Building Growth and Sustainability

HEETON

Heeton Holdings Limited
Annual Report 2018

HEETON










CORPORATE **PROFILE**

Heeton Holdings Limited is a real estate conglomerate focused on property development, investment and management. Established in 1976, the Company was listed on the Singapore Exchange in September 2003, and has since extended its business frontiers beyond Singapore to Thailand, Australia, Japan, Malaysia, Vietnam and the United Kingdom.

As a boutique property developer, Heeton enjoys a reputation for distinctive and high quality developments in the choicest districts of some of the world's major cities including Singapore, London and Bangkok. Heeton has also formed strong partnerships with other established real estate groups to develop properties locally and internationally.

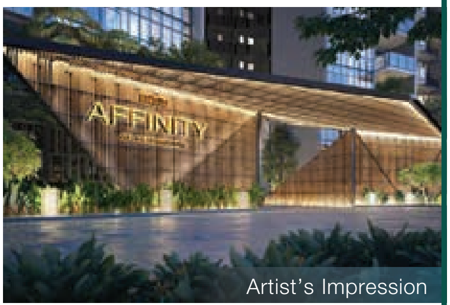
Heeton's growth in the property industry is underpinned by a stable real estate portfolio that includes commercial properties (shopping malls and serviced offices) and hotels. The group is currently exploring further acquisitions.

Heeton entered the hospitality sector in 2011 with the acquisition of the Mercure Hotel Pattaya, Thailand. Following an aggressive expansion programme the Company's hotel portfolio has now increased to 11 properties world-wide, as at December 2018, with further additions expected in 2019. Developing the hotel division will a key priority for Heeton, with the objective of becoming a prominent player on the international hospitality stage.

Hampton by Hilton Leeds
(Artist's Impression)

CONTENT

SIGNIFICANT EVENTS

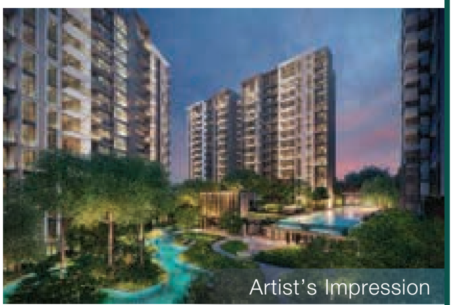


Artist's Impression

JUNE 2018

Launch of Affinity at Serangoon

Heeton is part of a consortium behind the Affinity at Serangoon, a 99-year leasehold mega condominium development comprising over 1,000 apartments, penthouses and strata landed houses all nestled in the peaceful suburban community of Serangoon Estate. The prestigious development is designed by award winning DP Architects.


Artist's Impression

JULY 2018

Launch of Park Colonial

A joint building project by CEL Development, Heeton Holdings Limited and KSH Holdings, Park Colonial is a luxury condominium development of six towers accommodating a total of 805 residential units from one to five bedrooms. Located in Woodleigh and enjoying a 99-year lease, the development is scheduled to be completed in 2022.

AUGUST 2018

Acquisition of Smile Hotel Asakusa

Together with joint venture partner KSH Holdings, Heeton has acquired the Smile Hotel Asakusa in Tokyo, the group's second hotel property in Japan. The 96-bedroom hotel is located close to the Asakusa Station and is currently leased to third party operator till 2020.

SEPTEMBER 2018

Acquisition of Stewart Aparthotel Edinburgh

Stewart Aparthotel Edinburgh accommodates 31 apartment units; it is located in the New Town sector of the heritage city close to its prime residential and commercial districts, and tourist attractions including Edinburgh Castle. Following its acquisition, the property has been relaunched as an aparthotel and managed by Heeton's hospitality division.

OCTOBER 2018

Acquisition of Hotel Indigo Glasgow

An investment consortium led by Heeton has acquired the landmark Hotel Indigo Glasgow in Scotland. The 5-storeyed 94 bedroomed property was built in 1892 and its architecture is of historical significance. The hotel operates under a franchise agreement with the InterContinental Hotels Group.

Artist's Impression

DECEMBER 2018

Development Project in Bhutan

A development site in the Kingdom of Bhutan has been acquired for the construction of a luxury hotel resort complex. Located in the district of Paro close to the country's only international airport, the 3 acre hill top site commands panoramic views of the surrounding countryside. Development is scheduled to commence in first half of 2019 and complete by December 2020.

Building
Sustainable Growth

Heeton Holdings delivers shareholder value by constantly seeking ways of converting business opportunities into sustainable growth avenues. Our measure of success goes beyond financial performance, extending to intangible but no less important corporate, community and environmental criteria, underpinned by our organisation's long-established vision and values. In the context of today's corporate culture, sustainable growth is evidence of a company's commitment towards maximising shareholder returns.

Hotel Indigo Glasgow

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

Following the robust increases in residential enbloc sales in the first half of 2018 and further increases in the private property price index, further cooling measures were introduced by the government in July 2018. The global economy was also affected by the impact of international trade disputes. All these greatly affected the appetite for residential land acquisition by developers and also saw a decline in the private property index. The residential property market has since turned cautious.

Despite these headwinds, Heeton remained resilient with a healthy set of results in FY2018. The Group stayed focused on the long term strategy of growing its hospitality portfolio, acquiring attractive assets in key destinations to add to Heeton's recurring income base.

FINANCIAL PERFORMANCE FY2018

Financially, the Group registered a slight decline of 3.6% in revenue from $57.13 million in FY2017 to $55.08 million in FY2018. This was mainly due to the decrease in sales revenue from residential project, Onze@Tanjong Pagar as this project was substantially sold in FY2017 as compared to FY2018. FY2018 also saw a reduction in rental revenue of $1.83 million as the sale of one of its investment properties, The Woodgrove, was completed in February 2018.

Nevertheless, for FY2018, Heeton recorded a healthy net profit after tax of $16.21 million mainly attributable to the increase in hotel operation income of $4.77 million.

