Australian dollar	**–**	155
New Zealand dollar	**28,039**	28,360
	62,456	58,432

The amounts owing by associates comprise unsecured advances which are interest-free and repayable on demand.

Further analysis of credit risk and currency risk is set out in Note 35.

18 Cash and bank balances

	The Group		**The Company**	
	31 December 2019 $'000	**31 December 2018 $'000**	**31 December 2019 $'000**	**31 December 2018 $'000**
Project accounts				
Cash at bank in project accounts	**32,190**	51,256	**–**	–
Fixed deposits in project accounts	**14,000**	20,000	**–**	–
	46,190	71,256	**–**	–
Cash at bank	**172,342**	80,694	**26,193**	27,506
Fixed deposits	**112,427**	139,624	**108,517**	139,382
Cash and bank balances	**330,959**	291,574	**134,710**	166,888

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

	The Group	
	31 December 2019 $'000	**31 December 2018 $'000**
Cash at bank balances (as above)	**330,959**	291,574
Less: Fixed deposits pledged#	**81,285**	71,242
Cash and cash equivalents per consolidated statement of cash flows	**249,674**	220,332

\# Fixed deposits are pledged to secure bankers' guarantees and for multi-currency loan facilities obtained for working capital purposes of the Group.

Project accounts

The project accounts consist of monies held under the Housing Developers (Project Account) Rules 1997 from which withdrawals are restricted to payments for costs incurred in developing properties for sale.

At the reporting date, the weighted average effective interest rate of fixed deposits in project accounts was 0.961% (2018 – 0.801%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

18 Cash and bank balances (Continued)

Cash and bank balances

At the reporting date, the weighted average effective interest rate of fixed deposits (excluding fixed deposits in project accounts) of the Group and the Company was 1.422% (2018 – 1.507%) and 1.394% (2018 – 1.610%) per annum, respectively.

Total cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Singapore dollar	**183,530**	244,957	**104,248**	144,787
Australian dollar	**130,301**	36,941	**29,762**	22,101
New Zealand dollar	**7,229**	3,839	**696**	–
Thai baht	**6,516**	2,607	–	–
Japanese yen	**1,967**	1,749	**4**	–
United States dollar	**1,416**	1,417	**–**	–
Maldivian rufiyaa	**–**	64	**–**	–
	330,959	291,574	**134,710**	166,888

19 Share capital

The Group and The Company	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	No. of ordinary shares		$'000	$'000
Ordinary shares issued and fully paid, with no par value:				
Balance at beginning of year	**1,312,904,844**	1,193,549,994	**47,399**	47,399
Issue of bonus shares	**–**	119,354,850	**–**	–
Balance at end of year	**1,312,904,844**	1,312,904,844	**47,399**	47,399

On 24 April 2018, the Company allotted and issued 119,354,850 bonus shares (the "bonus issue"). The basis of the bonus issue was one bonus share for every ten existing ordinary shares held by the shareholders of the Company.

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

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For the financial year ended 31 December 2019

20 Treasury shares

The Group and The Company	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	No. of ordinary shares		$'000	$'000
Balance at beginning of year	**8,924,900**	1,326,500	**(3,954)**	(564)
Purchase of treasury shares	**–**	7,598,400	**–**	(3,390)
Balance at end of year	**8,924,900**	8,924,900	**(3,954)**	(3,954)

21 Other reserves

The Group	The Group 31 December 2019 $'000	31 December 2018 $'000	The Company 31 December 2019 $'000	31 December 2018 $'000 (Restated)	1 January 2018 $'000 (Restated)
Revaluation reserve	**533**	533	**–**	–	–
Hedging reserve	**(10)**	–	**–**	–	–
Fair value reserve	**–**	–	**–**	–	138
Translation reserve	**(22,992)**	(18,558)	**–**	–	–
	(22,469)	(18,025)	**–**	–	138

Revaluation reserve

Revaluation surplus reserve relates to the excess of the revalued amount and the carrying amount of the property upon its transfer from owner-occupied property to investment property.

Hedging reserve

The fair value changes on the effective portion of cash flow hedge are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss and presented separately in "Finance Costs".

Fair value reserve

Fair value reserve related to the cumulative net change in the fair value of available-for-sale financial assets. Upon adoption of SFRS(I) 9 on 1 January 2018, the available-for-sale financial assets was being classified as equity instruments at fair value through profit or loss, and the fair value reserves was reclassified to profit or loss during the year.

Translation reserve

Translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

22 Borrowings

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Non-current liabilities				
Bank loans (secured):				
Between two and five years	**142,746**	180,327	**–**	–
After five years	**46,372**	49,324	**–**	–
	189,118	229,651	**–**	–
Current liabilities				
Bank loans (secured):				
Repayable within one year or less, or on demand	**339,072**	440,605	**72,357**	64,729
Repayable after one year, but within the normal operating cycle	**386,876**	372,607	**–**	–
	725,948	813,212	**72,357**	64,729
Total borrowings	**915,066**	1,042,863	**72,357**	64,729

The fair value of non-current borrowings at the reporting date is as follows:

	Carrying amount		Fair value	
The Group	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Borrowings with an average effective interest rate of 3.03% (2018 – 3.38%) per annum	**189,118**	229,651	**187,337**	223,485

The fair values are within Level 2 of the fair values hierarchy.

The borrowings are denominated in the following currencies:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Singapore dollar	**733,122**	761,017	**56,000**	62,000
United States dollar	**24,479**	26,126	**2,694**	2,729
Thai baht	**22,527**	20,963	**–**	–
Japanese yen	**59,087**	46,998	**13,663**	–
Australian dollar	**38,738**	150,222	**–**	–
New Zealand dollar	**37,113**	37,537	**–**	–
	915,066	1,042,863	**72,357**	64,729

22 Borrowings (Continued)

Bank loans

At the reporting date, the bank loans bear interest at varying effective rates ranging from 1.61% to 4.80% (2018 – 1.62% to 4.54%) per annum. Interest is re-priced between 1 to 12 months (2018 – 1 to 12 months).

The bank loans are secured by: freehold land and buildings (Note 4), investment properties (Note 6), pledged fixed deposit (Note 18) and development properties for sale (Note 12).

The Company has provided guarantees to banks in respect of loan facilities granted to subsidiaries and associates amounting to $1,282,021,000 (2018 – $1,521,221,000). At the reporting date, the amount of the loan drawdown under the facilities was $915,066,000 (2018 – $1,042,863,000). The current interest rates charged by the lenders on the loans to subsidiaries are at market rates and are consistent with the borrowing costs of the subsidiaries without corporate guarantees. The Group has assessed that the fair value of corporate guarantees is immaterial.

Further analysis of currency and liquidity risks is set out in Note 35.

23 Lease liabilities

The Group	31 December 2019 $'000
Undiscounted lease payments due:	
– Year 1	**1,659**
– Year 2	**1,868**
– Year 3	**1,839**
– Year 4	**1,849**
– Year 5	**1,825**
– Year 6 and onwards	**83,576**
	92,616
Less: Unearned interest cost	**(64,391)**
Balance at end of year	**28,225**
Presented as:	
– Non-current	**27,985**
– Current	**240**
	28,225

Interest expense on lease liabilities of $1,675,000 is recognised within "finance costs" in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within "other operating expenses" in profit or loss are set out below:

The Group	31 December 2019 $'000
Short-term leases	**2**
Leases of low-value asset	**10**
	12

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

23 Lease liabilities (Continued)

Total cash outflows for all leases during the year amount to $2,158,000.

As at 31 December 2019, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

Further information about the financial risk management are disclosed in Note 35.

