# UNAUDITED RESULTS FOR FULL YEAR ENDED 31 DECEMBER 2018

## PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

### 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

| | | Group | | | | | |
|---|---|---|---|---|---|---|---|
| | | Fourth Quarter Ended | | | Financial Year Ended | | |
| | | 31.12.2018 | 31.12.2017 | +/(-) | 31.12.2018 | 31.12.2017 | +/(-) |
| | Note | $'000 | $'000 | % | $'000 | $'000 | % |
| **Revenue** | 1 | 2,571 | 5,440 | (52.7) | 10,424 | 14,500 | (28.1) |
| Cost of sales | 2 | (996) | (1,285) | (22.5) | (3,830) | (4,482) | (14.5) |
| Changes in fair value of investment securities | 3 | (1,334) | - | n.m. | (2,863) | - | n.m. |
| **Gross profit** | | 241 | 4,155 | (94.2) | 3,731 | 10,018 | (62.8) |
| Other income | 4 | 1,153 | (66) | n.m. | 8,866 | 8,378 | 5.8 |
| General and administrative costs | 5 | (1,420) | (1,957) | (27.4) | (7,496) | (6,696) | 11.9 |
| Other operating costs | 6 | 1 | (1,452) | n.m. | (70) | (3,296) | (97.9) |
| Finance costs | | (384) | (271) | 41.7 | (1,199) | (1,282) | (6.5) |
| Share of after tax results of associates and joint ventures | 7 | 298 | 999 | (70.2) | 1,035 | 1,036 | (0.1) |
| Profit/(loss) before taxation | | (111) | 1,408 | n.m. | 4,867 | 8,158 | (40.3) |
| Taxation | 8 | 199 | 134 | 48.5 | (509) | (751) | (32.2) |
| **Net profit after taxation** | | 88 | 1,542 | (94.3) | 4,358 | 7,407 | (41.2) |
| **Attributable to:** | | | | | | | |
| **Owners of the Company** | | 84 | 1,542 | (94.6) | 4,354 | 7,407 | (41.2) |
| **Non-controlling interests** | | 4 | - | | 4 | - | |
| **Profit for the year attributable to owners of the Company** | | 88 | 1,542 | | 4,358 | 7,407 | |

n.m. denotes not meaningful.

*The Purchase Price Allocation ("PPA") exercise for the acquisition of Capital Eagle Limited ("CEL") is in progress. Based on a preliminary assessment, the remeasurement gain was revised and a deferred tax liability recorded for the full year financials as compared to the amount recorded in 2Q2018 and 3Q2018. The 2Q2018 and 3Q2018 financials were revised in accordance with SFRS(I) 3 Business Combinations to take into account the preliminary assessment of the PPA exercise from the date of acquisition.*

## 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Fourth Quarter Ended | | | Financial Year Ended | | |
| | 31.12.2018 | 31.12.2017 | +/(-) | 31.12.2018 | 31.12.2017 | +/(-) |
| | $'000 | $'000 | % | $'000 | $'000 | % |
| Investment income | 183 | 231 | (20.8) | 1,075 | 1,086 | (1.0) |
| Interest income (included in revenue) | 177 | 144 | 22.9 | 644 | 896 | (28.1) |
| Interest on borrowings | (384) | (271) | 41.7 | (1,199) | (1,282) | (6.5) |
| Depreciation on property, plant and equipment and investment properties | (535) | (522) | 2.5 | (2,179) | (2,108) | 3.4 |
| Allowance made for impairment loss on | | | | | | |
| - quoted current investments | - | (1,077) | n.m. | - | (1,150) | n.m. |
| - unquoted non-current investments | - | (372) | n.m. | - | (1,344) | n.m. |
| - investment properties | - | (3) | n.m. | - | (802) | n.m. |
| Fair value changes in investment securities | (1,334) | - | n.m. | (2,863) | - | n.m. |
| (Over)/underprovision (net) of taxation in prior years | (280) | 507 | n.m. | (280) | 507 | n.m. |
| Foreign exchange gain/(loss) | 665 | (540) | n.m. | 724 | (876) | n.m. |
| Gain on disposal of investment securities (included in revenue) | - | 2,860 | n.m. | - | 4,403 | n.m. |
| Goodwill written off | 1 | - | n.m. | (70) | - | n.m. |
| Other income: | | | | | | |
| - Gain on disposal of non-current investments | - | - | n.m. | - | 220 | n.m. |
| - (Loss)/gain on disposal of investment properties | - | (6) | n.m. | 1,572 | 7,852 | (80.0) |
| - Gain on disposal of property, plant and equipment | - | - | - | 30 | - | n.m. |
| - Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages | (34) | - | n.m. | 4,755 | - | n.m. |
| - Gain on disposal of a subsidiary and its related joint operation | - | - | n.m. | 1,037 | - | n.m. |
| - Gain on liquidation of an associated company | 464 | - | n.m. | 464 | - | n.m. |

*The Purchase Price Allocation ("PPA") exercise for the acquisition of Capital Eagle Limited ("CEL") is in progress. Based on a preliminary assessment, the remeasurement gain was revised and a deferred tax liability recorded for the full year financials as compared to the amount recorded in 2Q2018 and 3Q2018. The 2Q2018 and 3Q2018 financials were revised in accordance with SFRS(I) 3 Business Combinations to take into account the preliminary assessment of the PPA exercise from the date of acquisition.*

## Notes to Group Profit and Loss Statement:

1. With effect from 1 Jan 2019, for investment securities designated as Fair value through Profit or Loss ("FVPL"), these investment securities are marked to market at reporting date and resulting changes in fair value are recorded in the "Changes in fair value of investment securities'' of the Group's profit and loss statement. Net gains on disposal of investment securities are no longer recorded in the "Revenue" line.

   Please refer to section 8 for the analysis of Revenue account.

2. Cost of sales decreased by $0.7 million year-on-year ("yoy") mainly due to one-off agency fees and UK business rates payable on the 20 Midtown property as the property was being leased out last year. Cost of sales decreased by $0.3 million quarter-on-quarter ("qoq") mainly due to UK business rates payable on the 20 Midtown property.

3. Changes in fair value of investment securities of $2.9 million yoy and $1.3 million qoq were due to net decreases in fair values for fair value through profit and loss ("FVPL") investment securities arising from unfavourable market conditions (refer to 4 and 5 on pages 16 and 17 for more information) on the investment securities that were being held by the Group. The STI Index decreased from 3,402.92 as at 31 December 2017 to 3,257.05 as at 30 September 2018, to 3,068.76 as at 31 December 2018 and KOSPI Index decreased from 2,467.49 as at 31 December 2017 to 2,343.07 as at 30 September 2018, to 2,041.04 as at 31 December 2018.

