DEVELOPING ASSETS NEW OPPORTUNITIES

HIAP HOE LIMITED

ANNUAL REPORT 2018

ONLY THE BEST CARRIES OUR SIGNATURE

HIAP HOE

VISION

A richer life for each of us.

MISSION

To provide sustainable long term returns to our stakeholders as we uphold our leading reputation as a homegrown premium developer of quality developments.

Singapore Mainboard-listed Hiap Hoe Limited is a regional premium real estate group with a diversified portfolio of hospitality, retail, commercial and residential assets. The Group is known for the development of luxury and mid-tier residential as well as hotel-cum-commercial properties that are distinct in design and preferred for their excellent location and investment prospects. The Group's enlarged portfolio includes distinctive projects such as Zhongshan Park Integrated Development, Skyline 360° At St Thomas Walk, Waterscape At Cavenagh, The Beverly, Signature At Lewis and HH@Kallang, among others.

Hiap Hoe's flagship development is the integrated hotel-cum-commercial development along Balestier Road that sits just opposite the historic Sun Yat-Sen Nanyang Memorial Hall, a national monument that pays tribute to the father of the 1911 Chinese Revolution. Comprising Days Hotel Singapore At Zhongshan Park (新加坡中山公园戴斯酒店), and Ramada Singapore At Zhongshan Park (新加坡中山公园华美达酒店), Zhongshan Mall (中山广场) and an office tower, the two hotels flank Zhongshan Park (中山公园), creating a unique integrated development with a strong heritage connection and old world charm.

In 2013, Hiap Hoe embarked on its strategic overseas expansion plans and has acquired assets in prime locations in Australia which fit the Group's strategy of growing its recurring income stream. Hiap Hoe's inaugural integrated hotel-cum-residential development project, Marina Tower, Melbourne, will further expand the Group's hospitality portfolio. In 2017, Hiap Hoe made its maiden foray into the United Kingdom's hospitality industry with the purchase of Holiday Inn Express Trafford City in Manchester.

Hiap Hoe's strategic acquisition of SuperBowl Holdings Limited in 2014 has consolidated the Group's position as a sizeable player in the real estate industry, expanding its sources of revenue to include leasing business and leisure activities to deliver a pool of stable revenue for the Group.

In addition to the Group's business of property investment and development, hospitality, leisure and investments, Hiap Hoe is also engaged in the construction business through its wholly owned subsidiary, WestBuild Construction Pte Ltd.

CHAIRMAN & CEO MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present Hiap Hoe's Annual Report for the financial year ended December 2018 ("**FY2018**").

FY2018 was a challenging year for the Group as we faced various headwinds such as slower economic growth, geopolitical uncertainties and a rising interest rate environment. Notwithstanding these challenges, we remained steadfast in our drive to strengthen our pillars of growth, notably our passive income-generating properties and hospitality segments both locally and overseas.

Building on Strong Foundations

The Group stayed focussed on upholding our reputation as a premium regional real estate group with a diversified portfolio of leasing, hospitality, commercial and leisure assets. We also worked to reinforce our standing as a reputed developer in Singapore and beyond.

Our leasing portfolio at Zhongshan Mall and the Hiap Hoe Building office tower continued to record high occupancy rates which contributed to our steady stream of income in FY2018. Our Orchard Towers property, which we acquired in 2017, is also generating ongoing income from retail and office rental. Rental for the remaining unsold units at HH@Kallang also continues to generate stable recurring income for the Group.

We remained active on the hospitality front. The Revenue Per Available Room (RevPAR) for both Days Hotel Singapore At Zhongshan Park and Ramada Singapore At Zhongshan Park demonstrated upward trends in FY2018. The Group is confident of the tourism sector's long-term potential in Singapore, and will continue to strengthen our position in this area.

Our leisure segment at SuperBowl recorded a higher revenue in FY2018. SuperBowl currently operates at six locations – Jurong, SAFRA Mount Faber, SAFRA Toa Payoh, HomeTeamNS-JOM, SAFRA Tampines and Keat Hong Community Club.

Reinforcing our International Presence

Hiap Hoe's efforts to focus on international expansion in the last few years have been making headway. The high-yield assets we have acquired are now generating a long-term recurring income for the Group.

The Group's residential waterfront development in Melbourne, Marina Tower is part of an integrated residential-cum-hotel development project completed in 2017. The hotel, Four Points by Sheraton Melbourne Docklands, has achieved a steady upward trend in occupancy rates since it opened early last year. As for the residential units, the recognition of sales has increased to 90% as at 31 December 2018. We will ramp up efforts in marketing the remaining units in 2019.

Our 2017 expansion into the United Kingdom's hospitality market – the Holiday Inn Express hotel in Trafford City, Mercury Way, Manchester – is also seeing good progress. Anchored by the Holiday Inn Express's international brand name and a strong management team, it is set to be a strong revenue contributor for the Group.

In FY2018, the Group further expanded our presence in Australia when we entered into a sale and purchase agreement to acquire a property in Perth. The property, comprising a hotel and a commercial office building, is situated strategically between Perth's central business district and Perth Airport and is close to multiple blue-chip companies. With its high occupancy levels and a diverse mix of blue-chip tenants, the property is another future source of recurring income for the Group.

Financial Performance

In FY2018, revenue from hotel operations was higher by S$11.6 million or 20% compared to the previous financial year ("**FY2017**"). The increase was mainly attributed to the hotel operations in Melbourne and Manchester. Rental revenue in FY2018 recorded an increase of S$3.8 million or 14% as compared to FY2017, mainly due to rental revenue from Orchard Towers units acquired in December 2017. The Group's leisure business under SuperBowl contributed a revenue of S$8.4 million. Overall, the Group recorded a total revenue of S$187.5 million in FY2018 compared to S$249.1 million in FY2017. The decline in revenue was mainly due to lower sales of development properties in FY2018.

Hiap Hoe recorded higher costs and expenses in FY2018 as a result of its hotel operations and properties owned by the Group. Included in FY2018 was an impairment loss of S$3.7 million on the investment property at Stirling Street, Perth and the mark-to-market loss of S$23.5 million on its trading investments.

The Group registered a net loss after tax of S$10.0 million in FY2018 mainly due to mark-to-market loss in financial instruments and the decrease in the sales of development properties. Hiap Hoe had recorded in FY2017 a net profit after tax of S$80.5 million, largely attributed to higher sales of development properties. Also recorded in FY2017 was a gain on bargain purchase of S$43.0 million as a result of the fair value of net assets acquired exceeding the total purchase price for acquisition of a subsidiary.

As at 31 December 2018, the Group's financial standing remained strong, with shareholders' equity attributable to owners of the Company at S$758.2 million and cash and short-term deposits valued at S$55.5 million.

Dividend

The Group declared an interim dividend of 0.5 cent per ordinary share in August 2018. To thank our shareholders for their continued support, the Board of Directors is pleased to recommend a final one-tier tax exempt dividend of 1.0 cent per share, bringing the total dividend for FY2018 to 1.5 cents per share.

Looking Ahead

Over the years, we have made progressive strides to reinforce our diversification strategy and add value to our assets. As a result, we expect to see more business stability as we reap the returns from some of our newly established and acquired properties. We will remain prudent, agile and resilient as we work to grow and uphold our reputation as a premium real estate and development Group – both locally and internationally.

Acknowledgements

On behalf of the Board of Directors, we would like to express our sincere appreciation to our fellow Board Members for their invaluable guidance; the Management and staff for their hard work and dedication and our shareholders and all other stakeholders for their unwavering support and steadfast belief in our Group's business.

Ronald Lim Cheng Aun
Independent Non-Executive Chairman

Teo Ho Beng
Chief Executive Officer

FINANCIAL HIGHLIGHTS

	2018	2017	2016	2015	2014
	$'000	$'000	$'000	$'000	$'000
Group Income Statements					
Revenue	**187,485**	249,132	82,726	107,780	136,422
(Loss)/Profit before Taxation	**(3,641)**	94,992	54,713	(10,776)	331,978
Net (Loss)/Profit Attributable to Owners of the Company	**(9,925)**	80,469	45,435	(6,874)	321,283
Group Balance Sheets					
Non-Current Assets	**1,192,973**	1,172,121	930,221	975,585	1,082,847
Current Assets	**362,343**	336,799	335,480	378,413	484,280
Current Liabilities	**403,027**	538,030	374,723	322,555	376,944
Non-Current Liabilities	**390,629**	179,920	172,165	354,711	501,019
Equity Attributable to Owners of the Company	**758,211**	787,378	715,230	673,067	685,076
Per Share Data (Cents)					
Earnings after Tax (Basic)	**(2.11)**	17.10	9.66	(1.46)	68.28
Net Assets Value	**161.13**	167.33	152.00	143.04	145.59
Dividend	**1.50**	1.50	1.00	1.00	1.00
Financial Ratios					
Return on Average Shareholders' Funds (%)	**(1.28)**	10.71	6.55	(1.01)	59.67
Debt Equity Ratio (Times)[1]	**0.90**	0.72	0.56	0.76	0.84
Net Debt Equity Ratio (Times)[2]	**0.83**	0.63	0.52	0.71	0.79
Current Ratio (Times)	**0.90**	0.63	0.90	1.17	1.28
Dividend yield (%)	**1.72**	1.71	1.41	1.45	1.23
Dividend payout (%)	**(71.11)**	8.77	10.36	(68.45)	1.49

Note[1]
Debt includes amount due to related companies (non-trade).

Note[2]
Net debt is debt less cash and short-term deposits.

GROUP STRUCTURE

AS AT 31 DECEMBER 2018

Property Development & Investment

- 100% Hiap Hoe Strategic Pte Ltd
  - 99.03% SuperBowl Holdings Limited
    - 100% SuperBowl Jurong Pte Ltd
    - 100% Super Funworld Pte Ltd
- 100% Meteorite Group Pte Ltd
  - 100% Meteorite Land Pty Ltd
    - 100% Meteorite Land (Pearl River) Pty Ltd
    - 100% Meteorite Property (Stirling Street) Pty Ltd
    - 100% Meteorite Development (Pearl River) Pty Ltd
    - 100% Meteorite Land (Rowe Avenue) Pty Ltd
  - 100% Meteorite Development Pty Ltd*
- 100% HH Residences Pte Ltd
- 100% HH Land Pte Ltd
- 100% Golden Bay Realty (Private) Limited

Hospitality

- 50% HH Properties Pte Ltd
- 100% Hiap Hoe Strategic Pte Ltd
  - 99.03% SuperBowl Holdings Limited
    - 50% HH Properties Pte Ltd
- 100% Meteorite Group Pte Ltd
  - 100% Meteorite Assets Pte Ltd
    - 100% Meteorite Assets Limited
      - 100% Meteorite Manchester Limited
        - 100% Trafford City Hotel Limited

Construction

- 100% WestBuild Construction Pte Ltd

Leisure

- 100% Hiap Hoe Strategic Pte Ltd
  - 99.03% SuperBowl Holdings Limited
    - 100% SuperBowl Development Pte Ltd

Investments

- 100% Hiap Hoe Investment Pte Ltd
- 100% Hiap Hoe Strategic Pte Ltd
  - 99.03% SuperBowl Holdings Limited

* Deregistered on 23 January 2019.

BOARD OF DIRECTORS

RONALD LIM CHENG AUN

Independent Non-Executive Chairman
Last re-elected in 2018

Mr Lim was appointed an Independent Non-Executive Director of Hiap Hoe on 28 April 2015 and was appointed a Non-Executive Chairman of the Board on 11 May 2017. He is also an Independent Non-Executive Director of ESR Funds Management (S) Ltd, the manager of ESR REIT. Mr Lim has more than 36 years in the banking and finance industry. Mr Lim was formerly Executive Director and Division Head of Commercial Banking at United Overseas Bank Limited (UOB). During his tenure at UOB, he also held leadership positions as Head of Human Resource and Head of its Singapore Branches Operations. From 2009 to 2011, Mr Lim was Adviser to RGE Pte Ltd, a resource based and manufacturing group in the paper and pulp, palm oil and oil and gas industries. Mr Lim is currently the Honorary Chairman of Toa Payoh West-Balestier Citizens Consultative Committee. He was conferred the Public Service Medal and Public Service Star for his contributions to public service. Mr Lim graduated from the University of Singapore with a Bachelor of Social Science.

TEO HO BENG

Chief Executive Officer
Last re-elected in 2016

Mr Teo was appointed as Director of Hiap Hoe Group since 1983. He assumed the position of Chief Executive Officer on 16 January 2006. On 11 May 2012, Mr Teo assumed the position of Executive Chairman and had on 11 May 2017 relinquished the position as Executive Chairman. Mr Teo has more than 42 years of experience in the construction and property industries, and over 27 years of experience in the leisure industry. Mr Teo is responsible for the formulation of corporate strategies and policies for Hiap Hoe, and the implementation on these strategies by senior management at the operations level. Mr Teo chairs the financial investment committee for the Group's investment portfolios and senior management meetings to monitor Hiap Hoe's performances, including oversees management, budgeting and forecasting processes to ensure there is prudent financial management. Mr Teo also sits on the board of Ley Choon Group Holdings Limited as Non-Executive Director.

ROLAND TEO HO KANG

Managing Director
Last re-elected in 2012

Mr Teo was appointed as Director on 16 January 2003. He assumed the position of Managing Director on 11 May 2012. He has been a Director of Hiap Hoe Group since 1999. With more than 27 years of experience in the property and leisure industries, Mr Teo is responsible for overseeing the marketing and promotion of Hiap Hoe's properties and their performance. He also takes care of the Group's product development and staff development. Mr Teo holds a Bachelor in Business Administration from the American Intercontinental University.

TEO KENG JOO, MARC

Executive Director
Last re-elected in 2018

Appointed as Executive Director on 11 May 2017, Mr Teo is responsible for the Group's overseas expansion plans and corporate investments. Mr Teo is also responsible for managing the Group's project related matters for all developments in Singapore and overseas. Mr Teo previously held the position of Construction Project Manager for two years and Project Management Executive for one year. Prior to joining Hiap Hoe, Mr Teo spent two years with Ernst & Young Singapore. Mr Teo graduated from Nanyang Technological University with a Bachelor of Accountancy (First Class Honours) degree and holds a diploma in Quantity Surveying conferred by Global School of Technology & Management and articulated by Heriot Watt University, UK.

CHAN BOON HUI

Lead Independent Non-Executive Director
Last re-elected in 2017

Mr Chan was appointed as Director on 4 April 2003, and has been an Independent Director of Hiap Hoe since 2003. He was appointed as Lead Independent Director on 12 May 2015. He is presently the Managing Director of Chancery Capital Pte Ltd. He has more than 15 years of investment banking experience with OCBC Bank, BNP Paribas and the Rothschild Group in Singapore and New York. Mr Chan graduated from Cambridge University (UK) with a Master of Arts (Hons) (Law) in 1994, and is a Chartered Financial Analyst.

KOH KOK HENG, LESLIE

Independent Non-Executive Director
Last re-elected in 2018

Mr Koh was appointed as an Independent and Non-Executive Director of Hiap Hoe on 28 April 2015. Mr Koh has more than 22 years' experience in investment banking and financial management, advising and leading companies listed in Singapore and Asia on primary and secondary markets capital-raising, mergers and acquisitions, as well as on corporate governance, accounting and risk management. Mr Koh's roles included senior financial leadership at Singapore-listed companies including having been a Partner and Head of Corporate Finance at Ernst & Young Singapore, where he was in charge of all equity investment banking activity. Mr Koh holds a Bachelor of Social Science (Honours) degree in Economics from the National University of Singapore and a Master's degree in Accounting.

KEY MANAGEMENT

TEO POH SIM AGNES

Head, HR & Admin

Ms Teo joined the Group in February 2003 and is responsible for formulating the human resource and administration policies of the Group. Ms Teo possesses more than 14 years of experience in human resource and administration and oversees the Group payroll, staff welfare and staff development as well as general administration matters. Ms Teo holds a Bachelor of Arts degree from the Pacific Union College (USA).

TEO HO KHEONG ANDREW

Executive Director of Subsidiaries

Mr Teo has been appointed as Executive Director of a few major subsidiaries of the Group. Mr Teo is responsible for the business development of SuperBowl's bowling business and assists in the formulation of its operational and marketing plans.

IRENE CHEAH LAN KWEE

Financial Controller

Ms Cheah joined the Group in June 2015 and is responsible for accounting and taxation functions of the Group. Prior to joining the Group, she was the Vice President Finance with The Straits Trading Company Limited and was responsible for financial and management reporting, budget, tax as well as cash and risk management in relation to the Group's various business segments. She was also actively involved in some of the Group's merger and acquisition projects. Ms Cheah is a Chartered Accountant of Singapore and is a Fellowship member of The Association of Chartered Certified Accountants.

ECONOMIC AND REGULATORY RISK

Changes in the economic conditions and regulatory measures will inevitably affect the business environment that the Group operates in. Measures imposed by the government can change consumers' buying behaviour and impact acquisition costs of land banks, thereby affecting the financial results of the Group. The Group adopts a prudent approach towards acquisition as well as its sales and marketing programs. The Group keeps abreast of the changes in economic climate and government policies to make informed decisions.

INTEREST RATE EXPOSURE

Changes in interest rate are a major influence on the bottom line because the Group's investments are mainly financed through bank borrowings. Interest rate risk is managed by arranging different credit facilities with various banks at competitive rates. Interest rate hedging instruments are also explored to hedge against fluctuations in the cost of borrowing.

FOREIGN EXCHANGE RISK

The Group has exposure to foreign exchange risk as a result of its trading investments. The Group's foreign operations in Australia and United Kingdom have given further exposure to foreign exchange risk. The Group uses forward currency contracts to manage these exposures where appropriate. The Group also uses loans in foreign currency to hedge its exposure to foreign exchange risk on investments in foreign operations where appropriate.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches between 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.

STRATEGIC RISK

The Group's embarkation into the hospitality industry gave rise to strategic risks such as competition and reputational risk. Competition risk arises from the increasing number of different branded hotels providing high quality of service to guests and offering competitive rates to customers to achieve business. Reputational risk relates to the reputation and brand value of hotels which is a key source of competitive advantage as products and services become less differentiated. The Group actively monitors occupancy and room rates to ensure that they are in line with market conditions.

MARKET PRICE RISK

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its trading investments. The Group does not have exposure to commodity price risk.

HUMAN RESOURCE MANAGEMENT

In keeping costs low and to operate at optimal efficiency, the Group relies on a small team of dedicated staff for their contribution. The Group has to ensure that it is able to attract and retain dedicated staff, for the success of its business. Skilful human resource management paves the way for the Group to continue on the path of growth.

BUSINESS CONTINUITY RISK

In order to sustain the business as a real estate developer, the Group needs to acquire land at competitive prices for development, but such opportunities are not always available due to industry outlook and consumer demand. To ensure continual growth, the Group has diversified its reliance on development of residential properties by venturing into hospitality, leasing and leisure businesses for stable recurring income streams.

OPERATIONS REVIEW

In FY2018, Hiap Hoe continued to grow its recurring income base, through our longstanding properties as well as the new acquisitions and launches from the previous year. Throughout the year, we remained committed to strengthening our portfolio and adding value to the business.

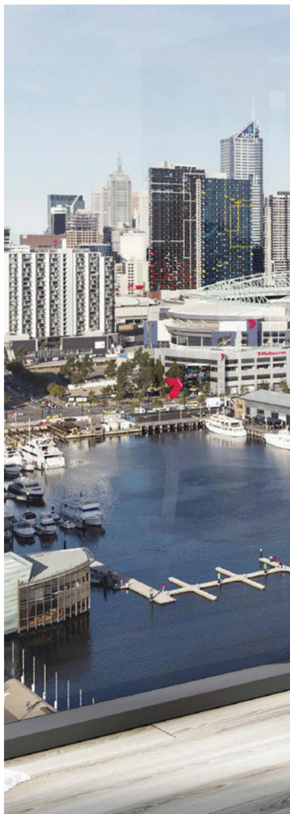
Property Development and Investments

The Group's integrated development at Zhongshan Park is a hotel-cum-commercial development located in Balestier. Its total plot area of 190,000 sq ft houses the 13-storey Hiap Hoe Building office tower, the 50,000 sq ft two-storey Zhongshan Mall, and two hotels – Ramada Singapore At Zhongshan Park and Days Hotel Singapore At Zhongshan Park. Zhongshan Mall's full occupancy and at 98% occupancy rate at Hiap Hoe Building office tower remains an attractive long-term source of ongoing rental income.

HH@Kallang, another Hiap Hoe property, is a contemporary freehold light industry building in the heart of Singapore's key growth areas – Paya Lebar Central and the city centre. Well connected to the city centre via three expressways (PIE, CTE and KPE), the development is also conveniently accessible via the Mattar MRT Station. As at 31 December 2018, the occupancy rate is at 79%, up from 76% in FY2017. The Group will continue to market this property for sale while leasing out the remaining units to generate revenue.

The Group's property at Orchard Towers, acquired in FY2017, comprises 21 retail and 38 offices. Rental revenue from these units contributed an additional 11% of the Group's total rental income in FY2018 and will continue to generate a steady flow of income. As at 31 December 2018, the occupancy rate is at 74%, up from 71% in FY2017.

Hiap Hoe continues to capitalise on its regional ventures. The Group's property at 130 Stirling Street in Australia remains a stable source of revenue. This A-grade commercial building is sited along the northern fringe of Perth's Central Business District. It is served by key transportation



> The Group's property at Orchard Towers, acquired in FY2017, comprises 21 retail and 38 offices. Rental revenue from these units contributed an additional 11% of the Group's total rental income in FY2018 and will continue to generate a steady flow of income.

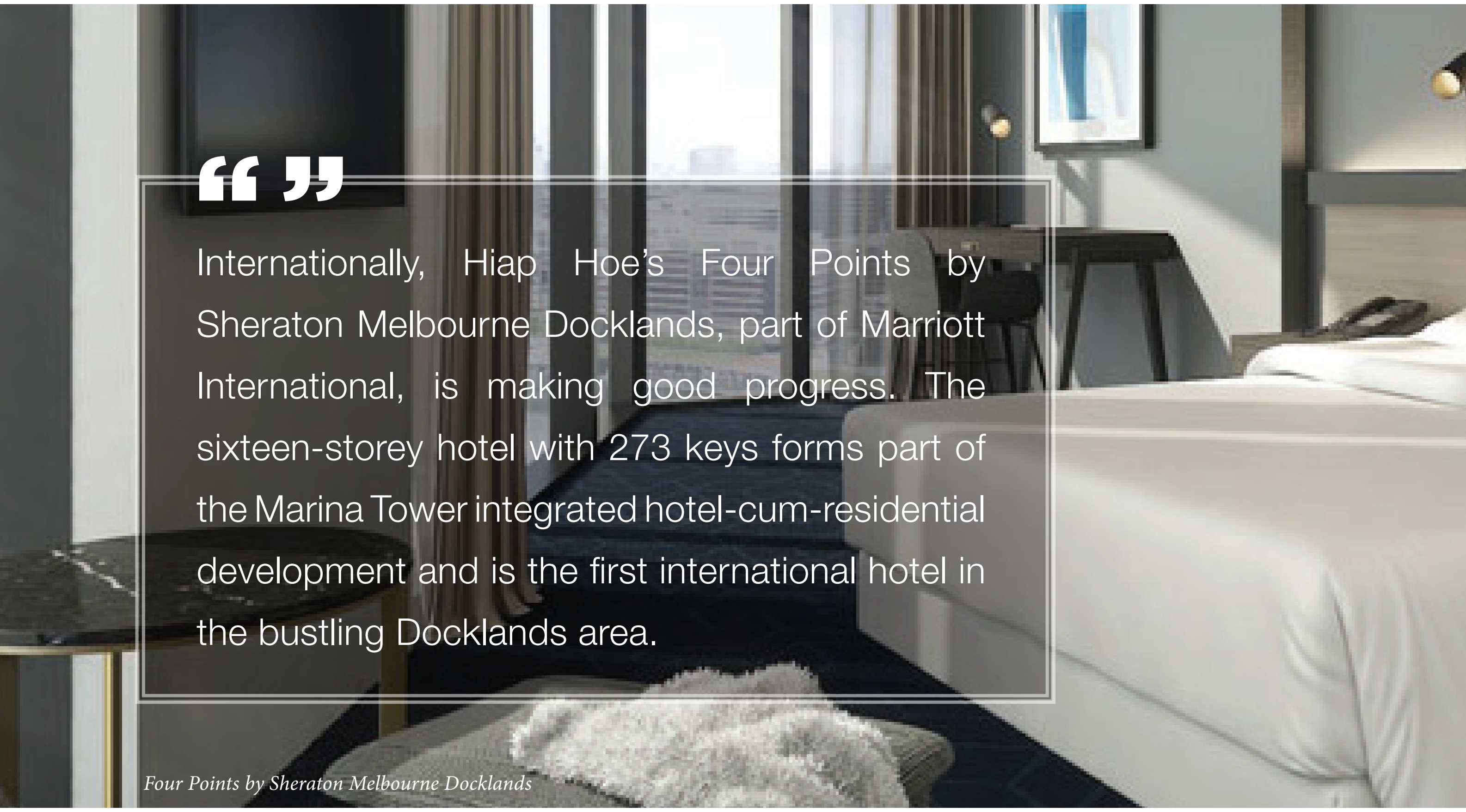
networks like the Perth Central and McIver railway stations, offering easy access to the rest of the city. This seven-storey property has a total net lettable area of 12,349 sq m, with 11,863 sq m housing offices, 486 sq m used for retail space, and four levels of car park space with 239 lots. Its occupancy rate remains the same as per FY2017 at 98% as at 31 December 2018 and its stable tenant profile makes it a good source of ongoing income for the Group.

The Group's residential waterfront development in Melbourne, Marina Tower is part of an integrated residential-cum-hotel development project completed in 2017. It accommodates two residential towers of 43 storeys and 36 storeys respectively, totalling 461 residential units. As at 31 December 2018, 90% of the units sale were recognised. Marketing of the remaining units in Marina Tower will continue in 2019.

During the year, Hiap Hoe entered into a sale and purchase agreement to acquire a hotel and a commercial office building in Western Australia.

Marina Tower, Melbourne

OPERATIONS REVIEW



> Internationally, Hiap Hoe's Four Points by Sheraton Melbourne Docklands, part of Marriott International, is making good progress. The sixteen-storey hotel with 273 keys forms part of the Marina Tower integrated hotel-cum-residential development and is the first international hotel in the bustling Docklands area.

Four Points by Sheraton Melbourne Docklands

The hotel, Aloft Perth Hotel, accommodates 224 rooms and is managed by Starwood Australia Hotels Pty Ltd. The office building spans 10,569 sq m of net lettable area. Located along the Great Eastern Highway corridor, this property sits right between Perth's central business district and Perth Airport and is in proximity of multiple blue-chip companies. The property, with its high occupancy levels and diverse mix of blue-chip tenants, presents a prime investment opportunity that is set to increase the Group's stream of recurrent income.