DEVELOPMENT PROPERTIES

The latest cooling measures resulted in lower transaction volume as well as selling price for private residential properties. Despite these unfavourable conditions, the Group, together with its joint venture partners, launched two projects during the year, both of which attained respectable results. In addition to these two projects, Heeton has another on-going joint venture residential development project.

INVESTMENT AND HOSPITALITY PROPERTIES

Hospitality assets have been the Group's main focus for the past few years and this has remained so in FY2018. The team sourced and studied suitable, attractive hospitality assets, successfully acquiring three new hotels – Smile Hotel Asakusa in Tokyo, Stewart Aparthotel Edinburgh and Hotel Indigo Glasgow. These newest additions have brought Heeton's hospitality portfolio to a total of 11 operating hotels, spanning across the United Kingdom (UK), Japan and Thailand. Six of these hotels are managed by the Heeton Hospitality team.

In December 2018, the Group acquired land in the emerging tourist destination of Bhutan. The proposal for a boutique hotel aims to cater to both domestic and international guests. This acquisition is indicative of the Group's willingness to participate in development projects located in emerging countries.

FY2018 AND BEYOND

Embarking on the new year of 2019, the Group will continue to focus on investment properties and hospitality assets. The strategy in building recurring income has worked well for the Group, and built its resilience.

Heeton's current portfolio of investment properties remains robust. Japan is still enjoying good room rates and occupancy levels as the country gears up towards the Olympics in 2020. Thailand has emerged from the Phuket ferry incident that resulted in a decline of Chinese visitors. In the UK, although there is a cloud of uncertainty over Brexit, the Group's UK hospitality assets are still performing well. Their clientele are mainly inbound global visitors as well as local UK corporate travellers, relatively unaffected by Brexit.

Heeton remains cautious but positive on the long term prospects of the local residential property market.

DIVIDENDS

In view of the Group's performance in FY2018, the board of Directors (the "Board") has recommended a final dividend of 0.6 Singapore cents per share for FY2018. This will be subjected to shareholders' approval in the upcoming Annual General Meeting.

A WORD OF APPRECIATION

Although the local residential property market has been challenging for local developers for the past few years, the support and dedication from the management and staff as well as the business partners and associates have been instrumental in the Group's endeavour to manage beyond these uncertainties, transforming us into a strategic industry player with an international hospitality property portfolio.

As such, on behalf of the Board, I would like to take this opportunity to say a big thank you to each of you, as well as our investors and shareholders for their unwavering belief in Heeton.

TOH KHAI CHENG
Non-Executive Chairman

主席致辞

亲爱的股东，

继2017年新加坡房地产市场趋势以及2018年7月实施的住宅降温政策，导致了房地产需求下滑。全球经济也受到国际贸易争端的影响而放缓。这种种因素都对众多房地产商带来负面影响。在逆风中，喜敦仍然屹立不倒，依然在2018财政年取得了不俗的业绩。此外，本集团将继续专注于发展其酒店业务为长期策略，在各主要城市收购具潜力的产业以进一步增强喜敦的持续性收益。

2018财政年财务表现

财务方面，本集团的营业额稍微下滑3.6%，从2017财政年的5,713万减少至2018财政年的5,508万。这主要是因为住宅项目Onze @ Tanjong Pagar已在2017年大量售出，因此2018年销售收入有所减少。除此之外，本集团也出售了旗下一项投资产业The Woodgrove（2018年2月完成），租金收入下跌了183万。

尽管如此，喜敦在2018财政年仍然取得了佳绩，本年税后利润为1,621万。这主要归功于酒店营业收入增加了477万。

房地产开发

2018年7月实施的降温措施令许多业者感到意外，深刻地影响了本地房地产市场的购买情绪。这导致了私人住宅的交易量以及售价有所滑落。尽管这些不利因素，本集团于2018年内推出了两个房地产开发项目并取得了可观的销售成果。除了这两个项目，喜敦在现阶段还有另一个正在筹备中的合资住宅开发项目。

房地产投资以及酒店业资产

酒店业务一直是集团过去几年的发展重点，而该策略仍在2018财政年中持续着。在过去一年里，本集团一直在物色合适的酒店资产，并且成功的收购了三家新酒店 – 东京日本的浅草微笑酒店（Smile Hotel Asakusa）；苏格兰格拉斯哥的Hotel Indigo Glasgow和苏格兰爱丁堡的斯图尔特公寓酒店（Stewart Aparthotel Edinburgh）。这些新添的酒店资产使喜敦的酒店资产组合增至11家酒店，遍布英国，日本和泰国。其中六家酒店由Heeton Hospitality直接管理。

在2018年12月，集团还在不丹，这个新兴旅游景点添购了一块土地。本集团有意投资发展一个迎合国内和国际旅客标准的精品酒店。此次收购体现出集团愿意参与在新兴国家中的发展项目。

展望2019财政年及未来

迈入2019这新的一年里，本集团将继续着重于投资产业及酒店资产。通过此策略，喜敦将渐渐建立持续性收益，使该集团屹立不倒。

喜敦目前的投资产业组合仍保有强劲势头。随着2020年奥运会的到来，日本内的酒店仍然享有着高房价和入住率。泰国市场也摆脱了因普吉岛渡轮事件而导致中国游客减少的影响，持续复苏。英国方面，尽管受到英国脱欧等影响，集团在英国的酒店业务仍然表现良好。其客户群主要是国际游客以及英国本土企业商旅 — 这些群体比较不受英国脱欧影响。

在房地产开发这一块，喜敦对本地房地产市场保持谨慎乐观的态度也对长期前景充满信心，并将继续密切地关注本地住宅市场的情况。

股息

鉴于集团在2018财政年的表现，董事会建议为2018财政年派发每股新币0.6分的最终股息。所建议的股息派发需要在即将召开的年度股东大会上得到股东们的批准。

致谢

虽然本地的房地产企业在过去几年一直面临挑战，集团仍能应付种种挑战，成为一家拥有国际酒店资产组合的卓越可靠企业。集团管理层、员工以及业务合作伙伴的支持和奉献在这成就上扮演了举足轻重的角色。

因此，我，谨代表董事会，借此机会向喜敦及其所有附属公司的员工和管理团队、集团的商业合作伙伴以及我们的投资者和股东们致以衷心的感谢，谢谢他们给于喜敦坚定不移的信念。

卓开清
非执行主席

Ibis Styles Kensington

CEO'S MESSAGE

DEAR SHAREHOLDERS,

I am heartened to share with you the performance of Heeton in the past financial year. The Group remained focused despite the volatility in its operating environment, and has expanded its recurring income base, particularly in hospitality assets. Notably, the number of hotels has increased with its maiden investments in new geographical regions – Scotland and Bhutan.