4. Other income comprised the following:

| | 4Q2018 $'000 | 4Q2017 $'000 | +/(-) % | FY2018 $'000 | FY2017 $'000 | +/(-) % |
|---|---|---|---|---|---|---|
| Interest income | 1 | 8 | n.m. | 19 | 9 | n.m. |
| Gain on disposal of non-current investments | - | - | - | - | 220 | n.m. |
| Gain on disposal of investment properties | - | (6) | n.m. | 1,572 | 7,852 | (80.0) |
| Gain on disposal of property, plant and equipment | - | - | - | 30 | - | n.m. |
| Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages ("remeasurement gain") | (34) | - | n.m. | 4,755 | - | n.m. |
| Gain on disposal of a subsidiary and its related joint operation | - | - | n.m. | 1,037 | - | n.m. |
| Gain on liquidation of an associated company | 464 | - | n.m. | 464 | - | n.m. |
| Other investment income | - | (136) | n.m. | - | - | n.m. |
| Foreign exchange gain (net) | 665 | - | n.m. | 724 | - | n.m. |
| Sundry | 57 | 68 | n.m. | 265 | 297 | (10.8) |
| | 1,153 | (66) | | 8,866 | 8,378 | |

- Remeasurement gain arose from the acquisition of 30% remaining interests in Capital Eagle Limited ("CEL") in 2Q2018. The Group recorded a provisional gain as a result of remeasuring its existing 70% interest in CEL held before the business combination to fair value upon completion of the acquisition pursuant to SFRS(I) 3.

- Gain on disposal of a subsidiary and its related joint operation refers to the disposal of the Group's interests in Capital Herbal Limited in 2Q2018.

- Gain on liquidation of an associated company refers to the completion of the liquidation of Norwest Holdings Pte Ltd ("NH") in 4Q2018. NH was placed under liquidation since 2007.

- The strengthening of the Singapore Dollars against Sterling Pound in FY2018 resulted in unrealised translation gain of $0.7 million in FY2018 and 4Q2018. The unrealised translation gain arose mainly due to the translation of receivables denominated in Singapore Dollars of a UK subsidiary arising from the strengthening of the Singapore Dollars against Sterling Pounds. Sterling Pound has decreased from 1.817029 as at 31 December 2017 to 1.795839 as at 31 December 2018.

5. General and administrative costs increased by $0.8 million yoy mainy due to-
   - $1.5 million yoy transaction costs and advisory costs arising from the acquisition of 30% interest in CEL;
   - offset by $0.9 million yoy on exchange loss recorded in general and administrative cost in FY2017.

   General and administrative costs decreased by $0.5 million qoq mainly due to foreign exchange loss of $0.5 million classified within general and administrative costs in 4Q2017.

6. Other operating costs comprised the following:

| | 4Q2018 $'000 | 4Q2017 $'000 | +/(-) % | FY2018 $'000 | FY2017 $'000 | +/(-) % |
|---|---|---|---|---|---|---|
| Allowance made for impairment loss on | | | | | | |
| - current investment securities | - | (1,077) | n.m. | - | (1,150) | n.m. |
| - non-current investment securities | - | (372) | n.m. | - | (1,344) | n.m. |
| - investment property | - | (3) | n.m. | - | (802) | n.m. |
| Goodwill written off | 1 | - | n.m. | (70) | - | n.m. |
| | 1 | (1,452) | | (70) | (3,296) | |

   - Allowance for impairment loss on current and non-current investment securities relate to investment securities that had suffered a significant or prolonged decline in the market value below the acquisition cost of those investments. Arising from the adoption of new accounting standard SFRS(I) 9, the Group no longer needs to perform assessment for impairment (please refer to 4 and 5 on pages 16 and 17 for more information).
   - Goodwill written off relates to the provisional amount arising from the differences in the purchase consideration versus the fair value of the net assets acquired in CEL.

7. Share of results of associates and joint ventures decreased by $0.7 million qoq mainly due to:
   a. Lower share of profits of $0.4 million qoq from one of its associated companies, Hong Property Investments Pte Ltd ("Hong Property"). The higher profits in 4Q 2017 came from the disposal of one medical unit at Lucky Plaza;
   b. Lower share of profits of $0.2 million qoq from one of its associated companies, Riverwalk Pte Ltd;
   c. Higher share of loss of $0.2 million qoq from one of its associates companies, Clan Kilmuir (Jersey) Limited.

8. The effective tax rate for FY2017 was 10.5% (2017: 9.2%). The taxation charge for the Group for FY2018 was lower than that arrived at by applying the statutory tax rate of 17% to the profit before taxation mainly due to certain gains being capital in nature, absence of tax effect on share of results of associates and joint ventures, offset by certain non-deductible expenses and losses incurred by foreign subsidiaries which are not available for set off against profits of local subsidiaries. The taxation charge for 4Q2018 and 4Q2017 were credit balance mainly due to reversal of tax as there's overprovision of tax after considering the utilisation of group tax relief as at year-end.

## Statement of Comprehensive Income

| | | Group | | | | | |
|---|---|---|---|---|---|---|---|
| | | Fourth Quarter Ended | | | Financial Year Ended | | |
| | Note | 31.12.2018 $'000 | 31.12.2017 $'000 | +/(-) % | 31.12.2018 $'000 | 31.12.2017 $'000 | +/(-) % |
| **Net profit after taxation** | | 88 | 1,542 | (94.3) | 4,358 | 7,407 | (41.2) |
| Other comprehensive (loss)/income: | | | | | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | | | | |
| Net loss on investment securities | 1 | (1,650) | - | n.m. | (3,030) | - | n.m. |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | | |
| Net (loss)/gain on available-for-sale investments (net of tax) | 1 | - | (566) | n.m. | - | 1,232 | n.m. |
| Exchange difference arising from | | | | | | | |
| - consolidation | 2 | (1,929) | 523 | n.m. | (2,294) | 806 | n.m. |
| - revaluation of net investment in foreign operation | 2 | (1,164) | (49) | n.m. | (1,594) | 77 | n.m. |
| - reclassification of foreign currency translation on disposal of a joint operation | 3 | - | - | n.m. | 1,463 | - | n.m. |
| - reclassification of foreign currency translation on liquidation of an associated company | 4 | 464 | - | n.m. | 464 | - | n.m. |
| Revaluation gain realised by an associate to income statement | | - | - | n.m. | (110) | (201) | n.m. |
| Other comprehensive (loss)/gain, net of tax | | (4,279) | (92) | | (5,101) | 1,914 | |
| **Total comprehensive (loss)/gain for the period** | | **(4,191)** | **1,450** | | **(743)** | **9,321** | |
| Total comprehensive gain/(loss) for the period attributable to: | | | | | | | |
| Owner of the Company | | (4,195) | 1,450 | n.m. | (747) | 9,321 | n.m. |
| Non-controlling Interests | | 4 | - | n.m. | 4 | - | n.m. |
| | | (4,191) | 1,450 | | (743) | 9,321 | |

*The Purchase Price Allocation ("PPA") exercise for the acquisition of Capital Eagle Limited ("CEL") is in progress. Based on a preliminary assessment, the remeasurement gain was revised and a deferred tax liability recorded for the full year financials as compared to the amount recorded in 2Q2018 and 3Q2018. The 2Q2018 and 3Q2018 financials were revised in accordance with SFRS(I) 3 Business Combinations to take into account the preliminary assessment of the PPA exercise from the date of acquisition.*

## Notes to Statement of Comprehensive Income

1) Arising from the adoption of SFRS(I) 9, available-for-sale investments are either classified under fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"). Net loss on FVOCI investment securities of $3.0 million yoy and $1.7 million in 4Q 2018 was mainly due to decrease in fair values arising from unfavourable market conditions.