Hospitality

Hiap Hoe's hotels in Singapore, Ramada Singapore At Zhongshan Park and Days Hotel Singapore At Zhongshan Park, are managed by the Wyndham Hotel Group. They continue to be a source of recurring income. In FY2018, the hotels collectively contributed towards 64% of the Group's hotel income. Ramada Singapore At Zhongshan Park, our award-winning integrated hotel-cum-commercial development,

Ramada Singapore At Zhongshan Park

was once again voted Best Mid-Range Hotel by travel professionals at the Annual TTG Travel Awards 2018, adding to its wins in 2017, 2015 and 2014. Among numerous other awards are also the winners of Most Wanted (Loved by Guests) Award 2018 from Hotels.com.

Internationally, Hiap Hoe's Four Points by Sheraton Melbourne Docklands, part of Marriott International, is making good progress. The sixteen-storey hotel with 273 keys forms part of the Marina Tower integrated hotel-cum-residential development and is the first international hotel in the bustling Docklands area.

The Group's other international hospitality business – the Holiday Inn Express in Trafford City, Mercury Way, Manchester – is located in the city's high-growth region. The six-storey modular hotel development that houses 220 guest rooms was named "Retail/Leisure Project of the Year" at the 2018 Offsite Construction Awards.

Leisure

SuperBowl maintains its household name for families to bowl, play and have a good time together. The number of bowling lanes at Jurong, SAFRA Mount Faber, SAFRA Toa Payoh, HomeTeamNS-JOM, SAFRA Tampines and Keat Hong Community Club remains at 142. This leisure business contributed S$8.4 million to the Group's total revenue for the year, and is set to generate a stable recurring income in the years to come.

Investments

In FY2018, Hiap Hoe continued to adopt a prudent approach with its investments. The Group's trading investment portfolio recorded an increase from S$117.7 million in FY2017 to S$280.4 million in FY2018 and recorded a mark-to-market loss of S$23.5 million on its trading investments.

CORPORATE SOCIAL RESPONSIBILITY

Putting Smiles Back On

The boys from *Darul Ihsan* orphanage were treated to a buffet spread as they broke the first fast of the holy month. Smiles and joy were evident all round as our staff volunteers from Ramada and Days Hotels came together for this heartwarming cause together with the energetic team from Ria 89.7FM.

Spread The Love

On 14 February, a group of around 19 volunteers visited the Dover Hospice Park and had spent an eventful time there with its patients. As part of our giving back to the community initiative, our volunteers engaged the patients through activities like singing and also handed out goodie bags and red packets.

Riding For A Good Cause

More than 116 participants took part in this inaugural cycling race on 12 August during the Balestier Heritage Race 2018, co-organised by Ramada and Days Hotels. The event helped raised more than $17,000 for the Lee Ah Mooi Old Age Home. The yearly Balestier Heritage Race also helps boost tourism in the Balestier heritage site.

CORPORATE GOVERNANCE

The board of directors (the "**Board**" or the "**Directors**") of Hiap Hoe Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to upholding effective corporate procedures and policies in compliance with the Code of Corporate Governance 2012 (the "**Code**"). In respect of the Company, as the new Code of Corporate Governance 2018 only takes effect for the financial year starting after 1 January 2019, the Company has, for the financial year ended 31 December 2018, continued to prepare this report on the basis of the Code. The Board believes that good corporate governance establishes and maintains an ethical corporate environment, which protects and enhances the interests of all shareholders.

This report describes the Company's corporate governance processes and activities that were in place throughout the financial year ended 31 December 2018 ("**FY2018**"), with specific references made to the principles and guidelines as set out in the Code. The Company has provided the rationale for each area where it has not complied with the Code, and in such cases the Company would re-assess its deviation from the relevant guidelines and implement the recommended procedures as and when it deems it appropriate to do so.

BOARD MATTERS

The Board's conduct of its affairs

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

The Board totals six (6) Board members and currently comprises three (3) Executive Directors (one of whom is the Chief Executive Officer ("**CEO**") of the Company, and another who is the Managing Director) and three (3) Non-Executive Independent Directors. Collectively, they possess the right core competencies and diversity of experience, which enables them to contribute to the overall effective management of the Group.

The role of the Board includes the following:

(a) meeting regularly to review and approve matters such as those relating to the Company's strategic directions, appointment of Directors and key management personnel, business results, and major funding and investment proposals;
(b) reviewing the financial performance of the Group;
(c) supervising the management of the business and affairs of the Group;
(d) reviewing the adequacy of the Group's internal controls and risk management framework;
(e) setting the Group's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
(f) assuming responsibility for the corporate governance of the Group; and
(g) ensuring that all decisions are made in the interests of the Group.

The Board is free to request for further clarification and information from the Company's management team (the "**Management**") on all matters within their purview. The Board will conduct at least four (4) meetings in a year and ad-hoc meetings will be convened, when required. The Company's Constitution (formerly known as the Memorandum and Articles of Association) provides for the Board to convene meetings via telephone conferences and electronic means. In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various committees (the "**Committees**"). These Committees are the Audit and Risk Committee ("**ARC**"), the Remuneration Committee ("**RC**"), and the Nominating Committee ("**NC**"). The chairman of the respective Committees will report and update the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

The Board accepts that, while these Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the Board. In particular, the Board notes that it has overall responsibility for putting in place a framework of good corporate governance in the Group, including the processes for financial reporting and compliance.

CORPORATE GOVERNANCE (CONT'D)

Records of the attendance of the Directors at the various meetings held during FY2018 are as follows:

Name of Director	Board	Audit and Risk Committee	Remuneration Committee	Nominating Committee
Number of meetings held:	5	5	1	1
Number of meetings attended:				
Mr Ronald Lim Cheng Aun	5	5	1	1
Mr Teo Ho Beng	5	5*	1*	1*
Mr Roland Teo Ho Kang	4	N.A.	N.A.	N.A.
Mr Chan Boon Hui	5	5	1	1
Mr Koh Kok Heng, Leslie	5	5	1	1
Mr Teo Keng Joo, Marc	5	5*	1*	1*

Note:
*Attendance by invitation.

The Board has adopted internal guidelines setting out the following matters which require the Board's approval:

(a) transactions involving a conflict of interest for any substantial shareholder or Director;
(b) material acquisitions and disposals of assets;
(c) corporate or financial restructuring and share issuances, dividends and other returns to shareholders; and
(d) matters as specified under the Company's interested person transaction policy.

Newly-appointed Directors are provided with background information about the Group and are invited to visit the Group's operations and facilities to have an understanding of the Group's business operations. Formal letters were issued to newly-appointed Directors upon their appointment explaining their statutory and other duties and responsibilities as a Director of the Company. In line with Rule 201(5)(a) of the SGX-ST Listing Manual, the Company will arrange for newly-appointed directors who have no prior experience as directors of an issuer listed on the SGX to undergo the mandatory SGX prescribed training on their roles and responsibilities unless the NC otherwise at its discretion waives the need for the newly-appointed Director to attend the mandatory SGX prescribed training.

Directors are encouraged to participate in seminars, discussion groups, or external training programmes to be kept abreast of the latest developments relevant to the Group's businesses. The Board also receives updates from time to time, particularly on relevant new laws and regulation, changing commercial risks, and business conditions from the Company's relevant advisors and the Management.

As at the date of this annual report, the Directors have participated in various seminars and other such external programmes. Some of the programmes and seminars include Corporate Governance Briefing: Understanding the Revised Code and Executive Skills for Board Members, both seminars are conducted by the Singapore Institute of Directors. The Directors also attended a briefing on the new Code of Corporate Governance 2018 and the amendments to the SGX-ST Listing Manual conducted by a law firm.

BOARD COMPOSITION AND GUIDANCE

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

The Board currently comprises three (3) Executive Directors and three (3) Non-Executive Independent Directors. No alternate Director was appointed in FY2018. There is a strong and independent element on the Board. The members of the Board are as follows:

Executive Directors
Mr Teo Ho Beng (CEO)
Mr Roland Teo Ho Kang (Managing Director)
Mr Teo Keng Joo, Marc (Executive Director)

Non-Executive Independent Directors
Mr Ronald Lim Cheng Aun (Non-Executive Chairman and Independent Director)
Mr Chan Boon Hui (Lead Independent Director)
Mr Koh Kok Heng, Leslie (Independent Director)

As at the date of this Annual Report, the position of Non-Executive Chairman is held by Mr Ronald Lim Cheng Aun and the position of CEO is held by Mr Teo Ho Beng, thereby ensuring proper balance of power and authority in the Group. The Board also comprises three (3) Non-Executive Independent Directors and accordingly, there is a strong independent element on the Board and the Company believes that no one individual or groups of individuals may dominate any decision making process.

The independence of each Non-Executive Independent Director is reviewed annually by the NC. The NC has adopted the Code's definition of what constitutes an independent director in its review. Pursuant to guideline 2.3 of the Code, an "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the company.

The Board has identified each of the Company's Non-Executive Independent Directors to be independent, after determining, taking into account the views of the NC, whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when it arises. In addition, every year, each Non-Executive Independent Director is required to complete the Director's independence form to confirm his independence annually based on the guidelines set out in the Code.

Mr Chan Boon Hui has served on the Board for more than nine (9) years from the date of his first appointment. The Board subjects the independence of such directors to particularly rigorous review. Taking into account the views of the NC, as well as the need for progressive refreshing of the Board, the Board has reviewed and considered Mr Chan Boon Hui to be independent. Among other reasons, Mr Chan Boon Hui has throughout his appointment continuously exercised independent judgement in his conduct and deliberations at Board and Board Committee meetings and has constructively challenged the Management on business decisions and remained objective in the discharge of his duties and responsibilities. By diligently discharging his duties and exercising sound independent business judgement and objectivity in an exemplary manner, in the interests of the Company, he has exhibited a strong spirit of independence and professionalism which did not diminish with time.

The Board's structure, size and composition is reviewed annually by the NC. The NC, with the concurrence of the Board, is of the view that the Board's current size is appropriate and has the right mix of skills and experience given the nature and scope of the Group's operations. The Directors as a group provide a diversity of skills, knowledge, as well as extensive experience in business management, strategic planning, and knowledge in accounting and finance, all of which are crucial in steering the Group towards the direction of growth.

The Board notes that the Company's Non-Executive Independent Directors are able to constructively challenge the Management's mindset and planning, with a view to the best interests of the Group. They also play a crucial role in helping the Management develop proposals on business strategy and in reviewing the performance of the Management. The Company would arrange to avail the Company's premises for use by the Non-Executive Independent Directors at any time to meet regularly without the presence of the Management.

Details of the Directors' academic and professional qualifications can be found on pages 6 and 7 of the Annual Report.

CORPORATE GOVERNANCE (CONT'D)

CHAIRMAN, CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

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

Mr Ronald Lim Cheng Aun is the Non-Executive Chairman as well as Independent Director of the Company. Mr Teo Ho Beng is the CEO of the Company. Mr Roland Teo Ho Kang, brother of Mr Teo Ho Beng, is the Managing Director of the Company and Mr Teo Keng Joo, Marc, son of Mr Teo Ho Beng, is an Executive Director of the Company.

As the Non-Executive Chairman, Mr Ronald Lim Cheng Aun performs the following in relation to Board proceedings:

(a) schedule meetings that enable the Board to perform its duties responsibly while not interfering with the Company's operations;
(b) prepare meeting agendas in consultation with the CEO and Managing Director;
(c) exercise control over quality, quantity and timelines of the flow of information between the Management and the Board;
(d) promote a culture of openness and debate at the Board;
(e) facilitate the effective contribution of the Non-Executive Independent Directors in particular to the Board and Group affairs; and
(f) assist in ensuring compliance by the Company with the Code's guidelines on corporate governance.

The CEO is responsible for the day-to-day management of the Group and in developing the businesses of the Group. Major decisions made by the CEO and the Managing Director, are reviewed by the ARC and approved by the Board.

As at the date of the Annual Report, as the position of Non-Executive Chairman and the CEO are different persons, the Company has complied with guideline 3.1 of the Code and the Company is not required to appoint a Lead Independent Director under guideline 3.3 of the Code. However, in line with the Group's commitment to good corporate governance, Mr Chan Boon Hui will continue to hold the position of Lead Independent Director. The Lead Independent Director is available to shareholders whenever they have concerns and for which contact through the normal channels of the Non-Executive Chairman and CEO, and/or the Managing Director, has failed to resolve such concerns or is inappropriate.

Led by the Lead Independent Director, the Non-Executive Independent Directors will meet at least once a year without the presence of the other Executive Directors. After such meetings, the Lead Independent Director would provide feedback to the Non-Executive Chairman and CEO.

As such, the Board is of the view that for FY2018 there are adequate safeguards in place to ensure a balance of power and authority on the Board, such that no one individual represents a considerable concentration of power.

BOARD MEMBERSHIP

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

The NC comprises three Independent Directors, one of whom is the Lead Independent Director:

1) Mr Ronald Lim Cheng Aun (Chairman of the NC / Independent Director);
2) Mr Chan Boon Hui (Lead Independent Director); and
3) Mr Koh Kok Heng, Leslie (Independent Director).

CORPORATE GOVERNANCE (CONT'D)

The principal functions of the NC include the following:

(a) identifying and making recommendations to the Board as to the Directors who are to retire by rotation and who are to be put forward for re-election at each annual general meeting ("**AGM**") of the Company;
(b) determining annually whether or not a Director is independent;
(c) deciding, in relation to a Director who has multiple board representations, whether or not such Director is able to and has been adequately carrying out his duties as a Director of the Company;
(d) identifying and nominating candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
(e) reviewing and making recommendations to the Board regarding the Board's structure, size, composition, and core competencies, having regard at all times to the principles of corporate governance and the Code;
(f) evaluating the effectiveness of the Board, as a whole, the Committees and the contribution of the Directors to the effectiveness of the Board; and
(g) reviewing training and professional development programmes.

New Directors are appointed by way of a Board resolution after the NC has approved their nomination. These new Directors must submit themselves for re-election at the next AGM of the Company in accordance with Article 91 of the Company's Constitution. The NC would through various avenues, source for suitable candidates as new Director(s) and appraise the candidates to ensure they have the relevant experience and calibre to contribute effectively to the Group. These avenues include the Directors' personal contacts, search companies or through internal assessments conducted on any suitable candidates within the Group. As and when necessary, the Company will release announcements on the appointments or cessations of its Directors via SGXNET.

The NC makes recommendations to the Board on all Board appointments and re-nominations. The NC has conducted the annual review of the Directors' independence based on the Code's definition for independence for FY2018. The NC, having evaluated the independence of each of the Non-Executive Independent Director, is of the view that Mr Ronald Lim Cheng Aun, Mr Chan Boon Hui and Mr Koh Kok Heng, Leslie are independent.

The Company's Constitution provides for at least one-third of the Directors, other than the Managing Director, to retire from office by rotation at each AGM. The retiring Directors shall be eligible for re-election at the AGM. Pursuant to Rule 720(4), the Company will also ensure that all directors submit themselves for re-nomination and re-appointment at least once every three years. In line with this, Mr Roland Teo Ho Kang, the Managing Director of the Company will be submitting himself for re-election at the Company's forthcoming AGM. The Company also intends to adopt an amended Constitution at the annual general meeting of the Company to be held on 30 April 2019 and which would remove the exemption of the Managing Director from retirement by rotation thereby ensuring compliance with Rule 720(4).

The Board has accepted the NC's nomination of Mr Teo Ho Beng, Mr Chan Boon Hui and Mr Roland Teo Ho Kang who are retiring pursuant to Article 106 of the Company's Constitution for re-election at the Company's forthcoming AGM.

The NC is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations. For the avoidance of doubt, all Directors are required to declare their board representations to the Board and the Management. As a guide, Directors should not have more than six (6) listed companies board representations and other principal commitments. After conducting reviews, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group and that the Directors have been adequately carrying out their duties as Directors of the Company.

Details of the appointment of each Director, including the date of initial appointment and the date of last re-election as a Director of the Company, as well as their directorships in other listed companies, both current and for the preceding three (3) years, are set out below:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorship in Listed Companies	
			Past Preceding 3 years	Present
Mr Ronald Lim Cheng Aun	28 April 2015	27 April 2018	Viva Industrial Trust	ESR-REIT
Mr Teo Ho Beng	16 January 2003	28 April 2016	-	Ley Choon Group Holdings Limited
Mr Roland Teo Ho Kang	16 January 2003	N.A.[(1)]	-	-
Mr Chan Boon Hui	4 April 2003	28 April 2017	-	(i) JCY International Berhad (ii) Gamma Civic Ltd
Mr Koh Kok Heng, Leslie	28 April 2015	27 April 2018	Pacific Healthcare Holdings Ltd	-
Mr Teo Keng Joo, Marc	11 May 2017	27 April 2018	-	-

Note:

(1) Articles 103 and 106 of the Company's Constitution provide that as the Managing Director of the Company, Mr Roland Teo Ho Kang is not subject to retirement by rotation while he continues to hold that position and he shall not be taken into account in determining the number of Directors to retire.

As has been disclosed in this report, the Board has pursuant to Rule 720(4), accepted the NC's nomination of Mr Roland Teo Ho Kang to retire and submits himself for re-appointment to the Board at the Company's forthcoming AGM.

BOARD PERFORMANCE

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

Once every financial year, all Directors are requested to complete a Board performance evaluation questionnaire to assess the overall effectiveness of the Board for the year under review. The Company's joint company secretaries (the "**Joint Company Secretaries**") will compile the Directors' responses to the questionnaire into a summarised report and circulate the same to the Board for discussion. The results of the exercise are reviewed by the NC before submission of the same to the Board for further discussion. The Board will determine areas for improvement and methods to enhance Board effectiveness.

For FY2018, the NC had evaluated the Board's performance as a whole, including the participation and contribution of individual Directors to the management of the Company at Board and Committee Meetings. To assess the effectiveness of the Board as a whole, the factors considered by the NC include but are not limited to:

(a) the current size and composition of the Board;
(b) the discussion and decision-making processes of the Board (including quality of the Board's conduct of meetings);
(c) the Board's access to information;
(d) the observation of risk management and internal control policies by the Board; and
(e) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

For FY2018, the NC has also evaluated the performance of the Directors. To assess the contribution of each individual Director, the factors evaluated by the NC include but are not limited to:

(a) his participation at the meetings of the Board;
(b) his ability to contribute to the discussions conducted by the Board;
(c) his ability to evaluate the Company's strength and weaknesses and make informed business decisions;
(d) his ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;
(e) his compliance with the policies and procedures of the Group;
(f) his performance of specific tasks delegated to him or her;
(g) his disclosure of any related person transactions or conflicts of interest; and
(h) for Independent Directors, his independence from the Group and the Management.

With respect to FY2018, the Board, in consultation with the NC, considered the performance of each individual Director and the Board to be satisfactory. For the avoidance of doubt, each member of the NC abstained from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

For FY2018, the Board had also evaluated the performance of the ARC, NC and RC. To assess the performance of each committee, the factors evaluated by the Board include but are not limited to:

(a) the ARC/NC/RC's ability to function properly and to discharge its responsibility effectively;
(b) the ARC/NC/RC's meetings are conducted in a manner that allows a frank and candid exchange of views;
(c) there is strong support from Management in the preparation and submission of papers for discussion;
(d) papers for meetings are distributed to members in advance and they do contain adequate details on issues for discussion;
(e) members do have sufficient expertise and knowledge to ask searching questions and challenge Management on its judgement and findings on issues for discussion; and
(f) ARC/NC/RC will not hesitate to seek outside third party professional and expert advice as and when the need arises.

The Board considered the performance of the ARC, NC and RC to be satisfactory in FY2018.

ACCESS TO INFORMATION

Principle 6: Board members to have complete, adequate and timely information

Board members are provided with detailed information from the Management as and when requested by them and all relevant information on material events and transactions are circulated to the Directors as and when they arise. Draft announcements, along with sufficient information relating to the context of the relevant announcement as communicated by email or tele-conversations, will be circulated to the Board for review and approval before dissemination to the shareholders via SGXNET.

The Joint Company Secretaries would assist the Management to prepare the board papers of the Board and Committee meetings for circulation. The Directors receive the board papers at least two (2) days before the meeting so that they have ample time to review the documents. The board papers include, among others, the following documents and details:

- background or explanation on matters brought before the Board and Committees for their decision or information, including issues being dealt with by Management, relevant forecasts, and projections; and
- minutes of the previous Board and Committee meeting.

All Board members have separate and independent access to the advice and services of the Joint Company Secretaries. The Joint Company Secretaries are responsible for ensuring that Board procedures (including those stipulated in the Company's Constitution) are followed and that applicable rules and regulations (including the requirements of the Singapore Companies Act (Cap. 50) and the SGX-ST Listing Manual) are complied with. At least one Joint Company Secretary and/or her representatives are present at all Board meetings, to ensure that Board procedures are complied with and to provide advice and guidance on matters of corporate governance as well as on legal and regulatory compliance. The appointment and cessation of the Joint Company Secretaries are subject to the approval of the Board.

Should Directors, whether as a group or individually, need independent advice to fulfill their duties, they may obtain independent professional advice, if necessary, at the Company's expense.

CORPORATE GOVERNANCE (CONT'D)

REMUNERATION MATTERS

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

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

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

The RC comprises entirely of Non-Executive Independent Directors and they are:

1) Mr Koh Kok Heng, Leslie (Chairman of the RC / Independent Director);
2) Mr Chan Boon Hui (Lead Independent Director); and
3) Mr Ronald Lim Cheng Aun (Independent Director).

One of the key roles of the RC is to review and recommend to the Board a general framework of remuneration for the Directors. In addition, the RC is responsible for administering the Hiap Hoe Performance Share Plan (the "**Share Plan**"), further details of which are available below. For the avoidance of doubt, no Director or member of the RC is involved in deciding his own remuneration.

Remuneration matters concerning the Board, key management personnel, and employees who are immediate family members of a Director

The Company adopts a remuneration policy for Executives Directors and key management executives, which comprises a fixed component and a variable component. The fixed component is in the form of a monthly base salary, whereas the variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual.

The RC's objective is to establish and maintain a level of remuneration that would be appropriate to attract, retain and motivate the Directors to run the Company successfully. The RC has adopted a framework of remuneration for the Board and determined specific remuneration packages for each Executive Director. The recommendations of the RC are submitted to the Board for endorsement.

The Executive Directors have service agreements which are renewed annually. The service agreements may be terminated by either the Company or the Executive Directors by giving six (6) months' written notice to the other party. The RC also reviews the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Non-Executive Independent Directors are paid Directors' fees, taking into consideration individual contribution, attendance at various meetings, and responsibilities held at the Committee level. The breakdown of those fees is as follows:

Independent / Non-Executive Director	$40,000
Chairman of Board	$15,000
Chairman of Audit and Risk Committee	$15,000
Chairman of Remuneration Committee	$ 5,000
Chairman of Nominating Committee	$ 5,000

Such fees are subject to the approval of shareholders at the AGM every year.

CORPORATE GOVERNANCE (CONT'D)

The members of the RC possess general knowledge in the field of executive remuneration and/or compensation and have access to external professional advice. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals. The Company has not appointed any remuneration consultants for the financial year ended 31 December 2018.

To avoid poaching of the Company's staff and in the interest of privacy and confidentiality, the Company is not disclosing the total remuneration of the Directors and top key management personnel of the Group in the annual report. However, the Company shall disclose the remunerations in bands of S$250,000 and provide a detailed breakdown in percentage terms of the same.

Details of the remuneration of the Directors (in percentage terms) are as follows:

Directors' Remuneration	Fees(1)	Salary(2)	Bonus(3)	Other Benefits(4)	Total
$250,000 and below					
Mr Ronald Lim Cheng Aun	100%	-	-	-	100%
Mr Chan Boon Hui	100%	-	-	-	100%
Mr Koh Kok Heng, Leslie	100%	-	-	-	100%
Between $250,001 to $500,000					
Mr Teo Keng Joo, Marc	-	68%	23%	9%	100%
Between $750,001 to $1,000,000					
Mr Roland Teo Ho Kang	-	73%	24%	3%	100%
Between $2,000,001 to $2,250,000					
Mr Teo Ho Beng	-	74%	25%	1%	100%

Notes:
(1) Directors' fee proposed for FY2018.
(2) Salary includes gross salary and Central Provident Fund ("**CPF**") contribution.
(3) Bonus includes salary and CPF contribution.
(4) Other benefits include use of the company car and its maintenance costs.

The range of gross remuneration received by the top five (5) executives (excluding Executive Directors and CEO) of the Group is as follows:

Top Five (5) Executives' Remuneration	Salary(1)	Bonus(2)	Other Benefits(3)	Total
Between $250,001 to $500,000				
Ms Teo Poh Sim Agnes	70%	24%	6%	100%
$250,000 and below				
Ms Irene Cheah Lan Kwee	75%	25%	-	100%
Mr Teo Ho Kheong Andrew	71%	19%	10%	100%
Ms Teo Li Yin, Mabel (4)	67%	23%	10%	100%
Ms Teo Poh Leng Jocelyn	71%	19%	10%	100%

Notes:
(1) Salary includes gross salary and CPF contribution.
(2) Bonus includes salary and CPF contribution.
(3) Other benefits include use of the company car and its maintenance costs.
(4) Resigned on 31 December 2018.

CORPORATE GOVERNANCE (CONT'D)

The remuneration of employees who are immediate family members of a Director or the CEO is disclosed below:

Remuneration Bands	Number of Employees
$100,001 to $150,000	1
$150,001 to $200,000	3
$200,001 to $250,000	1
$300,001 to $350,000	1

Ms Sin Wong Chan is the wife of Mr Teo Ho Beng whose remuneration ranged between $100,001 and $150,000 for FY2018.

Ms Teo Li Yin, Mabel is the daughter of Mr Teo Ho Beng whose remuneration ranged between $150,001 and $200,000 for FY2018. Ms Teo Li Yin, Mabel resigned as the Head of Investment of the Company on 31 December 2018.

Ms Teo Poh Ho Josephine and Ms Teo Poh Leng Jocelyn are the sisters of Mr Teo Ho Beng and Mr Roland Teo Ho Kang whose remuneration ranged between $150,001 and $200,000 for FY2018.

Mr Teo Ho Kheong Andrew is the brother of Mr Teo Ho Beng and Mr Roland Teo Ho Kang whose remuneration ranged between $200,001 and $250,000 for FY2018.

Ms Teo Poh Sim Agnes is the sister of Mr Teo Ho Beng and Mr Roland Teo Ho Kang whose remuneration ranged $300,001 and $350,000 for FY2018.