Despite the latest round of cooling measures in July 2018, the Group, together with its joint venture partners, launched two residential projects – Park Colonial and Affinity at Serangoon, and achieved respectable results.

FINANCIAL HIGHLIGHTS

Heeton reported a slightly lower revenue of $55.08 million in FY2018, compared to $57.13 million in FY2017 due to lower sales contribution as this project was substantially sold in the previous year. The net profit after tax for FY2018 stood at $16.21 million.

Segmentally, the main revenue generator of the Group came from property development, aggregating $24.32 million or 44% of total revenue in FY2018. The growing hospitality segment saw an increase of $4.77 million and achieved a revenue contribution of $17.6 million or 31.9% of total revenue in FY2018, making it the second largest revenue contributor for the first time. On the property investment front, its revenue contribution had decreased $1.83 million to $11.56 million or 21% of total revenue over the same period as a result of the disposal of The Woodgrove in 2018.

DEVELOPMENT PROPERTIES

The two residential projects launched during the year:

- Park Colonial – The development consists of 805 residential units with full condominium facilities. It is located right next to Woodleigh MRT station and is in close proximity to many amenities. As at 31 December 2018, it had sold 64% of total units.

- Affinity at Serangoon – A 99-year leasehold mega condominium development comprising of 1052 apartments, penthouses and strata landed houses. As at 31 December 2018, it had sold 29% of total units.

The REZI 24, a joint venture development, is a 110-unit freehold condominium located on the eastern fringe of the city core and is a mere 15 minutes' drive from the Central Business District and was launched in March 2019. I am pleased to inform you that High Park Residences obtained the Temporary Occupation Permit (TOP) in March 2019.

INVESTMENT AND HOSPITALITY PROPERTIES

Heeton's hospitality segment achieved significant progress in FY2018. A total of three new hotels were added to Group's hospitality assets portfolio. Please refer to the Property Portfolio section of this report for more information.

Currently, Heeton has a total of 11 operating hotels, spanning across the United Kingdom, Japan and Thailand. Out of these hotels, six are managed by Heeton Hospitality. In the pipeline, the Group is planning and developing another three hotels in Leeds, Liverpool and Manchester.

Heeton has acquired a plot of land in Bhutan, where it sees potential in the country's tourism.

PROSPECTS

The objective of building recurring income remains key to the Group's expansion. Heeton will continue to focus on growing its investment properties and hospitality assets.

While property development segment remains challenging in the near future, the Group will continue to seek out suitable projects to participate in. Our strength in partnership will play an important role in exploring opportunities in Singapore and beyond.

ACKNOWLEDGEMENT

I would sincerely like to take this opportunity to thank the management team and colleagues for the hard work in the past year. I am grateful to the Chairman, Executive Deputy Chairman and Board members for their support.

To our bankers, partners and business associates, we would not have attained our success without your support. My team and I will continue to work hard and scale to greater heights in the years to come.

TENG HENG CHEW ERIC
Chief Executive Officer and Executive Director

总裁致辞

亲爱的股东,
我很高兴与您分享喜敦(集团)在过去一个财政年度的表现。尽管经营环境有许多不确定因素，集团仍然专注于扩大持续性收益基础，不间断地发展酒店业务。值得注意的是，集团的酒店客房的数量也随着集团首次投资于新的区域 — 苏格兰和不丹而显著增加。

虽然政府在2018年7月时实行了最新一轮降温措施，但本集团及其合资伙伴顺利地推出了两个住宅项目 — Park Colonial和在实龙岗的Affinity at Serangoon，并取得了可观的成绩。

财经摘要
集团于2018财政年的营业额从2017财政年的5,713万稍微下滑达5,508万。这主要是因为一项住宅项目已在2017年大量售出，因此2018年销售收入有所减少。集团2018财政年的税后净利润达1,621万。

集团的主要收入来自房地产开发业务，全年收入为2,432万，占集团2018财政年营业额的44.0%。扩张中的酒店业务在2018财政年为集团贡献了1,760万，比起去年增加了447万，占2018财年营业额的31.9%。酒店业务也因此首次成为集体的第二大收入业务。在房地产投资业务方面，由于2018年出售了The Woodgrove，其收入贡献在2018财政年减少了183万至1,156万，占同期总收入的21.0%。

房地产开发
集团在这一年推出了两个项目:
- Park Colonial — 这项目配有完整的公寓设施，拥有805间住宅单元。位于Woodleigh地铁站旁，此项目地点也靠近许多设施。截至2018年12月31日，该项目已售出总单位中的64%。
- Affinity at Serangoon — 这是一项99年地契的大型公寓开发项目，包括1052套公寓、顶层公寓和分契式有地住宅。截至2018年12月31日，该项目已售出总单位中的29%。

另外，与商业伙伴一同开发的REZI 24刚在2019年3月推出市场，开始销售。这是一项拥有110间永久地契公寓的住宅项目，位于城市核心的东部而距离中央商务区仅15分钟车程。在此通知大家High Park Residences在2019年3月已获得临时占用许可证（TOP)。

投资以及酒店业资产
集团的酒店业务在2018财政年取得了重大进展。集团的酒店资产组合添增加了三家新酒店。请参阅本刊的“物业组合”(Property Portfolio）部分以便获取更多详情。

目前，喜敦一共有11家经营中酒店，遍布于英国、日本和泰国。在这些酒店中，有六家由Heeton Hospitality管理。集团正在筹划和开发位于利兹、利物浦和曼彻斯特的另外三家酒店。