2) Exchange differences arising from consolidation of $2.3 million in FY2018 and $1.9 million in 4Q 2018 and revaluation of net investment in foreign operation of $1.6 million in FY2018 and $1.2 million in 4Q 2018 were mainly due to unfavourable foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollars for those UK net investments and assets. The weakening of the Sterling Pound against Singapore Dollar resulted in overall net foreign exchange loss of approximately $3.2 million for FY2018. This is made up of $2.3 million and $1.6 million in Other Comprehensive Income, which is partially offset by a translation gain in the profit and loss of $0.7 million. For 4Q 2018, the overall net foreign exchange loss was approximately $2.4 million made up of $1.9 million and $1.2 million in Other Comprehensive Income, partially offset by a translation gain in the profit and loss of $0.7 million.

3) The currency translation reserve of Capital Herbal Limited was reclassified arising from the disposal of this entity in 2Q 2018.

4) The currency translation reserve of Norwest Holdings Pte Ltd was reclassified arising from the liquidation of this entity in 4Q2018.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | Note | $'000 | $'000 | $'000 | $'000 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | | 4,443 | 4,452 | - | - |
| Investment properties | 1 | 156,089 | 112,040 | - | - |
| Investment in subsidiaries | 2 | - | - | 167,849 | 170,464 |
| Investment in joint ventures | | 3,107 | 3,106 | - | - |
| Investment in associates | 3 | 23,699 | 27,812 | 746 | 746 |
| Investment securities | 4 | 26,799 | 23,212 | - | - |
| Other receivables | 5 | 13,936 | 5,582 | - | - |
| | | 228,073 | 176,204 | 168,595 | 171,210 |
| **Current assets** | | | | | |
| Tax recoverable | | 17 | 2 | - | - |
| Trade receivables | 6 | 1,861 | 494 | - | - |
| Prepayments and deposits | | 180 | 225 | 48 | 53 |
| Other receivables | 7 | 4,067 | 3,228 | - | 6 |
| Amounts due from subsidiaries | 8 | - | - | 11,264 | 6,694 |
| Amounts due from associates | | 6,383 | 6,465 | - | - |
| Investment securities | 9 | 18,426 | 24,773 | - | - |
| Cash and bank balances | 10 | 32,371 | 50,683 | 674 | 3,959 |
| | | 63,305 | 85,870 | 11,986 | 10,712 |
| **Current liabilities** | | | | | |
| Bank overdraft (secured) | | (100) | - | - | - |
| Trade payables | | (317) | (424) | - | - |
| Other payables | 11 | (2,983) | (2,192) | (372) | (369) |
| Accrued operating expenses | | (2,382) | (2,224) | (279) | (248) |
| Amounts due to associates | 12 | (1,983) | (542) | (366) | (361) |
| Bank loans (secured) | 13 | (65,120) | (53,177) | - | - |
| Tax payable | 14 | (1,698) | (2,012) | - | - |
| | | (74,583) | (60,571) | (1,017) | (978) |
| **Net current assets** | | (11,278) | 25,299 | 10,969 | 9,734 |
| **Non-current liabilities** | | | | | |
| Bank loans (secured) | 13 | (17,217) | - | - | - |
| Deferred tax liabilities | 15 | (4,915) | (3,970) | - | - |
| Other payables | 16 | (5,543) | (392) | - | - |
| | | (27,675) | (4,362) | - | - |
| **Net assets** | | 189,120 | 197,141 | 179,564 | 180,944 |

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | $'000 | $'000 | $'000 | $'000 |
| **Equity attributable to owner of the Company** | | | | |
| Share capital | 172,154 | 172,154 | 172,154 | 172,154 |
| Treasury shares | (260) | (165) | (260) | (165) |
| Capital reserve | 891 | 1,001 | - | - |
| Revenue reserve | 42,373 | 38,467 | 7,670 | 8,955 |
| Fair value reserve | (2,207) | 7,558 | - | - |
| Currency translation reserve | (23,835) | (21,874) | - | - |
| | 189,116 | 197,141 | 179,564 | 180,944 |
| Non-controlling interests | 4 | - | - | - |
| **Share capital and reserves** | 189,120 | 197,141 | 179,564 | 180,944 |

*The Purchase Price Allocation ("PPA") exercise for the acquisition of Capital Eagle Limited ("CEL") is in progress. Based on a preliminary assessment, the remeasurement gain was revised and a deferred tax liability recorded for the full year financials as compared to the amount recorded in 2Q2018 and 3Q2018. The 2Q2018 and 3Q2018 financials were revised in accordance with SFRS(I) 3 Business Combinations to take into account the preliminary assessment of the PPA exercise from the date of acquisition.*

**Notes to Statement of Financial Position:**

1. Investment properties increased by $44.0 million mainly due to:
   a. increase in 20 Midtown property arising from the acquisition of additional equity interests in CEL (refer to announcement on 24 April 2018 for more detailed information);
   b. acquisition of 2 commercial freehold sites at Jalan Besar (refer to announcements on 4 September 2018 and 26 June 2018 for more detailed information);
   c. purchase of a commercial freehold property at 20 Garrett Street, London; offset by
   d. translation loss arising from the UK properties as Sterling Pound had weakened against Singapore Dollar;
   e. disposal of a residential property in Singapore;
   f. de-consolidation of an commercial investment property in UK arising from the disposal of a subsidiary and its related joint operation; and
   g. depreciation of the investment properties in this period.

2. Investment in subsidiaries decreased by $2.6 million arising from an impairment made on the cost of investment in a subsidiary further to an assessment made on the carrying values of all the subsidiaries.

3. Investment in associates decreased by $4.1 million mainly due to distribution of dividends from an associate of $4.5 million, share of currency translation loss of an associated company of $0.4 million, partially offset by share of results of $0.9 million during the period.

4. Non-current investment securities increased by $3.6 million mainly due to additional $3.8 million investment made during the period, reclassification of $6.3 million from current investment securities to non-current due to SFRS(I) 9 adoption, offset by a fair value loss of $3.0 million in FVOCI investments, a return of capital of $0.6 million in an investment fund and a transfer of $2.8 million of a debt instrument from non-current to current classification.

5. Non-current other receivables increased by $8.4 million mainly due to increase in deferred rental receivable of $1.1 million from 20 Midtown property in UK and amount due from a joint venture of $7.1 million.