Hiap Hoe Performance Share Plan

On 20 April 2010, the Company obtained shareholders' approval to implement the Hiap Hoe Performance Share Plan (the "**Plan**"). The Plan replaces the Employees' Share Options Scheme which was approved by the shareholders on 28 April 2004.

The Plan is a share incentive scheme which allows the Company, *inter alia*, to set specific performance objectives and provide an incentive for participants to achieve these set targets. The Directors believe that the Plan will help the Company achieve the following objectives:

(a) incentivise employees to excel in their performance and encourage greater dedication and loyalty to the Company;
(b) attract and retain employees whose contributions are important to the long-term growth and profitability of the Group;
(c) recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity; and
(d) develop a participatory style of management which instills loyalty and a stronger sense of identification with the long-term goals of the Group.

The award of fully-paid shares, free of charge, to the participants of the Plan (the "**Award**") is intended to be a more attractive form of bonus from the Company to the Plan participants. In addition, the Company believes that the Plan will be more effective than cash bonuses in motivating employees as it gives them a stake in the ownership of the Company.

Employees who are eligible to participate in the Plan must be:

(a) <u>Group Employees:</u>

  (i) confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the date of Award; or
  (ii) Directors of the Company and subsidiaries who perform an executive function.

(b) <u>Associated Company Employees:</u>

  (i) confirmed full-time employees of an associated company who have attained the age of 21 years on or before the date of Award; or
  (ii) Directors of an associated company who perform an executive function.

Employees and Executive Directors who are controlling shareholders or associates of controlling shareholders and who meet the criteria as set out above are eligible to participate in the Plan.

The Plan is being administered by the RC. As at the date of this annual report, the RC comprises Mr Chan Boon Hui, Mr Ronald Lim Cheng Aun and Mr Koh Kok Heng, Leslie. In compliance with the requirements of the Listing Manual, a participant who has been granted an Award and who is a member of the RC shall not be involved in the deliberations in respect of Awards to be granted to or held by him or his associates.

The RC may grant Awards to the participants at any time during the period when the Plan is in force. The Plan shall continue in force at the discretion of the RC, subject to a maximum period of 10 years from 20 April 2010.

The number of shares which are the subject of each Award to be granted to a participant in accordance with the Plan shall be determined at the absolute discretion of the RC, which shall take into account criteria such as, *inter alia*, the participant's rank, scope of responsibilities, performance, years of service and potential for future development, contributions to the success of the Group, and the extent of effort and resourcefulness displayed by the participant by which the relevant performance target(s) was achieved during the performance period. The performance targets will be set by the RC depending on each individual participant's job scope and responsibilities.

The total number of new shares which may be issued under the Plan, when aggregated with the total number of shares granted under any other share schemes of the Company, shall not exceed fifteen per cent (15%) of the issued shares of the Company (excluding treasury shares) on the day preceding the date of granting the Award.

In accordance with Rule 845 of the Listing Manual, the Company observes that the following limits must not be exceeded:

(a) the aggregate number of shares available under the Plan must not exceed 15% of the total number of issued shares excluding treasury shares from time to time;
(b) the aggregate number of shares available to controlling shareholders and their associates must not exceed 25% of the new shares available under the Plan;
(c) the number of shares available to each controlling shareholder or his associate must not exceed 10% of the new shares available under the Plan; and
(d) the aggregate number of shares available to Directors and employees of the parent company and its subsidiaries must not exceed 20% of the new shares available under the Plan.

No performance shares were granted for FY2018.

ACCOUNTABILITY AND AUDIT

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

The Board is accountable to shareholders for the management of the Group. The Board is mindful of its obligations to provide an assessment of the Company's performance and will update shareholders on the operations and financial position of the Company through quarterly and full year results announcements through SGXNET. The Board will also release timely announcements of other matters to ensure full disclosure of material information, as prescribed by the SGX-ST Listing Manual and other relevant rules and regulations. In particular, price sensitive information is publicly announced before it is communicated to any other interested person.

The Management, who is accountable to the Board, provides the Board with the necessary financial information for the discharge of the Board's disclosure duties. The Board is provided with periodic financial reports and other relevant disclosure documents, where appropriate, by the Management.

Further to the above, the Company also completes and submits compliance checklists to SGX-ST (if applicable and when required) to ensure that all announcements, circulars or letters to shareholders comply with the requirements set out in the SGX-ST Listing Manual. The Board is also notified by the Management, the Joint Company Secretaries, and the Company's auditors on any statutory changes or updates in regulatory or accounting standards affecting the Group. The Board will, after reviewing the necessary documents and/or discussions at any Board or Committee meetings, take action where it deems appropriate to do so to ensure that the Group complies with the prescribed requirements.

CORPORATE GOVERNANCE (CONT'D)

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM

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

The Company has put in place a risk management and internal controls system in relation to the Group's financial, operational, compliance and information technology controls. Risk management and internal controls are detailed in formal instructions, standard operating procedures, and financial authority limits policies. The principal aim of the internal control system (including financial, operational, compliance and information technology controls) and risk management system is to safeguard shareholders' investments and the Group's assets.

The Management maintains the risk management and internal controls system and the Board monitors the Group's risks through the ARC and the Company's internal auditors. In designing these controls, the Company has considered the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

The Group maintains a system of internal controls for all companies within the Group. The Board acknowledges that it is responsible for the overall internal controls framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities, as such systems are designed to manage rather than eliminate all risks of failure in achieving business objectives. The internal controls system is implemented to provide reasonable, but not absolute, assurance against material misstatement or loss, with a view to safeguard shareholders' investments and the Group's assets.

The Group has adopted the Enterprise Risk Management ("**ERM**") framework pursuant to which it has established risk management policies and guidelines for adoption. The ERM framework is designed to enable management to address the operational risks, financial risks, compliance risks of key operating units in the Group. The ERM sets out the following processes:

(a) identifying each risk factor which the Group is exposed to;
(b) quantifying each exposure's size in terms of cash valuations;
(c) inserting these figures into a risk estimation calculation and mapping out the results;
(d) identifying the Group's overall risk exposures as well as the contribution to the overall risk as derived from each risk factor;
(e) setting up a process to report on these risks periodically to the Management, who will set a committee of division heads and executives to determine capital allocations, risk limits, and risk management policies; and
(f) monitoring the Group's compliance with these policies and risk limits.

The ERM provides a point of reference for the Company to address the on-going changes and challenges in its business environment, manage and reduce commercial uncertainties, facilitate shareholder value creation process, and assist the ARC and the Board in discharging their responsibilities.

The ARC is responsible for overseeing the internal controls and risk management of the Group and the Board of Directors reviews the adequacy and effectiveness of the key internal controls including financial, operational, compliance and information technology controls, as well as risk management systems on an on-going basis, such reviews of which are carried out internally or with the assistance of any competent third parties. In particular, it was noted by the ARC and the Board that the Company's external auditors confirmed that proper accounting records are maintained for FY2018 and that the financial information used for business purposes and for publication in the relevant financial period is reliable.

In addition, the Board has received assurance from the CEO and the Financial Controller for FY2018:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
(b) that the Company's risk management and internal control systems are in place and effective.

Based on the ERM framework and internal controls established and maintained by the Company, work performed in conjunction with the statutory audit, and reviews performed by the Management, various Board Committees and the Board in respect of the internal controls (including financial, operational, compliance and information technology controls) and the risk management system, the Board, with the concurrence of the ARC, is satisfied with the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology control) and risk management systems for FY2018. The Company has thereby complied with Rule 1207(10) of the SGX-ST Listing Manual.

AUDIT AND RISK COMMITTEE

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

The ARC comprises entirely Non-Executive Independent Directors and the members are as follows:

1) Mr Chan Boon Hui (Chairman of the ARC / Lead Independent Director);
2) Mr Ronald Lim Cheng Aun (Independent Director); and
3) Mr Koh Kok Heng, Leslie (Independent Director).

The role of the ARC is to assist the Board of Directors in the execution of its corporate governance responsibilities within its terms of reference and requirements.

The functions of the ARC include:

(a) reviewing any significant financial reporting issues so as to preserve the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
(b) reviewing with the external auditors, the audit plan, their evaluation of the adequacy of the Company's system of internal accounting controls, their audit report, the Management's letter and the Management's responses;
(c) reviewing the quarterly and full year financial statements before submission of the same to the Board for approval;
(d) reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit functions;
(e) reviewing the assistance given by the Management to the external auditors;
(f) overseeing the internal controls and risk management of the Company and assessing the adequacy and effectiveness of these internal controls and risk management systems;
(g) reviewing the scope and results of the external audit and its cost-effectiveness, the independence and objectivity of the external auditors, annually, and the nomination of their re-appointment as auditors of the Company;
(h) reviewing all non-audit services provided by the external auditors so as to ensure that any provision of such services would not affect the independence of the external auditors;
(i) investigate any matters within its terms of reference; and
(j) reviewing interested person transactions falling within the scope of the SGX-ST Listing Manual.

The Board is of the opinion that the members of the ARC have sufficient expertise and experience to discharge their duties effectively.

The Company has in place a whistle-blowing framework, endorsed by the ARC, pursuant to which staff members of the Company have direct access to the chairman of the ARC to raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The objective of such arrangements is to ensure both independent investigation of such matters and appropriate follow-up action are taken.

There were no whistle-blowing letters received during FY2018 and as of the date of this annual report.

The ARC has full access to all records concerning staff personnel and other relevant information which the ARC considers necessary to enable it to properly discharge its function, and has full discretion to invite any Director and/or executive officer to attend its meetings. Each member of the ARC shall abstain from voting on any resolutions in respect of matters which he is interested in. The ARC expects to receive full co-operation from the Management and external auditors in this respect.

The ARC met quarterly during FY2018. The ARC meets with the external auditors without the presence of the Company's Management at least once a year and this was observed in FY2018. For the avoidance of doubt, no former partner or director of the Company's existing audit firm is a member of the ARC.

The aggregate amount of fees paid to the external auditors amounted to approximately S$286,000 for audit services and S$65,000 for non-audit services performed during FY2018.

In selecting suitable audit firms, the ARC takes into account several considerations such as the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the current size and complexity of issues of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit.

The ARC has conducted a review of all non-audit services provided by the external auditors for FY2018, and is satisfied with the independence and objectivity of the external auditors. The ARC has recommended to the Board that Messrs Foo Kon Tan LLP be nominated for re-appointment as auditors at the forthcoming AGM.

CORPORATE GOVERNANCE (CONT'D)

The external auditors regularly update the ARC on the changes to accounting standards and issues which will have a direct impact on financial statements. Among others, the Group has since 1 January 2018 complied with the Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), a new financial reporting framework identical to the International Financial Reporting Standards.

The Company has also established a Code of Conduct and Business Ethics which applies to all employees of the Group. The areas covered include conduct at the workplace, business conduct, protection of the Company's assets, confidentiality of information, and potential conflicts of interest. Directors, key executives, and employees are expected to observe and uphold high standards of integrity which are in compliance with the Company's policies and regulations.

INTERNAL AUDIT

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

The Company has established and maintains on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. The internal audit function is out-sourced to a public accounting firm, One e-Risk Services Pte Ltd, a firm which meets the standard set by internationally-recognised professional bodies such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors report primarily to the chairman of the ARC and the ARC is satisfied that the internal auditors are staffed by qualified and experienced personnel.

The internal auditors plan their internal audit schedules in consultation with the Management, but remain independent of the Management in its operations. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit. The ARC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of improvements required with regard to internal control weaknesses that have been identified. There was no internal audit performed for the year ended 31 December 2018. The ARC has reviewed and is satisfied with the proposed audit plan from the internal auditors for the year ending 31 December 2019.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act, Chapter 50 of Singapore, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

The Company's Constitution currently provides that shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at general meetings of shareholders in the event that the shareholders are unable to attend the meeting in person. There is no provision in the Company's Constitution that limits the number of proxies for corporations which provide nominee or custodian services. According to the Company's existing Constitution, at any general meeting a resolution put to vote at the meeting shall be decided on a show of hands unless a poll is demanded. However, following the requirement in Listing Rule 730A(2) which came into effect on 1 August 2015, the Company will ensure that all resolutions at general meetings shall be voted by poll. The shareholders would be informed of the voting procedures at the commencement of the general meeting.

COMMUNICATION WITH SHAREHOLDERS

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

The Group strives for timeliness and transparency in its disclosure to shareholders and the public. In addition to the regular dissemination of information through SGXNET, the Company also responds to enquiries from investors, analysts, fund managers, and the press. The Company does not practice selective disclosure and is mindful that all price-sensitive information should be released through SGXNET on a timely basis. Where applicable, and generally at every quarter following the release of the Company's quarterly financial results announcement, press releases on the Group's performance and/or any major developments are also made available on SGXNET.

The Company maintains a website (http://www.hiaphoe.com) which allows the public to be aware of the Group's latest development and businesses. The public can provide feedback to the Company via its electronic mail address or its registered office address. Calls and emails requesting information are generally attended to promptly, taking into consideration the fact that Management may need to consult with the Board or any of the Company's relevant advisors before communicating or disseminating certain information.

The notices of general meetings setting out the agenda are despatched to shareholders with copies of the annual report or circular, explanatory notes, and if necessary, letters to shareholders on the items of special business, at least 14 days before the general meetings called to pass ordinary resolutions or 21 days before general meetings called to pass special resolutions. Notice of the general meeting is also published in one national business newspaper, The Business Times.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirement, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate.

Notwithstanding the abovementioned, the Company has been declaring dividends on an annual basis. Any pay-outs are clearly communicated to shareholders via the financial results announcements through SGXNET. For FY2018, the Company had on 13 August 2018 declared an interim dividend of 0.5 Singapore cent per share. The Company also intends to propose a final dividend of 1.00 Singapore cent per share, such final dividend to be approved by the shareholders at the forthcoming AGM of the Company.

CONDUCT OF SHAREHOLDERS MEETINGS

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

The Group believes in encouraging shareholder participation at general meetings. As such, shareholders are given the opportunity to express their views and to raise queries to the Board and the Management regarding the proposed resolutions and on matters relating to the operations of the Group during these meetings. The chairman of each of the ARC, NC, and RC are also present at the meetings to attend to questions raised by shareholders. The Company's external auditors are invited to attend the Company's AGMs and will assist the Directors in addressing relevant queries relating to the conduct of the audit and the preparation and content of the external auditors' report.

It is crucial that the notices of general meetings are distributed on time to the shareholders prior to such general meetings as the notices set out the agendas that will be discussed, some of which may be of interest to the shareholders. A shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies. However, as the authentication of information purporting to identify an individual as a shareholder still remains a concern, the Company has decided, for the time being, not to accept voting in absentia by mail, email or fax.

The Company also ensures separate resolutions are proposed at general meetings on each substantially distinct issue. Votes at the forthcoming AGM and all general meetings going forward will be taken by poll so that shareholders are accorded rights proportionate to their shareholding and all votes are counted.

The Joint Company Secretaries prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and the corresponding responses from the Board and the Management. Such minutes are available to shareholders upon their written requests. Results of the general meeting are also released as an announcement via SGXNET, detailing the number of votes cast for and against each resolution as well as the respective percentages.

ADDITIONAL INFORMATION

Securities Transactions

In line with Rule 1207(19) under Chapter 12 of the SGX-ST Listing Manual on Dealings in Securities, the Company has adopted an internal compliance code for the reference of its Directors and officers in relation to the dealings with the Company's securities.

CORPORATE GOVERNANCE (CONT'D)

The Company issues internal circulars to its Directors, officers and relevant staff members who have access to unpublished material price-sensitive information reminding them (i) of their disclosure obligations in relation to their dealings in shares of the Company and (ii) that they are prohibited from dealing in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three (3) quarters of its financial year, during the period commencing one (1) month before the release of the Company's full year financial results and ending on the date of the announcement of the relevant results, and when they are in possession of unpublished material price sensitive information. The Directors, officers, and employees of the Group are discouraged from dealing in the Company's securities on short-term considerations and are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Directors are required to report to the Joint Company Secretaries whenever they deal in the Company's shares and the Joint Company Secretaries will make the necessary announcements in accordance with the requirements of the SGX-ST.

Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Hiap Hoe & Co. Pte. Ltd. (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Provision of Services for Maintenance of Properties to the Company's subsidiaries: - SuperBowl Jurong Pte Ltd (value of transactions amounting to $179,000) - HH Properties Pte Ltd (value of transactions amounting to $118,000)	Nil

The ARC has reviewed, and is satisfied that the transactions are conducted at arm's length and on terms that are fair and reasonable. The ARC and the Board of Directors are satisfied that the terms of the abovementioned transactions are not prejudicial to the interests of the Company or its minority shareholders.

Save as disclosed above, no Director, CEO or controlling shareholders, or associate has any interest in any material transaction undertaken by the Company and the Group.

Pursuant to Rule 920 of the SGX-ST Listing Manual, there was no transaction with interested persons for FY2018 that warrants a shareholders' mandate.

Material Contracts

There were no other material contracts with the Company or its subsidiaries involving the interest of any CEO, Director or controlling shareholder subsisting at the end of FY2018, other than disclosed in other parts of the annual report.

Sustainability Report

Under Practice Note 7.6 - Sustainability Reporting Guide issued by SGX, the Board should determine the environmental, social and governance factors identified as material to the Group's business and ensure that they are monitored and managed. The Board has ultimate responsibility for the issuer's sustainability reporting. In this regard, the Company has established a sustainability committee to assist the Board in the execution of its responsibilities.

The Company will make available its full sustainability report for FY2018 by 31 May 2019 in accordance with Practice Note 7.6.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Hiap Hoe Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and 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 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.

DIRECTORS

The Directors of the Company in office at the date of this report are:

Teo Ho Beng
Roland Teo Ho Kang
Teo Keng Joo, Marc
Ronald Lim Cheng Aun
Chan Boon Hui
Koh Kok Heng, Leslie

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

DIRECTORS' STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Direct interest			Deemed interest		
Name of Director	At the beginning of financial year	At the end of financial year	At 21 January 2019	At the beginning of financial year	At the end of financial year	At 21 January 2019
The Company						
Hiap Hoe Limited						
(Ordinary shares)						
Teo Ho Beng	-	2,662,100	2,662,100	347,578,726	349,578,726	349,578,726
Roland Teo Ho Kang	-	-	-	347,578,726	349,578,726	349,578,726
Chan Boon Hui	93,750	93,750	93,750	-	-	-
The immediate and ultimate holding company						
Hiap Hoe Holdings Pte Ltd						
(Ordinary shares)						
Teo Ho Beng	6,245,664	6,245,664	6,245,664	-	-	-
Roland Teo Ho Kang	4,133,689	4,133,689	4,133,689	-	-	-
Subsidiary						
SuperBowl Holdings Limited						
(Ordinary shares)						
Teo Ho Beng	-	-	-	322,356,480	322,372,480	322,372,480
Roland Teo Ho Kang	-	-	-	322,356,480	322,372,480	322,372,480

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Teo Ho Beng and Mr Roland Teo Ho Kang are deemed to have interests in the shares of each of the wholly-owned subsidiaries of Hiap Hoe Limited, Hiap Hoe Holdings Pte Ltd and SuperBowl Holdings Limited.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of its related corporations, either at the beginning of the financial year, at his date of appointment as a Director during the financial year (as the case may be), or at the end of the financial year.

PERFORMANCE SHARE PLAN

At an extraordinary general meeting held on 20 April 2010, the shareholders approved the performance share plan, Hiap Hoe Performance Share Plan (the "**Share Plan**"). Under the Share Plan, fully-paid ordinary shares in the capital of the Company, their equivalent cash value or combinations thereof will be granted, free from payment (the "**Award**"), to selected employees of the Company and/or its subsidiaries including Directors of the Company, and other selected participants according to the extent to which they complete time-based service conditions or achieve their performance targets over the set performance period. The Share Plan is to replace the Employee's Share Options Scheme that was approved by shareholders on 28 April 2004. The Directors believe that the new plan will incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company.

The Remuneration Committee administering the Share Plan comprises the following Directors:-

Koh Kok Heng, Leslie (Chairman)
Chan Boon Hui
Ronald Lim Cheng Aun

PERFORMANCE SHARE PLAN (CONT'D)

Under the Share Plan, the Company may award to the employees, controlling shareholders and their associates who meet the criteria set out below:

(a) Group Employees

(i) confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the date of Award; and
(ii) Directors of the Company and its subsidiaries who perform an executive function.

(b) Associated Company Employees

(i) confirmed full-time employees of an associated company who have attained the age of 21 years on or before the date of Award; and
(ii) Directors of an associated company who perform an executive function.

The aggregate number of shares which may be delivered and/or issued pursuant to the Awards granted under the Share Plan on any date shall not exceed fifteen per cent (15%) of the total issued shares in the capital of the Company (excluding treasury shares) on the day preceding the date of granting the Award.

The Share Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years commencing from the date on which the Share Plan was adopted by the Company.

Details of the performance shares awarded under the Share Plan are as follows:

Date of grant	Aggregate awards granted since commencement of Share Plan to end of financial year	Aggregate awards vested since commencement of Share Plan to end of financial year	Aggregate awards cancelled since commencement of Share Plan to end of financial year	Aggregate awards outstanding as at the end of financial year
6 January 2011	177,400	177,400	-	-

There were no shares awarded under the Share Plan to the Company's Directors, employees or any of the Company's controlling shareholders or their associates during the financial year ended 31 December 2018.

OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Except as disclosed in Note 32 to the financial statements, no material contracts of the Company and its subsidiaries involving the interests of the chief executive officer, the Directors or controlling shareholders subsisted at the end of the financial year or were entered into since the beginning of the financial year.

DIRECTORS' STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the "**ARC**") at the end of the financial year comprises the following members:

Chan Boon Hui (Chairman)
Ronald Lim Cheng Aun
Koh Kok Heng, Leslie

The ARC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- reviewed the audit plans of the internal and external auditors of the Group and the Company, reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management team (the "**Management**") to the internal and external auditors;

- reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;

- reviewed effectiveness of the Group's and the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management, noting the reviews carried out by the Company's internal auditors;

- met with the external auditor, other committees, and the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;

- 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;

- recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

- reported actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considers appropriate; and

- reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The ARC, having reviewed all the non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The ARC has also conducted a review of interested person transactions.

The ARC convened five (5) meetings during the year with full attendance from all members. The ARC also met with the external auditor without the presence of the Company's Management, which it does at least once a year.

Further details regarding the ARC are disclosed in the Report on Corporate Governance.

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

DIRECTORS' STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Independent auditor

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

On behalf of the Board of Directors

Teo Ho Beng
Director

Roland Teo Ho Kang
Director

Singapore
28 March 2019

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIAP HOE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hiap Hoe Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) [SFRS(I)] so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Key Audit Matters	Our responses and work performed
Impairment of properties (Refer to Note 12 and Note 13 to the financial statements) other than properties for sale	
Risk	
The Group owns a portfolio of properties comprising (i) a sport and recreation complex, four hotels, a retail mall and an office tower classified under property, plant and equipment and (ii) residential, industrial, retail and office units classified under investment properties. Other than a hotel and a commercial building located in Australia and another hotel located in Manchester, the other properties are located in Singapore. These properties represent the largest category of assets on the balance sheet, at aggregate carrying value of $1,138,482,970 as at 31 December 2018, or 73% of total assets. Properties that are available for their intended use are stated at their cost less accumulated depreciation and accumulated impairment losses. The Group assesses at each reporting date whether there is an indication that the properties may be impaired. This can include determining the fair value of these properties based on advice by independent professional valuers. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation, discount and terminal yield rates i.e. small change in the assumptions can have a significant impact to the valuation.	We have evaluated the competence, capabilities and objectivity of the management's expert, obtained an understanding of the work of that expert; and evaluated the appropriateness of that expert's work as audit evidence for the relevant assertion. We considered the valuation methodologies used against those applied by management's valuers for similar property types. We have assessed the reasonableness of the capitalisation, discount and terminal yield rates used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. We also considered the adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.
Valuation of unquoted investments (Refer to Note 20 to the financial statements)	
Risk	
The Group's portfolio of investments comprised quoted investments of $81,509,460 and unquoted investments of $198,843,101 measured at fair value. The unquoted investments consist of equity and non-equity investments such as investments in corporate bonds, certificates of deposits and investment funds. In determining the fair values of these unquoted investments, management relied on valuations as provided by the respective financial institutions managing these investments. These financial institutions in turn used their own valuation techniques such as revalued net asset values or discounted cash flow, including their own input factors into the applied models. For unquoted investments managed directly by the Group, management used market earnings multiples and revalued net asset values in determining the fair values of these unquoted investments.	We have evaluated the assumptions used by management to determine the fair values of unquoted investments, including the appropriateness of the comparable entities, valuation methods used and validity of data used in the process. We engaged our in-house corporate finance professionals as auditor's expert to independently assess the reasonableness of the inputs and methodology used or relied on by management.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Other Information

Management is responsible for the other information. The other information refers to the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance 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), 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.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Kon Yin Tong.