24 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Properties for sale under development	**2,895**	3,726	**–**	–
Investment property from overseas	**2,018**	1,527	**–**	–
Property, plant and equipment	**3,512**	4,315	**–**	–
Unremitted income	**1,518**	1,411	**851**	671
	9,943	10,979	**851**	671

Settlement of deferred tax liabilities is as follows:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
To be settled:				
Later than one year and no later than five years	**3,875**	9,452	**851**	671
Later than five years	**6,068**	1,527	**–**	–
	9,943	10,979	**851**	671

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

24 Deferred tax liabilities (Continued)

Movement in temporary differences during the year:

The Group	31 December 2019 $'000	31 December 2018 $'000
Deferred tax liabilities:		
Balance at beginning of year	**10,979**	16,483
Recognised in profit or loss (Note 31):		
Properties for sale under development	**(831)**	(6,814)
Investment properties (overseas)	**491**	1,511
Property, plant and equipment	**(803)**	(97)
Equity investments	**–**	(42)
Unremitted income	**107**	(62)
(Note 31)	**(1,036)**	(5,504)
Balance at end of year	**9,943**	10,979

At 31 December 2019, no provision for deferred tax liability has been recognised in respect of undistributed profits of certain foreign subsidiaries amounting to approximately $91,016,000 (2018 – $68,391,000) because management is able to control both the timing of disposal of these subsidiaries and the distribution of profits.

25 Trade and other payables

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Trade payables	**15,412**	13,543	**154**	36
Other payables	**74,489**	90,691	**359,180**	430,102
	89,901	104,234	**359,334**	430,138

(a) Trade payables

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Trade payables	**3,725**	8,770	**154**	36
Goods and Services Tax payables	**7,855**	659	**–**	–
Retention sums payable	**3,832**	4,114	**–**	–
	15,412	13,543	**154**	36

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

25 Trade and other payables (Continued)

(a) Trade payables (Continued)

Trade payables have credit terms between 30 and 60 (2018 – 30 and 60) days.

Trade payables are denominated in the following currencies:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Singapore dollar	**5,850**	6,039	**154**	36
United States dollar	**488**	595	**–**	–
Thai baht	**1,170**	873	**–**	–
Japanese yen	**105**	133	**–**	–
Australian dollar	**7,672**	5,780	**–**	–
New Zealand dollar	**127**	123	**–**	–
	15,412	13,543	**154**	36

(b) Other payables

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Amounts due to subsidiaries (non-trade)	**–**	–	**357,265**	428,737
Amounts due to associates (non-trade)	**19,448**	19,983	**–**	–
Amount due to non-controlling interests (non-trade)	**28,255**	23,880	**–**	–
Accrued directors' performance bonus	**4,869**	1,137	**–**	–
Accrued unbilled progress claims from contractors	**1,225**	1,084	**–**	–
Accrued construction costs for completed projects	**1,292**	2,144	**–**	–
Accrued operating expenses	**2,824**	2,233	**163**	190
Accrued payroll and related expenses	**4,270**	3,372	**1,663**	1,086
Accrued interest expense	**1,841**	3,860	**89**	89
Hotel management fees payable	**–**	83	**–**	–
Rental deposits received	**424**	395	**–**	–
Deposits from pre-sold properties	**4,566**	29,292	**–**	–
Other deposits	**175**	708	**–**	–
Other creditors	**5,284**	2,520	**–**	–
Derivative liability	**16**	–	**–**	–
	74,489	90,691	**359,180**	430,102

25 Trade and other payables (Continued)

(b) Other payables (Continued)

The non-trade amounts due to subsidiaries, associates and non-controlling interests, comprising mainly advances, are unsecured, interest-free and repayable on demand.

Derivative liability related to unrealised loss arising from the interest rate swaps. Interest rate swaps are transacted to hedge variable quarterly interest payments on borrowings that will mature on 10 September 2022. The details are as follows:

The Group	Contractual notional amount $'000	Fair value of derivative liability $'000
31 December 2019		
Interest rate swap	**105,474**	**16**
31 December 2018		
Interest rate swap	–	–

Other payables are denominated in the following currencies:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Singapore dollar	**36,868**	28,146	**337,314**	430,102
United States dollar	**357**	426	**6**	–
Hong Kong dollar	**19,447**	19,566	**–**	–
Thai baht	**341**	198	**–**	–
Japanese yen	**1,021**	838	**13**	–
Australian dollar	**16,144**	40,912	**21,847**	–
New Zealand dollar	**311**	605	**–**	–
	74,489	90,691	**359,180**	430,102

Further information about the currency and liquidity risks are disclosed in Note 35.

26 Contract liabilities

The contract liabilities primarily relate to progress billings issued in excess of the Group's rights to the consideration for its property development business.

Contract liabilities are recognised as revenue when the Group fulfils its performance obligations under the contract with the customer. The significant changes in the contract liabilities during the financial year are as follows:

The Group	31 December 2019 $'000	31 December 2018 $'000
At beginning of year	**30,933**	2,593
Revenue recognised that was included in the contract liabilities at the beginning of the financial year	**(30,933)**	(2,593)
Increases due to cash received, excluding amounts recognised as revenue during the financial year	**25,563**	30,933
At end of year	**25,563**	30,933

27 Operating segments

For management reporting purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units:

(1) Hotel ownership segment relating to ownership of hotels;
(2) Property development segment relating to the development of properties for sale;
(3) Property investment segment relating to the business of investing in properties to earn rentals and for capital appreciation; and
(4) Others relating to corporate office functions.

27 Operating segments (Continued)

The Group	Hotel ownership		Property development		Property investment		Others		The Group	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue-External	**50,414**	49,986	**385,942**	74,992	**7,674**	7,877	**–**	–	**444,030**	132,855
Segment results	**(301)**	2,665	**62,718**	12,280	**4,359**	4,032	**(5,934)**	(3,435)	**60,842**	15,542
Interest income	**16**	9	**563**	18	**132**	223	**2,046**	1,846	**2,757**	2,096
Finance costs	**(10,530)**	(7,291)	**(9,624)**	(4,262)	**(3,505)**	(2,853)	**(1,531)**	(1,935)	**(25,190)**	(16,341)
Fair value gain on investment properties	**–**	–	**–**	–	**737**	4,910	**–**	–	**737**	4,910
Impairment of property, plant and equipment	**(3,338)**	–	**–**	–	**–**	–	**–**	–	**(3,338)**	–
Cumulative fair value gain on available-for-sale financial assets reclassified to profit or loss on adoption of SFRS(I) 9	**–**	–	**–**	–	**–**	–	**–**	312	**–**	312
Fair value loss on financial assets at fair value through profit or loss	**–**	–	**–**	–	**102**	–	**122**	(347)	**224**	(347)
Net exchange gain/(loss)	**213**	3	**–**	57	**(100)**	(1,438)	**217**	373	**330**	(1,005)
Impairment loss on trade and other receivables	**(275)**	(19)	**–**	–	**–**	–	**–**	–	**(275)**	(19)
Share of results of associates (net of income tax)	**89**	18	**1,857**	(1,041)	**6,532**	21,085	**–**	–	**8,478**	20,062
Profit before tax	**(14,126)**	(4,615)	**55,514**	7,052	**8,257**	25,959	**(5,080)**	(3,186)	**44,565**	25,210
Other information										
Segment assets	**302,285**	251,616	**914,684**	1,080,025	**230,225**	202,735	**150,140**	173,021	**1,597,334**	1,707,397
Total assets									**1,597,334**	1,707,397
Segment liabilities*	**375,607**	354,781	**523,202**	672,548	**86,226**	84,548	**73,720**	66,153	**1,058,755**	1,178,030
Total liabilities									**1,058,755**	1,178,030
Investment in associates (including net investment loans)	**–**	–	**3,962**	5,322	**19,416**	15,742	**–**	–	**23,378**	21,064
Capital expenditure relating to investment properties	**–**	–	**–**	–	**99**	–	**–**	–	**99**	–
Capital expenditure relating to property, plant and equipment	**5,851**	16,704	**–**	–	**15**	126	**76**	118	**5,942**	16,948
Depreciation of right-of-use assets	**524**	–	**–**	–	**176**	–	**–**	–	**700**	–
Depreciation of property, plant and equipment	**8,231**	6,827	**–**	–	**85**	76	**162**	145	**8,478**	7,048

27 Operating segments (Continued)

Major customers

There were no revenue transactions from a single customer that amounted to 10% or more of the Group's revenue for the financial year ended 31 December 2019 and 2018.