6. Trade receivables increased by $1.4 million mainly due to:
   (a) higher receivables of $0.7 million due from tenants,
   (b) $1.0 million being GST refundable arising from the purchase of the freehold land (see note 2 above); offset by
   (c) de-consolidation of trade receivables of $0.3 million arising from disposal of Capital Herbal Limited.

7. Current other receivables increased by $0.8 million mainly due to $0.3 million relating to conveyancing monies held on behalf by the solicitor arising from the acquisition of a property in London and a $0.3 million due from a joint venture partner.

8. Amounts due from subsidiaries increased by $4.6 million mainly due to dividends receivable from a subsidiary of $9.6 million offset by receipt of $5.0 million from the subsidiary and these were mainly utilised for payment of dividends.

9. Current investment securities decreased by $6.3 million mainly due to $6.3 million reclassification to non-current investment securities arising from SFRS(I) 9 adoption, $2.9 million of fair value losses during the period offset by a reclassification of a debt instrument from non-current to current classification of $2.7 million as the instrument is due within 12 months.

10. Decrease in Group's cash at bank balances of $18.3 million was mainly due to purchases made on non-current investments, investment property in 46 Loman Street, 20 Garrett Street, payment of dividends, offset by proceeds from disposal of a residential property in Singapore. Decrease in Company's cash at bank balances of $3.3 million was mainly due to payment of dividends to shareholders.

11. Increase in other payables by $0.8 million was mainly due to increase in tenancy deposit and deferred income of $0.4 million, $0.2 million due to an estate agent, and $0.1 million in architect cost payable.

12. Amounts due to associates increased by $1.4 million mainly due to holding of funds in trust for an associate.

13. Current bank loans increased by $11.9 million mainly due to increase in bank loan of $30.0 million, partially offset by:
    a. de-consolidation of bank loan of $14.5 million arising from disposal of Capital Herbal Limited;
    b. loan repayment of $1.8 million; and
    c. translation gain of $1.8 million as Sterling Pound had weakened against Singapore Dollar.

    Long term bank loans increased by $17.2 million due to loan obtained for the financing of the property purchased in 20 Garrett Street.

14. Tax payables decreased by $0.3 million mainly due to tax payment of $1.1 million partially offset by a reclassification of $0.5 million from deferred tax liabilities to tax payables arising from the income tax treatment upon adoption of SFRS(I) 9, and tax provision of $0.3 million made during the year.

15. Deferred tax liabilities increased by $0.9 million mainly due to $0.3 million provision of deferred tax on unremitted interest income, $1.2 million from provision of deferred tax on the re-measurement gain and partially offset by a reclassification of $0.5 million from deferred tax liabilities to tax payable arising from the income tax treatment upon adoption of SFRS(I) 9.

16. Non-current other payables increased by $5.2 million mainly due to loan due to non-controlling interests.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

**Amount repayable in one year or less, or on demand**

| | 31.12.2018 | | 31.12.2017 | |
|---|---|---|---|---|
| | Secured $'000 | Unsecured $'000 | Secured $'000 | Unsecured $'000 |
| Bank overdrafts | 100 | - | - | - |
| Short term bank loans | 65,120 | - | 53,177 | - |
| | 65,220 | - | 53,177 | - |

**Amount repayable after one year**

| | 31.12.2018 | | 31.12.2017 | |
|---|---|---|---|---|
| | Secured $'000 | Unsecured $'000 | Secured $'000 | Unsecured $'000 |
| Long term bank loans | 17,217 | - | - | - |

The Group has sufficient resources to repay the short-term bank loans and bank overdrafts.

**Details of any collateral**

Short term bank loans comprised:

a) An amount of $24.9 million (2017: $18.2 million) secured by a pledge of $15 million (2016: $15 million) on a subsidiary's fixed deposits and a corporate guarantee from the Company.
b) An amount of $24.2 million (2017: $15.1 million) secured by a legal charge over a subsidiary's investment property and assignment of tenancy agreement in respect of the property.
c) An amount of $ Nil (2017: $1.8 million) secured by a deed of guarantee and indemnity of $4 million (2017: $4 million) from a subsidiary.
d) An amount of $3.5 million (2017: $3.6 million) secured by a pledge of $4 million (2016: $4 million) on a subsidiary's fixed deposits.
e) An amount of $ Nil (2017: 14.5 million classified under Long term bank loan) is secured by a legal charge over a subsidiary's investment property.
f) An amount of $12.5 million (2017: Nil) secured by a legal charge over a subsidiary's investment properties, assignment of tenancy agreement in respect of the property and a corporate guarantee from another subsidiary company of the Group.

Long term bank loan is secured by a pledge of $0.3 million on a subsidiary's fixed deposits, a corporate guarantee from a subsidiary and a legal charge over a subsidiary's investment property.

Bank overdraft is secured by a legal charge over a subsidiary's property and assignment of tenancy agreement in respect of the property.

## 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | | |
|---|---|---|---|---|
| | Fourth Quarter Ended | | Financial Year Ended | |
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | $'000 | $'000 | $'000 | $'000 |
| **Cash flows from operating activities:** | | | | |
| Profit before taxation | (111) | 1,408 | 4,867 | 8,158 |
| Adjustments for: | | | | |
| Interest income | (178) | (152) | (663) | (905) |
| Interest expense | 384 | 271 | 1,199 | 1,282 |
| Fair value changes in investment securities | 1,334 | - | 2,863 | - |
| Dividend income from investment securities | (183) | (231) | (1,075) | (1,086) |
| Depreciation of property, plant and equipment and investment properties | 535 | 522 | 2,179 | 2,108 |
| Share of results of associates and joint ventures | (298) | (999) | (1,035) | (1,036) |
| Allowance (written-back)/made for impairment loss on | | | | |
| - investment properties | - | 3 | - | 802 |
| - non-current investment securities | - | 372 | - | 1,344 |
| - current investment securities | - | 1,077 | - | 1,150 |
| Gain on disposal of property, plant and equipment | - | - | (30) | - |
| Gain on disposal of a subsidiary and its related joint operation | - | - | (1,037) | - |
| Gain on remeasurement of investment in joint operation | - | | | |
| to fair value upon business combination achieved in stages | 34 | - | (4,755) | - |
| Gain on disposal of non-current investments | - | - | - | (220) |
| Gain on disposal of investment properties | - | 6 | (1,572) | (7,852) |
| Gain on dilution of an associated company | (464) | - | (464) | - |
| Goodwill written off | (1) | | 70 | |
| Unrealised exchange differences | (920) | (252) | (1,227) | 156 |
| | 243 | 617 | (5,547) | (4,257) |
| **Operating cash flows before changes in working capital** | 132 | 2,025 | (680) | 3,901 |
| (Increase)/decrease in receivables and current investments | (134) | 5,984 | (3,104) | 2,952 |
| (Decrease)/increase in payables | (131) | (51) | 950 | 211 |
| | (265) | 5,933 | (2,154) | 3,163 |
| **Cash flows (used in)/from operations** | (133) | 7,958 | (2,834) | 7,064 |
| Interest received | 130 | 549 | 473 | 1,118 |
| Interest paid | (384) | (306) | (1,199) | (1,282) |
| Dividend income from investment securities | 183 | 231 | 1,075 | 1,086 |
| Income taxes paid | - | 36 | (1,111) | (129) |
| | (71) | 510 | (762) | 793 |
| **Net cash flows (used in)/from operating activities carried forward** | (204) | 8,468 | (3,596) | 7,857 |