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
Singapore, 28 March 2019

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Revenue	4	**187,484,936**	249,131,562
Other items of income			
Dividend income		**4,354,703**	2,242,086
Other income	5	**7,258,898**	5,416,661
Impairment loss on trade receivables written back	17	**11,500**	447,666
Financial income	6	**4,627,351**	2,822,038
Gain on bargain purchase arising from acquisition	14(c)(ii)	**-**	43,000,000
		16,252,452	53,928,451
Changes in completed properties for sale		**(55,388,122)**	(111,099,228)
Employee benefits expense	7	**(27,270,187)**	(26,441,853)
Depreciation of property, plant and equipment	12	**(23,185,717)**	(19,890,387)
Depreciation of investment properties	13	**(4,563,324)**	(3,751,030)
Financial cost	6	**(14,026,815)**	(8,410,938)
Fair value changes in financial instruments	8	**(23,504,132)**	8,919,580
Foreign exchange (loss)/gain		**(4,276,555)**	1,031,689
Impairment loss on trade receivables	17	**(73,325)**	(46,526)
Other expenses	9	**(55,090,387)**	(48,379,596)
(Loss)/profit before tax		**(3,641,176)**	94,991,724
Income tax expense	10	**(6,384,245)**	(14,477,771)
(Loss)/profit for the year		**(10,025,421)**	80,513,953
Attributable to:			
Owners of the Company		**(9,925,363)**	80,469,359
Non-controlling interests		**(100,058)**	44,594
Total		**(10,025,421)**	80,513,953
Earnings per share attributable to owners of the Company (cents per share)			
Basic	11	**(2.11)**	17.10
Diluted	11	**(2.11)**	17.10

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 2018

	2018	2017
	$	$
(Loss)/profit for the year	**(10,025,421)**	80,513,953
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss		
- Foreign currency translation	**(12,183,225)**	(217,886)
- Exchange differences realised on de-registration of subsidiary recycled to profit or loss	**-**	(1,045,312)
Other comprehensive loss for the year, net of tax of nil	**(12,183,225)**	(1,263,198)
Total comprehensive (loss)/income for the year	**(22,208,646)**	79,250,755
Attributable to:		
Owners of the Company	**(22,108,588)**	79,206,161
Non-controlling interests	**(100,058)**	44,594
Total comprehensive (loss)/income for the year	**(22,208,646)**	79,250,755

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

BALANCE SHEETS

AS AT 31 DECEMBER 2018

.		Group			Company		
		31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	Note	**$**	$	$	**$**	$	$
Non-current assets							
Property, plant and equipment	12	**766,766,868**	797,141,271	727,107,068	**164,407**	251,460	335,962
Investment properties	13	**411,485,275**	372,832,075	171,494,282	**-**	-	-
Subsidiaries	14	**-**	-	-	**477,488,521**	479,668,521	168,417,117
Joint venture	15	**-**	-	-	**16,753,354**	13,379,291	9,279,014
Other assets	16	**10,675,462**	106,181	28,605,473	**-**	-	-
Other receivables	17	**170,614**	203,603	51,600	**-**	-	-
Due from subsidiary, non-trade	18	**-**	-	-	**-**	-	103,870,000
Deferred tax assets	19	**3,875,188**	1,837,803	2,962,703	**-**	-	-
		1,192,973,407	1,172,120,933	930,221,126	**494,406,282**	493,299,272	281,902,093
Current assets							
Other investments	20	**280,352,561**	117,710,837	91,016,718	**-**	-	-
Inventories	21	**2,752,940**	2,810,381	2,043,733	**-**	-	-
Other assets	16	**2,165,231**	11,335,388	682,622	**150**	450	450
Trade and other receivables	17	**4,668,121**	3,769,558	8,532,427	**-**	-	-
Prepaid operating expenses		**1,092,127**	958,923	650,625	**6,899**	19,769	7,160
Due from subsidiaries, trade	18	**-**	-	-	**101,589**	211,435	4,229
Due from subsidiaries, non-trade	18	**-**	-	-	**161,450,590**	214,654,517	245,901,742
Due from related companies, trade	18	**3,301**	403	5,985	**-**	-	-
Due from related company, non-trade	18	**428**	-	-	**-**	-	-
Derivatives - assets	22	**199,637**	274,601	-	**-**	-	-
Development properties	23	**-**	-	150,927,028	**-**	-	-
Completed properties for sale	24	**15,563,747**	126,486,680	52,681,302	**-**	-	-
Cash and short-term deposits	25	**55,545,288**	73,452,007	28,939,361	**474,333**	173,683	5,510,563
		362,343,381	336,798,778	335,479,801	**162,033,561**	215,059,854	251,424,144

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

BALANCE SHEETS (CONT'D)

AS AT 31 DECEMBER 2018

		Group			Company		
		31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	Note	**$**	$	$	**$**	$	$
Current liabilities							
Trade and other payables	26	**7,951,291**	27,162,823	21,018,972	**29,997**	30,514	64,933
Derivatives - liabilities	22	**646,071**	8,617	202,906	**-**	-	-
Due to subsidiaries, trade	18	**-**	-	-	**58,444**	68,245	4,335
Due to subsidiaries, non-trade	18	**-**	-	-	**134,287,077**	110,597,815	60,503,768
Due to related companies, trade	18	**23,005**	67,328	53,647	**-**	-	7,556
Due to related companies, non-trade	18	**32,698**	-	-	**-**	-	-
Interest-bearing loans and borrowings	27	**378,271,744**	474,297,498	341,326,528	**-**	24,425	26,676
Tax payable		**4,451,357**	15,138,635	2,072,372	**263,000**	627,000	81,000
Other liabilities	28	**11,651,313**	21,354,641	10,048,328	**574,688**	747,669	528,215
		403,027,479	538,029,542	374,722,753	**135,213,206**	112,095,668	61,216,483
Non-current liabilities							
Due to subsidiary and joint venture, non-trade	18	**-**	-	-	**-**	80,024,000	-
Interest-bearing loans and borrowings	27	**306,455,406**	92,244,699	58,172,672	**-**	-	24,425
Deferred tax liabilities	19	**80,939,397**	82,680,159	84,419,032	**-**	-	-
Other liabilities	28	**3,234,366**	4,995,279	29,572,897	**-**	-	-
		390,629,169	179,920,137	172,164,601	**-**	80,024,000	24,425
Net assets		**761,660,140**	790,970,032	718,813,573	**521,226,637**	516,239,458	472,085,329
Equity attributable to owners of the Company							
Share capital	29	**84,445,256**	84,445,256	84,445,256	**84,445,256**	84,445,256	84,445,256
Treasury shares	30	**(1,101,125)**	(1,101,125)	(1,101,125)	**(1,101,125)**	(1,101,125)	(1,101,125)
Reserves	31	**674,866,507**	704,033,461	631,885,666	**437,882,506**	432,895,327	388,741,198
		758,210,638	787,377,592	715,229,797	**521,226,637**	516,239,458	472,085,329
Non-controlling interests		**3,449,502**	3,592,440	3,583,776	**-**	-	-
Total equity		**761,660,140**	790,970,032	718,813,573	**521,226,637**	516,239,458	472,085,329

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 2018

	Attributable to equity holders of the Company									
Group	Share capital (Note 29) $	Treasury shares (Note 30) $	Accumulated profits $	Capital reserve $	Foreign currency translation reserve $	Gain on reissuance of treasury shares $	Total reserves (Note 31) $	Total equity attributable to equity holders of the Company $	Non-controlling interests $	Total equity $
At 1 January 2018 (FRS framework)	84,445,256	(1,101,125)	721,912,752	(7,671,719)	(10,259,462)	51,890	704,033,461	787,377,592	3,592,440	790,970,032
Adoption of SFRS(I)	-	-	-	-	-	-	-	-	-	-
Balance at 1 January 2018 [SFRS(I) framework]	84,445,256	(1,101,125)	721,912,752	(7,671,719)	(10,259,462)	51,890	704,033,461	787,377,592	3,592,440	790,970,032
Loss for the year	-	-	(9,925,363)	-	-	-	(9,925,363)	(9,925,363)	(100,058)	(10,025,421)
Foreign currency translation	-	-	-	-	(12,183,225)	-	(12,183,225)	(12,183,225)	-	(12,183,225)
Other comprehensive loss net of tax of nil	-	-	-	-	(12,183,225)	-	(12,183,225)	(12,183,225)	-	(12,183,225)
Total comprehensive loss for the year	-	-	(9,925,363)	-	(12,183,225)	-	(22,108,588)	(22,108,588)	(100,058)	(22,208,646)
Contributions by and distributions to owners										
Dividends on ordinary shares (Note 35)	-	-	(7,058,366)	-	-	-	(7,058,366)	(7,058,366)	-	(7,058,366)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(31,680)	(31,680)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(11,200)	(11,200)
Total contributions by and distributions to owners	-	-	(7,058,366)	-	-	-	(7,058,366)	(7,058,366)	(42,880)	(7,101,246)
At 31 December 2018	84,445,256	(1,101,125)	704,929,023	(7,671,719)	(22,442,687)	51,890	674,866,507	758,210,638	3,449,502	761,660,140

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to equity holders of the Company									
Group	Share capital (Note 29) $	Treasury shares (Note 30) $	Accumulated profits $	Capital reserve $	Foreign currency translation reserve $	Gain on reissuance of treasury shares $	Total reserves (Note 31) $	Total equity attributable to equity holders of the Company $	Non-controlling interests $	Total equity $
At 1 January 2017 (FRS framework)	84,445,256	(1,101,125)	648,501,759	(7,671,719)	(8,996,264)	51,890	631,885,666	715,229,797	3,583,776	718,813,573
Adoption of SFRS(I)	-	-	-	-	-	-	-	-	-	-
Balance at 1 January 2017 [SFRS(I) framework]	84,445,256	(1,101,125)	648,501,759	(7,671,719)	(8,996,264)	51,890	631,885,666	715,229,797	3,583,776	718,813,573
Profit for the year	-	-	80,469,359	-	-	-	80,469,359	80,469,359	44,594	80,513,953
Foreign currency translation	-	-	-	-	(217,886)	-	(217,886)	(217,886)	-	(217,886)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	-	-	-	-	(1,045,312)	-	(1,045,312)	(1,045,312)	-	(1,045,312)
Other comprehensive loss net of tax of nil	-	-	-	-	(1,263,198)	-	(1,263,198)	(1,263,198)	-	(1,263,198)
Total comprehensive income/(loss) for the year	-	-	80,469,359	-	(1,263,198)	-	79,206,161	79,206,161	44,594	79,250,755
<u>Contributions by and distributions to owners</u>										
Dividends on ordinary shares (Note 35)	-	-	(7,058,366)	-	-	-	(7,058,366)	(7,058,366)	-	(7,058,366)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(31,730)	(31,730)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(4,200)	(4,200)
Total contributions by and distributions to owners	-	-	(7,058,366)	-	-	-	(7,058,366)	(7,058,366)	(35,930)	(7,094,296)
At 31 December 2017	84,445,256	(1,101,125)	721,912,752	(7,671,719)	(10,259,462)	51,890	704,033,461	787,377,592	3,592,440	790,970,032

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Operating activities			
(Loss)/profit before taxation		**(3,641,176)**	94,991,724
Adjustments for:			
Impairment loss on trade receivables	17	**73,325**	46,526
Amortisation of deferred income	5	**(84,223)**	(65,990)
Depreciation of investment properties	13	**4,563,324**	3,751,030
Depreciation of property, plant and equipment	12	**23,185,717**	19,890,387
Dividend income from investments		**(4,354,703)**	(2,242,086)
Fair value changes in held-for-trading investments	8	**22,821,684**	(8,450,690)
Fair value changes in derivative instruments	8	**682,448**	(468,890)
Gain on bargain purchase arising from acquisition	14(c)(ii)	**-**	(43,000,000)
Gain on disposal of investments	5	**(1,715,820)**	(254,944)
Loss/(gain) on disposal of property, plant and equipment	9,5	**7,079**	(170,847)
Impairment loss on investment property	9	**3,672,299**	-
Interest expenses	6	**14,026,815**	8,410,938
Interest income	6	**(4,627,351)**	(2,822,038)
Property, plant and equipment written off	9	**72,768**	56,241
Exchange difference		**4,432,958**	12,378
Impairment loss on trade receivables written back		**(11,500)**	(447,666)
Write back of incidental selling expenses	5	**-**	(998,536)
Write back of excess accrued costs on building contracts	5	**(857,373)**	-
Operating cash flows before changes in working capital		**58,246,271**	68,237,537
Changes in working capital			
(Increase)/decrease in:			
Due from related companies, trade		**(2,898)**	5,582
Due from related companies, non-trade		**(428)**	-
Inventories		**(1,875)**	(750,264)
Other assets		**8,825,908**	17,992,527
Prepaid operating expenses		**(182,416)**	(233,624)
Completed properties for sale		**55,350,321**	45,600,797
Trade and other receivables		**(719,379)**	5,051,248
Increase/(decrease) in:			
Due to related companies, trade		**(44,323)**	13,681
Due to related companies, non-trade		**32,698**	-
Other liabilities		**(9,918,075)**	(14,359,860)
Trade and other payables		**(18,186,388)**	7,122,968
Cash flows generated from operations		**93,399,416**	128,680,592
Income tax paid		**(20,603,027)**	(2,242,511)
Net cash flows generated from operating activities		**72,796,389**	126,438,081

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Investing activities			
Dividend income received and return of capital		**7,712,364**	5,506,745
Interest income received and settlement of derivatives		**4,335,234**	2,872,163
Proceeds from disposal of property, plant and equipment		**49,952**	399,528
Deposits paid on acquisition of capital assets		**(11,116,562)**	-
Proceeds from disposal of held-for-trading investments		**69,916,052**	52,620,783
Purchase of property, plant and equipment	12, A	**(1,101,721)**	(10,217,029)
Purchase of held-for-trading investments		**(257,021,301)**	(73,873,925)
Net cash outflow on acquisition of subsidiaries	14(c)	**-**	(79,508,667)
Net cash flows used in investing activities		**(187,225,982)**	(102,200,402)
Financing activities			
Acquisition of non-controlling interests		**(11,200)**	(4,200)
Dividends paid on ordinary shares by the Company		**(7,058,366)**	(7,058,366)
Dividends paid to non-controlling interests		**(31,680)**	(31,730)
Interest paid		**(13,897,219)**	(14,031,536)
Changes in cash and bank balances pledged		**(11,202,418)**	(1,765,579)
Changes in fixed deposits pledged		**(11,530,798)**	-
Proceeds from loans and borrowings		**457,326,485**	241,076,119
Repayment of loans and borrowings		**(335,516,739)**	(199,407,245)
Repayment of lease obligations		**(167,770)**	(142,243)
Net cash flows generated from financing activities		**77,910,295**	18,635,220
Net (decrease)/increase in cash and cash equivalents		**(36,519,298)**	42,872,899
Effect of exchange rate changes on cash and cash equivalents		**(4,120,637)**	(125,832)
Cash and cash equivalents at beginning of year		**70,336,821**	27,589,754
Cash and cash equivalents at end of year (Note 25)		**29,696,886**	70,336,821

A. Purchase of property, plant and equipment

The Group had in 2017 acquired property, plant and equipment with an aggregate cost of $10,745,414 of which $380,000 was acquired by means of hire purchase arrangements and $148,385 pertained to interest capitalised. The balance of $10,217,029 was made in cash.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

B. Reconciliation of liabilities arising from financing activities

	1 January 2018	Cash Flow	Non-cash changes				31 December 2018
			Acquisition	Interest Expense	Foreign Exchange Movement	New Leases	
	$	$	$	$	$	$	$
Lease obligations	**412,469**	**(182,383)**	**-**	**14,613**	**-**	**-**	**244,699**
Loans and borrowings	**566,129,728**	**107,927,140**	**-**	**14,012,202**	**(3,586,619)**	**-**	**684,482,451**
	566,542,197	**107,744,757**	**-**	**14,026,815**	**(3,586,619)**	**-**	**684,727,150**

	1 January 2017	Cash Flow	Non-cash changes				31 December 2017
			Acquisition	Interest Expense and Interest Capitalised	Foreign Exchange Movement	New Leases	
	$	$	$	$	$	$	$
Lease obligations	174,712	(153,274)	-	11,031	-	380,000	412,469
Loans and borrowings	399,324,488	27,648,369	128,000,316	11,356,424	(199,869)	-	566,129,728
	399,499,200	27,495,095	128,000,316	11,367,455	(199,869)	380,000	566,542,197

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is located at 18 Ah Hood Road #13-51, Hiap Hoe Building At Zhongshan Park, Singapore 329983.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Its immediate and ultimate holding company is Hiap Hoe Holdings Pte Ltd, a company incorporated in Singapore. Related companies refer to members of the immediate and ultimate holding company's group of companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

2.2 First-time adoption of SFRS(I)

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

(a) Mandatory exceptions and optional exemptions

SFRS(I) generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions (where applicable to the Group) did not have any significant impact on the financial statements.

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

2.2 First-time adoption of SFRS(I) (Cont'd)

(b) New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 and SFRS(I) 15 are described below. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

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

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

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively and did not have significant impact on the comparative information in the year of initial application. The comparative information was prepared in accordance with the requirements of FRS 39.

<u>Classification and measurement</u>

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

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

The Group has non-equity investments in corporate bonds, certificates of deposits and investment funds. The Group has reviewed its policy of classification and determined that these non-equity instruments will be sold from time to time to realise capital appreciation or for liquidity management. Accordingly, these non-equity financial instruments will continue to classify as FVPL on application of SRFS(I) 9 based on the Group's business model.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income. For equity securities, the Group continues to measure its currently held-for-trading equity securities at FVPL.

The adoption of SFRS(I) 9, therefore, did not result in any change in the Group's accounting for financial assets previously classified as FVPL under FRS 39.

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

2.2 First-time adoption of SFRS(I) (Cont'd)

(b) New accounting standards effective on 1 January 2018 (Cont'd)

(i) SFRS(I) 9 Financial Instruments (Cont'd)

Impairment

SFRS(I) 9 replaces the current 'incurred loss' model in FRS 39 with a forward-looking expected credit loss (ECL) model. This impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

As a result of the adoption of SFRS(I) 9, the Group presented impairment loss and reversal of impairment loss of financial assets as separate line item in the consolidated income statement. Accordingly, the following items were reclassified in the consolidated income statement for year ended 31 December 2017:

(i) an amount of $447,666 was reclassified from "Other income" to "Impairment loss on trade receivables written back"; and

(ii) an amount of $46,526 was reclassified from "Other expenses" to "Impairment loss on trade receivables".

The application of SFRS(I) 9 impairment requirements at 1 January 2018 did not result in material difference in the allowance for impairment.

Additional information about how the Group and the Company measure allowance for impairment is described in Note 2.13.

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

SFRS(I) 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements for the year ended 31 December 2018 using the retrospective approach. The impacts of adopting SFRS(I) 15 as detailed below are not material to the consolidated financial statements:

(a) Commissions

The Group has undertaken an assessment of revenue earned in respect of its customer agreements. The Group currently accounts for revenue earned in connection with certain customers, net of commissions. Certain contracts with other customers are accounted for on a gross basis, where the related commission is included in other expenses.

Under SFRS(I) 15, all such revenue will be recorded on a gross basis with commissions deducted separately as expenses. Accordingly, the impact is limited to a reclassification between revenue and other expenses in consolidated income statement.

No adjustments were made to present revenue and commissions on gross basis due to immateriality.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.2 First-time adoption of SFRS(I) (Cont'd)

(b) New accounting standards effective on 1 January 2018 (Cont'd)

(ii) SFRS(I) 15 Revenue from Contracts with Customers (Cont'd)

(b) Loyalty programme

The Group's hotels segment participates in loyalty programmes whereby guests who are members would be awarded loyalty points which allow them to redeem these points for stay with any hotels managed by the hotel managers. Under SFRS(I) 15, such customer loyalty programme should be accounted for as a separate performance obligation.

Management has determined that the Group's hotels segment is merely acting as agent for the respective hotel managers as they have no controls over the loyalty points issued, subsequent utilisation and transaction price. Thus, the impact is limited to reduction in room revenue by the amount of expenses incurred in respect of loyalty points issued.

No adjustments were made to reflect the above due to immateriality.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Annual Improvements to SFRS(I)s 2015 – 2017 Cycle	1 January 2019
SFRS(I)16 Leases	1 January 2019
SFRS(I) INT 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to SFRS(I) 1 – 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
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

The Group has performed a preliminary impact assessment and except for SFRS(I) 16, the directors expect that the adoption of other standards above will have no material impact on the financial statements in the period of initial application.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment and expects to recognise right-of-use assets of approximately $41,200,000 and corresponding lease liabilities of the same amount for its leases previously classified as operating leases on adoption of SFRS(I) 16.

The Group plans to adopt the new standard on the required effective date by applying SFRS(I) 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

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

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

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

(b) Business combinations

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

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

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets, are recognised on the acquisition date either at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition date fair value, unless another measurement basis is required by SFRS(I)s.

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

2.4 Basis of consolidation and business combinations (Cont'd)

(b) Business combinations (Cont'd)

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

2.5 Transactions with non-controlling interests

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

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

2.6 Foreign currency

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

(a) Transactions and balances

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

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

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

2.6 Foreign currency (Cont'd)

(b) Consolidated financial statements

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

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

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Depreciation is computed on a straight-line basis to allocate the depreciable amount over the estimated useful lives of the asset as follows:

Freehold properties	- 50 years
Leasehold land and properties	- over remaining period of lease (subject to a maximum of 50 years)
Motor vehicles	- 5 to 10 years
Furniture, fittings and office equipment	- 1 to 20 years
Plant and machinery	- 3 to 15 years

Freehold land has an unlimited useful life and therefore is not depreciated.

Construction in progress is also not depreciated as these assets are not available for use.

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

The residual values, useful lives and depreciation methods are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or for sale in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Plant and machinery included under investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on plant and machinery using a straight-line method to allocate the depreciable amounts over the estimated useful lives ranging from 3 to 15 years.

Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, similar to the policy for property, plant and equipment. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated remaining useful lives of a maximum of 50 years for freehold properties, and the remaining period of lease or a maximum of 50 years, whichever is lower for leasehold properties. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at end of each reporting period. The effects of any revision are included in profit or loss when the changes arise.

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

Transfers are made to or from investment property only when there is a change in use. As the Group uses the cost model, transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

2.9 Impairment of non-financial assets

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

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

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

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

2.10 Subsidiaries

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

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less any impairment losses.

2.11 Joint Ventures

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

The Group account for its investments in joint ventures using the equity method from the date on which it becomes a joint venture.

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

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

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

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

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

In the Company's balance sheet, the investments in joint ventures have been accounted for using the equity method.

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

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

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

(i) Amortised cost

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

(ii) 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. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

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

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

2.12 Financial instruments (Cont'd)

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. Amount presented in OCI shall not be subsequently transferred to profit or loss. However, the entity may transfer the cumulative gain or loss within equity. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derivatives

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

Derecognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

(c) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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

2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the 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 recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. 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 past 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.

2.14 Cash and cash equivalents

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

2.15 Development properties/completed properties for sale

Development properties/completed properties for sale are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties/completed properties for sale are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties/completed properties for sale include:

- Freehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties/completed properties for sale is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2.15 Development properties/completed properties for sale (Cont'd)

The costs of development properties/completed properties for sale recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.16 Inventories

Inventories, comprising consumables which include smart cards, spare parts and hotel supplies, are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.18 Financial guarantee

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

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

2.19 Borrowing costs

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

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

2.20 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

(c) Performance share plan

The Group operates share-based compensation plan. The fair value of the employee services received in exchange for the grant of performance shares is recognised as an expense in the profit or loss with a corresponding increase in the share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the performance shares granted at the respective dates of the grant which taken into account market conditions and non-vesting conditions.

At each reporting date, the Group revises its estimates of the number of share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit or loss, with a corresponding adjustment to the employee share reserve over the remaining vesting plan.

2.21 Leases

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. Contingent rents are recognised as expenses in the period in which they are incurred.

(b) As lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the leased term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(c). Contingent rents are recognised as revenue in the period in which they are earned.

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

2.22 Revenue

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

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

(a) Sale of completed development properties

Revenue from completed development properties are recognised at a point in time when the control of the properties have been transferred to the buyers.

(b) Dividend income

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

(c) Rental income

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

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Hotel income

Revenue from operations of a hotel is recognised from the following major sources: hotel stays and sales of food and beverages.

Provision of hotel stays are recognised as performance obligations satisfied over time. Progress towards satisfaction of these performance obligations is measured based on the proportion of the total duration of stay that has elapsed at the end of the reporting period.

Revenue from sales of food and beverages are recognised when control of the goods has transferred, being at the point in time when the food and beverages are consumed. This is also the point where the Group is entitled to payment.

(f) Leisure income

Revenue from leisure activities are recognised when services are provided or goods consumed.

(g) Management fee and other operating income

Management fee and other operating income are recognised on an accrual basis.

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

2.23 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

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

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

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

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

2.23 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

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

***(c)* Goods and services tax**

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

- Where the taxes incurred on a purchase of assets or services are not recoverable from the taxation authorities, in which case the taxes are recognised as part of the cost of acquisition of the assets or as part of the expenses item as applicable; and

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

The net amount of taxes recoverable from or payable to the taxation authorities are included as part of receivables or payables in the balance sheet.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issue expenses

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

2.26 Treasury shares

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

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

2.27 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.28 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 the 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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

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

2.29 Other investments

Quoted investments and unquoted investments are classified as financial assets at fair value through profit or loss.

The accounting policies for the aforementioned categories of financial assets are stated in Note 2.12.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Income taxes

The Company has adopted group relief since Year of Assessment 2003. Significant judgement is involved in determining the Group provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Company's tax payables at 31 December 2018 was $263,000 (31 December 2017: $627,000, 1 January 2017: $81,000). Whereas, the carrying amount of the Group's tax payables, deferred tax assets and deferred tax liabilities at 31 December 2018 was $4,451,357 (31 December 2017: $15,138,635, 1 January 2017: $2,072,372), $3,875,188 (31 December 2017: $1,837,803, 1 January 2017: $2,962,703) and $80,939,397 (31 December 2017: $82,680,159, 1 January 2017: $84,419,032), respectively.

(ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is defined in Note 2.8. The Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iii) Investment in A2I Holdings S.A.R.L. ("A2I")

The Group holds a 21.74% interest in A2I. Significant judgement is required in determining whether the Group has significant influence in A2I even though the Group holds more than 20% interest in A2I. Management has determined that the investment in A2I is passive and the Group has no significant influence in A2I. The Group has accounted for A2I as investments measured at fair value through profit or loss [Note 20(iii)]. Management has determined the fair value of A2I based on its revalued net asset values.

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

3.1 Judgments made in applying accounting policies (Cont'd)

(iv) Classification and measurement of financial assets

Classification and measurement of financial assets depends on the results of the SPPI and the business model test [Note 2.12(a)]. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

As stated in Note 20, the Group has investment portfolio which includes quoted and unquoted non-equity instruments. The Group has accounted for these non-equity investments at fair value through profit or loss as they will be sold from time to time to realise capital appreciation or for liquidity management.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any expected credit loss of financial assets based on assumptions about risk of default and expected loss rates. The Group considers factors such as past collection history, existing market conditions as well as forward looking estimates at each reporting period.

The assessment of the correlation between historical observed default, economic conditions and expected credit loss is a significant estimate. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

The carrying amounts of trade and other receivables from third parties, related parties and subsidiaries, and allowance for expected credit losses at the end of the reporting period are disclosed in Note 17 and Note 18 to the financial statements.

(ii) Estimation of net realisable value of completed properties for sale and development properties

Completed properties for sale and development properties are stated at the lower of cost and net realisable value. Net realisable value of completed properties for sale and development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated cost necessary to make the sale.

The carrying amounts of the Group's development properties and completed properties for sale as at 31 December 2018 were $Nil (31 December 2017: $ Nil, 1 January 2017: $150,927,028) and $15,563,747 (31 December 2017: $126,486,680, 1 January 2017: $52,681,302), respectively. A 5% decrease in selling price will not affect the carrying amounts of completed properties for sale.

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

3.2 Key sources of estimation uncertainty (cont'd)

(iii) Impairment of investment properties and property, plant and equipment

The Group carries its investment properties and property, plant and equipment at cost less accumulated depreciation and accumulated impairment, with excess of carrying value over fair values being recognised as impairment in profit or loss.

The Group engaged real estate valuation experts to assess fair value as at 31 December 2018. The fair values of investment properties and property, plant and equipment are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Comparison method and the Investment method.