* Reconciliations of reportable segment liabilities:

The Group	31 December 2019 $'000	31 December 2018 $'000
Total liabilities for reportable segment	**1,058,755**	1,178,030
Current tax liabilities	**18,103**	17,554
Deferred tax liabilities	**9,943**	10,979
Total liabilities	**1,086,801**	1,206,563

The Group Chief Executive Officer ("Group CEO"), who is designated as the Chief Operating Decision Maker, monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included above. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

The Group's income taxes are managed on a group basis and are not allocated to operating segments.

Geographical segments are as follows:

The Group	Singapore $'000	Australia $'000	Japan $'000	Thailand $'000	Malaysia $'000	New Zealand $'000	Hong Kong $'000	Indonesia $'000	Maldives $'000	Total $'000
2019										
External revenue	**145,072**	**279,477**	**8,296**	**–**	**–**	**6,217**	**–**	**–**	**4,968**	**444,030**
Non- current assets	**143,197**	**105,665**	**86,253**	**36,078**	**28,946**	**79,919**	**35,038**	**3,872**	**66,272**	**585,240**

The Group	Singapore $'000	Australia $'000	Japan $'000	Thailand $'000	Malaysia $'000	New Zealand $'000	Hong Kong $'000	Indonesia $'000	Maldives $'000	Total $'000
2018										
External revenue	114,307	–	9,044	–	–	6,393	–	–	3,111	132,855
Non- current assets	149,497	62,106	72,709	35,124	22,457	65,096	35,195	3,735	54,296	500,215

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For the financial year ended 31 December 2019

28 Other income

The Group	31 December 2019 $'000	31 December 2018 $'000
Interest income	**2,757**	2,096
Change in fair value of investment properties (Note 6)	**737**	4,910
Cumulative fair value gain on available-for-sale financial assets reclassified to profit or loss on adoption of SFRS(I) 9	**–**	312
Management fees charged to associates	**839**	2,161
Foreign exchange gain	**769**	1,435
Fair value gain on financial assets at fair value through profit or loss	**224**	–
Dividend income from investment in equity securities	**110**	115
Sundry income	**1,749**	2,197
	4,428	11,130

29 Finance costs

The Group	31 December 2019 $'000	31 December 2018 $'000
Interest expense on bank loans	**23,157**	16,207
Interest expense on lease liabilities	**1,675**	–
Loan commitment fees	**358**	134
	25,190	16,341

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

30 Profit before taxation

The Group	Note	31 December 2019 $'000	31 December 2018 $'000
Profit before taxation is arrived at after (crediting)/charging:			
Directors' fees		**165**	148
Depreciation of property, plant and equipment	4	**8,478**	7,048
Depreciation of right-of-use assets	10	**700**	–
Amortisation of intangible assets	5	**188**	182
Foreign exchange loss		**439**	2,497
Impairment loss on trade and other receivables	14, 16	**275**	19
Impairment of property, plant and equipment	4	**3,338**	–
Fair value (gain)/loss on financial assets at fair value through profit or loss	11	**(224)**	419
Fair value gain on investment properties	6	**(737)**	(4,910)
Cumulative fair value gain on available-for-sale financial assets reclassified to profit or loss on adoption of SFRS(I) 9		**–**	(312)
Operating lease expenses		**–**	1,949
Audit fees			
– Of the external auditor of the Group		**260**	263
– Of other external auditors of the Group		**116**	78
Non-audit fees			
– Of the external auditor of the Group		**6**	4
Staff costs			
Directors			
– Salaries and other related costs		**6,156**	2,563
– Central Provident Fund ("CPF") contributions		**255**	167
Key Management Personnel (other than Directors)			
– Salaries, wages and other related costs		**2,323**	2,001
– CPF contributions		**120**	81
Other than directors and key management personnel			
– Salaries, wages and other related costs		**17,046**	15,477
– CPF contributions		**1,499**	1,429
– Other personnel expenses		**2,404**	2,192
		29,803	23,910

31 Tax expense

The Group	31 December 2019 $'000	31 December 2018 $'000
Current tax expense		
– Current year	**17,647**	9,743
– Adjustments for prior years	**(1,185)**	(85)
	16,462	9,658
Deferred tax expense		
– Origination and reversal of temporary differences	**(777)**	(4,369)
– Adjustments for prior years	**(259)**	(1,135)
(Note 24)	**(1,036)**	(5,504)
	15,426	4,154

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31 Tax expense (Continued)

Singapore income tax is calculated at 17% (2018 – 17%) of the estimated assessable profit or loss for the year. Taxation for other jurisdictions is calculated at the prevailing corporate tax rates in the relevant jurisdictions.

The applicable tax rate used in the reconciliation between the Group's tax expense and accounting profit is the Singapore statutory tax rate based on the jurisdiction where the Company and most group entities are established. The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the accounting profit as a result of the following:

The Group	**31 December 2019 $'000**	**31 December 2018 $'000**
Profit before taxation	**44,565**	25,210
Tax at effective tax rate	**13,799**	5,216
Expenses not deductible for tax purposes	**846**	2,498
Income not subject to tax	**(2,105)**	(4,434)
Deferred tax assets not recognised	**4,963**	2,562
Utilisation of previously unrecognised tax losses	**(471)**	–
Tax credit, exemption, group relief, rebate and others	**(162)**	(468)
Adjustments for prior years	**(1,444)**	(1,220)
	15,426	4,154

At 31 December 2019, the Group had accumulated unutilised tax losses amounting to $48,853,000 (2018 – $24,718,000), of which, $32,777,000 (2018 – $21,018,000) relates to foreign entities. The tax losses are subject to agreement by the relevant tax authorities and compliance with tax regulations.

Deferred tax assets of $9,555,000 (2018 – $5,063,000) of which $6,644,000 (2018 – $4,435,000) relates to foreign entities have not been recognised because it is not probable that future taxable profits will be available against which the Group can utilise the benefit therefrom.

32 Earnings per share

The basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year. The Company did not have any stock options or dilutive potential ordinary shares during the years ended 31 December 2018 and 2019.

The Group	**31 December 2019**	**31 December 2018**
Profit for the year attributable to owners of the Company ($'000)	**30,319**	21,292
Number of ordinary shares in issue at 1 January ('000)	**1,303,980**	1,192,223
Purchase of treasury shares through share buyback ('000) (Note 20)	–	(7,598)
Bonus issue ('000)	–	119,355
Number of ordinary shares in issue* at 31 December ('000)	**1,303,980**	1,303,980
Weighted average number of ordinary shares in issue during the year ('000)	**1,303,980**	1,307,787
Earnings per share-Basic (cents)	**2.33**	1.63
Earnings per share-Diluted (cents)	**2.33**	1.63

* Excluding treasury shares

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For the financial year ended 31 December 2019

33 Commitments

At the reporting date, the Group had the following capital commitments:

The Group	31 December 2019 $'000	31 December 2018 $'000
For completion of property acquisitions		
– 33 Argyle Street, Sydney, Australia	–	14,164
Construction of Park Hotel Melbourne	**90,283**	–
Retrofitting and construction of resorts	**22,653**	20,334
	112,936	34,498

Where Group is the lessee

At the end of the last financial year, the Group was committed to making the following rental payments in respect of operating leases of office equipment, motor vehicle and car park with an original term of more than one year:

The Group	31 December 2018 $'000
Not later than one year	1,953
Later than one year but not later than five years	7,558
Later than five years	43,994
	53,505

The operating leases expire between May 2019 and June 2056 and contain renewal options.