| | Group | | | |
|---|---|---|---|---|
| | Fourth Quarter Ended | | Financial Year Ended | |
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | $'000 | $'000 | $'000 | $'000 |
| **Net cash flows (used in)/from operating activities brought forward** | (204) | 8,468 | (3,596) | 7,857 |
| **Cash flows from investing activities:** | | | | |
| Increase in other investments | (10) | - | (3,229) | (2,650) |
| Decrease in other receivables | - | - | - | 9,528 |
| Dividends and distributions received from associates | 1,900 | 200 | 4,650 | 200 |
| Increase in investment in associate | - | (486) | - | (486) |
| Decrease in amounts due from associates | 90 | 2,781 | 210 | 3,015 |
| Increase in amounts due to associates | (1,444) | - | - | - |
| Decrease/(increase) in amounts due from joint ventures | 219 | 4,640 | (7,149) | 4,927 |
| Net cash inflows on disposal of subsidiary and its related joint operation | - | - | 11,754 | - |
| Net cash outflows on acquisition of a subsidiary | - | - | (18,650) | - |
| Proceeds from disposal of investment properties | 1 | 43 | 2,469 | 14,338 |
| Proceeds from disposal of property, plant and equipment | - | 4 | 30 | 141 |
| Proceeds from disposal of non-current investment securities | 58 | - | 77 | 470 |
| Subsequent expenditure on investment properties | (595) | (25) | (954) | (878) |
| Purchased of property, plant and equipment | (2) | (1) | (288) | (207) |
| Acquisition of investment properties | (34,091) | - | (48,300) | - |
| **Net cash flows (used in)/from investing activities** | (33,874) | 7,156 | (59,380) | 28,398 |
| **Cash flows from financing activities:** | | | | |
| Proceeds from bank loans | 28,604 | 13 | 47,250 | 3,162 |
| Repayments of bank loans | - | (2,085) | (1,800) | (19,013) |
| Increased in pledged deposits | (279) | - | (279) | - |
| Loan from non-controlling interests | 5,066 | - | 5,066 | - |
| Purchase of treasury shares | - | - | (95) | (67) |
| Dividends paid on ordinary shares | - | - | (7,183) | (6,532) |
| **Net cash flows from/(used in) financing activities** | 33,391 | (2,072) | 42,959 | (22,450) |
| Net (decrease)/increase in cash and cash equivalents | (687) | 13,552 | (20,017) | 13,805 |
| Cash and cash equivalents at beginning of the period | 12,311 | 18,134 | 31,683 | 17,866 |
| Effects of exchange rate changes on cash and cash equivalents | (76) | (3) | (118) | 12 |
| **Cash and cash equivalents at end of the period** | 11,548 | 31,683 | 11,548 | 31,683 |

For purposes of presenting consolidated cash flow statements, the consolidated cash and cash equivalents comprise the following:

| | Group | | Group | |
|---|---|---|---|---|
| | Fourth Quarter Ended | | Financial Year Ended | |
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Cash and bank balances: | 32,371 | 50,683 | 32,371 | 50,683 |
| Less: cash and bank balances pledged | (19,279) | (19,000) | (19,279) | (19,000) |
| Less: bank overdrafts | (100) | - | (100) | - |
| Less: restricted cash | (1,444) | - | (1,444) | - |
| Cash and cash equivalents at end of the period | 11,548 | 31,683 | 11,548 | 31,683 |

*The Purchase Price Allocation ("PPA") exercise for the acquisition of Capital Eagle Limited ("CEL") is in progress. Based on a preliminary assessment, the remeasurement gain was revised and a deferred tax liability recorded for the full year financials as compared to the amount recorded in 2Q2018 and 3Q2018. The 2Q2018 and 3Q2018 financials were revised in accordance with SFRS(I) 3 Business Combinations to take into account the preliminary assessment of the PPA exercise from the date of acquisition.*

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## 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

| | ------------- Attributable to Owners of the Company ------------- | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital $'000 | Treasury shares $'000 | Capital reserve ** $'000 | Revenue reserve $'000 | Fair value reserve $'000 | Currency translation reserve $'000 | Non-controlling interests $'000 | Total equity $'000 |
| **Group** | | | | | | | | |
| Balance at 1.1.2018 (FRS framework) | 172,154 | (165) | 1,001 | 38,467 | 7,558 | (21,874) | - | 197,141 |
| Cumulative effects of adopting SFRS(I) | - | - | - | 6,735 | (6,735) | - | - | - |
| Balance at 1.1.2018, SFRS(I) Framework | 172,154 | (165) | 1,001 | 45,202 | 823 | (21,874) | - | 197,141 |
| Total comprehensive (loss)/gain for the period | - | - | (110) | 696 | (1,323) | 525 | - | (212) |
| Balance at 31.3.2018 | 172,154 | (165) | 891 | 45,898 | (500) | (21,349) | - | 196,929 |
| Total comprehensive gain/(loss) for the period | - | - | - | 3,433 | (305) | (367) | - | 2,761 |
| Dividends paid | - | - | - | (7,183) | - | - | - | (7,183) |
| Balance at 30.6.2018 | 172,154 | (165) | 891 | 42,148 | (805) | (21,716) | - | 192,507 |
| Purchase of treasury shares | - | (95) | - | - | - | - | - | (95) |
| Total comprehensive gain for the period | - | - | - | 141 | 248 | 510 | - | 899 |
| Balance at 30.9.2018 | 172,154 | (260) | 891 | 42,289 | (557) | (21,206) | - | 193,311 |
| Total comprehensive gain/(loss) for the period | - | - | - | 84 | (1,650) | (2,629) | 4 | (4,191) |
| Balance at 31.12.2018 | **172,154** | **(260)** | **891** | **42,373** | **(2,207)** | **(23,835)** | **4** | **189,120** |
| | | | | | | | | |
| Balance at 1.1.2017 | 172,154 | (98) | 1,202 | 37,592 | 6,326 | (22,757) | - | 194,419 |
| Total comprehensive gain/(loss) for the period | - | - | - | 3,221 | 2,420 | (4,194) | - | 1,447 |
| Balance at 31.3.2017 | 172,154 | (98) | 1,202 | 40,813 | 8,746 | (26,951) | - | 195,866 |
| Purchase of treasury shares | - | (67) | - | - | - | - | - | (67) |
| Total comprehensive gain/(loss) for the period | - | - | - | 1,375 | (437) | 2,201 | - | 3,139 |
| Dividends paid | - | - | - | (6,532) | - | - | - | (6,532) |
| Balance at 30.6.2017 | 172,154 | (165) | 1,202 | 35,656 | 8,309 | (24,750) | - | 192,406 |
| Total comprehensive (loss)/gain for the period | - | - | (201) | 1,269 | (185) | 2,402 | - | 3,285 |
| Balance at 30.9.2017 | 172,154 | (165) | 1,001 | 36,925 | 8,124 | (22,348) | - | 195,691 |
| Total comprehensive gain/(loss) for the period | - | - | - | 1,542 | (566) | 474 | - | 1,450 |
| Balance at 31.12.2017 | **172,154** | **(165)** | **1,001** | **38,467** | **7,558** | **(21,874)** | **-** | **197,141** |