The carrying amounts of the investment properties and property, plant and equipment as at 31 December 2018 are $411,485,275 (31 December 2017: $372,832,075, 1 January 2017: $171,494,282) and $766,766,868 (31 December 2017: $797,141,271, 1 January 2017: $727,107,068), respectively. The fair value of the investment properties is approximately $490,726,000 (31 December 2017: $406,597,000, 1 January 2017: $203,893,000).

Except as disclosed in Note 13, a 5% decrease in fair value will not affect the carrying amounts of investment properties and property, plant and equipment.

(iv) Valuation of unquoted investments

The Group relies on valuations as provided by the respective financial institutions who manage the investments to measure the fair values of unquoted investments and derivatives. These financial institutions in turn use their own valuation techniques, such as revalued net asset values or discounted cash flow, including their own input factors into the applied models with unobservable market inputs to derive the closing price.

For unquoted investments managed directly by the Group, management use market earnings multiples and revalued net asset values in determining the valuation of these unquoted investments.

The carrying amounts of the unquoted investment as at 31 December 2018 are $198,843,101 (31 December 2017: $56,740,849, 1 January 2017: $55,087,513). If the price of the unquoted investments had been 2% higher/lower with all other variables held constant, the Group's loss (2017: profit) net of tax would have been approximately $3,300,000 (2017: $942,000) lower/higher (2017: higher/lower), arising as a result of higher/lower fair value gains on held for trading investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time for the following major products lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 39).

Disaggregation of revenue

A disaggregation of the Group's revenue for the year is as follows:

Group	Sale of completed development properties $	Rental and carpark income $	Leisure business $	Hotel income $	Total revenue $
2018					
Major product or service lines					
Residential properties	**77,428,958**	**996,116**	**-**	**-**	**78,425,074**
Commercial and industrial properties	**-**	**30,424,304**	**-**	**-**	**30,424,304**
Hotel operations and related income	**-**	**-**	**-**	**70,271,013**	**70,271,013**
Owner and operators of bowling centres and recreation centres	**-**	**-**	**8,364,545**	**-**	**8,364,545**
	77,428,958	**31,420,420**	**8,364,545**	**70,271,013**	**187,484,936**
Timing of transfer of goods or services					
At a point in time	**77,428,958**	**501,648**	**8,359,809**	**17,533,744**	**103,824,159**
Over time	**-**	**30,918,772**	**4,736**	**52,737,269**	**83,660,777**
	77,428,958	**31,420,420**	**8,364,545**	**70,271,013**	**187,484,936**
2017					
Major product or service lines					
Residential properties	155,422,926	1,037,437	-	-	156,460,363
Commercial and industrial properties	-	26,592,880	-	-	26,592,880
Hotel operations and related income	-	-	-	58,621,157	58,621,157
Owner and operators of bowling centres and recreation centres	-	-	7,457,162	-	7,457,162
	155,422,926	27,630,317	7,457,162	58,621,157	249,131,562
Timing of transfer of goods or services					
At a point in time	155,422,926	453,894	7,452,022	15,353,936	178,682,778
Over time	-	27,176,423	5,140	43,267,221	70,448,784
	155,422,926	27,630,317	7,457,162	58,621,157	249,131,562

4. REVENUE (CONT'D)

Revenue represents the invoiced value of goods and services supplied. The Group's revenue from sale of completed development properties is recognised based on the completion method.

There are no performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

5. OTHER INCOME

Group	**2018**	2017
	$	$
Property recovery income	**3,816,748**	3,910,546
Miscellaneous income	**23,467**	15,798
Gain on disposal of property, plant and equipment	**-**	170,847
Gain on disposal of investments	**1,715,820**	254,944
Amortisation of deferred income (Note 28)	**84,223**	65,990
Write back of incidental selling expenses accrued to dispose a subsidiary in prior year	**-**	998,536
Write back of excess accrued costs on building contracts	**857,373**	-
Forfeiture of deposits	**485,758**	-
Utilities incentives	**275,509**	-
	7,258,898	5,416,661

6. FINANCIAL INCOME/(COST)

Group	**2018**	2017
	$	$
Interest income		
- fixed deposits	**453,981**	71,315
- unquoted investments	**3,634,559**	2,533,035
- others	**538,811**	217,688
Financial income	**4,627,351**	2,822,038
Interest expense		
- bank loans	**(13,997,686)**	(11,198,903)
- obligations under finance leases	**(14,613)**	(11,031)
- interest rate swap	**-**	(148,083)
- others	**(14,516)**	(9,438)
	(14,026,815)	(11,367,455)
Less: interest and finance cost capitalised in:		
- development properties (Note 23)	**-**	2,808,132
- property, plant and equipment (Note 12)	**-**	148,385
Financial expenses	**(14,026,815)**	(8,410,938)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. EMPLOYEE BENEFITS EXPENSE

Group	2018 $	2017 $
Wages, salaries and bonuses	**22,151,855**	21,243,056
Central Provident Fund contributions	**2,024,384**	1,986,472
Other staff costs	**2,577,103**	2,758,560
Casual labour	**516,845**	453,765
	27,270,187	26,441,853

Employee benefits include compensation of key management personnel as disclosed in Note 32(b).

8. FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

Group	2018 $	2017 $
Fair value changes in derivative instruments (Note 22)	**(682,448)**	468,890
Fair value changes in held-for-trading investments [Note 20(vi)]	**(22,821,684)**	8,450,690
	(23,504,132)	8,919,580

9. OTHER EXPENSES

Group	2018 $	2017 $
Audit fees paid to the		
- auditor of the Company	**285,605**	260,560
- other auditors	**124,837**	120,707
Non-audit fees paid to the		
- auditor of the Company	**64,572**	66,266
- other auditors	**34,905**	40,944
Bad debt – trade	**45,568**	32,655
Bank charges	**197,024**	603,748
Directors' fees	**160,000**	154,597
Hotel consumables	**4,479,632**	3,865,614
Impairment loss on investment property (Note 13)	**3,672,299**	-
Loss on disposal of property, plant and equipment	**7,079**	-
Marketing and distribution expenses	**10,272,190**	11,085,103
Operating lease expense [Note 33(c)]	**3,913,744**	3,605,019
Professional fees	**698,189**	1,284,745
Property related management fees	**2,686,239**	2,243,547
Property related taxes	**4,129,650**	3,632,432
Property, plant and equipment written off	**72,768**	56,241
Stamp duty	**2,029**	476,901
Upkeep and maintenance expenses of properties	**21,048,576**	17,652,912
Others	**3,195,481**	3,197,605
	55,090,387	48,379,596

10. INCOME TAX EXPENSE

Major components of income tax expense

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

Group	2018	2017
	$	$
Current income tax		
Current income taxation	**11,422,258**	15,412,788
Over provision in respect of prior years	**(1,083,758)**	(344,411)
	10,338,500	15,068,377
Deferred income tax		
Reversal of temporary differences	**(4,433,102)**	(590,606)
Under provision in respect of prior years	**478,847**	-
	(3,954,255)	(590,606)
Income tax expense recognised in profit or loss	**6,384,245**	14,477,771

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

Group	2018	2017
	$	$
(Loss)/profit before tax	**(3,641,176)**	94,991,724
Tax at the domestic rate applicable to results in the countries where the Group operates	**2,093,951**	21,029,361
Income not subject to taxation (1)	**(984,479)**	(8,763,867)
Non-deductible expenses (2)	**6,219,099**	2,629,432
Deferred tax assets not recognised	**172,791**	502,868
Over provision of current taxation in respect of prior years	**(1,083,758)**	(344,411)
Under provision of deferred tax in respect of prior years	**478,847**	-
Effect of partial tax exemption	**(214,787)**	(215,426)
Others	**(297,419)**	(360,186)
Income tax expense recognised in profit or loss	**6,384,245**	14,477,771

(1) This relates to non-taxable income occurred in the ordinary course of business. During the year, the non-taxable income relates mainly to exempt dividend received and write back of excess accrued costs of building contracts. In 2017, the non-taxable income relates mainly to gain on bargain purchase of $43,000,000 on acquisition of Golden Bay Realty (Private) Limited, which was not subject to tax [Note 14(c)(ii)].

(2) This relates mainly to depreciation of non-qualifying assets and other disallowed expenses incurred in the ordinary course of business. Also included in 2018 are fair value changes in financial instruments and foreign exchange losses.

10. INCOME TAX EXPENSE (CONT'D)

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 35) for the years ended 31 December 2018 and 2017.

11. EARNINGS PER SHARE

(a) Continuing operations

Basic earnings per share from continuing operations are calculated by dividing (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing the (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the (loss)/profit and share data used in the computations of basic and diluted earnings per share for the years ended 31 December:

Group	2018	2017
	$	$
(Loss)/profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	**(9,925,363)**	80,469,359
Weighted average number of ordinary shares for basic and dilutive earnings per share computation (no. of shares)	**470,557,541**	470,557,541

(b) Earnings per share computation

The basic and diluted earnings per share are calculated by dividing the (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These (loss)/profit and share data are presented in the tables in Note 11(a) above.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Construction in progress	Freehold land and properties	Leasehold land and properties	Motor vehicles	Furniture, fittings and office equipment	Plant and machinery	Total
	$	$	$	$	$	$	$
Cost							
At 1 January 2017	50,309,739	-	710,288,383	4,299,814	3,947,717	4,909,695	773,755,348
Additions	4,995,834	-	-	1,107,081	1,322,959	3,319,540	10,745,414
Acquisition of subsidiaries [Note 14(c)]	-	-	34,167,325	-	3,949,991	7,728,084	45,845,400
Reclassified from development properties [Note 23]	33,555,798	-	-	-	-	-	33,555,798
Reclassified to respective assets upon completion	(88,036,103)	73,612,697	-	-	7,243,278	7,180,128	-
Exchange difference	(825,268)	-	686,021	-	30,412	151,531	42,696
Disposals/written off	-	-	-	(957,468)	(329,870)	(1,401,793)	(2,689,131)
At 31 December 2017 and 1 January 2018	**-**	**73,612,697**	**745,141,729**	**4,449,427**	**16,164,487**	**21,887,185**	**861,255,525**
Additions	**-**	**-**	**-**	**79,100**	**562,964**	**459,657**	**1,101,721**
Reclassification	**-**	**-**	**(10,981,403)**	**-**	**-**	**10,981,403**	**-**
Exchange difference	**-**	**(5,641,901)**	**(1,348,788)**	**-**	**(692,964)**	**(848,229)**	**(8,531,882)**
Disposals/written off	**-**	**-**	**-**	**(235,988)**	**(218,346)**	**(41,886)**	**(496,220)**
At 31 December 2018	**-**	**67,970,796**	**732,811,538**	**4,292,539**	**15,816,141**	**32,438,130**	**853,329,144**
Accumulated depreciation							
At 1 January 2017	-	-	42,133,525	874,716	2,022,664	1,617,375	46,648,280
Depreciation charge for the year	-	1,001,831	15,275,417	701,372	1,565,787	1,345,980	19,890,387
Exchange difference	-	(10,387)	2,579	-	(7,935)	(4,461)	(20,204)
Disposals/written off	-	-	-	(727,253)	(289,402)	(1,387,554)	(2,404,209)
At 31 December 2017 and 1 January 2018	**-**	**991,444**	**57,411,521**	**848,835**	**3,291,114**	**1,571,340**	**64,114,254**
Depreciation charge for the year	**-**	**1,280,000**	**15,350,385**	**677,496**	**1,947,141**	**3,930,695**	**23,185,717**
Reclassification	**-**	**-**	**(1,069,073)**	**-**	**-**	**1,069,073**	**-**
Exchange difference	**-**	**(135,357)**	**(44,281)**	**-**	**(110,087)**	**(81,549)**	**(371,274)**
Disposals/written off	**-**	**-**	**-**	**(178,957)**	**(167,253)**	**(20,211)**	**(366,421)**
At 31 December 2018	**-**	**2,136,087**	**71,648,552**	**1,347,374**	**4,960,915**	**6,469,348**	**86,562,276**
Net carrying amount							
At 31 December 2018	**-**	**65,834,709**	**661,162,986**	**2,945,165**	**10,855,226**	**25,968,782**	**766,766,868**
At 31 December 2017	-	72,621,253	687,730,208	3,600,592	12,873,373	20,315,845	797,141,271
At 1 January 2017	50,309,739	-	668,154,858	3,425,098	1,925,053	3,292,320	727,107,068

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Company	Motor vehicles	Furniture,fittings and office equipment	Total
	$	$	$
Cost			
At 1 January 2017	428,888	16,806	445,694
Additions	-	1,700	1,700
At 31 December 2017, 1 January 2018 and 31 December 2018	**428,888**	**18,506**	**447,394**
Accumulated depreciation			
At 1 January 2017	92,926	16,806	109,732
Depreciation for the year	85,777	425	86,202
At 31 December 2017 and 1 January 2018	**178,703**	**17,231**	**195,934**
Depreciation for the year	**85,778**	**1,275**	**87,053**
At 31 December 2018	**264,481**	**18,506**	**282,987**
Net carrying amount			
At 31 December 2018	**164,407**	**-**	**164,407**
At 31 December 2017	250,185	1,275	251,460
At 1 January 2017	335,962	-	335,962

(i) Interest and finance costs capitalised during the year at an average rate of Nil% (2017: 3.06%) per annum based on actual borrowing costs were paid to:

Group	2018	2017
	$	$
- financial institutions	**-**	148,385

(ii) Construction in progress of the Group relates to the freehold land situated at 433 Docklands Drive, Melbourne, Australia and related cost for hotel development project. These costs were reclassified to the respective assets upon the project obtaining the final phase of Practical Completion in October 2017.

(iii) Assets held under finance leases

Included in the property, plant and equipment of the Group are the following:

Group	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Net book value of motor vehicles acquired under finance leases	**1,131,738**	1,734,431	925,784

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

(iv) Assets pledged as security

The leasehold land and properties with carrying value of $661,162,986 (31 December 2017: $653,283,483, 1 January 2017: $668,154,858) are mortgaged to secure bank facilities. These properties are collaterised for bank borrowings as at end of reporting period (Note 27.1).

The mortgage on construction in progress with carrying value of $50,309,739 as at 1 January 2017 was discharged upon settlement of the related bank borrowings during the year ended 31 December 2017.

(v) Motor vehicles with carrying amount of $2,317,855 (31 December 2017: $2,954,917, 1 January 2017: $2,949,269) for the Group and $164,407 (31 December 2017: $250,185, 1 January 2017: $335,962) for the Company are registered in the names of certain directors and employees. These are held in trust for the Company and for the respective companies in the Group.

(vi) Details of properties included in property, plant and equipment as at 31 December 2018 are as follows:

Description of properties	Tenure	Existing use	Land area sq. m.
Singapore			
1 Yuan Ching Road	30-year leasehold from 1.1.2002	Sports and recreation complex	21,754
Hotels/commercial properties At Zhongshan Park	99-year leasehold from 4.11.2008	Two hotels, a retail mall and an office tower and a park	17,661
Australia			
Hotel at 433 Docklands Drive, Melbourne	Freehold	Hotel	17,091 (gross floor area)
United Kingdom			
Hotel at 2 Mercury Way, Trafford, Urmston, Manchester	200-year long leasehold from 28.8.2015	Hotel	7,042

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVESTMENT PROPERTIES

Group	2018	2017
	$	$
Cost		
At 1 January	**396,705,480**	191,624,480
Acquisition of subsidiary [Note 14(c)(ii)]	**-**	205,000,000
Transfer from completed properties for sale (Note 24)	**52,681,302**	-
Exchange differences	**(7,200,000)**	81,000
At 31 December	**442,186,782**	396,705,480
Accumulated depreciation and impairment loss		
At 1 January	**23,873,405**	20,130,198
Depreciation charge for the year	**4,563,324**	3,751,030
Impairment loss (Note 9)	**3,672,299**	-
Exchange differences	**(1,407,521)**	(7,823)
At 31 December	**30,701,507**	23,873,405
Net carrying amount		
At 31 December	**411,485,275**	372,832,075
At 1 January	**372,832,075**	171,494,282
The following amounts are recognised in profit or loss:		
Rental income from investment properties		
- Minimum lease payments	**19,656,314**	14,506,290
Direct operating expenses (including repairs and maintenance)		
- Rental generating properties	**(14,233,012)**	(7,734,261)

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. The fair value of investment properties as determined by the directors, based on indicative open market values amounted to $490,726,000 as at 31 December 2018 (31 December 2017: $406,597,000, 1 January 2017: $203,893,000) as advised by the independent professional valuers.

The indicative market value is based on comparison method and investment method, being the highest and best use of the properties, in arriving at the fair value of the properties. The comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The investment method capitalises the net rent of the properties at a suitable rate of return.

13. INVESTMENT PROPERTIES (CONT'D)

Impairment of assets

A subsidiary of the Group, Meteorite Property (Stirling Street) Pty Ltd, impaired the investment property situated at 130 Stirling Street, Perth, Australia. An impairment loss of $3,672,299 (2017: $Nil), representing the write down of this property to its fair value less disposal costs was charged to profit or loss (Note 9).

If the fair value of the said investment property increase/decrease by 5% from management's estimates, the accumulated impairment loss will decrease/increase by approximately $3,373,000 (2017: $3,480,000).

Assets pledged as security

Investment properties with carrying value of $411,485,275 (31 December 2017: $372,832,075, 1 January 2017: $171,494,282) are mortgaged to secure bank facilities. Certain investment properties are collaterised for bank borrowings as at end of reporting period (Note 27.1).

Details of investment properties as at 31 December 2018 are as follows:

Description of properties	Tenure	Existing use	Strata area sq. m.
Singapore			
5 residential units at 68 St Thomas Walk	Freehold	Residential	2,066
2 residential units at 1 Lewis Road	Freehold	Residential	607
1 Claymore Drive #B1-01/40 Orchard Towers	Freehold	Retail space	735
150 Orchard Road #09-01/02 Orchard Plaza	99-year leasehold from 2.6.1977	Retail space	1,424
1 Jalan Anak Bukit #B1-59/59A Bukit Timah Plaza	99-year leasehold from 30.8.1976	Retail space	112
35 Selegie Road #B1-04 to #B1-12, #B1-14 to #B1-18, #B1-20 to #B1-38 Parklane Shopping Mall	99-year leasehold from 1.12.1974	Retail space	2,352
21 retail units and 38 office units at 400 Orchard Road and 1 Claymore Drive Orchard Towers	Freehold	Retail/ office space	11,898
46 factory units and 1 canteen of 9-storey multiple user light industrial development at 56 Kallang Pudding Road	Freehold	Industrial	8,543
Australia			
7-level commercial building comprising five levels of office, four retail tenancies to ground level, and a total of 239 parking bays at 130 Stirling Street, Perth	Freehold	Commercial	12,349 (net lettable area)

14. SUBSIDIARIES

Company	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Unquoted equity shares, at cost	**259,280,397**	259,280,397	218,251,666
Loans to subsidiary	**234,008,124**	237,188,124	-
	493,288,521	496,468,521	218,251,666
Impairment losses	**(15,800,000)**	(16,800,000)	(49,834,549)
	477,488,521	479,668,521	168,417,117
Movement in allowance for impairment:			
At 1 January	**(16,800,000)**	(49,834,549)	
Current year allowance	**-**	(1,300,000)	
Provision no longer required	**1,000,000**	-	
Provision utilised	**-**	34,334,549	
At 31 December	**(15,800,000)**	(16,800,000)	

The loans to subsidiary represent an extension of its investment in the subsidiary. These amounts are unsecured and interest-free with repayment terms at the discretion of the subsidiary.

During the year, the Company had written back an impairment loss of $1,000,000 previously provided for in a subsidiary to its recoverable amount determined based on the subsidiary's revalued net assets of $65,297,485 as at end of reporting period which is classified under level 3 of the fair value heirachy.

In 2017, the Company had provided an impairment loss of $1,300,000 which was to write down the carrying value of a subsidiary to its recoverable amount as the investment no longer represented by net assets of the investee. The recoverable amount of the investment had been determined based on the subsidiary's revalued net assets of $64,130,275 as at end of prior reporting period which is classified under level 3 of the fair value hierarchy.

In 2017, the provision for impairment utilised relate to subsidiaries which were struck off.

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ principal place of business	Effective shareholding			Principal activities
		31 December 2018	31 December 2017	1 January 2017	
		%	%	%	
Held by the Company					
Hiap Hoe Investment Pte Ltd	Singapore	**100**	100	100	Investment holding
WestBuild Construction Pte Ltd	Singapore	**100**	100	100	Civil engineering, general road construction and sub-contractor works

14. SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiaries	Country of incorporation/ principal place of business	Effective shareholding			Principal activities
		31 December 2018	31 December 2017	1 January 2017	
		%	%	%	
Held by the Company					
Hiap Hoe Strategic Pte Ltd	Singapore	**100**	100	100	Investment holding
HH Land Pte Ltd [(2)]	Singapore	**100**	100	100	Dormant
Meteorite Group Pte Ltd	Singapore	**100**	100	100	Investment holding
HH Residences Pte Ltd	Singapore	**100**	100	100	Property investment and owner
Golden Bay Realty (Private) Limited [(6)]	Singapore	**100**	100	-	Property investment and owner
Bukit Panjang Plaza Pte Ltd [(1)]	Singapore	**-**	-	100	Property developer and owner
Guan Hoe Development Pte Ltd [(1)]	Singapore	**-**	-	100	Property developer and owner
Wah Hoe Development Pte Ltd [(1)]	Singapore	**-**	-	100	Property developer and owner
Held by Meteorite Group Pte Ltd					
Meteorite Land Pty Ltd	Australia	**100**	100	100	Property owner
Meteorite Development Pty Ltd [(4)]	Australia	**100**	100	100	Property developer
Meteorite Assets Pte Ltd	Singapore	**100**	100	-	Investment holding
Held by Meteorite Land Pty Ltd					
Meteorite Property (Bourke Street) Pty Ltd [(1)]	Australia	**-**	-	100	Property investment and owner
Meteorite Land (Pearl River) Pty Ltd [(3)]	Australia	**100**	100	100	Property owner

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiaries	Country of incorporation/ principal place of business	Effective shareholding			Principal activities
		31 December 2018 %	31 December 2017 %	1 January 2017 %	
Held by Meteorite Land Pty Ltd					
Meteorite Property (Stirling Street) Pty Ltd	Australia	**100**	100	100	Property investment and owner
Meteorite Development (Pearl River) Pty Ltd (5)	Australia	**100**	100	100	Property developer
Meteorite Land (Rowe Avenue) Pty Ltd (Incorporated on 1 Nov 2018) (3)	Australia	**100**	-	-	Property investment and owner
Held by Meteorite Development Pty Ltd					
Meteorite Development (Lonsdale Street) Pty Ltd (1)	Australia	**-**	100	100	Property developer
Held by Meteorite Assets Pte Ltd					
Meteorite Assets Limited	United Kingdom	**100**	100	-	Investment holding
Held by Meteorite Assets Limited					
Meteorite Manchester Limited	United Kingdom	**100**	100	-	Investment holding
Held by Meteorite Manchester Limited					
Trafford City Hotel Limited	United Kingdom	**100**	100	-	Hotel owner
Held by Hiap Hoe Strategic Pte Ltd					
SuperBowl Holdings Limited	Singapore	**99.03**	99.03	99.02	Investment holding

14. SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiaries	Country of incorporation/ principal place of business	Effective shareholding			Principal activities
		31 December 2018 %	31 December 2017 %	1 January 2017 %	
Held by SuperBowl Holdings Limited					
SuperBowl Jurong Pte Ltd	Singapore	**99.03**	99.03	99.02	Property investment
SuperBowl Development Pte Ltd	Singapore	**99.03**	99.03	99.02	Owners and operators of bowling centres and recreation centres
SuperBowl Management Pte Ltd (1)	Singapore	**-**	99.03	99.02	No operations
SuperBowl Sentosa Pte Ltd (1)	Singapore	**-**	99.03	99.02	Dormant
SuperBowl Golf & Country Club Pte Ltd (1)	Singapore	**-**	-	99.02	No operations
Super Funworld Pte Ltd	Singapore	**99.03**	99.03	99.02	Property investment
Held by the Company and SuperBowl Holdings Limited					
HH Properties Pte Ltd *	Singapore	**99.52**	99.52	99.51	Property developer and owner
Held by Wah Hoe Development Pte Ltd and SuperBowl Management Pte Ltd					
Goodluck View Development (1)	Singapore	**-**	-	99.61	Property developer and owner

14. SUBSIDIARIES (CONT'D)

The Singapore incorporated subsidiaries are audited by Foo Kon Tan LLP unless stated otherwise. The Australia incorporated subsidiaries are audited by HLB Mann Judd, Melbourne and the United Kingdom incorporated subsidiaries are audited by HLB Beever and Struthers, Manchester.

(1) Struck off/ deregistered.
(2) Unaudited as there is no statutory requirement for companies to be audited in respective country of incorporation.
(3) Unit Trust was incorporated to own the properties.
(4) Deregistered on 23 Jan 2019.
(5) Shareholding transferred to Meteorite Land Pty Ltd on 31 October 2018.
(6) The company was audited by Moore Stephens LLP, Singapore in prior years.

* The Company holds 50% ownership interest in HH Properties Pte Ltd and account for it as a joint venture in its separate financial statements (Note 15).

(b) <u>Incorporation of subsidiaries</u>

On 1 November 2018, a new wholly-owned subsidiary of the Group, Meteorite Land (Rowe Avenue) Pty Ltd, was incorporated, and created a new wholly-owned unit trust, Meteorite Land (Rowe Avenue) Unit Trust in Australia.

(c) <u>Acquisition of subsidiaries in 2017</u>

(i) Acquisition of Trafford City Hotel Limited

The Group, through its wholly-owned subsidiary, Meteorite Manchester Limited, had on 16 June 2017 entered into a Sale and Purchase Agreement with Topland (No. 18) Limited, Mill Lane Estates Limited, and Marick Capital Limited to acquire the entire issued share capital in Trafford City Hotel Limited ("TCHL"), the owner of Holiday Inn Express Trafford City, Mercury Way, Manchester, United Kingdom (the "Hotel").

The Directors believe that the good location of the Hotel, being in the high growth region of Manchester, together with a world leading brand in Holiday Inn Express and the strong management team put in place by the hotel manager, represent an ideal opportunity for the Group's maiden foray into United Kingdom's hospitality industry. The acquisition would also allow the Group to further strengthen its recurring income stream. The Hotel was opened on 17 May 2017.