喜敦也在不丹收购了一块土地，可预见该国旅游业的巨大潜力。

前景
建立持续性收益增长的目标仍然是集团扩张的关键。喜敦将继续专注于增加其投资物业和酒店资产。

虽然房地产开发的部分在近期仍将充满挑战，但本集团将继续寻求合适的项目以便参与其中。合作的优势将在探索新加坡及其他地区的商机中扮演着重要角色。

感谢
我真诚地想借此机会感谢管理团队和同事们在刚刚过去一年中辛勤工作。我还要感谢主席、执行副主席和董事会成员所给予的支持。

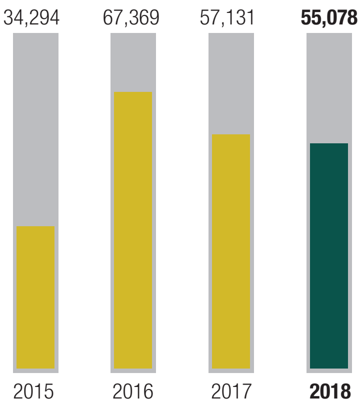
对我们的银行家、合作/商业伙伴，如果没有您的支持，我们就无法取得成功。我和我的团队将继续努力工作，并在未来几年内再创高峰。

丁行洲
总裁以及执行董事

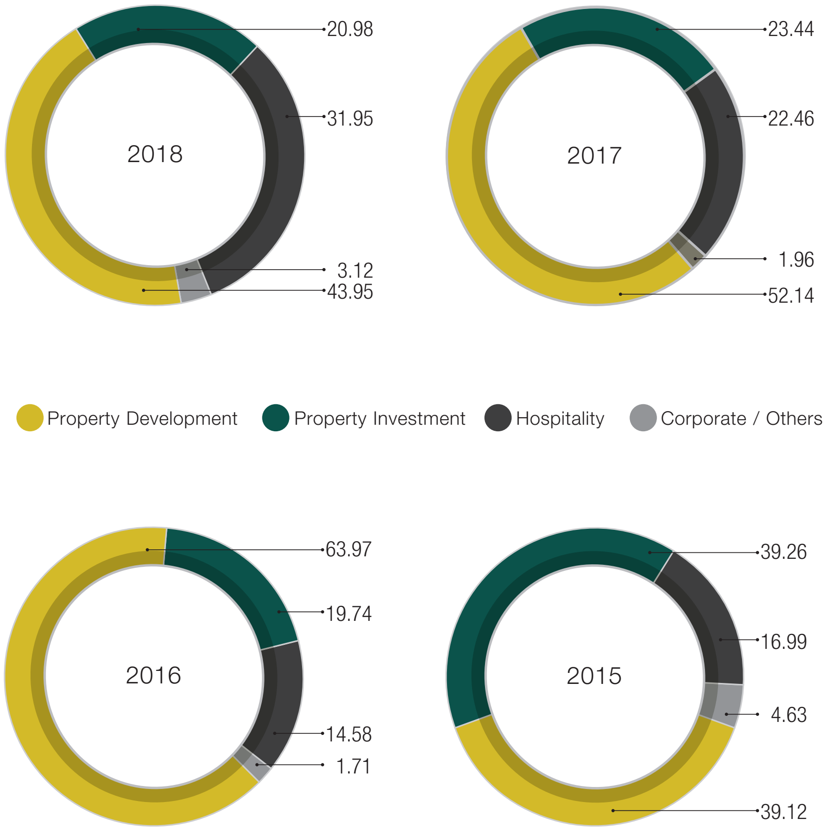
Hotel Indigo Glasgow

FINANCIAL HIGHLIGHTS

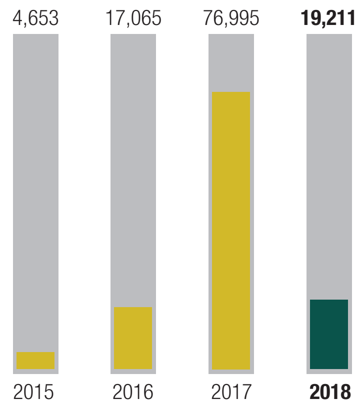
TURNOVER $'000



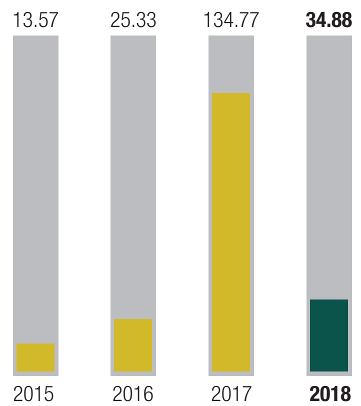
TURNOVER BY ACTIVITY (%)



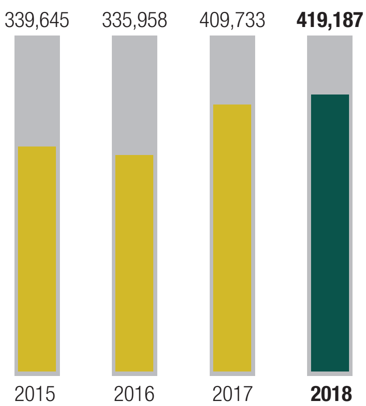
PBT $'000



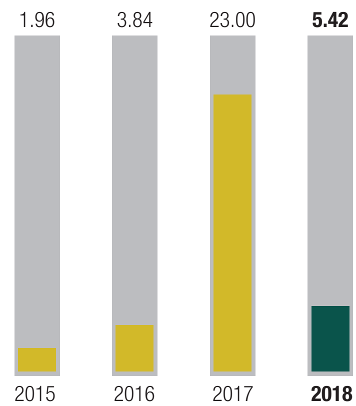
PBT MARGIN %



NET ASSETS VALUE BEFORE NCI $'000



EPS Cents



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive
Toh Giap Eng Vince (Deputy Chairman)
Teng Heng Chew Eric (Chief Executive Officer)

Non-executive
Toh Khai Cheng
Toh Gap Seng (Alternate to Toh Khai Cheng)
Tan Tiong Cheng (Lead Independent)
Chew Chin Hua (Independent)
Chia Kwok Ping (Independent)