**Capital reserve relates to unrealised revaluation gain pertaining to certain properties purchased from an associate.

*The Purchase Price Allocation ("PPA") exercise for the acquisition of Capital Eagle Limited ("CEL") is in progress. Based on a preliminary assessment, the remeasurement gain was revised and a deferred tax liability recorded for the full year financials as compared to the amount recorded in 2Q2018 and 3Q2018. The 2Q2018 and 3Q2018 financials were revised in accordance with SFRS(I) 3 Business Combinations to take into account the preliminary assessment of the PPA exercise from the date of acquisition.*

| | Share capital $'000 | Treasury shares $'000 | Revenue reserve $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| Balance at 1.1.2018 | 172,154 | (165) | 8,955 | 180,944 |
| Total comprehensive loss for the period | - | - | (241) | (241) |
| Balance at 31.3.2018 | 172,154 | (165) | 8,714 | 180,703 |
| Purchase of treasury shares | - | - | - | - |
| Total comprehensive loss for the period | - | - | (287) | (287) |
| Dividends paid | - | - | (7,183) | (7,183) |
| Balance at 30.6.2018 | 172,154 | (165) | 1,244 | 173,233 |
| | - | (95) - | | (95) |
| Total comprehensive gain for the period | - | - | 344 | 344 |
| Balance at 30.9.2018 | 172,154 | (260) | 1,588 | 173,482 |
| Total comprehensive gain for the period | - | - | 6,082 | 6,082 |
| Balance at 31.12.2018 | 172,154 | (260) | 7,670 | 179,564 |
| | | | | |
| Balance at 1.1.2017 | 172,154 | (98) | 7,555 | 179,611 |
| Total comprehensive loss for the period | - | - | (206) | (206) |
| Balance at 31.3.2017 | 172,154 | (98) | 7,349 | 179,405 |
| Purchase of treasury shares | - | (67) | - | (67) |
| Total comprehensive loss for the period | - | - | (301) | (301) |
| Dividends paid | - | - | (6,532) | (6,532) |
| Balance at 30.6.2017 | 172,154 | (165) | 516 | 172,505 |
| Total comprehensive gain for the period | - | - | 2,880 | 2,880 |
| Balance at 30.9.2017 | 172,154 | (165) | 3,396 | 175,385 |
| Total comprehensive gain for the period | - | - | 5,559 | 5,559 |
| Balance at 31.12.2017 | 172,154 | (165) | 8,955 | 180,944 |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

(a) No option has been granted under the Hwa Hong Corporation Limited (2001) Share Option Scheme since its adoption on 29 May 2001. At the 58th Annual General Meeting held on 27 April 2011, the shareholders of the Company approved the extension of the scheme for another ten years from 29 May 2011 to 28 May 2021.

(b)

| | 31/12/2018 | 31/12/2017 |
|---|---|---|
| | $'000 | $'000 |
| Share capital | 172,154 | 172,154 |

| | 31/12/2018 | 31/12/2017 |
|---|---|---|
| | '000 | '000 |
| Total number of issued shares | 653,504 | 653,504 |
| Total number of treasury shares | (843) | (546) |
| Total number of subsidiary holdings | - | - |
| Total number of issued shares excluding treasury shares and subsidiary holdings | 652,661 | 652,958 |

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| | 31/12/2018 | 31/12/2017 |
|---|---|---|
| | '000 | '000 |
| Total number of issued shares | 653,504 | 653,504 |
| Total number of treasury shares | (843) | (546) |
| Total number of issued shares excluding treasury shares | 652,661 | 652,958 |

As at 31 December 2018 and 31 December 2017, there were no outstanding convertibles.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no shares buy-backs during the current quarter.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

## 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

## 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Accounting Standards Council has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is to be adopted by Singapore incorporated companies listed on the Singapore Exchange, for annual period beginning on or after 1 January 2018. As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at the end of the first SFRS(I) reporting period (31 December 2017), except for areas of exceptions and optional exemptions set out in SFRS(I) 1.

The Group has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there are no changes to the Group's and the Company's current accounting policies under the Financial Reporting Standards in Singapore or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 2017 except for the adoption of SFRS(I) 9 Financial Instruments.

The effect of the adoption was discussed in item 5 below.

## 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company have adopted the following new SFRS(I)s, amendments to and interpretations of SFRS(I) that are effective for the financial periods beginning on 1 January 2018:-

| Description | Effective for annual periods beginning on or after |
|---|---|
| SFRS(I) 15 Revenue from Contracts with Customers | 1 January 2018 |
| SFRS(I) 9 Financial Instruments | 1 January 2018 |
| Amendments to SFRS(I)15: Clarifications to SFRS(I) 15 Revenue from Contracts with Customers | 1 January 2018 |
| Amendments to SFRS(I) 2: Classification and Measurement of Share based Payment Transaction | 1 January 2018 |
| Amendments to SFRS(I) 1-28 Investments in Associates and Joint Ventures | 1 January 2018 |
| SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |

The adoption of the revised SFRS(I)s did not have any material financial impact on the financial statements of the Group and the Company for the year ended 31 December 2018 except for SFRS(I) 9 (previously FRS 109).

The changes in accounting policies have been applied retrospectively and the Group has elected to apply the limited exemption in SFRS(I) 9 and has not restated comparative periods in the year of initial application. Any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application are recognised in the opening retained earnings.

For equity securities, the Group measures its currently available-for-sale quoted equity securities of $18.4 million held as at 1 January 2018 at fair value through profit or loss (FVPL). The fair value reserve of $1.8m previously recognised in other comprehensive income was adjusted against retained earnings on initial application. The Group measures the remaining available-for-sale equity securities amounting to $6.3 million as at 1 January 2018 at fair value through other comprehensive income (FVOCI). The impairment loss of $5 million previously recognised in profit or loss was adjusted against revenue reserve on date of initial application.

The impacts arising from SFRS(I) 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

The effects to opening retained earnings and opening fair value reserves on the financial statements are shown under 1(d)(i).