14. SUBSIDIARIES (CONT'D)

(c) Acquisition of subsidiaries in 2017 (Cont'd)

(i) Acquisition of Trafford City Hotel Limited (Cont'd)

The fair value of the identifiable assets and liabilities of TCHL as at the acquisition date on 16 June 2017 were:

	Fair value recognised on acquisition
	$
Property, plant and equipment	45,664,290
Cash and cash equivalents	404,332
Trade and other receivables	706,071
Other asset	88,155
Prepaid operating expenses	73,192
Inventories	16,384
Total assets	**46,952,424**
Trade and other payables	281,737
Other liabilities	209,257
Shareholders' loans	36,000,316
Total liabilities	**36,491,310**
Identifiable net assets acquired at fair value for TCHL	10,461,114
Cash and cash equivalents in subsidiary acquired	(404,332)
Net cash outflow on acquisition of subsidiary	**10,056,782**
Repayment of previous shareholders' loans	36,000,316
Total cash outflow	46,057,098

Transaction costs

Transaction costs related to the acquisition of $299,640 were included in "Other Expenses" in the consolidated income statement for the year ended 31 December 2017.

Impact of the acquisition on profit or loss

From the acquisition date, TCHL had contributed revenue of $4,156,076 and incurred a loss of $175,940 in financial year ended 31 December 2017. If the business combination had taken place at the beginning of 2017, the Group's revenue would have been $249,616,575 and the Group's profit, net of tax, would have been $80,225,411 for financial year ended 31 December 2017.

Acquired receivables

The gross contractual amount of trade and other receivables was $706,071 which represents their fair value. It was expected that the full contractual amount can be collected.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. SUBSIDIARIES (CONT'D)

(c) Acquisition of subsidiaries in 2017 (Cont'd)

(ii) Acquisition of Golden Bay Realty (Private) Limited

The Company had on 3 November 2017 entered into a Conditional Sale and Purchase Agreement with AFP Land Limited to acquire the entire issued share capital in Golden Bay Realty (Private) Limited ("GBR"). The acquisition was completed on 19 December 2017.

GBR is in the business of property investment holdings and is the registered proprietor of properties which are registered as 59 strata lots, of which 21 are shops and 38 are offices, all of which are located at Orchard Towers, Singapore, a mixed development located on 400 Orchard Road, Singapore 238875 and 1 Claymore Drive, Singapore 229594 (the "Properties").

The Proposed Acquisition is in line with the Group's strategic plans to enlarge its existing property investment portfolio. The Directors believe that the Properties' strategic location in a prime area in Singapore will allow the Group to further strengthen its recurring income stream.

The fair value of the identifiable assets and liabilities of GBR as at the acquisition date on 19 December 2017 were:

	Fair value recognised on acquisition
	$
Property, plant and equipment	181,110
Investment properties	205,000,000
Cash and cash equivalents	5,911,395
Trade and other receivables	244,048
Other assets	6,550
Prepayments	1,664
Total assets	**211,344,767**
Trade and other payables	35,945
Other current liabilities	360,660
Tax payable	19,443
Interest-bearing loans and borrowings	92,000,000
Other non-current liabilities	565,439
Total liabilities	**92,981,487**
Identifiable net assets acquired at fair value for GBR	**118,363,280**
Gain on bargain purchase arising from acquisition	(43,000,000)
Consideration transferred	75,363,280
Cash and cash equivalents in subsidiary acquired	(5,911,395)
Net cash outflow on acquisition of subsidiary	**69,451,885**

Transaction costs

Transaction costs related to the acquisition of $699,082 were included in "Other Expenses" in the consolidated income statement for the year ended 31 December 2017.

14. SUBSIDIARIES (CONT'D)

(c) Acquisition of subsidiaries in 2017 (Cont'd)

(ii) Acquisition of Golden Bay Realty (Private) Limited (Cont'd)

Gain on bargain purchase arising from acquisition

The Group's acquisition of GBR was agreed on on a willing-buyer willing-seller basis to be an amount equivalent to the net asset value of GBR. The agreed value of the Properties shall be the sum of $162,000,000 in determining the net asset value of GBR as at the completion date. This was after considering the income projections of the Properties and the various commercial factors including a valuation report prepared by an independent professional valuer.

The Group recognised a gain on bargain purchase of $43,000,000 as a result of the fair value of net assets acquired exceeding total purchase price. The gain was included in the "Gain on bargain purchase" line item in the consolidated income statement for the year ended 31 December 2017.

Impact of the acquisition on profit or loss

From the acquisition date, GBR had contributed revenue of $109,962 and incurred a loss of $216,684 in the financial year ended 31 December 2017. If the business combination had taken place at the beginning of 2017, the Group's revenue would have been $252,500,587 and the Group's profit, net of tax would have been $78,647,062 for financial year ended 31 December 2017.

Acquired receivables

The gross contractual amount of trade and other receivables was $244,048 which represents their fair value. It is expected that the full contractual amount can be collected.

(d) The non-wholly owned subsidiaries of the Group do not have material non-controlling interests.

15. JOINT VENTURE

Company	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Shares, at cost	**5**	5	5
Share of post-acquisition reserves	**16,753,349**	13,379,286	9,279,009
	16,753,354	13,379,291	9,279,014

This relates to interest in HH Properties Pte Ltd ("HHP") which is jointly held by the Company and SuperBowl Holdings Limited in equal proportions of 50%.

The Company has equity accounted for its investment in HHP in its separate financial statements. As the Group effectively owned 99.52% (31 December 2017: 99.52%, 1 January 2017: 99.51%) interest in HHP, the interests in joint venture are reversed and consolidated with the Group. Details of HHP are disclosed in Note 14.

16. OTHER ASSETS

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Non-current						
Pre-sale deposits	**-**	-	28,114,018	**-**	-	-
Interest receivable	**-**	-	264,375	**-**	-	-
Other deposits	**10,675,462**	106,181	227,080	**-**	-	-
	10,675,462	106,181	28,605,473	**-**	-	-
Current						
Pre-sale deposits	**1,787,589**	10,834,677	-	**-**	-	-
Interest receivable	**25,895**	90,310	-	**-**	-	-
Other deposits	**351,747**	410,401	682,622	**150**	450	450
	2,165,231	11,335,388	682,622	**150**	450	450
Total other assets	**12,840,693**	11,441,569	29,288,095	**150**	450	450

Other deposits (non-current) pertain to deposits paid for acquisition of capital assets, of which $10,601,800 (31 December 2017: $Nil, 1 January 2017: $Nil) relates to deposit paid for the acquisition of properties comprising a hotel and a commercial office building in Western Australia.

Pre-sale deposits relate to amounts received from purchasers of Marina Tower held in trust by the solicitors. As Marina Tower obtained practical completion in October 2017, pre-sale deposits held in trust by the solicitor as at 31 December 2017 was classified under current as amounts are expected to be received within the next twelve months. Correspondingly, these pre-sale deposits were recognised in other liabilities in Note 28.

Financial assets included other assets denominated in foreign currencies at 31 December are as follows:

Group	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Australian Dollar	**1,813,484**	10,924,986	28,695,008
British Pound	**86,445**	89,925	-

17. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Current						
Trade receivables	**3,444,044**	2,496,832	2,701,048	**-**	-	-
Allowance for impairment	**(97,832)**	(40,993)	(432,598)	**-**	-	-
	3,346,212	2,455,839	2,268,450	**-**	-	-
Other receivables:						
Interest receivables	**802,113**	480,026	530,150	**-**	-	-
Staff loans	**17,800**	25,700	36,004	**-**	-	-
Deposits	**-**	-	5,034	**-**	-	-
Sundry receivables	**317,472**	583,989	144,482	**-**	-	-
Lease incentives	**184,499**	222,399	312,199	**-**	-	-
GST receivables	**25**	1,605	5,236,108	**-**	-	-
	1,321,909	1,313,719	6,263,977	**-**	-	-
Trade and other receivables (current)	**4,668,121**	3,769,558	8,532,427	**-**	-	-
Non-current						
Lease incentives	**142,064**	161,353	-	**-**	-	-
Other receivable - Staff loans	**13,550**	27,250	36,600	**-**	-	-
Others	**15,000**	15,000	15,000	**-**	-	-
	170,614	203,603	51,600	**-**	-	-
Trade and other receivables (current and non-current)	**4,838,735**	3,973,161	8,584,027	**-**	-	-
Less: GST receivables	**(25)**	(1,605)	(5,236,108)	**-**	-	-
Less: Lease incentives	**(326,563)**	(383,752)	(312,199)	**-**	-	-
Add:						
Due from subsidiaries, trade [Note 18(i)]	**-**	-	-	**101,589**	211,435	4,229
Due from subsidiaries, non-trade [Note 18(ii)(a)]	**-**	-	-	**161,450,590**	214,654,517	349,771,742
Due from related companies, trade [Note 18(i)]	**3,301**	403	5,985	**-**	-	-
Due from related company, non-trade [Note 18(ii)(a)]	**428**	-	-	**-**	-	-
Other assets (Note 16)	**12,840,693**	11,441,569	29,288,095	**150**	450	450
Less: Deposit paid for acquisition of capital assets (Note 16)	**(10,675,462)**	(106,181)	(227,080)	**-**	-	-
Cash and short-term deposits (Note 25)	**55,545,288**	73,452,007	28,939,361	**474,333**	173,683	5,510,563
Total financial assets carried at amortised cost	**62,226,395**	88,375,602	61,042,081	**162,026,662**	215,040,085	355,286,984

17. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

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

Trade and other receivables

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

Group	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Australian Dollar	**1,650,966**	848,201	5,342,598
British Pound	**164,372**	199,069	809
Euro	**33,352**	57,476	22,898
Hongkong Dollar	**4,297**	-	-
United States Dollar	**153,237**	119,859	184,806

Interest receivables

Interest receivables with carrying values of $795,777 (31 December 2017: $417,885, 1 January 2017: $236,162) are pledged to secure bank facilities (Note 27.1).

Staff loans

Staff loans are unsecured and non-interest bearing. Non-current amounts have an average maturity of 3 years (31 December 2017: 3 years, 1 January 2017: 5 years). The loans are recognised initially at fair value. The carrying amount of non-current staff loans approximates their fair value.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $3,005,495 (31 December 2017: $1,915,688, 1 January 2017: $2,219,303) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

Group	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Trade receivables past due but not impaired:			
Less than 30 days	**2,153,072**	1,549,606	1,682,942
31- 60 days	**633,233**	289,513	390,937
61- 90 days	**116,200**	30,527	77,178
More than 90 days	**102,988**	46,042	68,246
	3,005,493	1,915,688	2,219,303

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables past due. These receivables are mainly arising by customers that have a good credit record with the Group.

17. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are impaired

The Group's trade receivables that are individually impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

Group	31 December 2017	1 January 2017
	$	$
Trade receivables–nominal amounts	40,993	432,598
Less: Allowance for impairment	(40,993)	(432,598)
	-	-
Movement in allowance accounts:		
At 1 January	(432,598)	
Amount written off	5,533	
Write back of allowance	447,666	
Charge for the year	(46,526)	
Exchange difference	(15,068)	
At 31 December	(40,993)	

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Expected credit losses

The Group provides for lifetime expected credit losses for trade receivables from customers by reference to past default experience of the debtors and an analysis of days past due, adjusted for forward-looking factors specific to the debtors and the economic environment.

The following table provides information about the exposure to credit risk and expected credit losses for current trade receivables as at 31 December 2018:

Group	31 December 2018
	$
Movement in allowance accounts:	
At 1 January	**(40,993)**
Amount written off	**2,912**
Write back of allowance	**11,500**
Charge for the year	**(73,325)**
Exchange difference	**2,074**
At 31 December	**(97,832)**

18. DUE FROM/(TO) SUBSIDIARIES/RELATED COMPANIES

(i) TRADE

Trade amounts due from/(to) subsidiaries and related companies are unsecured, interest-free and repayment on demand in cash. Related companies refer to members of the immediate and ultimate holding company's group of companies.

(ii) NON-TRADE

(a) Non-trade amounts due from subsidiaries and related company are as follows:

Group

Non-trade amount due from a related company of the Group represent payment made on behalf of related company, is unsecured, interest-free, repayable on demand and in cash.

Company	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Current			
Loans	**169,683,044**	218,124,762	252,932,089
Interest receivable	**1,161,773**	723,369	340,293
Performance guarantee fee receivable	**506,675**	421,535	255,451
Advances	**431,819**	23,833	3,972,771
Less: allowance for impairment	**(10,332,721)**	(4,638,982)	(11,598,862)
	161,450,590	214,654,517	245,901,742
Non-current			
Loans	**-**	-	103,870,000
Total	**161,450,590**	214,654,517	349,771,742
Balances denominated in foreign currency are as follows:			
British Pound	**11,632,217**	48,769,586	-

Current amounts due from subsidiaries are unsecured, repayable on demand and in cash. The loans bear weighted average effective interest ranging from 0.2% to 2.7% (31 December 2017: 0.20% to 2.3%, 1 January 2017: 0.20%) per annum while advances and performance guarantee fee receivable are interest free.

As at 1 January 2017, non-current loans were unsecured, had various repayable tenure of not later than 31 December 2019 and bore weighted average effective interest ranging from 1.93% to 2.14% per annum. These loans were transferred to current receivables as at 31 December 2017 as the amounts are expected to be settled within one year from proceeds arising from sale of completed properties.

18. DUE FROM/(TO) SUBSIDIARIES/RELATED COMPANIES (CON'TD)

(ii) NON-TRADE (CONT'D)

(a) Non-trade amounts due from subsidiaries and related company are as follows (Cont'd):

Receivables that are impaired

Loans to subsidiaries that are impaired at the balance sheet date are due to deteriorating financial positions of the subsidiaries. The movement of the allowance accounts used to record the impairment are as follows:

Company	31 December 2017	1 January 2017
	$	$
Nominal amount of loans	42,110,325	71,359,204
Less: Allowance for impairment	(4,638,982)	(11,598,862)
	37,471,343	59,760,342
Movement in allowance accounts		
At 1 January	11,598,862	
Write back of allowance	(6,959,880)	
Charge for the year	-	
At 31 December	4,638,982	

Expected credit loss assessment

As at 31 December 2018, management assessed the recoverability of the amounts due from subsidiaries to determine if there is any credit default and expected credit loss. In determining the expected credit loss, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the loans due from subsidiaries as well as the loss upon default.

Based on available information, management has assessed that amounts due from subsidiaries have low credit risk. Accordingly, for the purpose of impairment assessment, the loss allowance is measured at an amount equal to 12 months expected credit losses.

There has been no material change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for amounts due from subsidiaries. During the year, allowance for impairment of $5,693,739 was made for amounts due from two subsidiaries. The above assessment is after taking into account the current financial position of the subsidiaries, and the allowance was due to decrease in net asset values of the subsidiaries as at the reporting date.

The following table provides information about the exposure to credit risk and expected credit losses for loans to subsidiaries as at 31 December 2018:

Company	**31 December 2018**
	$
Movement in allowance accounts	
At 1 January	**4,638,982**
Charge for the year	**5,693,739**
At 31 December	**10,332,721**

18. DUE FROM/(TO) SUBSIDIARIES/RELATED COMPANIES (CONT'D)

(ii) NON-TRADE (CONT'D)

(b) Non-trade amounts due to subsidiaries and related companies are as follows:

Group

Non-trade amount due to related companies of the Group represent payment made on behalf of related companies, are unsecured, interest-free, repayable on demand and in cash.

Company	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Current			
Loans	**(121,378,809)**	(98,397,847)	(50,320,172)
Interest payable	**(1,235,268)**	(526,968)	(60,596)
Advances	**(11,673,000)**	(11,673,000)	(10,123,000)
	(134,287,077)	(110,597,815)	(60,503,768)
Non-current			
Loans	**-**	(80,024,000)	-
Total	**(134,287,077)**	(190,621,815)	(60,503,768)

Balances denominated in foreign currency are as follows:

British pound	**(11,418,262)**	**(48,080,261)**	-

Current amounts due to subsidiaries are unsecured, repayable on demand and in cash. The loans bear weighted average effective interest ranging from 0.20% to 2.93% (31 December 2017: 0.20% to 2.08%, 1 January 2017: 0.20% to 1.89%) per annum while advances are interest-free.

As at 31 December 2017, non-current loans were unsecured, repayable of not later than 31 December 2019 and bear weighted average effective interest of 0.61% per annum. These loans are transferred to current payable as at 31 December 2018 as the amounts are expected to be settled within one year from cash receivable from loan settlement from a subsidiary. The fair value is not significantly different from its carrying value.

19. DEFERRED TAXATION

Group	Balance sheet			Income statement	
	31 December 2018	31 December 2017	1 January 2017	**2018**	2017
	$	$	$	**$**	$
Deferred tax assets:					
Unutilised tax losses	**1,425,000**	-	2,962,703	**1,425,000**	(2,965,259)
Difference in depreciation for tax purposes	**2,450,188**	1,837,803	-	**788,900**	1,816,992
	3,875,188	1,837,803	2,962,703	**2,213,900**	(1,148,267)
Deferred tax liabilities:					
Unremitted foreign income and profits	**766,210**	592,747	375,395	**173,870**	217,352
Fair value adjustment on acquisition of subsidiaries	**75,153,945**	76,817,870	78,481,795	**(1,663,925)**	(1,663,925)
Difference in depreciation for tax purposes	**5,019,242**	5,269,542	5,561,842	**(250,300)**	(292,300)
	80,939,397	82,680,159	84,419,032	**(1,740,355)**	(1,738,873)

Unutilised tax losses

Certain subsidiaries of the Company have unutilised tax losses of $65,051,000 (31 December 2017: $56,169,000, 1 January 2017: $56,397,000) for offset against future taxable income, subject to the agreement of the Inland Revenue Authority of Singapore and compliance with certain provisions of the Singapore Income Tax Act. The deferred tax assets arising from these unutilised tax losses have not been recognised in the financial statements in accordance with the accounting policy in Note 2.23(b) to the financial statements.

At the end of the reporting period, there are no deferred tax liabilities on net investment in subsidiaries.

20. OTHER INVESTMENTS

Group	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
At fair value through profit or loss			
- Quoted investments (ii)	**81,509,460**	60,969,988	35,929,205
- Unquoted investments (iii)	**198,843,101**	56,740,849	55,087,513
	280,352,561	117,710,837	91,016,718

20. OTHER INVESTMENTS (CONT'D)

(i) Other investments include equity and non-equity investments. Non-equity investments comprise investments in corporate bonds, certificates of deposits and investment funds. The Group has reviewed its policy of classification and determined that these non-equity instruments will be sold from time to time to realise capital appreciation or for liquidity management. Accordingly, these non-equity financial instruments will continue to classify as FVPL on application of SFRS(I) 9 based on the Group's business model.

The Group's investments have been mandatorily measured at FVPL.

(ii) Quoted investments

The fair value of quoted investments is determined by reference to the respective stock exchange quoted bid price.

(iii) Unquoted investments

Included in unquoted investments as at 31 December 2018 is investment in A2I Holdings S.A.R.L. ("A2I") with a carrying value of $76,427,244 which the Group acquired a 21.74% interest during the year. A2I is a limited liability investment holding company which is incorporated and domiciled in Luxembourg.

Although the Group has 21.74% interest in A2I, management has determined that the investment in A2I is passive and the Group has no significant influence in the said investee.

As the unquoted investments are not publicly traded, the fair values are provided by financial institutions [Note 37(c)] or based on revalued net asset values of the investees.

(iv) Assets pledged as security

Certain trading investments with carrying values of $172,272,058 (31 December 2017: $55,060,670, 1 January 2017: $42,581,434) are pledged to secure bank facilities (Note 27.1).

(v) Other investments of the Group denominated in foreign currencies are as follows:

Group	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Australian Dollar	**52,304,209**	2,597,028	945,227
Bangladesh Taka	**360,095**	539,056	391,505
British Pound	**4,875,703**	1,370,298	1,239,743
Canadian Dollar	**189,944**	449,354	147,046
Danish Krone	**1,244,978**	-	-
Euro	**94,524,380**	10,263,197	4,240,671
Hong Kong Dollar	**5,833,305**	2,112,634	449,579
Japanese Yen	**196,526**	242,224	741,160
Malaysia Ringgit	**1,709,221**	1,512,754	1,385,011
Swedish Krona	**539,391**	-	-
Swiss Franc	**2,094,926**	795,591	767,944
United States Dollar	**69,778,180**	42,090,108	33,176,220

(vi) During the financial year, the Group recognised fair value loss of $22,821,684 (2017: gain of $8,450,690) on held-for-trading investments (Note 8).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. INVENTORIES, AT COST

Group	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Consumables	**84,255**	86,271	42,782
Hotel supplies	**2,668,685**	2,724,110	2,000,951
	2,752,940	2,810,381	2,043,733

Inventories recognised in other expenses amounted to $463,642 (2017: $367,130)

22. DERIVATIVES

Group	Assets 31 December 2018	Liabilities 31 December 2018	Assets 31 December 2017	Liabilities 31 December 2017	Assets 1 January 2017	Liabilities 1 January 2017
	$	$	$	$	$	$
Currency swaps	**199,637**	**-**	274,601	-	-	-
Interest rate swaps	**-**	**-**	-	-	-	(127,447)
Options	**-**	**(646,071)**	-	(8,617)	-	(75,459)
	199,637	**(646,071)**	274,601	(8,617)	-	(202,906)
Add: Other investments (Note 20)	**280,352,561**	**-**	117,710,837	-	91,016,718	-
Total financial assets/ (liabilities) at fair value through profit or loss	**280,552,198**	**(646,071)**	117,985,438	(8,617)	91,016,718	(202,906)

During the financial year, the Group recognised fair value loss of $682,448 (2017: gain of $468,890) on derivative instruments (Note 8).

Currency swaps

Currency swaps are used to hedge foreign currency risk arising from the Group's trading investments denominated in foreign currencies.

Interest rate swaps

Interest rate swaps are entered into for the purpose of managing interest rate risk for bank borrowings denominated in Singapore Dollar. The interest rate swaps were closed out in 2017.

Options

Options derivatives contracts are entered which gives the Group's the right to buy or sell an underlying trading investments at a specified strike price on a specified date.

23. DEVELOPMENT PROPERTIES

Group	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Freehold land and related costs	**-**	23,511,805	23,511,805
Development costs	**-**	194,871,259	126,668,817
Exchange differences	**-**	365,776	746,406
	-	218,748,840	150,927,028
Less: Amount reclassified to property, plant and equipment (Note 12)	**-**	(33,555,798)	-
Less: Transferred to completed properties for sale (Note 24)	**-**	(185,193,042)	-
	-	-	150,927,028

(i) Interest and finance costs capitalised during the year at an average rate of Nil% (2017: 3.06%) per annum based on actual borrowing costs were paid to:

Group	**2018**	2017
	$	$
Financial institutions	**-**	2,808,132

(ii) Development properties were transferred to completed properties for sale upon obtaining the final phase of Practical Completion in October 2017.

(iii) The development properties were mortgaged to secure bank facilities. These assets were collaterised for bank borrowings as at 1 January 2017 (Note 27.1).

24. COMPLETED PROPERTIES FOR SALE

Group	**2018**	2017
	$	$
At 1 January	**126,486,680**	52,681,302
Transferred from development properties (Note 23)	**-**	185,193,042
Transferred to investment properties (Note 13)	**(52,681,302)**	-
Sale of properties	**(55,350,321)**	(110,995,107)
Exchange differences	**(2,891,310)**	(392,557)
At 31 December	**15,563,747**	126,486,680

Completed properties for sale with carrying value of $Nil (31 December 2017: $52,681,302, 1 January 2017: $52,681,302) are mortgaged to secure bank facilities. These assets were collaterised for bank borrowings as at end of reporting period (Note 27.1).

24. COMPLETED PROPERTIES FOR SALE (CONT'D)

Details of properties as at 31 December 2018 are as follows:

Description of properties	Tenure	Group's effective interest in property	Floor area sq. m.
Australia			
47 residential units at 6-22 Pearl River Road, Melbourne	Freehold	100%	2,606

25. CASH AND SHORT-TERM DEPOSITS

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Cash and bank balances	**44,014,490**	31,872,839	23,269,966	**474,333**	173,683	5,510,563
Fixed deposits	**11,530,798**	41,579,168	5,669,395	**-**	-	-
	55,545,288	73,452,007	28,939,361	**474,333**	173,683	5,510,563
Cash and bank balances pledged (Note 27.1)	**(14,317,604)**	(3,115,186)	(1,349,607)	**-**	-	-
Fixed deposits pledged (Note 27.1)	**(11,530,798)**	-	-	**-**	-	-
Cash and cash equivalents	**29,696,886**	70,336,821	27,589,754	**474,333**	173,683	5,510,563

Cash and fixed deposits of the Group denominated in foreign currencies are as follows:

Group	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Australian Dollar	**36,373,494**	52,762,776	14,382,317
Bangladesh Taka	**176,800**	163,894	129,578
British Pound	**1,010,846**	3,388,593	-
Canadian Dollar	**273,114**	-	-
Danish Krone	**18,753**	-	-
Euro	**2,656,446**	375,238	324,362
Japanese Yen	**3,106**	102,195	-
Hong Kong Dollar	**26,225**	534,677	-
Swedish Krone	**18,507**	-	-
Swiss Franc	**29,461**	26,868	-
Malaysia Ringgit	**104,444**	53,063	16,446
United States Dollar	**398,280**	2,073,486	1,873,955

Cash and bank balances earn interest at floating rates based on daily bank deposit rates.

Fixed deposits are made for varying periods of between seven days to one year (31 December 2017 and 1 January 2017 : one day to one year), depending on the immediate cash requirements of the Group, and earn interests at the respective fixed deposit rates. The weighted average effective interest rates as at 31 December 2018 for the Group were ranging from 0.70% to 1.44% (31 December 2017: 0.25% to 2.38%, 1 January 2017: 0.30% to 2.44%) per annum. Fixed deposits are also recallable on demand by the Group without incurring any significant penalties and interest costs.

26. TRADE AND OTHER PAYABLES

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Current						
Trade payables	**3,915,858**	10,361,888	14,827,143	**-**	-	-
GST payables	**1,537,598**	11,684,927	2,909,846	**14,451**	20,989	8,833
Advance receipts and billings	**825,874**	1,469,941	919,802	**-**	-	-
Other payables	**1,671,961**	3,646,067	2,362,181	**15,546**	9,525	56,100
Trade and other payables	**7,951,291**	27,162,823	21,018,972	**29,997**	30,514	64,933
Add:						
Due to subsidiaries, trade [Note 18(i)]	**-**	-	-	**58,444**	68,245	4,335
Due to subsidiaries, non-trade [Note 18(ii)(b)]	**-**	-	-	**134,287,077**	190,621,815	60,503,768
Due to related companies, trade [Note 18(i)]	**23,005**	67,328	53,647	**-**	-	7,556
Due to related companies, non-trade [Note 18(ii)(b)]	**32,698**	-	-	**-**	-	-
Other liabilities (Note 28)	**14,885,679**	26,349,920	39,621,225	**574,688**	747,669	528,215
Interest-bearing loans and borrowings (Note 27)	**684,727,150**	566,542,197	399,499,200	**-**	24,425	51,101
	707,619,823	620,122,268	460,193,044	**134,950,206**	191,492,668	61,159,908
Less: GST payable	**(1,537,598)**	(11,684,927)	(2,909,846)	**(14,451)**	(20,989)	(8,833)
Less: Deposits that are not financial liabilities	**(2,106,977)**	(10,834,677)	(28,114,018)	**-**	-	-
Less: Advance receipts and billings	**(825,874)**	(1,469,941)	(919,802)	**-**	-	-
Less: Deferred income	**(823,246)**	(978,563)	-	**-**	-	-
Total financial liabilities carried at amortised cost	**702,326,128**	595,154,160	428,249,378	**134,935,755**	191,471,679	61,151,075

26. TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables are non-interest bearing and have an average term of one to three months.