Where Group is the lessor

At the reporting date, the Group had the following rentals receivable under non-cancellable operating leases related to investment properties:

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

2019 – Operating lease under SFRS(I) 16

The Group	2019 $'000
Less than one year	7,378
One to two years	7,057
Two to three years	6,831
Four to five years	6,892
More than five years	4,039
	32,197

2018 – Operating leases under SFRS(I) 1-17

The Group	2018 $'000
Not later than one year	6,453
Later than one year but not later than five years	24,043
Later than five years	3,473
	33,969

The operating leases expire between January 2020 and August 2024 (2018: February 2019 and August 2024) and contain renewal options for 2 to 5 years at a rate mutually agreed between the lessor and the lessee.

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34 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are transactions with related parties made at terms agreed between the parties:

The Group	31 December 2019 $'000	31 December 2018 $'000
Salaries and other related costs	**337**	295
CPF contributions	**43**	37
	380	332

These employees are Teo Hong Hee, Teo Hong Wee, Loh Kwang Chew, Cheong Kwai Fun, Phua Lay Leng and Alicia Teo. Teo Hong Hee and Teo Hong Wee are siblings to two of our Executive Directors, namely Teo Hong Lim and Chris Teo Hong Yeow (the "Executive Directors"). Loh Kwang Chew is the uncle of the Executive Directors. Cheong Kwai Fun and Phua Lay Leng are cousins of the Executive Directors. Alicia Teo is the daughter of Teo Hong Lim.

35 Financial risk management

The Group's and the Company's financial risk management policies set out the overall business strategies and risk management philosophy. The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include: credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance. The Group uses financial instruments such as interest rate swaps to hedge certain risk exposures from time to time.

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

35 Financial risk management (Continued)

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

The Group	Financial assets at fair value through profit or loss $'000	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
31 December 2019				
Financial assets				
Financial assets at fair value through profit or loss	10,109	–	–	10,109
Trade receivables*	–	5,866	–	5,866
Other receivables^	–	9,001	–	9,001
Amount owing by associates	–	62,456	–	62,456
Cash and bank balances	–	330,959	–	330,959
	10,109	408,282	–	418,391
Financial liabilities				
Borrowings	–	–	915,066	915,066
Lease liabilities	–	–	28,225	28,225
Trade and other payables#	–	–	82,046	82,046
	–	–	1,025,337	1,025,337

* Trade receivables exclude Goods and Services Tax receivables

^ Other receivables exclude prepayments and tax recoverable

Trade and other payables exclude Goods and Services Tax payables

35 Financial risk management (Continued)

The Group	Financial assets at fair value through profit or loss $'000	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
31 December 2018				
Financial assets				
Financial assets at fair value through profit or loss	1,856	–	–	1,856
Trade receivables*	–	6,671	–	6,671
Other receivables^	–	33,084	–	33,084
Amount owing by associates	–	58,432	–	58,432
Cash and bank balances	–	291,574	–	291,574
	1,856	389,761	–	391,617
Financial liabilities				
Borrowings	–	–	1,042,863	1,042,863
Trade and other payables#	–	–	103,575	103,575
	–	–	1,146,438	1,146,438

* Trade receivables exclude Goods and Services Tax receivables

^ Other receivables exclude prepayments and tax recoverable

\# Trade and other payables exclude Goods and Services Tax payables

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For the financial year ended 31 December 2019

35 Financial risk management (Continued)

The Company	Financial assets at fair value through profit or loss $'000	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
31 December 2019				
Financial assets				
Financial assets at fair value through profit or loss	**10,109**	–	–	**10,109**
Other receivables^	–	**428,024**	–	**428,024**
Cash and bank balances	–	**134,710**	–	**134,710**
	10,109	**562,734**	–	**572,843**
Financial liabilities				
Borrowings	–	–	**72,357**	**72,357**
Trade and other payables#	–	–	**359,334**	**359,334**
	–	–	**431,691**	**431,691**
31 December 2018				
Financial assets				
Financial assets at fair value through profit or loss	356	–	–	356
Other receivables^	–	396,156	–	396,156
Cash and bank balances	–	166,888	–	166,888
	356	563,044	–	563,400
Financial liabilities				
Borrowings	–	–	64,729	64,729
Trade and other payables#	–	–	430,138	430,138
	–	–	494,867	494,867

^ Other receivables exclude prepayments and tax recoverable

Trade and other payables exclude Goods and Services Tax payables

35 Financial risk management (Continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and contract assets.

The Group's and the Company's objective is to seek continual growth while minimising losses arising from credit risk exposure. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. The Group closely monitors and avoids any significant concentration of credit risk on any of its development properties sold. Contractual deposits are collected and scheduled progress payments are received from the buyers when due. Title to properties is only transferred upon full settlement. In addition, receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The carrying amounts of trade and other receivables and contract assets represent the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

At the reporting date, other than as disclosed in Notes 14, 15 and 16, no allowances for impairment is necessary in respect of contract assets and trade and other receivables past due and not past due.

Significant concentrations of credit risk

At the reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. As at 31 December 2019 and 2018, the Group and the Company do not have any significant concentrations of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

35 Financial risk management (Continued)

Credit risk (Continued)

Exposure to credit risk

The tables below detail the credit quality of the Group's financial assets and contract assets, as well as maximum exposure to credit risk by credit risk rating grades:

The Group	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2019					
Trade receivables (Note 14)	(2)	Lifetime ECL	**6,151**	**(285)**	**5,866**
Contract assets (Note 15)	(3)	Lifetime ECL	**25,155**	**–**	**25,155**
Other receivables (Note 16)	(4)	Lifetime ECL	**9,023**	**(22)**	**9,001**
Amounts owing by associates (Note 17)	(1)	12-month ECL	**62,456**	**–**	**62,456**
31 December 2018					
Trade receivables (Note 14)	(2)	Lifetime ECL	6,700	(29)	6,671
Contract assets (Note 15)	(3)	Lifetime ECL	20,410	–	20,410
Other receivables (Note 16)	(4)	Lifetime ECL	33,815	(731)	33,084
Amounts owing by associates (Note 17)	(1)	12-month ECL	58,432	–	58,432

The Company	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2019					
Amount due from subsidiaries (Note 16)	(1)	12-month ECL	**427,537**	**–**	**427,537**
Other receivables (Note 16)	(4)	Lifetime ECL	**487**	**–**	**487**
31 December 2018					
Amount due from subsidiaries (Note 16)	(1)	12-month ECL	395,291	–	395,291
Other receivables (Note 16)	(4)	Lifetime ECL	865	–	865

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

35 Financial risk management (Continued)

Credit risk (Continued)

(1) Amounts due from related parties

The loans to and amounts due from related parties are considered to have low credit risk as the Company has control or significant influence over the operating, investing and financing activities of these entities. The use of loans and advances to assist with the related parties' cash flow management is in line with the Group's capital management. There has been no significant increase in the credit risk of the amounts due from related parties since initial recognition. In determining the ECL, management has taken into account the finances and business performance of the related parties, and a forward-looking analysis of the financial performance of investments and projects undertaken by the related parties.

Management has assessed that the Group and the Company are not exposed to significant credit loss in respect of the amounts due from the related parties.