AUDIT COMMITTEE
Chew Chin Hua (Chairman)
Tan Tiong Cheng
Toh Khai Cheng

NOMINATING COMMITTEE
Chia Kwok Ping (Chairman)
Toh Giap Eng
Chew Chin Hua
Tan Tiong Cheng

REMUNERATION COMMITTEE
Tan Tiong Cheng (Chairman)
Chia Kwok Ping
Toh Khai Cheng

REGISTERED OFFICE
60 Sembawang Road
#01-02 Hong Heng Mansions
Singapore 779088
Tel: (65) 6456 1188
Fax: (65) 6455 5478
Website: www.heeton.com

AUDITORS
Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Ang Chuen Beng
(Partner-in-charge since financial year ended 31 December 2017)

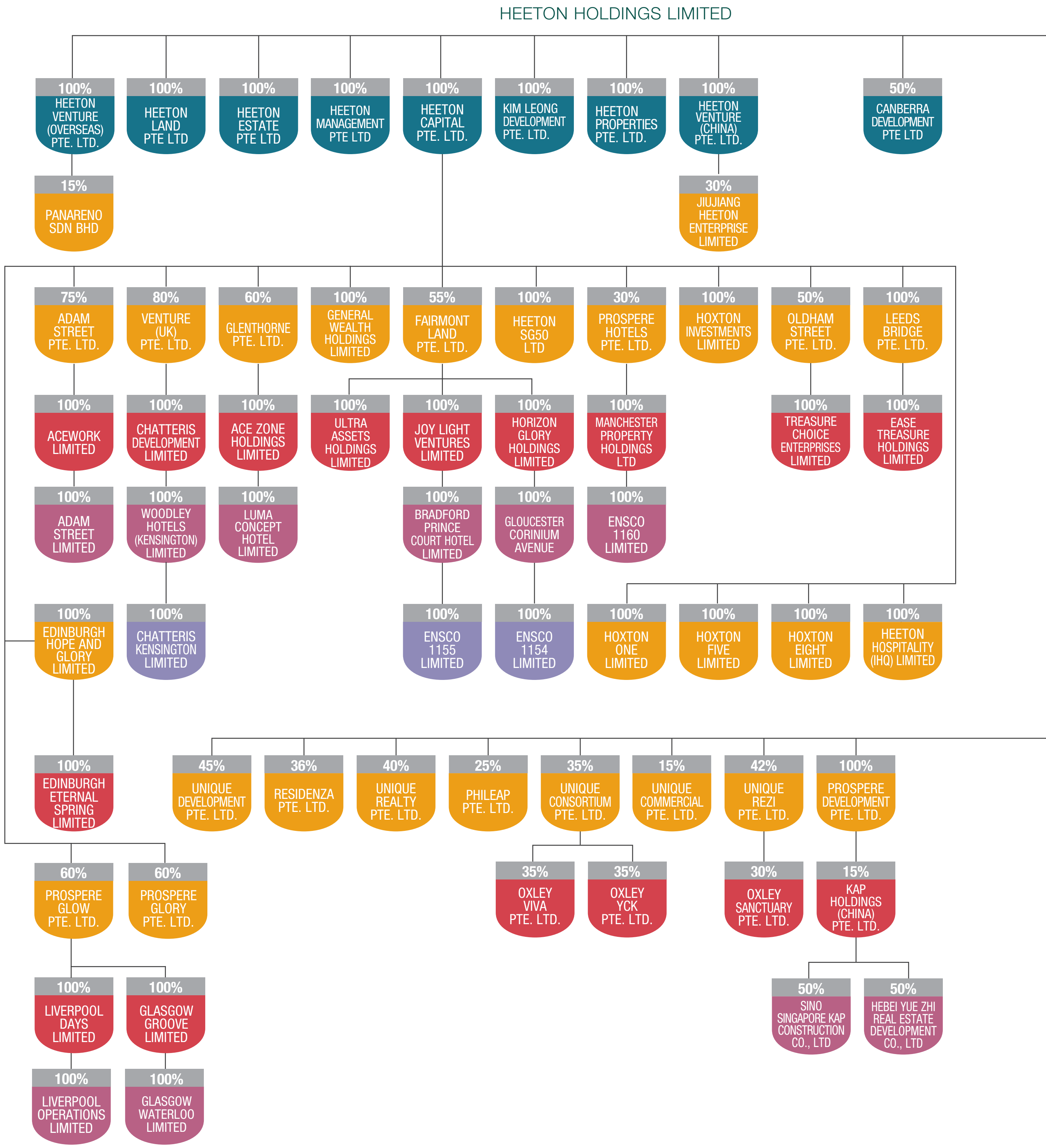
COMPANY SECRETARIES
Yao Enci Eunice
Chew Bee Leng