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

Group	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Australian Dollar	**3,168,252**	21,336,726	15,705,716
British Pound	**649,618**	539,662	-
Euro	**-**	216,419	-
Hong Kong Dollar	**42,846**	-	-

27. INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate [1] (% per annum)				Group			Company		
	2018	31.12.2017	1.1.2017	**Maturity**	**31 December 2018**	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
					$	$	$	**$**	$	$
Current liabilities										
Secured bank borrowings (Note 27.1)	**2.54**	2.06	1.75	2019	**377,481,018**	473,598,884	340,928,910	**-**	-	-
Interest payable	**-**	-	-	2019	**660,440**	530,844	327,607	**-**	-	-
Lease obligations (Note 27.3)	**5.27**	5.21	5.09	2019	**130,286**	167,770	70,011	**-**	24,425	26,676
					378,271,744	474,297,498	341,326,528	**-**	24,425	26,676
Non-current liabilities										
Secured bank borrowings (Note 27.1)	**2.67**	2.00	3.07	2020-2021	**306,340,993**	92,000,000	55,269,151	**-**	-	-
Interest payable	**-**	-	-	-	**-**	-	2,798,820	**-**	-	-
Lease obligations (Note 27.3)	**5.27**	5.21	5.09	2020-2022	**114,413**	244,699	104,701	**-**	-	24,425
					306,455,406	92,244,699	58,172,672	**-**	-	24,425
Total					**684,727,150**	566,542,197	399,499,200	**-**	24,425	51,101

[1] Based on weighted average effective interest rates.

27. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

27.1 The outstanding secured bank borrowings are secured by the following assets:

Group	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Property, plant and equipment (Note 12)	**661,162,986**	653,283,483	718,464,597
Investment properties (Note 13)	**397,760,399**	358,781,312	157,117,631
Trade and other receivables (Note 17)	**795,777**	417,885	236,162
Other investments (Note 20)	**172,272,058**	55,060,670	42,581,434
Development properties (Note 23)	**-**	-	150,927,028
Completed properties for sale (Note 24)	**-**	52,681,302	-
Cash and bank balances (Note 25)	**14,317,604**	3,115,186	1,349,607
Fixed deposits (Note 25)	**11,530,798**	-	-
	1,257,839,622	1,123,339,838	1,070,676,459

27.2 The bank borrowings are secured by the following:

(a) legal mortgages on the Group's property, plant and equipment, investment properties, development properties and completed properties for sale (collectively, the "Properties");

(b) legal assignment of all rights and benefits under the sales and purchase agreements and/or tenancy agreements;

(c) assignment of all insurance policies and interest service reserve account for certain Properties;

(d) deed of subordination to subordinate all loans and advances from the Company to the facilities;

(e) corporate guarantees given by the Company and certain subsidiaries; and

(f) a charge over certain trading investments, cash and short-term deposits.

The bank facility agreements include covenants that require the maintenance of certain financial ratios. Non-compliance with certain material covenants may result in these loans being repayable immediately.

27. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

27.3 LEASE OBLIGATIONS

The Group and the Company have entered into 2-year finance leases on motor vehicles which do not contain restrictions on the Group activities concerning dividends, additional debts or further leasing.

Future minimum lease payments under finance lease liabilities together with the present value of the net minimum lease payments are as follows:

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Minimum lease payments payable:						
Due not later than one year	**142,494**	182,383	75,372	**-**	26,097	28,500
Due later than one year but not later than five years	**127,874**	270,368	112,921	**-**	-	26,097
	270,368	452,751	188,293	**-**	26,097	54,597
Finance charges allocated to future periods	**(25,669)**	(40,282)	(13,581)	**-**	(1,672)	(3,496)
Present value of minimum lease payments	**244,699**	412,469	174,712	**-**	24,425	51,101
Present value of minimum lease payments:						
Due not later than one year	**130,286**	167,770	70,011	**-**	24,425	26,676
Due later than one year but not later than five years	**114,413**	244,699	104,701	**-**	-	24,425
	244,699	412,469	174,712	**-**	24,425	51,101

27.4 The interest-bearing loans and borrowings of the Group denominated in foreign currencies are as follows:

Group	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Australian Dollar	**-**	-	58,067,971
British Pound	**43,801,017**	48,706,325	767,938
Euro	**109,602,812**	9,092,252	3,429,484
Hong Kong Dollar	**2,494,969**	335,874	-
Japanese Yen	**-**	-	432,293
Swiss Franc	**-**	68,236	-
United States Dollar	**21,179,214**	7,272,940	3,631,159

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28. OTHER LIABILITIES

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Current						
Accrued operating expenses	**5,172,331**	7,403,354	6,012,765	**414,688**	593,072	383,215
Deposits received	**6,318,982**	13,796,690	3,890,563	**-**	-	-
Provision for Directors' fees	**160,000**	154,597	145,000	**160,000**	154,597	145,000
	11,651,313	21,354,641	10,048,328	**574,688**	747,669	528,215
Non-current						
Deposits received	**2,411,120**	4,016,716	29,572,897	**-**	-	-
Deferred income	**823,246**	978,563	-	**-**	-	-
	3,234,366	4,995,279	29,572,897	**-**	-	-
Total other liabilities	**14,885,679**	26,349,920	39,621,225	**574,688**	747,669	528,215

During the financial year, the Group had amortised a deferred income of $84,223 (2017: $65,990) (Note 5).

Other liabilities of the Group denominated in foreign currencies are as follows:

Group	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Australian Dollar	**2,933,814**	11,903,548	28,114,018
British Pound	**340,552**	777,123	-
United States Dollar	**-**	75,558	-

29. SHARE CAPITAL

Group and Company	**2018**	2017	**2018**	2017
	Number of shares		**$**	$
Issued and fully paid ordinary shares				
Balance at beginning and at end	**474,557,391**	474,557,391	**84,445,256**	84,445,256

The holders of ordinary shares (excluding treasury shares as disclosed in Note 30) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

30. TREASURY SHARES

Group and Company	2018	2017	2018	2017
	Number of shares		$	$
Balance at beginning and at end	**(3,999,850)**	(3,999,850)	**(1,101,125)**	(1,101,125)

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

31. RESERVES

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$	**$**	$	$
Accumulated profits	**704,929,023**	721,912,752	648,501,759	**437,830,616**	432,843,437	388,689,308
Capital reserve (Note a)	**(7,671,719)**	(7,671,719)	(7,671,719)	**-**	-	-
Foreign currency translation reserve (Note b)	**(22,442,687)**	(10,259,462)	(8,996,264)	**-**	-	-
Gain on reissuance of treasury shares (Note c)	**51,890**	51,890	51,890	**51,890**	51,890	51,890
	674,866,507	704,033,461	631,885,666	**437,882,506**	432,895,327	388,741,198

(a) Capital reserve

The capital reserve arises from the application of reverse acquisition accounting.

(b) Foreign currency translation reserve

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

(c) Gain on reissuance of treasury shares

This represents the gain arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

32. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Group	2018	2017
	$	$
Income		
Repair and maintenance services rendered to related companies	**21,936**	31,071
Repair and maintenance services rendered to Directors	**1,257**	384
Expenses		
Site expenses paid to related company	**181,769**	330,268
Rental expense paid to related companies	**140,400**	204,400
Secondment of staff to related companies	**295,331**	146,677

(b) Compensation of key management personnel

Group	2018	2017
	$	$
Short-term employee benefits	**4,070,663**	4,465,117
Central Provident Fund contributions	**148,510**	167,387
	4,219,173	4,632,504
Comprise amounts paid to:		
Directors of the Company	**3,125,887**	3,283,898
Other key management personnel	**1,093,286**	1,348,606
	4,219,173	4,632,504

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

33. COMMITMENTS AND CONTINGENCIES

(a) Capital and investment commitments

Capital and investment expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

Group	31 December 2018	31 December 2017	1 January 2017
	$	$	$
- Development properties and hotel under construction	**-**	-	93,363,743
- Property, plant and equipment	**-**	76,489	1,237,252
- Unquoted investments	**3,373,784**	4,542,072	4,696,640

33. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties and property, plant and equipment. These non-cancellable leases have remaining lease terms of up to 8 years (31 December 2017: 9 years, 1 January 2017: 10 years). All leases include a clause to enable upward revision of the rental charge on an annual basis on prevailing market conditions.

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

Group	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Not later than one year	**22,694,610**	29,294,780	23,944,201
Later than one year but not later than five years	**18,494,084**	24,254,845	32,951,325
Later than five years	**338,116**	456,296	424,583
	41,526,810	54,005,921	57,320,109

(c) Operating lease commitments – as lessee

The Group has entered into leases for rental of buildings and office equipment from an external third party and related parties as disclosed in Note 32. These non-cancellable leases have remaining non-cancellable lease term between 1 year and 13 years (31 December 2017: 1 year and 14 years, 1 January 2017: 1 year and 15 years), with no renewal option or escalation clauses included in the lease contract. There are no restrictions placed upon the Group by entering into this contract. Operating lease payments recognised in the consolidated income statement during the year amounted to $3,913,744 (2017: $3,605,019).

Contingent rents are payable subject to the related revenue exceeding a level stated in the respective agreements. Contingent lease payments recognised in the consolidated income statement during the year amounted to $19,482 (2017: $5,528).

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

Group	**31 December 2018**	31 December 2017	1 January 2017
	$	$	$
Not later than one year	**4,027,794**	3,918,263	3,602,049
Later than one year but not later than five years	**13,446,265**	13,875,417	12,469,961
Later than five years	**31,326,058**	34,380,668	37,376,982
	48,800,117	52,174,348	53,448,992

34. CORPORATE GUARANTEES, UNSECURED

The Company has given corporate guarantees of $835,892,538 (31 December 2017: $493,754,640, 1 January 2017: $499,119,000) to financial institutions in connection with credit facilities granted to its subsidiaries. The liabilities of the Company are limited to the outstanding principal amounts and bankers' guarantee issued by financial institutions of its subsidiaries amounting to $620,614,500 (31 December 2017: $420,074,815, 1 January 2017: $384,647,609).

35. DIVIDENDS

Group and Company	2018	2017
	$	$
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2017 – 1.0 cent (2016: 1.0 cent) per share	**4,705,575**	4,705,575
- Interim exempt (one-tier) dividend for 2018 – 0.5 cent (2017: 0.5 cent) per share	**2,352,791**	2,352,791
	7,058,366	7,058,366

Proposed but not recognised as a liability as at 31 December:

Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:

Group and Company	2018	2017
	$	$
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2018 – 1.0 cent (2017: 1.0 cent) per share	**4,705,575**	4,705,575

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk, foreign exchange risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Director and Financial Controller. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bank loans and borrowings, and interest-bearing loans from related companies and subsidiaries. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2017: less than 6 months) from the end of the reporting period.

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's long term debt obligation with floating interest rates. Management reviews the interest rate strategies to minimise interest rate risk by taking into account the cash flow forecasts, term of debt obligation and market outlook.

<u>Sensitivity analysis for interest rate risk</u>

At 31 December 2018, if SGD interest rates had been 100 (2017: 100) basis points higher with all other variables held constant, the Group's loss (2017: profit) net of tax would have been $5,676,000 (2017: $4,694,000) higher (2017: lower), arising mainly as a result of higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

Information relating to the Group's interest rate exposure is disclosed in the notes on the Group's borrowings, including leasing obligations.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to arrange specific credit facilities for each individual project with different banks. With the good reputation and the long term relationship maintained with the banks, the Group is able to obtain high financing quantum at favourable interest rates.

In addition, the Group has maintained standby credit facilities such as term loans and bank overdraft to meet any immediate obligations. For projects that have been fully sold, management has also managed to obtain money market loan for working capital requirement, out of proceeds receivables from the sales of units.

As at end of financial year, the Group is in a net current liabilities position mainly due to maturity of the long-term borrowings within the next 12 months. The Group has sufficient banking facilities available to refinance the portion of borrowings which are maturing within the next 12 months.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low and access to sources of funding is sufficiently available.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayments obligations.

Group	Less than 1 year	1 to 5 years	Total
	$	$	$
31 December 2018			
Financial assets			
Cash and short-term deposits	**55,545,288**	**-**	**55,545,288**
Other investments	**280,352,561**	**-**	**280,352,561**
Trade and other receivables (1)	**4,483,597**	**28,550**	**4,512,147**
Other assets (2)	**2,165,231**	**-**	**2,165,231**
Due from related companies, trade	**3,301**	**-**	**3,301**
Due from related company, non-trade	**428**	**-**	**428**
Total undiscounted financial assets	**342,550,406**	**28,550**	**342,578,956**
Financial liabilities			
Trade and other payables (3)	**5,587,819**	**-**	**5,587,819**
Due to related companies, trade	**23,005**	**-**	**23,005**
Due to related companies, non-trade	**32,698**	**-**	**32,698**
Other liabilities (4)	**9,544,336**	**2,411,120**	**11,955,456**
Interest bearing loans and borrowings	**395,126,946**	**316,173,636**	**711,300,582**
Total undiscounted financial liabilities	**410,314,804**	**318,584,756**	**728,899,560**
Total net undiscounted financial liabilities	**(67,764,398)**	**(318,556,206)**	**(386,320,604)**
31 December 2017			
Financial assets			
Cash and short-term deposits	73,452,007	-	73,452,007
Other investments	117,710,837	-	117,710,837
Trade and other receivables (1)	3,545,554	42,250	3,587,804
Other assets (2)	11,335,388	-	11,335,388
Due from related companies, trade	403	-	403
Total undiscounted financial assets	206,044,189	42,250	206,086,439
Financial liabilities			
Trade and other payables (3)	14,007,955	-	14,007,955
Due to related companies, trade	67,328	-	67,328
Other liabilities (4)	10,519,964	4,016,716	14,536,680
Interest bearing loans and borrowings	480,853,868	97,703,071	578,556,939
Total undiscounted financial liabilities	505,449,115	101,719,787	607,168,902
Total net undiscounted financial liabilities	(299,404,926)	(101,677,537)	(401,082,463)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

Group	Less than 1 year	1 to 5 years	Total
	$	$	$
1 January 2017			
Financial assets			
Cash and short-term deposits	28,939,361	-	28,939,361
Other investments	91,016,718	-	91,016,718
Trade and other receivables [1]	2,984,120	51,600	3,035,720
Other assets [2]	682,622	28,378,393	29,061,015
Due from related companies, trade	5,985	-	5,985
Total undiscounted financial assets	123,628,806	28,429,993	152,058,799
Financial liabilities			
Trade and other payables [3]	17,189,324	-	17,189,324
Due to related companies, trade	53,647	-	53,647
Other liabilities [4]	10,048,328	1,458,879	11,507,207
Interest bearing loans and borrowings	345,930,943	60,719,063	406,650,006
Total undiscounted financial liabilities	373,222,242	62,177,942	435,400,184
Total net undiscounted financial liabilities	(249,593,436)	(33,747,949)	(283,341,385)

[1] Excludes lease incentives and GST receivables.
[2] Excludes deposit paid for acquisition of capital assets.
[3] Excludes advance billings and GST payables
[4] Excludes pre-sale deposits received and deferred income.

Company	Less than 1 year	1 to 5 years	Total
	$	$	$
31 December 2018			
Financial assets			
Cash and short-term deposits	**474,333**	**-**	**474,333**
Other assets	**150**	**-**	**150**
Due from subsidiaries, trade	**101,589**	**-**	**101,589**
Due from subsidiaries, non-trade	**173,831,084**	**-**	**173,831,084**
Total undiscounted financial assets	**174,407,156**	**-**	**174,407,156**
Financial liabilities			
Trade and other payables [1]	**15,546**	**-**	**15,546**
Other liabilities	**574,688**	**-**	**574,688**
Due to subsidiaries, trade	**58,445**	**-**	**58,445**
Due to subsidiaries, non-trade	**136,001,027**	**-**	**136,001,027**
Total undiscounted financial liabilities	**136,649,706**	**-**	**136,649,706**
Total net undiscounted financial assets	**37,757,450**	**-**	**37,757,450**

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

Company	Less than 1 year	1 to 5 years	Total
	$	$	$
31 December 2017			
Financial assets			
Cash and short-term deposits	173,683	-	173,683
Other assets	450	-	450
Due from subsidiaries, trade	211,435	-	211,435
Due from subsidiaries, non-trade	222,766,446	-	222,766,446
Total undiscounted financial assets	223,152,014	-	223,152,014
Financial liabilities			
Trade and other payables [(1)]	9,525	-	9,525
Other liabilities	747,669	-	747,669
Due to subsidiaries, trade	68,245	-	68,245
Due to subsidiaries, non-trade	112,722,237	80,510,841	193,233,078
Interest bearings loans and borrowings	26,097	-	26,097
Total undiscounted financial liabilities	113,573,773	80,510,841	194,084,614
Total net undiscounted financial assets/(liabilities)	109,578,241	(80,510,841)	29,067,400
1 January 2017			
Financial assets			
Cash and short-term deposits	5,510,563	-	5,510,563
Other assets	450	-	450
Due from subsidiaries, trade	4,229	-	4,229
Due from subsidiaries, non-trade	260,080,932	106,124,315	366,205,247
Total undiscounted financial assets	265,596,174	106,124,315	371,720,489
Financial liabilities			
Trade and other payables [(1)]	56,100	-	56,100
Other liabilities	528,215	-	528,215
Due to subsidiaries, trade	4,335	-	4,335
Due to subsidiaries, non-trade	61,238,212	-	61,238,212
Due to related company, trade	7,556	-	7,556
Interest bearings loans and borrowings	28,500	26,097	54,597
Total undiscounted financial liabilities	61,862,918	26,097	61,889,015
Total net undiscounted financial assets	203,733,256	106,098,218	309,831,474

[(1)] Excludes GST payables.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

Short-term funding is obtained from term loans and bank overdraft facilities.

The Group is significantly reliant on bank financing. Management believes that the Group is able to raise cash by selling completed properties.

The table below shows the contractual expiry by maturity of the Group's and Company's financial guarantees. The maximum amounts of financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

Group	Less than 1 year	1 to 5 years	Total
	$	$	$
31 December 2018			
Financial guarantees	**788,499**	**177,500**	**965,999**
31 December 2017			
Financial guarantees	2,551,500	612,589	3,164,089
1 January 2017			
Financial guarantees	1,893,657	2,085,800	3,979,457

Company	Less than 1 year	1 to 5 years	Total
	$	$	$
31 December 2018			
Financial guarantees	**314,273,507**	**306,340,993**	**620,614,500**
31 December 2017			
Financial guarantees	328,074,815	92,000,000	420,074,815
1 January 2017			
Financial guarantees	327,292,658	57,354,951	384,647,609

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, including amounts due from subsidiaries. For the other financial assets (including investment securities, cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The Group does not expect to incur material credit losses on its financial instruments.

The Group and the Company develops and maintains its credit risk gradings to categorise exposures to its financial instruments according to their degree of risk of default. The Group uses its past collection history, existing market conditions as well as forward looking estimates to rate its receivables.

The Group's credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The Group and the Company determines that its financial assets (including amounts due from subsidiaries) are credit-impaired when:

- There is significant financial difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is disappearance of an active market for that financial asset because of financial difficulty.

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

The assessment of the credit quality and loss allowance for the amounts due from subsidiaries are disclosed in Note 18(ii)(a).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (Cont'd)

For trade receivables, the Group applies the simplified approach in calculating lifetime expected credit losses. The Group determines the expected credit losses on trade receivables by reference to its historical credit loss experience based on past due status of the debtors, adjusted for forward-looking factors specific to the debtors and the economic environment. For certain trade receivables, the Group have sufficient deposit to cover those debts that are overdue. The probability of default is nil for cases where deposits collected are greater than amounts outstanding. The gross and net carrying amount of the Group's trade and other receivables and further details on the loss allowance for the trade receivables are disclosed in Note 17.

Excessive risk concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets

- A nominal amount of $835,892,538 (31 December 2017: $493,754,640, 1 January 2017: $499,119,000) relating to corporate guarantees provided by the Company to banks on subsidiaries' bank facilities

Information regarding credit exposure for trade and other receivables is disclosed in Note 17.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (Cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

Group	**31 December 2018**		31 December 2017		1 January 2017	
	$	**% of total**	$	% of total	$	% of total
By country:						
Australia	**980,806**	**29**	724,020	29	30,713	1
Singapore	**2,204,334**	**66**	1,683,974	69	2,243,722	99
United Kingdom	**164,373**	**5**	48,248	2	-	-
	3,349,513	**100**	2,456,242	100	2,274,435	100
By industry sectors:						
Rental	**589,341**	**18**	276,174	11	425,411	19
Hotel	**2,689,700**	**80**	2,091,508	85	1,801,300	79
Leisure	**66,175**	**2**	88,560	4	47,724	2
Investments	**4,297**	*	-	-	-	-
	3,349,513	**100**	2,456,242	100	2,274,435	100

* amount less than 1% of total

For trade and other receivables, the Group has applied the simplified approach in SFRS(I) 9 and uses an allowance matrix to measure the expected credit losses of trade receivables from customers. The allowance matrix is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Note 17 includes further details on the loss allowance for these receivables.

Financial assets that are neither past due nor impaired

Trade and other receivables, due from related companies and other assets that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and other investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade and other receivables).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has some assets and liabilities denoted in foreign currencies and have exposure to foreign exchange risk mainly in Australian Dollar, British Pound, Euro, Hong Kong Dollar and United States Dollar. The following table demonstrates the sensitivity of the Group's loss (2017: profit) net of tax if the exchange rates had been 5% (2017: 5%) higher/lower with all other variable held constant.

Group		2018 Loss after tax	2017 Profit after tax
		$	$
Australian Dollar	strengthened 5%	**(532,603)**	110,224
	weakened 5%	**532,603**	(110,224)
British Pound	strengthened 5%	**539,280**	(41,353)
	weakened 5%	**(539,280)**	41,353
Euro	strengthened 5%	**4,436,890**	(368,352)
	weakened 5%	**(4,436,890)**	368,352
Hong Kong Dollar	strengthened 5%	**104,053**	(8,250)
	weakened 5%	**(104,053)**	8,250
United States Dollar	strengthened 5%	**856,049**	(213,939)
	weakened 5%	**(856,049)**	213,939

The Group is also exposed to currency translation risk arising from its net investments in foreign operation in Australia and United Kingdom. The Group uses forward currency contracts to manage foreign exchange risk. The Group also uses loans in foreign currency to hedge its exposure to foreign exchange risk on investments in foreign operations where applicable.

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investments classified as held for trading financial assets. The Group does not have exposure to commodity price risk.

<u>Sensitivity analysis for price risk</u>

At the end of the reporting period, if the market prices had been 2% (2017: 2%) higher/lower with all other variables held constant, the Group's loss (2017: profit) net of tax would have been approximately $4,654,000 (2017: $1,954,000) lower/higher (2017: higher/lower), arising as a result of higher/lower fair value gains on held for trading investments, and the Group's equity would have been $4,654,000 (2017: $1,954,000) higher/lower, arising as a result of an increase/decrease in the fair value of held for trading investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

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

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

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

(b) Assets and liabilities measured at fair value

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

	Fair value measurements at the end of the reporting period using			
Group **31 December 2018**	**Quoted prices in active markets for identical instruments (Level 1)** **$**	**Significant observable inputs other than quoted prices (Level 2)** **$**	**Significant unobservable inputs (Level 3)** **$**	**Total** **$**
Recurring fair value measurements				
Assets				
Financial assets:				
At fair value through profit or loss (Note 20)				
Quoted investments	**81,509,460**	**-**	**-**	**81,509,460**
Unquoted investments	**-**	**-**	**198,843,101**	**198,843,101**
Total held for trading financial assets	**81,509,460**	**-**	**198,843,101**	**280,352,561**
Derivatives (Note 22)				
Currency swaps	**-**	**-**	**199,637**	**199,637**
Total derivatives	**-**	**-**	**199,637**	**199,637**
Financial assets as at 31 December 2018	**81,509,460**	**-**	**199,042,738**	**280,552,198**
Liabilities				
Financial liabilities:				
Derivatives (Note 22)				
Options	**-**	**-**	**(646,071)**	**(646,071)**
Total derivatives	**-**	**-**	**(646,071)**	**(646,071)**
Financial liabilities as at 31 December 2018	**-**	**-**	**(646,071)**	**(646,071)**

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

	Fair value measurements at the end of the reporting period using			
Group 31 December 2017	**Quoted prices in active markets for identical instruments (Level 1)** **$**	**Significant observable inputs other than quoted prices (Level 2)** **$**	**Significant unobservable inputs (Level 3)** **$**	**Total** **$**
Recurring fair value measurements				
Assets				
Financial assets:				
At fair value through profit or loss (Note 20)				
Quoted investments	60,969,988	-	-	60,969,988
Unquoted investments	-	-	56,740,849	56,740,849
Total held for trading financial assets	60,969,988	-	56,740,849	117,710,837
Derivatives (Note 22)				
Currency swaps	-	-	274,601	274,601
Total derivatives	-	-	274,601	274,601
Financial assets as at 31 December 2017	60,969,988	-	57,015,450	117,985,438
Liabilities				
Financial liabilities:				
Derivatives (Note 22)				
Options	-	-	(8,617)	(8,617)
Total derivatives	-	-	(8,617)	(8,617)
Financial liabilities as at 31 December 2017	-	-	(8,617)	(8,617)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

	Fair value measurements at the end of the reporting period using			
Group	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
1 January 2017	**$**	**$**	**$**	**$**
Recurring fair value measurements				
Assets				
Financial assets:				
At fair value through profit or loss (Note 20)				
Quoted investments	35,929,205	-	-	35,929,205
Unquoted investments	-	-	55,087,513	55,087,513
Total held for trading financial assets	35,929,205	-	55,087,513	91,016,718
Financial assets as at 1 January 2017	35,929,205	-	55,087,513	91,016,718
Liabilities				
Financial liabilities:				
Derivatives (Note 22)				
Interest rate swaps	-	-	(127,447)	(127,447)
Options	-	-	(75,459)	(75,459)
Total derivatives	-	-	(202,906)	(202,906)
Financial liabilities as at 1 January 2017	-	-	(202,906)	(202,906)

(c) Level 3 fair value measurements

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

Financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) include unquoted trading investments and derivatives such as options, interest rate swaps and currency swaps.