(2) Trade receivables

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated by reference to payment history, current financial situation of the debtor, debtor-specific information obtained directly from the debtor and public domain, where available, and an assessment of the current and future wider economic conditions and outlook for the industry in which the debtor operates at the reporting date.

For sales of residential properties, the Group is contractually entitled to forfeit a fixed percentage of the purchase price received from the customer and repossess the sold property for resale. The credit loss risk in respect of outstanding progress billings to the customer is mitigated by these financial safeguards. Sales to hotel individual customers are settled in cash or using major credit cards. The credit risk relating to balances not past due pending receipt of payment from credit card companies is not deemed to be significant. For corporate customers, the credit terms granted to such customers is 90 days, deposits will be placed with the Group, prior to the hotel stay. The credit risk relating to balances not past due pending receipt of payment from corporate companies is not deemed to be significant. Credit risk in respect of trade receivables related to property leasing is deemed to be low with security deposits received from tenants.

(3) Contract assets

Loss allowance for contract assets is measured at an amount equal to lifetime ECL, similar to that for trade receivables.

Consideration receivable for work performed (net of progress billings to be billed to purchasers of development properties) is recognised as contract assets.

At the reporting date, the expected credit loss is assessed to be insignificant.

(4) Other receivables

Loss allowance for other receivables is measured at an amount equal to lifetime expected credit losses (ECL), which is consistent with the approach adopted for trade receivables. The ECL on other receivables are estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts. At the reporting date, no loss allowance for other receivables was required except as disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

35 Financial risk management (Continued)

Credit risk (Continued)

Financial guarantees

The Company has provided financial guarantees to banks in respect of banking facilities amounting to $1,282,021,000 (2018 – $1,521,221,000) granted to subsidiaries and associates, of which $241,418,000 (2018 – $266,917,000) were granted to associates. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees. There is no significant difference in interest rates charged on secured loans to subsidiaries and associates with or without the corporate guarantee from the Company.

Cash and cash equivalents

The Group and the Company held cash and bank balances of $330,959,000 and $134,710,000 respectively at 31 December 2019 (31 December 2018: $291,574,000 and $166,888,000 respectively). The bank balances are held with banks which are regulated. Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank balances was negligible.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises from its variable rate bank loans and fixed deposits.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates on variable rate bank loans and a change of 10 basis points (bp) in interest rates on fixed deposits at the reporting date would have increased/(decreased) profit or loss before tax and equity by the amounts shown below.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax		Equity	
	------ increase/(decrease) ------		------ increase/(decrease) ------	
The Group	**10 bp*/ 100 bp#**	**10 bp*/ 100 bp#**	**10 bp*/ 100 bp#**	**10 bp*/ 100 bp#**
	$'000	**$'000**	**$'000**	**$'000**
At 31 December 2019				
Fixed deposits	**126**	**(126)**	**126**	**(126)**
Variable rate bank loans	**(6,388)**	**6,388**	**(6,388)**	**6,388**
	(6,262)	**6,262**	**(6,262)**	**6,262**
At 31 December 2018				
Fixed deposits	160	(160)	160	(160)
Variable rate bank loans	(8,169)	8,169	(8,169)	8,169
	(8,009)	8,009	(8,009)	8,009

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For the financial year ended 31 December 2019

35 Financial risk management (Continued)

Interest rate risk (Continued)

The Company	Profit before tax increase/(decrease) 10 bp*/ 100 bp# $'000	Profit before tax increase/(decrease) 10 bp*/ 100 bp# $'000	Equity increase/(decrease) 10 bp*/ 100 bp# $'000	Equity increase/(decrease) 10 bp*/ 100 bp# $'000
At 31 December 2019				
Fixed deposits	**109**	**(109)**	**109**	**(109)**
Variable rate bank loans	**(724)**	**724**	**(724)**	**724**
	(615)	**615**	**(615)**	**615**
At 31 December 2018				
Fixed deposits	139	(139)	139	(139)
Variable rate bank loans	(647)	647	(647)	647
	(508)	508	(508)	508

* Fixed deposits
\# Variable rate bank loans

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is exposed to currency risk on financial assets and financial liabilities that are denominated in a currency other than the functional currencies of the respective Group entities. The currencies that give rise to foreign currency risk are: Australian dollar, Hong Kong dollar, Japanese Yen, New Zealand dollar and United States dollar.

A 5% strengthening of the above currencies against the functional currencies of the respective Group entities at the reporting date would have increased/decreased equity and profit or loss before tax as follows:

The Group	31 December 2019 $'000	31 December 2018 $'000
Australian dollar	**1,404**	1,066
Hong Kong dollar	**(168)**	(170)
Japanese Yen	**(8)**	–
New Zealand dollar	**1,302**	1,309
United States dollar	**(182)**	(186)
	2,348	2,019

NOTES TO THE FINANCIAL STATEMENTS

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35 Financial risk management (Continued)

Currency risk (Continued)

The Company	31 December 2019 $'000	31 December 2018 $'000
Australian dollar	**1,404**	1,066
Japanese Yen	**(8)**	–
New Zealand dollar	**31**	–
United States dollar	**(182)**	(186)
	1,245	880

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effect. A 5% weakening of the above currencies against the functional currencies of the respective Group entities would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

Market price risk arises from financial assets at fair value through profit or loss.

Market price sensitivity analysis

All of the Group's and the Company's quoted equity investments are classified as financial assets at fair value through profit or loss, a 5% increase in the value of the underlying equity investments at the reporting date would have increased the Group's and the Company's equity by $420,000 after tax (2018 - $77,000 and $15,000 respectively). A 5% decrease in the value of the underlying equity investment would have had an equal but opposite effect.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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35 Financial risk management (Continued)

Liquidity risk (Continued)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

The Group	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
		Contractual undiscounted cash flows			
As at 31 December 2019					
Bank loans (Note 22)	**915,066**	**963,852**	**355,782**	**552,131**	**55,939**
Trade and other payables*	**82,046**	**82,046**	**82,046**	–	–
Lease liabilities	**28,225**	**92,616**	**1,659**	**7,381**	**83,576**
Interest rate swap	**16**	**16**	**16**	–	–
	1,025,353	**1,138,530**	**439,503**	**559,512**	**139,515**
As at 31 December 2018					
Bank loans (Note 22)	1,042,863	1,119,777	352,912	706,633	60,232
Trade and other payables*	103,575	103,575	103,575	–	–
	1,146,438	1,223,352	456,487	706,633	60,232

The Company	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
		Contractual undiscounted cash flows			
As at 31 December 2019					
Bank loans (Note 22)	**72,357**	**72,720**	**72,720**	–	–
Trade and other payables*	**359,334**	**359,334**	**359,334**	–	–
	431,691	**432,054**	**432,054**	–	–
As at 31 December 2018					
Bank loans (Note 22)	64,729	64,989	64,989	–	–
Trade and other payables*	430,138	430,138	430,138	–	–
	494,867	495,127	495,127	–	–

* Trade and other payables exclude Goods and Services Tax payables.

It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

The Company has a multi-currency debt issuance programme, under which it may issue notes of up to S$500 million. As of 31 December 2019, S$500 million remains unutilised. Under this Programme, notes issued by the Company may have varying maturities as agreed with the relevant financial institutions.