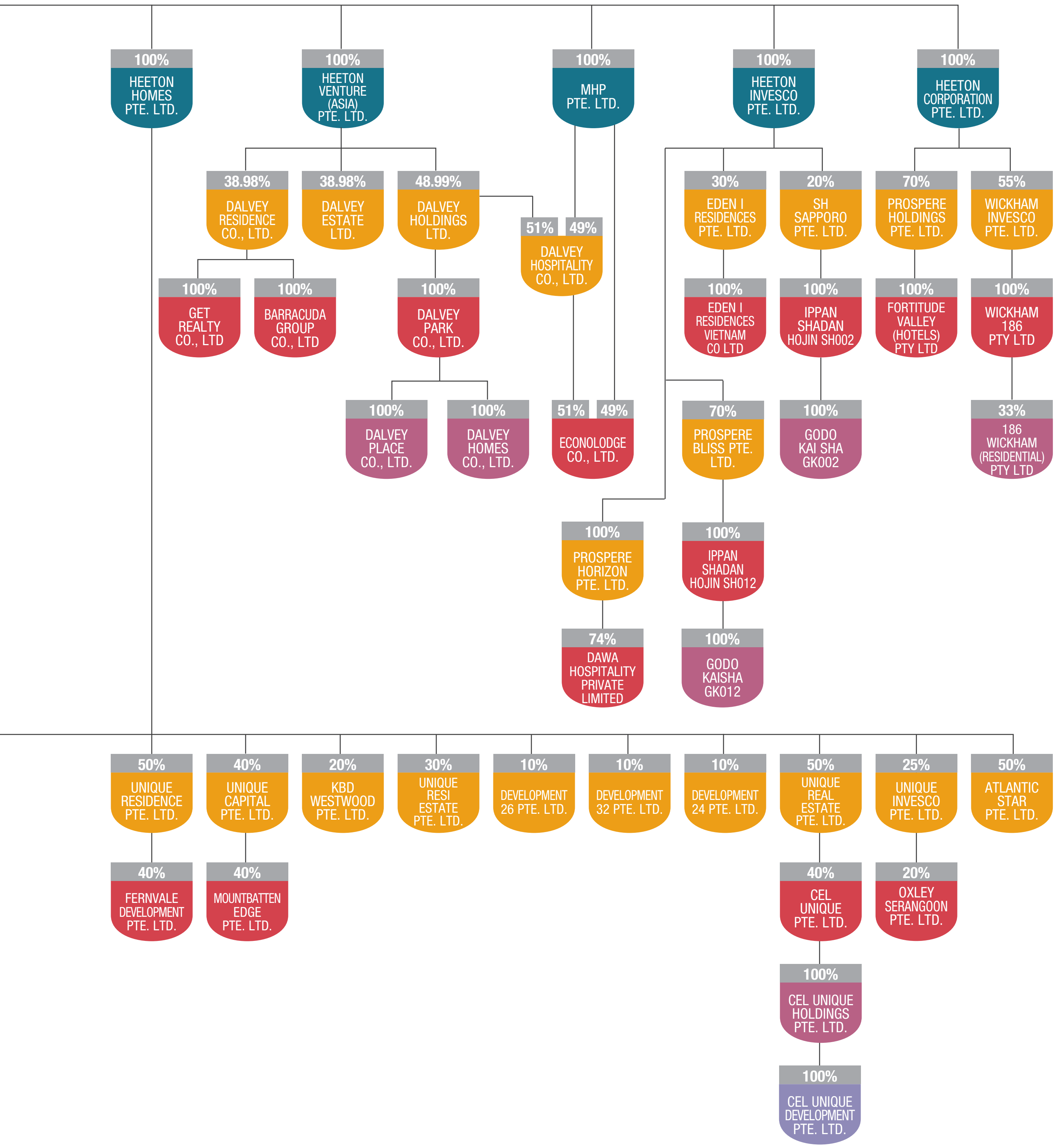
SHARE REGISTRAR
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

PRINCIPAL BANKERS
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

GROUP STRUCTURE

(AS AT 31 DECEMBER 2018)




100% HEETON HOMES PTE. LTD.
100% HEETON VENTURE (ASIA) PTE. LTD.
100% MHP PTE. LTD.
100% HEETON INVESCO PTE. LTD.
100% HEETON CORPORATION PTE. LTD.
38.98% DALVEY RESIDENCE CO., LTD.
38.98% DALVEY ESTATE LTD.
48.99% DALVEY HOLDINGS LTD.
51% 49% DALVEY HOSPITALITY CO., LTD.
30% EDEN I RESIDENCES PTE. LTD.
20% SH SAPPORO PTE. LTD.
70% PROSPERE HOLDINGS PTE. LTD.
55% WICKHAM INVESCO PTE. LTD.
100% GET REALTY CO., LTD
100% BARRACUDA GROUP CO., LTD
100% DALVEY PARK CO., LTD.
100% EDEN I RESIDENCES VIETNAM CO LTD
100% IPPAN SHADAN HOJIN SH002
100% FORTITUDE VALLEY (HOTELS) PTY LTD
100% WICKHAM 186 PTY LTD
100% DALVEY PLACE CO., LTD.
100% DALVEY HOMES CO., LTD.
51% 49% ECONOLODGE CO., LTD.
70% PROSPERE BLISS PTE. LTD.
100% GODO KAI SHA GK002
33% 186 WICKHAM (RESIDENTIAL) PTY LTD
100% PROSPERE HORIZON PTE. LTD.
100% IPPAN SHADAN HOJIN SH012
74% DAWA HOSPITALITY PRIVATE LIMITED
100% GODO KAISHA GK012
50% UNIQUE RESIDENCE PTE. LTD.
40% UNIQUE CAPITAL PTE. LTD.
20% KBD WESTWOOD PTE. LTD.
30% UNIQUE RESI ESTATE PTE. LTD.
10% DEVELOPMENT 26 PTE. LTD.
10% DEVELOPMENT 32 PTE. LTD.
10% DEVELOPMENT 24 PTE. LTD.
50% UNIQUE REAL ESTATE PTE. LTD.
25% UNIQUE INVESCO PTE. LTD.
50% ATLANTIC STAR PTE. LTD.
40% FERNVALE DEVELOPMENT PTE. LTD.
40% MOUNTBATTEN EDGE PTE. LTD.
40% CEL UNIQUE PTE. LTD.
20% OXLEY SERANGOON PTE. LTD.
100% CEL UNIQUE HOLDINGS PTE. LTD.
100% CEL UNIQUE DEVELOPMENT PTE. LTD.

Building **People**

At Heeton Holdings, our greatest resources and success stories are our people. From director-level management to part-time rank-and-file serving at our most far-flung outposts, every Heeton employee is regarded as a valued contributor, pivotal cogs in the machinery of successful enterprise. We encourage, nurture and celebrate talent and diversity within the team so as to be sufficiently well equipped, versatile and ready to exploit new opportunities as they materialise.