To measure the fair values of the unquoted investments and derivatives, the Group relies on the valuations as provided by the respective financial institutions managing the investments. These financial institutions in turn use their own valuation techniques, such as revalued net asset values or discounted cash flow, including their own input factors into the applied models. For unquoted investments managed directly by the Group, management used market earnings multiples and revalued net asset values in determining the fair values. Therefore, the unquoted investments and derivatives are reported in Level 3 of the fair value hierarchy as the fair values are determined based on models with unobservable market inputs to derive the closing price.

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 3 fair value measurements (Cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (Cont'd)

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

Recurring fair value measurements

Financial assets/ financial liabilities	Fair value as at 31 December 2018 Assets $	31 December 2018 Liabilities $	31 December 2017 Assets $	31 December 2017 Liabilities $	1 January 2017 Assets $	1 January 2017 Liabilities $
Unquoted investments	**198,843,101**	**-**	56,740,849	-	55,087,513	-
Currency swaps	**199,637**	**-**	274,601	-	-	-
Interest rate swaps	**-**	**-**	-	-	-	127,447
Options	**-**	**646,071**	-	8,617	-	75,459

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable input (Level 3):

Group 31 December 2018	Fair value measurements using significant unobservable inputs (Level 3) Unquoted investments $	Derivatives assets/ (liabilities) $	Total $
At 1 January	**56,740,849**	**265,984**	**57,006,833**
Gain on disposal of investments	**1,569,600**	**-**	**1,569,600**
Fair value changes included in profit and loss	**(7,331,615)**	**(682,448)**	**(8,014,063)**
Return of capital	**(2,919,588)**	**-**	**(2,919,588)**
Purchase of held-for-trading investments	**207,308,092**	**-**	**207,308,092**
Proceeds from disposal of held-for-trading investments	**(56,524,237)**	**-**	**(56,524,237)**
Settlement of derivatives	**-**	**(29,970)**	**(29,970)**
At 31 December	**198,843,101**	**(446,434)**	**198,396,667**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 3 fair value measurements (Cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value (Cont'd)

	Fair value measurements using significant unobservable inputs (Level 3)		
Group	**Unquoted investments**	**Derivatives assets/ (liabilities)**	**Total**
31 December 2017	**$**	**$**	**$**
At 1 January	55,087,513	(202,906)	54,884,607
Gain on disposal of investments	264,351	-	264,351
Fair value changes included in profit and loss	554,793	468,890	1,023,683
Return of capital	(2,757,195)	-	(2,757,195)
Purchase of held-for-trading investments	50,924,451	-	50,924,451
Proceeds from disposal of held-for-trading investments	(47,333,064)	-	(47,333,064)
At 31 December	56,740,849	265,984	57,006,833

(d) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets not measured at fair value but for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using			
Group	**Quoted prices in active markets for identical instruments (Level 1) $**	**Significant observable inputs other than quoted prices (Level 2) $**	**Significant unobservable inputs (Level 3) $**	**Total $**
31 December 2018				
Assets				
Investment properties	**-**	**-**	**490,726,000**	**490,726,000**
31 December 2017				
Assets				
Investment properties	-	-	406,597,000	406,597,000
1 January 2017				
Assets				
Investment properties	-	-	203,893,000	203,893,000

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Assets and liabilities not carried at fair value but for which fair value is disclosed (Cont'd)

Determination of fair value

The fair value of the investment properties as disclosed in the table above is based on advice from firms of independent professional valuers using the capitalisation method and/or market comparables.

The valuations of the investment properties are based on the highest and best use. Current use, unless there are evidence to the contrary, is considered highest and best use.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and short term deposits, trade and other receivables, other assets, due from/to related companies (trade)/(non-trade), trade and other payables, other liabilities and interest-bearing loans and borrowings are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rate on or near the end of the reporting period.

38. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below:

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a debt to equity ratio, which is total interest-bearing loans and borrowings divided by equity attributable to the owners of the Company.

Group	2018	2017
	$	$
Interest bearing loans and borrowings (Note 27)	**684,727,150**	566,542,197
Equity attributable to the owners of the Company	**758,210,638**	787,377,592
Debt to equity ratio	**90.3%**	72.0%

39. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

i. The development properties segment is in the business of acquiring land/property and developing them into residential/ industrial/commercial properties for sales.

ii. The rental segment is in the business of renting of space under the investment properties, property, plant and equipment and completed properties for sale.

iii. The leisure segment is in the business of providing leisure and recreational facilities, including bowling centres, billiards centres and amusement centres under the brand 'SuperBowl'.

iv. The hotel operations segment is operated under the brand names of "Ramada Singapore", "Days Hotel Singapore", "Holiday Inn Express Trafford City" and "Four Points by Sheraton Melbourne".

v. The held for trading investments portfolio with a mix of quoted and unquoted investments.

vi. The others segment is involved in Group-level corporate services and treasury functions.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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

39. SEGMENT INFORMATION (CONT'D)

2018	Development Properties $	Rental Income $	Leisure Business $	Hotel Income $	Trading Investments $	Others $	Elimination $	Total $
Revenue:								
Segment revenue								
- External sales	77,428,958	31,420,420	8,364,545	70,271,013	-	-	-	187,484,936
- Inter-segment sales (Note A)	-	291,211	1,830	1,232	-	1,299,618	(1,593,891)	-
	77,428,958	31,711,631	8,366,375	70,272,245	-	1,299,618	(1,593,891)	187,484,936
Results:								
Segment profit/(loss) (Note B)	20,058,501	11,633,968	1,093,320	6,586,573	(14,696,487)	(14,960,182)	(13,356,869)	(3,641,176)
Income tax expense								(6,384,245)
Loss after tax								(10,025,421)
Other information:								
Other income	1,606,958	3,736,953	9,089	153,195	1,715,820	36,883	-	7,258,898
Financial income	4,728	71,681	3,775	1,702	3,881,822	663,643	-	4,627,351
Financial cost	-	(1,727,212)	(4,643)	(6,028,331)	(1,851,556)	(4,415,073)	-	(14,026,815)
Fair value changes in held-for-trading investments	-	-	-	-	(22,821,684)	-	-	(22,821,684)
Fair value changes in derivative Instruments	-	-	-	-	(682,448)	-	-	(682,448)
Depreciation expense	-	(5,514,886)	(924,829)	(9,054,583)	-	(491,765)	(11,762,978)	(27,749,041)
Other expenses	(3,593,436)	(15,791,935)	(2,858,848)	(30,415,899)	(987,707)	(1,442,562)	-	(55,090,387)
31 December 2018								
Assets:								
Additions to non-current assets (Note C)	-	246,106	172,453	679,379	-	3,783	-	1,101,721
Segment assets (Note D)	17,610,016	610,012,265	6,070,926	327,405,456	306,829,814	1,010,655,334	(723,267,023)	1,555,316,788
Segment liabilities (Note E)	2,191,752	382,156,534	1,796,205	12,196,260	328,250,926	676,190,496	(609,125,525)	793,656,648
Other material non-cash item: Impairment loss on investment property	-	3,672,299	-	-	-	-	-	3,672,299

39. SEGMENT INFORMATION (CONT'D)

2017 (restated)	Development Properties $	Rental Income $	Leisure Business $	Hotel Income $	Trading Investments $	Others $	Elimination $	Total $
Revenue:								
Segment revenue								
- External sales	155,422,926	27,630,317	7,457,162	58,621,157	-	-	-	249,131,562
- Inter-segment sales (Note A)	-	291,211	-	-	-	949,357	(1,240,568)	-
	155,422,926	27,921,528	7,457,162	58,621,157	-	949,357	(1,240,568)	249,131,562
Results:								
Segment profit/(loss) (Note B)	37,860,923	14,129,604	826,814	5,795,599	12,410,052	36,230,861	(12,262,129)	94,991,724
Income tax expense								(14,477,771)
Profit after tax								80,513,953
Other information:								
Other income	161,059	4,550,982	65,484	99,779	254,944	284,413	-	5,416,661
Financial income	99,514	69,982	-	826	2,564,283	87,433	-	2,822,038
Financial cost	(1,062,432)	(1,129,535)	(4,480)	(4,025,213)	(572,574)	(1,616,704)	-	(8,410,938)
Fair value changes in held-for-trading investments	-	-	-	-	8,450,690	-	-	8,450,690
Fair value changes in derivative instruments	-	127,447	-	-	341,443	-	-	468,890
Depreciation expense	-	(5,204,645)	(724,339)	(6,217,328)	-	(473,544)	(11,021,561)	(23,641,417)
Other expenses	(5,660,916)	(11,682,904)	(2,755,392)	(25,368,879)	(627,055)	(2,284,450)	-	(48,379,596)
Other material non-cash item:								
- Gain on bargain purchase arising from acquisition	-	-	-	-	-	43,000,000	-	43,000,000
31 December 2017								
Assets:								
Additions to non-current assets (Note C)	-	223,922	4,851,708	5,294,404	-	411,700	(36,320)	10,745,414
Segment assets (Note D)	144,656,119	529,743,678	6,664,450	329,846,757	127,661,952	1,133,113,766	(762,767,011)	1,508,919,711
Segment liabilities (Note E)	29,069,394	522,536,977	1,513,744	12,852,427	86,320,158	726,231,027	(660,574,048)	717,949,679
1 January 2017								
Assets:								
Segment assets (Note D)	231,986,723	343,681,852	2,892,264	231,279,815	97,982,998	860,044,325	(502,167,050)	1,265,700,927
Segment liabilities (Note E)	9,395	640,645,002	1,298,657	6,710,985	55,254,954	342,011,999	(499,043,638)	546,887,354

39. SEGMENT INFORMATION (CONT'D)

Notes

A Inter-segment revenues are eliminated on consolidation.

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

	2018	2017
	$	$
Profit from inter-segment sales	**1,593,891**	1,240,568
Depreciation	**11,762,978**	11,021,561
	13,356,869	12,262,129

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

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

	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Subsidiaries	**477,488,521**	479,668,521	168,417,117
Deferred tax assets	**3,875,188**	1,837,803	2,962,703
Inter-segment assets	**241,903,314**	281,260,687	330,787,230
	723,267,023	762,767,011	502,167,050

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

	31 December 2018	31 December 2017	1 January 2017
	$	$	$
Other liabilities	**523,734,771**	562,755,254	412,552,234
Tax payable	**4,451,357**	15,138,635	2,072,372
Deferred tax liabilities	**80,939,397**	82,680,159	84,419,032
	609,125,525	660,574,048	499,043,638

39. SEGMENT INFORMATION (CONT'D)

Geographical information

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

	Revenue		Non-current assets		
			31 December	31 December	1 January
	2018	2017	**2018**	2017	2017
	$	$	**$**	$	$
Australia	**102,885,957**	174,877,833	**155,133,573**	164,467,271	130,264,875
Singapore	**76,168,464**	70,097,653	**991,604,990**	960,133,511	768,563,555
United Kingdom	**8,430,515**	4,156,076	**42,331,106**	45,640,098	-

There had been no transaction with a single external customer that amounts to 10% of the Group's revenue.

40. DIRECTORS' REMUNERATION

The numbers of Directors of the Company whose emoluments fall within the following bands are:

Company	2018	2017
$2,000,001 to $2,500,000	**1**	1
$500,001 to $1,000,000	**1**	1
$250,001 to $500,000	**1**	-
Below $250,000	**3**	4
	6	6

41. SUBSEQUENT EVENT

On 2 November 2018, the Group announced the acquisition of properties comprising a hotel and a commercial office building in Western Australia for a total consideration of A$100,000,000, of which deposit of S$10,601,800 (A$11,000,000 equivalent) had been paid and included in other deposits (non-current) in Note 16 to the financial statements. The acquisition is expected to be completed by end of March 2019 and the balance consideration of A$89,000,000 shall be paid on completion.

Management has assessed that the above acquisition is a business combination. Details of the assets acquired and liabilities assumed that will be recognised, revenue and profit contribution of the business and the effect on cash flows of the Group are not disclosed as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue.

42. TENTATIVE AGENDA DECISION ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARD INTERPRETATIONS COMMITTEE

In 2018, the IFRS Interpretations Committee (the "Committee") received a submission from an entity about the capitalisation of borrowing cost in relation to the construction of a residential multi-unit real estate development (building) for sale. On 27 November 2018, the Committee issued a Tentative Agenda Decision in which it tentatively concluded that borrowing cost should not be capitalised on properties being developed for sales, for which revenue is recognised over time, after the properties have been made available for sale. This is inconsistent with the general practice in the industry. In March 2019, the Committee convened a meeting and reaffirmed its tentative decision.

As revenue from the Group's completed development properties is recognised at a point in time when control of the properties are transferred to the buyers, the tentative decision has no impact to the Group.

43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 28 March 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 11 MARCH 2019

Number of Issued Shares (including Treasury Shares)	:	474,557,391
Number of Issued Shares (excluding Treasury Shares)	:	470,557,541
Number of Treasury Shares	:	3,999,850
Class of Shares	:	Ordinary
Voting Rights (excluding Treasury Shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	428	16.93	15,419	0.00
100 - 1,000	654	25.87	341,416	0.07
1,001 - 10,000	795	31.45	3,535,078	0.75
10,001 - 1,000,000	635	25.12	38,228,140	8.13
1,000,001 and above	16	0.63	428,437,488	91.05
Total	2,528	100.00	470,557,541	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	178,485,092	37.93
2	DBS NOMINEES (PRIVATE) LIMITED	130,181,014	27.67
3	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	50,000,000	10.63
4	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	19,565,169	4.16
5	SOON LI HENG CIVIL ENGINEERING PTE LTD	9,125,000	1.94
6	OCBC SECURITIES PRIVATE LIMITED	7,855,413	1.67
7	MORPH INVESTMENTS LTD	6,431,700	1.37
8	SBS NOMINEES PRIVATE LIMITED	6,000,000	1.28
9	HONG LEONG FINANCE NOMINEES PTE LTD	5,544,050	1.18
10	SING INVESTMENTS AND FINANCE NOMINEES (PTE.) LTD.	4,300,000	0.91
11	TEO HO BENG	2,662,100	0.56
12	HENG SIEW ENG	2,331,000	0.50
13	SOON LEE HENG TRADING & TRANSPORTATION PTE LTD	2,243,750	0.48
14	PANG HENG KWEE	1,493,200	0.32
15	CHIN KIAM HSUNG	1,110,000	0.24
16	JEN SHEK CHUEN	1,110,000	0.24
17	UOB KAY HIAN PRIVATE LIMITED	974,000	0.21
18	CHONG TONG CONSTRUCTION PTE LTD	885,152	0.19
19	GUI BOON SUI @GOI CHON YAN	853,800	0.18
20	PHILLIP SECURITIES PTE LTD	627,413	0.13
TOTAL		431,777,853	91.79

The percentage of the issued shares is calculated based on the number of issued shares as at 11 March 2019, excluding any treasury shares held at that date.

25.09% of the Company's shares (excluding treasury shares) are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Substantial Shareholders as at 11 March 2019

No.	Name	Direct Interest	%	Deemed Interest	%
1	Hiap Hoe Holdings Pte Ltd (i)	-	-	349,578,726	74.29
2	Teo Ho Beng (ii)	2,662,100	0.56	349,578,726	74.29
3	Roland Teo Ho Kang (ii)	-	-	349,578,726	74.29

Notes:

(i) Hiap Hoe Holdings Pte Ltd holds 349,578,726 shares with its sub-depository agents as its nominees.

(ii) Messrs Teo Ho Beng and Roland Teo Ho Kang's deemed interests are derived from their shareholdings in Hiap Hoe Holdings Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hiap Hoe Limited (the "**Company**") will be held at Ramada Singapore At Zhongshan Park, 16 Ah Hood Road, Zhongshan Room Level 2, Singapore 329982 on Tuesday, 30 April 2019 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report. **(Resolution 1)**

2. To declare a final dividend of 1.00 Singapore cent per ordinary share (tax exempt one-tier) for the financial year ended 31 December 2018 (FY2017: 1.00 Singapore cent per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors of the Company who are retiring pursuant to Article 106 of the Constitution of the Company:

   Mr Teo Ho Beng **(Resolution 3)**
   Mr Roland Teo Ho Kang **(Resolution 4)**
   Mr Chan Boon Hui **(Resolution 5)**

4. To approve the payment of Directors' fees of S$160,000 for the financial year ended 31 December 2018 (FY2017: S$154,597). **(Resolution 6)**

5. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue new shares and convertible securities**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

   (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 8)**

8. **Authority to issue shares under the Hiap Hoe Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Hiap Hoe Performance Share Plan (the "**Plan**") and to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be allotted and/or issued pursuant to the vesting of the awards provided that the aggregate number of shares available under the Plan and any other share-based schemes which the Company may implement from time to time, and the Plan, shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 9)**

SPECIAL RESOLUTION

9. **Adoption of New Constitution**

That the regulations contained in the new Constitution submitted to this meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the new Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution.

[See Explanatory Note (iii)] **(Resolution 10)**

By Order of the Board

Ong Beng Hong
Joint Company Secretary
Singapore, 8 April 2019

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes:

(i) The Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

(ii) The Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards in accordance with the provisions of the Plan and to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards provided that the aggregate number of shares available under the Plan and any other share-based schemes which the Company may implement from time to time, and the Plan, not exceeding, in total, 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company.

(iii) The Special Resolution 10 set out in item 9 of the Special Business above is to adopt a new Constitution for the Company to conform with the wide-ranging changes to the Companies Act, Chapter 50 of Singapore introduced pursuant to the Companies (Amendment) Act 2014, the Companies (Amendment) Act 2018 as well as the prevailing SGX listing rules and other regulatory requirements. Please refer to the Letter to Shareholders dated 8 April 2019 for more details on the new Constitution.

Notes:

1. A proxy need not be a member of the Company.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint one (1) or two (2) proxies to attend, speak, and vote on his behalf at the Annual General Meeting. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as alternate to the first named proxy.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two (2) proxies to attend, speak, and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. Where the instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company), if required by law, be stamped and be deposited at the registered office of the Company not less than 48 hours before the time for holding the Annual General Meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 18 Ah Hood Road, #13-51 Hiap Hoe Building At Zhongshan Park, Singapore 329983 not less than 48 hours before the time appointed for holding the Annual General Meeting.

5. A depositor shall not be regarded as a member of a Company entitled to attend, speak, and vote at the Annual General Meeting unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) 72 hours before the time fixed for the Annual General Meeting.

Personal data privacy:

By attending the Annual General Meeting and/or any adjournment thereof or 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 and administration by the Company (or its agents) of proxy(ies) and/or representative(s) 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, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Teo Ho Beng, Mr Chan Boon Hui and Mr Roland Teo Ho Kang are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 30 April 2019 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(6) of the Listing Manual, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	Mr Teo Ho Beng	**Mr Roland Teo Ho Kang**	**Mr Chan Boon Hui**
Date of appointment	16 January 2003	16 January 2003	4 April 2003
Date of last re-appointment	28 April 2016	N.A.(1)	28 April 2017
Age	64	56	51
Country of principal residence	Singapore	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered the recommendation of the Nominating Committee and having reviewed and assessed Mr Teo Ho Beng’s qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Executive Director	The Board having considered the recommendation of the Nominating Committee and having reviewed and assessed Mr Roland Teo Ho Kang’s qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Executive Director	The Board having considered the recommendation of the Nominating Committee and having reviewed and assessed Mr Chan Boon Hui’s qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Teo Ho Beng is responsible for the day-to-day management of the Group and in developing the businesses of the Group	Executive. Mr Roland Teo Ho Kang is responsible for overseeing the marketing and promotion of Hiap Hoe’s properties and their performance. He also takes care of the Group’s product development and staff development	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer Executive Director	Managing Director Executive Director	Lead Independent Director Chairman of Audit and Risk Committee Member of Remuneration Committee and Nominating Committee
Professional qualifications and working experience and occupation(s) during the past 10 years	Mr Teo Ho Beng has more than 42 years of experience in the construction and property industries and over 27 years of experience in the leisure industry	Mr Roland Teo Ho Kang holds a Bachelor in Business Administration and has more than 27 years of experience in the property and leisure industries	Mr Chan Boon Hui holds a Master of Arts (Hons) (Law) and is a Chartered Financial Analyst. Mr Chan Boon Hui has more than 15 years of experience in the investment banking industry
Shareholding interest in the listed issuer and its subsidiaries	**Shares** Direct Interest: 2,662,100 shares Deemed Interest: 349,578,726 shares	**Shares** Direct Interest: 0 shares Deemed Interest: 349,578,726 shares	**Shares** Direct Interest: 93,750 shares

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

	Mr Teo Ho Beng	Mr Roland Teo Ho Kang	Mr Chan Boon Hui
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Teo Ho Beng is the brother of Mr Roland Teo Ho Kang and also the father of Mr Teo Keng Joo, Marc and Ms Teo Li Yin, Mabel (2)	Mr Roland Teo Ho Kang is the brother of Mr Teo Ho Beng	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other principal commitments including Directorships			
Past (for the last 5 years)	SuperBowl Holdings Limited (3)	SuperBowl Holdings Limited (3)	N.A.
Present	Ley Choon Group Limited	N.A.	JCY International Berhad Gamma Civic Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(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	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	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

		Mr Teo Ho Beng	Mr Roland Teo Ho Kang	Mr Chan Boon Hui
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

		Mr Teo Ho Beng	Mr Roland Teo Ho Kang	Mr Chan Boon Hui
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (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 (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 (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

	Mr Teo Ho Beng	Mr Roland Teo Ho Kang	Mr Chan Boon Hui
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. 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).	N.A.	N.A.	N.A.

Notes:

(1) Articles 103 and 106 of the Company's Constitution provide that as the Managing Director of the Company, Mr Roland Teo Ho Kang is not subject to retirement by rotation while he continues to hold that position and he shall not be taken into account in determining the number of Directors to retire.

As has been disclosed the Corporate Governance Report, the Board has pursuant to Rule 720(4), accepted the Nominating Committee's nomination of Mr Roland Teo Ho Kang to retire and to submit himself for re-appointment to the Board at the Company's forthcoming Annual General Meeting.

(2) Ms Teo Li Yin, Mabel resigned as the Head of Investment of the Company on 31 December 2018.

(3) SuperBowl Holdings Limited was de-listed from the SGX-ST on 27 June 2014.

ANNUAL GENERAL MEETING
HIAP HOE LIMITED
Company Registration Number 199400676Z
(Incorporated in the Republic of Singapore)

Important:
1. For investors who have used their CPF monies to buy shares in the capital of Hiap Hoe Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.
4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50) may appoint more than two (2) proxies to attend, speak, and vote at the Meeting.

PROXY FORM

(Please see notes overleaf before completing the Proxy Form)

I/We*____ (Name)

of ____ (Address)

being a member/members* of Hiap Hoe Limited (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or failing him/her (delete as appropriate):

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting (the "**Meeting**"), as my/our proxy/proxies, to vote for me/us on my/our behalf at the Meeting of the Company to be held on Tuesday, 30 April 2019 at 10.30 a.m. at Ramada Singapore At Zhongshan Park, 16 Ah Hood Road, Zhongshan Room Level 2, Singapore 329982, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with an "X" within the box provided.)

No.	Resolutions relating to:	For	Against
Ordinary Resolutions			
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018		
2	Payment of proposed final dividend of 1.00 Singapore cent per ordinary share		
3	Re-election of Mr Teo Ho Beng as a Director		
4	Re-election of Mr Roland Teo Ho Kang as a Director		
5	Re-election of Mr Chan Boon Hui as a Director		
6	Approval of Directors' fees amounting to S$160,000		
7	Re-appointment of Foo Kon Tan LLP as Auditors		
8	Authority to allot and issue new shares and convertible securities		
9	Authority to issue shares under the Hiap Hoe Performance Share Plan		
Special Resolution			
10	Adoption of New Constitution		

* If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______ day of ___________ 2019

Total Number of Shares in:	
(a) CDP	
(b) Register of Members	
TOTAL	

____
Signature(s) of shareholder(s) or
common seal of corporate shareholder

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A proxy need not be a member of the Company.

3. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint one (1) or two (2) proxies to attend, speak, and vote on his behalf at the Meeting. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as alternate to the first named proxy.

   (b) 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 (2) proxies to attend, speak, and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's Proxy Form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

4. The instrument appointing the proxy or proxies must be deposited at the registered office of the Company at 18 Ah Hood Road, #13-51 Hiap Hoe Building At Zhongshan Park, Singapore 329983, not less than 48 hours before the time appointed for the Meeting.

5. The instrument appointing the proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of a duly authorised officer or attorney.

6. Where the instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company), if required by law, be stamped and be deposited at the registered office of the Company, not less than 48 hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

General:

The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked. 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 whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By attending the Meeting and/or any adjournment thereof or 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ronald Lim Cheng Aun (Independent Non-Executive Chairman)
Teo Ho Beng (Chief Executive Officer)
Roland Teo Ho Kang (Managing Director)
Teo Keng Joo, Marc (Executive Director)
Chan Boon Hui (Lead Independent Non-Executive Director)
Koh Kok Heng, Leslie (Independent Non-Executive Director)

AUDIT AND RISK COMMITTEE

Chan Boon Hui (Chairman)
Ronald Lim Cheng Aun
Koh Kok Heng, Leslie

NOMINATING COMMITTEE

Ronald Lim Cheng Aun (Chairman)
Chan Boon Hui
Koh Kok Heng, Leslie

REMUNERATION COMMITTEE

Koh Kok Heng, Leslie (Chairman)
Chan Boon Hui
Ronald Lim Cheng Aun

FINANCIAL CONTROLLER

Irene Cheah Lan Kwee

JOINT COMPANY SECRETARIES

Ong Beng Hong
Tan Swee Gek

REGISTERED OFFICE / BUSINESS OFFICE

18 Ah Hood Road #13-51
Hiap Hoe Building At Zhongshan Park
Singapore 329983
Tel: +65 6250 2200
Fax: +65 6808 8803
Email: hiaphoe@hiaphoe.com
www.hiaphoe.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

AUDITORS

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
24 Raffles Place #07-03
Clifford Centre
Singapore 048621

AUDIT PARTNER-IN-CHARGE

Kon Yin Tong
Appointed on 7 September 2015

A RICHER LIFE FOR EACH OF US.

HIAP HOE LIMITED

Company Registration No. 199400676Z

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