35 Financial risk management (Continued)

Liquidity risk (Continued)

At the reporting date, the Company does not consider it probable that a claim will be made against it under the intragroup financial guarantees. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called upon and disclosed as follows:

The Group	Carrying amount $'000	Contractual undiscounted cash flows Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
As at 31 December 2019					
Financial guarantees	**241,418**	**241,418**	**241,418**	**–**	**–**
As at 31 December 2018					
Financial guarantees	266,917	266,917	266,917	–	–

The Company	Carrying amount $'000	Contractual undiscounted cash flows Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
As at 31 December 2019					
Financial guarantees	**1,282,021**	**1,282,021**	**1,282,021**	**–**	**–**
As at 31 December 2018					
Financial guarantees	1,521,221	1,521,221	1,521,221	–	–

36 Fair value measurement

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and
Level 3 : inputs for the asset or liability that are not based on observable market date.

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36 Fair value measurement (Continued)

Fair value hierarchy (Continued)

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019				
Financial assets				
Financial assets at fair value through profit or loss (Note 11)	**10,109**	–	–	**10,109**
Financial liabilities				
Derivative liability (Note 25)	–	**16**	–	**16**
31 December 2018				
Financial assets				
Financial assets at fair value through profit or loss (Note 11)	**1,856**	–	–	**1,856**

The Company	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019				
Financial assets				
Financial assets at fair value through profit or loss (Note 11)	**10,109**	–	–	**10,109**
31 December 2018				
Financial assets				
Financial assets at fair value through profit or loss (Note 11)	**356**	–	–	**356**

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019				
Investment properties (Note 6)	–	–	**126,609**	**126,609**
31 December 2018				
Investment properties (Note 6)	–	–	126,464	126,464

Fair value measurement of financial assets

Equity securities

The fair value of quoted equity securities classified as financial assets at fair value through profit or loss is determined by reference to their quoted closing bid price at the reporting date.

36 Fair value measurement (Continued)

Fair value hierarchy (Continued)

Fair value measurement of financial assets (Continued)

Bank loans

The carrying amounts of the bank loans, repayable within one year or less, or on demand and whose interest rates are re-priced within 12 months, approximate their fair value.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year, (trade and other receivables, trade and other payables, and amounts owing by/(to) related parties) approximate their fair values because of the short period to maturity.

Fair value measurement of non-financial assets

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Inter-relationship between key unobservable inputs and fair value measurement	Significant unobservable inputs
	The estimated fair value would increase (decrease) if:	
Direct comparison method	*Price per square meter was higher (lower);*	Price per square meter: **– 31 December 2019: $6,600 to $37,700** – 31 December 2018: $6,600 to $37,700
Discounted cash flows method	*Expected average rental growth was higher (lower);*	Expected average rental growth: **– 31 December 2019: 2.35%** – 31 December 2018: 2.2%
	Renewal probability was higher (lower);	Renewal probability: **– 31 December 2019: 50%** – 31 December 2018: 50%
	Capital expenditure was lower (higher);	Capital expenditure (of gross income): **– 31 December 2019: 4.80%** – 31 December 2018: 2.80%
	Terminal yield was lower (higher);	Terminal yield: **– 31 December 2019: 6.50%** – 31 December 2018: 6.75%
	Discount rate was lower (higher);	Discount rate: **– 31 December 2019: 7.50%** – 31 December 2018: 7.75%
Income capitalisation method	*Capitalisation rate was lower (higher).*	Capitalisation rate: **– 31 December 2019: 6.25%** – 31 December 2018: 6.50%

36 Fair value measurement (Continued)

Fair value measurement of non-financial assets (Continued)

Valuation technique and significant unobservable inputs (Continued)

Level 3: Fair value measurements

The reconciliation of the carrying amounts of non-financial assets related to investment properties classified within Level 3 is disclosed in Note 6.

37 Capital management

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company review and manage their capital structures to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group's and the Company's capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company have adopted a dividend policy with a view of paying dividends, on a half-yearly basis, of at least 50% of the net operating profits attributable to the Group's business of hotel ownership and provision of hotel accommodation services subject to certain factors.

The Board of Directors monitors capital based on the net debt to adjusted net assets value ratio. Net debt comprises total borrowings add lease liabilities less cash and cash equivalents. Adjusted net assets value comprises total equity and the excess of the fair values of the Group's hotel and office premises over their net book values. The Group's hotel and office premises are measured at historical cost. For the purpose of capital management, the fair values of the Group's hotel and office premises are used. The fair value of the hotel and office premises is determined by an independent firm of professional valuers.

There were no changes in the Group's and the Company's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

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37 Capital management (Continued)

The Group	31 December 2019 $'000	31 December 2018 $'000
Total borrowings (Note 22)	**915,066**	1,042,863
Lease Liabilities (Note 23)	**28,225**	–
Less: Total cash and bank balances (Note 18)	**(330,959)**	(291,574)
Net debt (A)	**612,332**	751,289
Equity attributable to owners of the Company	**510,652**	496,301
Excess of fair values of hotel and office premises over net book values	**504,325**	485,159
Adjusted net assets value (B)	**1,014,977**	981,460
Net debt to adjusted net assets value ratio (times) (A)/(B)	**0.60**	0.77

The Company	31 December 2019 $'000	31 December 2018 $'000
Total borrowings (Note 22)	**72,357**	64,729
Less: Total cash and bank balances (Note 18)	**(134,710)**	(166,888)
Net debt (A)	**(62,353)**	(102,159)
Equity attributable to owners of the Company	**315,966**	238,916
Excess of fair values of hotel and office premises over net book values	**–**	–
Adjusted net assets value (B)	**315,966**	238,916
Net debt to adjusted net assets value ratio (times) (A)/(B)	*****	*

* Not presented as the Company is in a net cash position.

38 Dividends

The Group	31 December 2019 $'000	31 December 2018 $'000
Final dividend paid in respect of FY2018 (2018 – FY2017) of 0.705 cents (2018 – 0.771 cents) per share	**9,193**	9,176
Interim dividend paid in respect of FY2019 (2018 – FY2018) of 0.195 cents (2018 – 0.195 cents) per share	**2,543**	2,548
	11,736	11,724

The Company proposed a final tax-exempt one-tier dividend of 1.09 cents per share in respect of the financial year ended 31 December 2019. The proposed final dividend of $14,213,000 (2018: $9,193,000), which has not been provided for, is subject to the approval of shareholders.

Together with the interim dividend of 0.195 cents per share tax exempt one-tier, total dividends paid and proposed in respect of the financial year ended 31 December 2019 will be $16,756,000 (2018: $11,741,000) or 1.285 cents per share (2018: 0.900 cents per share tax-exempt one-tier).

39 Subsequent events

An outbreak of COVID-19 (Coronavirus Disease 2019) had been reported in China on 31 December 2019. At the date of these financial statements, while the outbreak has been most severe in Asia, it has spread to various regions around the world, including Australia, Europe, Middle East and the United States of America. The Group operates in various regions affected by the outbreak. While the full impact to the Group cannot be quantified reliably, the Group's performance subsequent to the balance sheet date is likely to be negatively impacted as a result of regional and global travel restrictions, quarantine and/or illness of employees, loss of customers, supply chain disruptions, and other forms of interruptions to business.

On 11 February 2020, the Group through its indirect associate, Mauna TMK, held through Vivel SG Pte. Ltd. has entered into an agreement to acquire the retail building situated at 23-10 Udagawa-cho, Shibuya-Ku in Tokyo, Japan, at a purchase price of JPY5,200,000,000.

On 20 February 2020, following the recent amendments to Rule 705(2) of the Listing Manual of Singapore Exchange Securities Trading Limited which took effect from 7 February 2020, the Company has informed shareholders that the Group will cease to provide announcements of the unaudited financial statements of the Group for each quarter of its financial year. Accordingly, announcements pertaining to the unaudited financial statements of the Group will be released on a semi-annual basis, in respect of the first half of its financial year and in respect of the second half of its financial year and for the full financial year. The Group will continue to update shareholders on material developments relating to the Group in compliance with its continuing disclosure obligations, as and when appropriate.