Luma Concept Hotel

BOARD OF DIRECTORS

MR TOH KHAI CHENG
Non-executive Chairman

MR TOH GIAP ENG VINCE
Executive Deputy Chairman, Executive Director

MR TENG HENG CHEW ERIC
Executive Director, Chief Executive Officer

MR TAN TIONG CHENG
Non-executive, Lead Independent Director

MR CHIA KWOK PING
Non-executive, Independent Director

MR CHEW CHIN HUA
Non-executive, Independent Director

MR TOH GAP SENG
Alternate Director to Mr Toh Khai Cheng

MR TOH KHAI CHENG
Non-executive Chairman

Mr Toh is the founder of the Heeton Group and has been a director of the Company since July 1976. Mr Toh has been in property development and investment for more than four decades. Mr Toh is a member of the Audit and Remuneration Committees and he provides consultative and strategic advice to the Board and senior management of the Group.

MR TAN TIONG CHENG
Non-executive, Lead Independent Director

Mr Tan was appointed to the Board on 28 April 2009 and is the Company's Lead independent director. He is currently the Senior Adviser of Knight Frank Asia Pacific and Knight Frank Singapore. He is also an independent director of The Straits Trading Company Limited, Amara Holdings Limited and UOL Group Limited. A Colombo Plan Scholar, Mr Tan graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. Mr Tan is a fellow of the Singapore Institute of Surveyors and Valuers, a fellow of the Association of Property and Facility Managers, and an associate of the New Zealand Institute of Valuers. Mr Tan is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

MR TOH GAP SENG
Alternate Director to Mr Toh Khai Cheng

Mr Toh was appointed as a Director of the Company on 10 February 1978. He has more than 30 years' experience in property development and investment business. Mr Toh is currently the Executive Director of Hong Heng Co Private Limited.

MR TOH GIAP ENG VINCE
Executive Deputy Chairman,
Executive Director

Formerly CEO of the Group, Mr Toh was appointed as Executive Deputy Chairman with effect from 4 January 2016. Mr Toh's responsibilities are to identify and secure investment and development opportunities in new markets, explore new businesses as well as the overall stewardship and governance of the Group. Mr Toh started his career in the banking and finance industry and holds a Bachelor of Arts (Business), from the Institute of Cost and Management Accounts, London, United Kingdom. Mr Toh is also a member of the Nominating Committee.

MR CHIA KWOK PING
Non-executive, Independent Director

Mr Chia was appointed as an independent director of the Company on 15 October 2012. Mr Chia has over 20 years of experience in property development, property investment and hospitality industry. Mr Chia is the Chairman of the Nomination Committee and a member of the Remuneration Committee. He is currently an independent director, Chairman of the Nominating Committee and Chairman of the Remuneration Committee of Amara Holdings Limited.

MR TENG HENG CHEW ERIC
Executive Director, Chief Executive Officer

Mr Eric Teng joined the Group on 4 January 2016 as an Executive Director and CEO. Mr Teng oversees the Group's businesses and implements the directions, strategies and plans of the Board. Mr Teng has over 30 years of experience in marketing, communications, property and hospitality in both private multinational corporations and public listed companies. He is an active leader in the social service and charity sector and was conferred the Public Service Medal and Public Service Star by the Singapore Government. He is also an adviser to The Tecity Group and Tan Chin Tuan Foundation. Mr Teng holds an MBA from NUS Business School.

MR CHEW CHIN HUA
Non-executive, Independent Director

Mr Chew was appointed as an independent director of the Company on 27 December 2002. Mr Chew is currently the Chairman of the Audit Committee and a member of the Nominating Committee. He has many years of experience in the accounting and auditing profession. Mr Chew is a member of the Association of Chartered Certified Accountants.

KEY MANAGEMENT

TOH GIAP ENG VINCE
Executive Deputy Chairman, Executive Director

TENG HENG CHEW ERIC
Chief Executive Officer, Executive Director

HENG LEE CHENG CHERYL
Chief Financial Officer

LIU CHUN BONG EDWIN
Managing Director, United Kingdom and Europe

ADRIAN KOH SENG HUI
General Manager, Corporate

EEMIN LOH YI XUAN
Manager, Human Resources and Administration

EXECUTIVE DEPUTY CHAIRMAN & EXECUTIVE DIRECTOR

Toh Giap Eng, Vince, is the Executive Deputy Chairman of the Group. He is responsible for exploring new products and businesses, and the overall stewardship and governance of the Group. Vince started his career in the banking and finance industry and has been in the property development and investment business for about 2 decades. He holds a Bachelor of Arts (Business), United Kingdom.

CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR

Teng Heng Chew, Eric was appointed Chief Executive Officer of the Group with effect from 4 January 2016. He is responsible for management of the Group's business and implementation of the direction, strategies and plans of the Board. Prior to joining the Group, Eric was Advisor to Straits Trading Company Limited ("STCL") and the CEO of the property division in STCL from January 2010 to December 2013. He was concurrently the CEO of the Hospitality division under STCL from January 2011 to December 2013.

CHIEF FINANCIAL OFFICER

Heng Lee Cheng, Cheryl, is the Chief Financial Officer of the Group. Appointed in July 2012, she is responsible for the Group's accounting, finance and leasing activities. Cheryl had several years of experience in the auditing and accounting profession before she joined the Group in April 2000. She holds a Bachelor of Accountancy from the Nanyang Technological University of Singapore and is a Chartered Accountant of Singapore.

MANAGING DIRECTOR, UNITED KINGDOM AND EUROPE

Liu Chun Bong, Edwin, joined the Group in 2012. He oversees property development and investment matters in the UK and Europe. Working closely with the Singapore head office, Edwin assists the executive board in identifying opportunities in the region. He manages the operation of the Heeton UK office in London and spearheads the implementation of development projects. Edwin is a Chartered Architect of the UK with two Bachelor degrees in Architecture who has practiced for over 10 years in the UK and in South East Asia.

GENERAL MANAGER, CORPORATE

Adrian Koh Seng Hui has worked in the field of international investments since 1995. He joined Heeton in 2014 as part of the Operations team and currently oversees the Group's corporate communications and assists the directors with acquisitions, legal matters and Investor Relations. Adrian has a law degree from Kings College London University. Prior to joining Heeton he worked for two other Singaporean PLCs representing their interests overseas.