## 6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | GROUP | | | |
|---|---|---|---|---|
| | Fourth Quarter Ended | | Financial Year Ended | |
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| Earnings per ordinary share attributable to owners of the Company after deducting any provision for preference dividends: | | | | |
| (i) Based on the weighted average number of ordinary shares in issue (cents) | 0.01 | 0.24 | 0.67 | 1.13 |
| (ii) On a fully diluted basis (cents) | 0.01 | 0.24 | 0.67 | 1.13 |

## 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

**(a) current financial period reported on; and**

**(b) immediately preceding financial year**

| | Group | | Company | |
|---|---|---|---|---|
| | As at 31.12.2018 | As at 31.12.2017 | As at 31.12.2018 | As at 31.12.2017 |
| Net asset value per ordinary share (cents) | 28.98 | 30.19 | 27.51 | 27.71 |

Note: dividend of 1.1 cent was paid in 2Q 2018.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Revenue**

| | 4Q2018 $'000 | 4Q2017 $'000 | +/(-) % | FY2018 $'000 | FY2017 $'000 | +/(-) % |
|---|---|---|---|---|---|---|
| Rental | 2,211 | 2,206 | 0.2 | 8,705 | 8,117 | 7.2 |
| Investments | 360 | 3,234 | (88.9) | 1,719 | 6,383 | (73.1) |
| Corporate and Others | - | - | - | - | - | - |
| | 2,571 | 5,440 | | 10,424 | 14,500 | |

Increase in revenue for rental segment by $0.6 million yoy takes into account:-

- increase in rental income from 20 Midtown (formerly known as Eagle House) by $1.4 million yoy arising from the increase in shareholding from a joint operation to 100% wholly-owned subsidiary; offset by
- decrease in rental income from Herbal Hill by $0.7 million yoy subsequent to the disposal of joint operation in 2Q 2018.

Decrease in revenue for investments segment by $4.7 million yoy and $2.9 million qoq takes into account:

- absence of net gain on disposal of investment securities of $4.4 million yoy and $2.9 million qoq subsequent to SFRS(I) 9 adoption;
- decrease in interest income by $0.3 million yoy mainly absence of interest income from DR Trust subsequent to the receipt of loan in 2Q2017.

**Profit before tax**

| | 4Q2018 $'000 | 4Q2017 $'000 | +/(-) % | FY2018 $'000 | FY2017 $'000 | +/(-) % |
|---|---|---|---|---|---|---|
| Rental | 695 | 248 | n.m. | 7,403 | 8,569 | (13.6) |
| Investments | (568) | 2,422 | n.m. | 34 | 3,780 | (99.1) |
| Corporate and Others | (525) | (504) | 4.2 | (2,129) | (2,052) | 3.8 |
| | (398) | 2,166 | | 5,308 | 10,297 | |
| Unallocated items | 287 | (758) | n.m. | (441) | (2,139) | (79.4) |
| | (111) | 1,408 | | 4,867 | 8,158 | |

Rental segment refers to rental of residential, commercial properties and warehouse. Profit before taxation for Rental segment decreased by $1.2 million yoy and increased by $0.4 million qoq takes into account:-

- re-measurement gain of $4.8 million yoy;
- absence of impairment of investment properties of $0.8 million yoy;
- decrease in gain from disposal of investment properties by $6.3 million yoy;
- transaction costs and advisory costs of $1.5 million incurred yoy mainly arising from the acquisition of 30% interest in Capital Eagle Limited;
- reduce of profits from Herbal by $0.6 million yoy and $0.1 million qoq;
- increase in profits from of $1.9m from 20 Midtown and $0.3 million qoq.

Investment segment refers to investment holding. The profit before taxation for Investment segment decreased by $3.7 million yoy and declined from a profit position to a loss position $3.0 million qoq takes into account:-

- loss in fair value changes in FVPL of $2.9 million yoy and $1.3 million qoq;
- absence of net gain on disposal of current and non-current investment securities of $4.4 million yoy and $2.9 million qoq;
- decrease in interest income of $0.3 million yoy;
- absence of allowance for impairment loss on investment securities of $2.5 million yoy and $1.4 million qoq as the Group no longer needs to assess for impairment arising from SFRS(I) 9;
- decrease in share of associates and joint venture by $0.7 million qoq;
- gain on disposal of a subsidiary and its related joint operation of $1.0 million yoy;.
- gain on liquidation of an associated company of $0.5 million yoy and qoq.

Corporate segment refers to the provision of management, administrative and support services to related companies and investment holding.

Unallocated items refer to items such as finance costs and certain foreign exchange differences which are managed on a Group basis and were not allocated to the segments. The losses yoy were mainly due to finance cost of $1.2 million offset with $0.8 million favourable foreign exchange impact arising from the translation of Singapore Dollar receivables to Sterling Pound in a UK subsidiary. The profits in 4Q2018 were mainly due to favourable foreign exchange impact of $0.7 million in 4Q2018 offset with finance cost of $0.4 million in 4Q2018.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Asset prices globally continue to be impacted by negative factors, including uncertainties surrounding global trade, Brexit worries and rising interest rates.

In addition, recent policy changes in Singapore have cooled down the residential property market while stamp duty increases and Brexit concerns have caused a slowdown in the London residential market.

The Group is however cautiously optimistic on the commercial property sectors in Singapore and London given, inter alia, the supply and demand dynamics and rental cycles in the respective markets. In London, the Group together with third party investors acquired 2 commercial properties which will contribute positively to future earnings.

In Singapore, our commercial development plans at Jalan Besar are progressing as planned.

The Group's investment properties are fully leased, save for one unit in London which is undergoing refurbishment.

## 11. Dividend

### *(a) Current Financial Period Reported On*

Any dividend declared for the current financial period reported on? Yes.

| | |
|---|---|
| Name of Dividend | Final Ordinary Dividend |
| Dividend Type | Cash |
| Dividend Amount per Share (in cents) | 1 cent, (one-tier) tax exempt |
| Tax Rate | Not applicable |

### *(b) Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

| | | |
|---|---|---|
| Name of Dividend | Final Ordinary Dividend | Special Dividend |
| Dividend Type | Cash | Cash |
| Dividend Amount per Share (in cents) | 1 cent, (one-tier) tax exempt | 0.1 cent, (one-tier) tax exempt |
| Tax Rate | Not applicable | Not applicable |

### *(c) Date payable*

The proposed final dividend, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 17 May 2019.

### *(d) Books closure date*

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 3 May 2019 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrars, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 up to 5.00 p.m. on 2 May 2019 will be registered before entitlements to the dividend are determined. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

### *(e) Interim dividend declared and paid for the current reporting period*

Not applicable.

## 12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

## PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

### 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different strategies.

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

- rental: rental of residential, commercial properties and warehouse
- investment: investment holding
- corporate and others: investment holding.

For purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors performance based on segment profit before income tax. Segment profit is measured as management believes that such segment transactions are determined on an arm's length basis.

There are no asymmetrical allocations to reportable segments.