On 6 March 2020, the Group through its indirect associate, Leon TMK, held through Nigella SG Pte. Ltd., has entered into a sale and purchase agreement with a third party, for the sale of the retail building situated at Ginza, Chuo-Ku, Tokyo, Japan at a sale price of JPY8,600,000,000.

40 Prior year adjustments (company only)

Foreign exchange differences arising from the translation of foreign denominated net investment loans to subsidiaries had been recorded in the translation reserve instead of profit and loss at Company level in the previous financial years. The differences have been adjusted for retrospectively as per SFRS(I) 1-8. The effects are as follows:

The Company	**(As previously reported) 31 December 2018 $'000**	**Prior year adjustments $'000**	**(As restated) 31 December 2018 $'000**
Equity			
Other reserves	(5,622)	5,622	–
Retained earnings	201,093	(5,622)	195,471

The Company	**(As previously reported) 1 January 2018 $'000**	**Prior year adjustments $'000**	**(As restated) 1 January 2018 $'000**
Equity			
Other reserves	906	(768)	138
Retained earnings	174,572	768	175,340

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

41 Comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements to present the contract liabilities as a separate item in the statement of financial position. The effects are as follows:

The Group	(As previously reported) 31 December 2018 $'000	Adjustments $'000	(As reclassified) 31 December 2018 $'000
Assets			
Current Assets			
Development properties for sale	751,566	30,933	782,499
Liabilities			
Current Liabilities			
Contract liabilities	–	30,933	30,933

This reclassification is not considered to be material to the financial statement as a whole, and does not affect the opening balance sheet of the earliest comparative period i.e 1 January 2018. Hence no 3rd balance sheet is presented.

SHAREHOLDINGS STATISTICS

As at 11 March 2020

Issued and fully paid-up capital	–	S$47,590,007
Total number of shares including treasury shares	–	1,312,904,844
Total number of shares excluding treasury shares	–	1,303,979,944
Number of treasury shares	–	8,924,900
Class of shares	–	Ordinary
Voting rights (excluding treasury shares)	–	One Vote Per Share

Distribution of Shareholdings as at 11 March 2020

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	46	2.82	2,183	0.00
100 – 1,000	91	5.57	45,574	0.00
1,001 – 10,000	375	22.96	1,701,841	0.13
10,001 – 1,000,000	1,076	65.89	60,817,888	4.63
1,000,001 and above	45	2.76	1,250,335,358	95.24
Total	**1,633**	**100.00**	**1,312,902,844**	**100.00**

Percentage of shareholdings in the hands of public (Public Float)

As at 11 March 2020, approximately 20.53% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Twenty Largest Shareholders

List of 20 Largest Shareholders as at 11 March 2020

NO.	NAME	NO. OF SHARES	%
1	KIAN LAM INVESTMENT PTE LTD	520,001,695	39.61
2	SEN LEE DEVELOPMENT PTE LTD	146,293,125	11.14
3	TEO HONG LIM[(1)]	130,295,687	9.92
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	64,333,640	4.90
5	CHEONG FUNG FAI	39,516,125	3.01
6	SUTANTIO	39,100,875	2.98
7	DBS NOMINEES PTE LTD	37,198,663	2.83
8	TJANDRAWATI	37,046,625	2.82
9	OCBC SECURITIES PRIVATE LTD	31,426,990	2.39
10	TEO HONG HEE	30,483,750	2.32
11	HONG LEONG FINANCE NOMINEES PTE LTD	28,332,120	2.16
12	LIM SWEE HAH	20,542,500	1.56
13	RAFFLES NOMINEES (PTE) LIMITED	12,868,396	0.98
14	CHEONG KWAI FUN (ZHANG GUIFEN)	10,333,125	0.79
15	CITIBANK NOMINEES SINGAPORE PTE LTD	10,292,232	0.78
16	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	8,627,322	0.66
17	MAYBANK KIM ENG SECURITIES PTE LTD	8,461,387	0.64
18	LIM BEE YONG	7,312,250	0.56
19	TEO KOK THYE	7,218,750	0.55
20	PHILLIP SECURITIES PTE LTD	5,683,756	0.43
	TOTAL	**1,195,369,013**	**91.03**

(1) Excludes Mr Teo Hong Lim's 24,203,410 shares registered in the name of nominees.

SHAREHOLDINGS STATISTICS

As at 11 March 2020

Substantial shareholders as shown in the Register of Substantial Shareholders as at 11 March 2020

	Number of Shares			
Substantial shareholders	**Direct Interest**	**%**[1]	**Deemed Interest**	**%**[1]
Kian Lam Investment Pte Ltd[2]	520,001,695	39.88	146,293,125	11.22
Sen Lee Development Private Limited	146,293,125	11.22	–	–
Teo Hong Lim[3][4]	130,295,687	9.99	690,498,230	52.95
Sutantio[5]	39,100,975	3.00	37,046,625	2.84
Tjandrawati[5]	37,046,625	2.84	39,100,975	3.00

Notes:

(1) Percentage of substantial shareholdings is computed based on the total number of issued shares excluding treasury shares.

(2) Kian Lam Investment Pte Ltd ("**Kian Lam**") holds more than 50% of the issued share capital of Sen Lee Development Private Limited ("**Sen Lee**") and is deemed to be interested in the shares of the Company held by Sen Lee.

(3) Teo Hong Lim holds more than 20% of the issued share capital of Kian Lam. In this respect, pursuant to Section 7 of the Companies Act, Cap. 50, Teo Hong Lim is deemed to be interested in the shares of the Company held by Kian Lam and Sen Lee.

(4) 24,203,410 shares held by Teo Hong Lim are registered in the name of nominees.

(5) Sutantio is the husband of Tjandrawati. Each of them is deemed to be interested in the shares held by each other.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Roxy-Pacific Holdings Limited (the "**Company**") will be held at Frankel Room, 3rd Floor, Grand Mercure Roxy Hotel, 50 East Coast Road, Roxy Square, Singapore 428769 on Thursday, 9 April 2020 at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2019 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax exempt dividend of 1.09 cents per ordinary share in respect of the financial year ended 31 December 2019 (2018: final one-tier tax exempt dividend of 0.705 cents per ordinary share). **(Resolution 2)**

3. To approve Directors' fee of S$237,600 (2019: S$199,320) for the financial year ending 31 December 2020 and the payment thereof on a quarterly basis. **(Resolution 3)**

4. To re-elect Mr Koh Seng Geok, a Director retiring under Regulation 103 of the Constitution of the Company. **(Resolution 4)** **(See Explanatory Note 1)**

5. To re-elect Ms Tan Hong Lye, Cecilia, a Director retiring under Regulation 107 of the Constitution of the Company. **(Resolution 5)** **(See Explanation Note 2)**

   To note the retirement of Mr Tay Kah Poh, pursuant to Regulation 103 of the Company's Constitution. Mr Tay, the Lead Independent Director, has indicated that he will not be standing for re-election at the forthcoming AGM. Mr Tay will cease to be a Director of the Company, the Chairman of the Remuneration Committee and Nominating Committee, and a member of the Audit Risk Management Committee with effect from the close of the forthcoming AGM.

6. To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolution with or without modifications:

7. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**"), and Rule 806 of the Listing Rules of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and/or

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force; provided always that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed five per cent (5%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares,

and adjustments in accordance with (a) or (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 7)**
(See Explanatory Note 3)

8. **Proposed renewal of the Share buyback mandate**

That approval be and is hereby given:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(i) an on-market share acquisition ("**On-Market Purchase**") transacted on the **SGX-ST** trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or

(ii) off-market share acquisition ("**Off-Market Purchase**") pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise be in accordance with all other laws and other regulations and rules of the SGX-ST.