Unallocated items such as cash at bank, bank overdrafts, bank loans, provision for tax, deferred taxation, finance costs and certain foreign exchange differences are managed on a Company and Group basis and were not allocated to the segments.

| | Rental | Investments | Corporate & Others | Note | Eliminations | Total |
|---|---|---|---|---|---|---|
| **FY2018** | **$'000** | **$'000** | **$'000** | | **$'000** | **$'000** |
| | | | | | | |
| **Income Statement** | | | | | | |
| Revenue | | | | | | |
| - external | 8,705 | 1,719 | - | | - | 10,424 |
| - inter-segment | - | 4,500 | 9,608 | A | (14,108) | - |
| Total revenue | 8,705 | 6,219 | 9,608 | | | 10,424 |
| Interest income (in other income) | 2 | 1 | 16 | | - | 19 |
| Depreciation of property plant and equipment and investment properties | (1,980) | (43) | (156) | | - | (2,179) |
| Fair value changes in investment securities | - | (2,863) | - | | - | (2,863) |
| Gain on disposal of investment properties | 1,572 | - | - | | - | 1,572 |
| Gain from disposal of subsidiary and its related joint operation | - | 1,037 | - | | - | 1,037 |
| Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages | 4,755 | - | - | | - | 4,755 |
| Gain from liquidation of an associated company | - | 464 | - | | - | 464 |
| Gain from disposal of property, plant and equipment | 21 | 9 | - | | - | 30 |
| Share of results from associates and unincorporated joint venture | - | 1,035 | - | | - | 1,035 |
| Profit/(loss) before taxation | 7,403 | 34 | (2,129) | B | (441) | 4,867 |
| **Balance Sheet** | | | | | | |
| Investment in joint ventures | - | 3,107 | - | | - | 3,107 |
| Investment in associates | - | 23,699 | - | | - | 23,699 |
| Additions to non-current assets | 73,715 | 64 | 75 | C | - | 73,854 |
| Segment assets | 189,823 | 180,641 | 185,406 | D | (264,492) | 291,378 |
| Segment liabilities | (122,304) | (34,080) | (3,207) | E | 57,333 | (102,258) |

| FY2017 | Rental<br>$'000 | Investments<br>$'000 | Corporate & Others<br>$'000 | Note | Eliminations<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | |
| Revenue | | | | | | |
| - external | 8,117 | 6,383 | - | | - | 14,500 |
| - inter-segment | - | 5,200 | 8,100 | A | (13,300) | - |
| Total revenue | 8,117 | 11,583 | 8,100 | | | 14,500 |
| Interest income (in other income) | 1 | - | 8 | | - | 9 |
| Depreciation of property plant and equipment and investment properties | (1,912) | (40) | (156) | | - | (2,108) |
| Gain on disposal of investment properties | 7,852 | - | - | | - | 7,852 |
| Allowance made for impairment loss on current investment securities | - | (1,150) | - | | - | (1,150) |
| Allowance made for impairment loss on non-current investment securities | - | (1,344) | - | | - | (1,344) |
| Impairment loss on investment properties | (802) | - | - | | - | (802) |
| Share of results from associates and unincorporated joint venture | - | 1,036 | - | | - | 1,036 |
| Profit/(loss) before taxation | 8,569 | 3,780 | (2,052) | B | (2,139) | 8,158 |
| **Balance Sheet** | | | | | | |
| Investment in joint ventures | - | 3,106 | - | | - | 3,106 |
| Investment in associates | - | 27,812 | - | | - | 27,812 |
| Additions to non-current assets | 1,017 | 60 | 7 | C | - | 1,084 |
| Segment assets | 141,953 | 111,553 | 183,232 | D | (174,664) | 262,074 |
| Segment liabilities | (54,820) | (28,381) | (3,239) | E | 21,507 | (64,933) |

**A.** Inter-segment revenues are eliminated on consolidation.

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

| | FY2018<br>$’000 | FY2017<br>$’000 |
|---|---|---|
| Finance costs | (1,199) | (1,282) |
| Unallocated income/(expenses) | 758 | (857) |
| | (441) | (2,139) |

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

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

| | FY2018 $'000 | FY2017 $'000 |
|---|---|---|
| Cash and bank balances | 32,371 | 50,683 |
| Inter-segment assets | (296,863) | (225,347) |
| | (264,492) | (174,664) |

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

| | FY2018 $'000 | FY2017 $'000 |
|---|---|---|
| Bank loans | 82,337 | 53,177 |
| Bank overdaft | 100 | – |
| Tax payable | 1,698 | 2,012 |
| Deferred tax liabilities | 4,915 | 3,970 |
| Inter- segment liabilities | (146,383) | (80,666) |
| | (57,333) | (21,507) |

**Geographical information:**

| | FY2018 | | FY2017 | |
|---|---|---|---|---|
| | Revenue $'000 | Non-current assets $'000 | Revenue $'000 | Non-current assets $'000 |
| Singapore | 6,794 | 115,465 | 11,528 | 103,277 |
| United Kingdom | 3,630 | 112,608 | 2,972 | 72,927 |
| | 10,424 | 228,073 | 14,500 | 176,204 |

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

Information about a major customer
Revenue of $4.4 million (2017: $4.4 million) was derived from a single external customer. This revenue was derived in Singapore and relates to rental income.

## 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8 of this announcement.

## 15. A breakdown of sales.

| | | GROUP | | |
|---|---|---|---|---|
| | | FY2018 $'000 | FY2017 $'000 | +/(–) % |
| (a) | Revenue reported for first half year | 5,498 | 5,959 | (7.7) |
| (b) | Operating profit after tax before deducting minority interests reported for first half year | 4,129 | 4,596 | (10.2) |
| (c) | Revenue reported for second half year | 4,926 | 8,541 | (42.3) |
| (d) | Operating profit after tax before deducting minority interests reported for second half year | 229 | 2,811 | (91.8) |

*The Purchase Price Allocation ("PPA") exercise for the acquisition of Capital Eagle Limited ("CEL") is in progress. Based on preliminary assessment, we noted differences in the remeasurement gain and a provision required for deferred tax for the full year financials compared to the amount recorded in 2Q2018 and 3Q2018. The 2Q2018 and 3Q2018 financials were revised in accordance with SFRS(I) 3 Business Combinations to take into account the preliminary assessment of the PPA exercise from the date of acquisition.*

## 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| | GROUP | |
|---|---|---|
| | FY2018 $'000 | FY2017 $'000 |
| Ordinary | 7,183 | 6,532 |
| Preference | – | – |
| Total | 7,183 | 6,532 |

## 17. Interested Person Transactions

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|
| Hong Leong Investment Holdings Pte. Ltd. Group<br>– Purchase of 2 commercial freehold lands from City Developments Limited | $13,800,000 | Nil^ |
| Hong Leong Investment Holdings Pte. Ltd. Group<br>– Interest charged on shareholder loan to Hong Property Investment Pte Ltd | $129,203 | Not applicable* |

* There is no subsisting shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

## 18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the prescribed format. If there are no such persons, the issuer must make an appropriate negative statement.

Please refer to the Group's other Announcement dated 31 January 2019.

## 19. UNDERTAKINGS CONFIRMATION

The Company hereby confirms that the undertakings as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual has been procured from all its Directors and Executive Officers.

Submitted by

Lee Soo Wei
Chief Financial Officer
31 January 2019