(the "**Share Buy Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the Directors of the Company be authorised to exercise the authority conferred on them pursuant to the Share Buy Back Mandate at any time and from time to time, during the period commencing from the date of 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 required by law to be held; or

(ii) the date on which the authority contained in the Share Buy Back Mandate is revoked or varied by the Company in general meeting, whichever is the earlier; or

(iii) the date on which the share buy backs are carried out to the full extent of the Share Buy Back Mandate; and

(c) the Directors of the Company and/or any of them be and is hereby authorised to do such acts and things (including, without limitation, enter into all transactions, arrangements and agreements and executing such documents) as they and/or he may consider necessary or expedient to give effect to this resolution.

NOTICE OF ANNUAL GENERAL MEETING

In this resolution:

"**Maximum Limit**" means that number of Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Shares held by the Company as treasury shares shall be disregarded for purposes of computing the 10% limit of the issued ordinary share capital of the Company.

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the price paid per Share which does not exceed 105% of the average of the closing market prices of the Shares over the last 5 market days, on which transactions in the Shares were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action which occurs during the relevant 5-day period and the day on which the purchases are made.

"**Relevant Period**" means the period commencing from the date on which the annual general meeting of the Company is held and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the shareholders of the Company in general meeting.

The Maximum Price shall apply to both On-Market Purchases and Off-Market Purchases and shall exclude brokerage fees, commission, stamp duties payable, applicable goods and services tax, clearance fees and other related expenses. **(Resolution 8)**
(See Explanatory Note 4)

9. **Any Other Business**

To transact any other business that may be properly transacted at the Annual General Meeting.

BY ORDER OF THE BOARD

Koh Seng Geok
Executive Director and Company Secretary

Singapore, 25 March 2020

Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus ("COVID-19")

In view of the current COVID-19 situation, the following steps will be taken for members and others attending the Annual General Meeting to minimise the risks of community spread of the COVID-19:

1. The Company will be carrying out the precautionary measure of temperature screening for shareholders, proxies and invitees ("attendees") at the forthcoming Annual General Meeting. All persons attending the Annual General Meeting will be required to undergo a **temperature check** and sign a **health declaration form** in respect of whether they have been to affected areas as advised by Singapore Ministry of Health ("**Affected Areas**") during the 14 days prior to the date of the Annual General Meeting. We will also request the contact number of the attendees in case of contact tracing.
2. Any person who has been in Affected Areas, irrespective of nationality, during the said 14-day period **will not be permitted to attend the Annual General Meeting**, but will still be allowed to appoint a proxy to attend, speak and vote at the Annual General Meeting in the manner as provided in the proxy form. The health declaration form may also be used for purposes of contact tracing, if required.
3. Any person who has a fever **will not be permitted** to attend the Annual General Meeting. We may also at our discretion deny entry to persons exhibiting flu-like symptoms.

Attendees who are feeling unwell on the date of the Annual General Meeting are advised not to attend the Annual General Meeting. Attendees are also advised to arrive at the Annual General Meeting venue early given that the above-mentioned measures may cause delay in the registration process. For an orderly and timely start to the annual general meeting, we seek your co-operation and understanding to plan your arrival to allow for more time for registration.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risks to the attendees.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business to be transacted:

1. Detailed information on Mr Koh Seng Geok as set out in Appendix 7.4.1 of the listing manual are found under "Statement of Corporate Governance" in the Company's Annual Report 2019.

2. Ms Tan Hong Lye, Cecilia will, upon re-election as a Director of the Company, remain as a member of the Audit Risk Management Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). She will remain as a member of the Nominating and Remuneration Committees. Detailed information on Ms Tan as set out in Appendix 7.4.1 of the listing manual are found under "Statement of Corporate Governance" in the Company's Annual Report 2019.

3. Resolution 7, if passed, will empower the Directors of the Company from the date of the above meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares and convertible securities, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, of which up to five (5)% of the total number of issued shares (excluding treasury shares and subsidiary holdings)(including shares to be allotted and issued in pursuance of instruments made or granted pursuant to this resolution) may be issued other than on a pro-rata basis to shareholders.

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

4. Resolution 8, if passed, will empower the Directors of the Company from the date of the above meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by the law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to repurchase its own ordinary shares by way of market purchases and/or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price (as defined in the Ordinary Resolution). The rationale for, 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 Buy Back Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 are set out in greater detail in the Letter to Shareholders attached.

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two proxies to attend, speak and vote at the meeting.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy must be lodged at the registered office of the Company at 50 East Coast Road #B1-18, Roxy Square, Singapore 428769 at least 72 hours before the time appointed for the Annual General Meeting.

5. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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, administration and analysis by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, take-over 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 agent) 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.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Roxy-Pacific Holdings Limited (the "**Company**") will be closed on 21 April 2020 after 5:00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd. of 333 North Bridge Road #08-00 Singapore 188721 up to 5:00 p.m. on 21 April 2020 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 21 April 2020 will be entitled to the abovementioned dividends.

Payment of the proposed dividends, if approved by the shareholders at the Annual General Meeting to be held on 9 April 2020 will be paid on 30 April 2020.

BY ORDER OF THE BOARD

Koh Seng Geok
Executive Director and Company Secretary

Singapore, 25 March 2020

ROXY-PACIFIC HOLDINGS LIMITED

Co. Registration No. 196700135Z
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF moneys to buy shares in Roxy-Pacific Holdings Limited, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
ANNUAL GENERAL MEETING

I/We, ____________________

of ____________________

being *a member/members of ROXY-PACIFIC HOLDINGS LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)
*and/or (delete as appropriate)			

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Frankel Room, 3rd Floor, Grand Mercure Roxy Hotel, 50 East Coast Road, Roxy Square, Singapore 428769 on Thursday, 9 April 2020 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/ proxies to vote for or against or abstain from voting on the resolutions to be proposed at the Annual General Meeting in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] or cross (x) within the box provided.

No.	Ordinary Resolutions	No. of Votes or indicate with a tick [✓] or cross (x)[1]		
		For	Against	Abstain
	Ordinary Business			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 and the Auditor's Report thereon.			
2.	To declare a final one-tier tax exempt dividend of 1.09 cents per ordinary share in respect of the financial year ended 31 December 2019.			
3.	To approve Directors' fee of S$237,600 (2019: S$199,320) for the financial year ending 31 December 2020 and the payment thereof on a quarterly basis.			
4.	To re-elect Mr Koh Seng Geok, a Director retiring under Regulation 103 of the Constitution of the Company.			
5.	To re-elect Ms Tan Hong Lye, Cecilia, a Director retiring under Regulation 107 of the Constitution of the Company.			
6.	To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
	Special Business			
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.			
8.	Proposed renewal of the Share buyback mandate.			

[1] All resolutions would be put to vote by poll in accordance with listing rule of Singapore Exchange Securities Limited.
Please tick "✓" or **cross (x)** or indicate the number of votes within the box provided. A tick or cross would represent you are exercising all your votes "For" or "Against" or "Abstain" from voting on the relevant resolution.

Dated this __________ day of ________________ 2020

Total Number of Shares Held

____

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. A member of the Company (other than a relevant intermediary as defined in Section 181 of the Companies Act, Cap.50) entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on his stead. Such proxy need not be a member of the Company.
2. A relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the meeting and vote.
3. Where a member of the Company appoints more than one proxy in a proxy form, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
5. This instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 50 East Coast Road #B1-18, Roxy Square, Singapore 428769 not later than 72 hours before the time set for the meeting.
8. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
11. 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.

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Affix
Postage
Stamp

The Company Secretary
ROXY-PACIFIC HOLDINGS LIMITED
50 East Coast Road #B1-18
Roxy Square
Singapore 428769

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