MANAGER, HUMAN RESOURCE AND ADMINISTRATION

Eemin Loh Yi Xuan joined the Group in March 2001 as Personal Assistant to the Chief Executive Officer. In July 2010, she was promoted to Manager, Human Resource and Administration. She is responsible for formulating human resource and administration policies, overseeing payroll as well as staff welfare and development. Eemin holds a Graduate Diploma in Business Management from University of Bradford (UK) and Master of Social Science from Swinburne University of Technology (Australia).

Building A **Legacy**

Over the forty years since its inauguration, Heeton Holdings Limited has grown from locally-based property entrepreneur into the multi-disciplinary commercial edifice it is today, with a continually expanding international platform for investment, development and hospitality activities.

With a focus on long-term viability and a forward-thinking perspective designed to optimise impact and potential, the organisation has evolved: from growing business enterprise into custodians of a legacy for future generations of stakeholders.

Hamptons by Hilton Leeds
(Artist's Impression)

PROPERTY PORTFOLIO

(A) Property Developments and Land Bank (Singapore)

Name of development	Location/Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 December 2018	Group's stake (%)	Launched/ Expected Launch Date	Targeted Completion/ Completion Date
Lincoln Suites	1/3 Khiang Guan Avenue/Residential	Freehold	16,826	175	N/A	96.6	25	October 2009	April 2014
KAP and KAP Residences	9 and 11 King Albert Park/Commercial and Residential	Freehold	17,178	142	107	99.6	12.60	May 2013	November 2016
121 Collection on Whitley	121 Whitley Road/ Residential	Freehold	2,108	9	N/A	88.9	30	April 2016	February 2017
Trio	7 to 19 Sam Leong Road/Commercial	Freehold	3,445	0	43	41.9	15	May 2014	January 2018
Onze@Tanjong Pagar	11 Kee Seng Street/ Commercial and Residential	Freehold	5,572	56	13	85.5	100	September 2013	January 2017
Park Colonial	Woodleigh Lane/ Residential	Leasehold	58,640	805	–	63.9	20	July 2018	2024
Affinity at Serangoon	Serangoon North Ave 1/Residential	Leasehold	27,584	1,052	5	28.9	5	June 2018	2022
REZI 24	31-51 Lorong 24 Geylang/Residential	Freehold	2,433	110	–	0	10	March 2019	To be confirmed


Onze@ Tanjong Pagar (Artist's Impression)


Park Colonial (Artist's Impression)


Affinity at Serangoon (Artist's Impression)

(B) Investment Properties (Singapore)

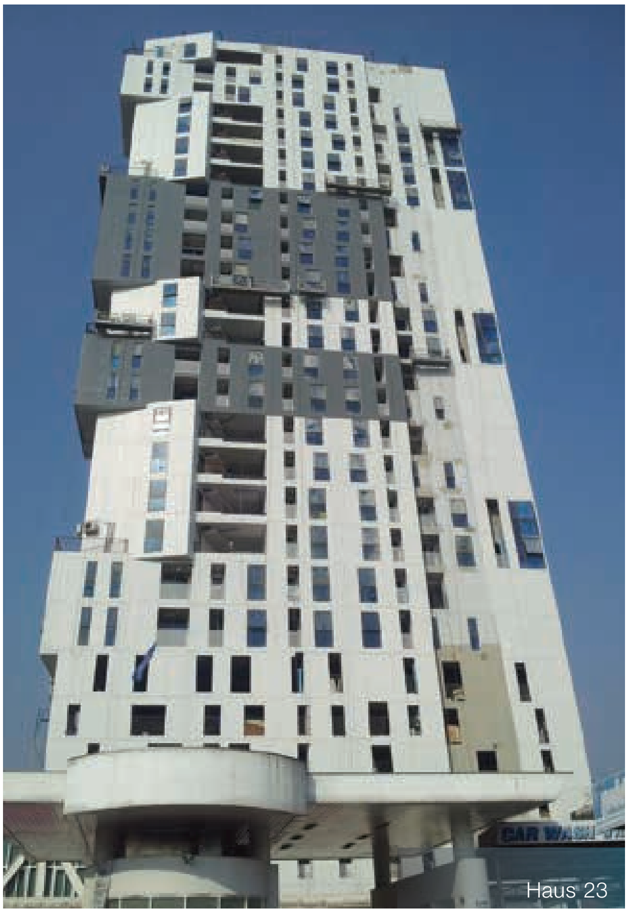
Name of development	Location/Type of development	Tenure	Approximate Lettable Area (sq m)	Number of units	Fair value as at 31 December 2018 ($'mil)	Group's stake (%)
Tampines Mart	Blocks 5, 7, 9 and 11 Tampines Street 32/Retail and Commercial	Leasehold term of 99 years from 1 May 1993	7,900	97 shops and 58 wet market stalls	120.0	100
62 Sembawang Road	62 Sembawang Road/Transport Facilities	Estate in Perpetuity	1,239	1	10.5	100
Sun Plaza	30 Sembawang Drive/Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,573	131	360.0	50
223@Mountbatten	223 Mountbatten Road/Commercial	15 years from 20 February 2012	10,447	90	37.0	16


Tampines Mart

Sun Plaza

PROPERTY **PORTFOLIO**

Hampton by Hilton Leeds
(Artist's Impression)



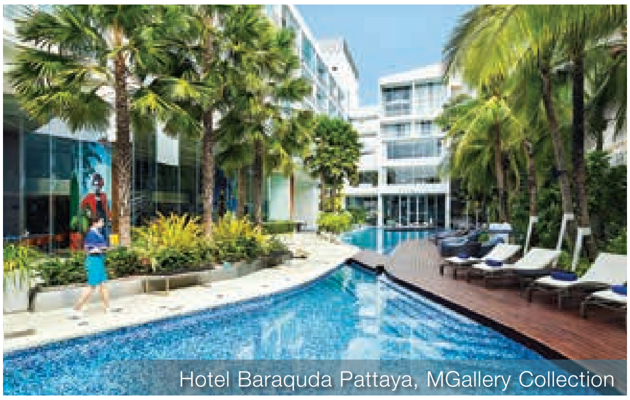
Haus 23

(C) Property Developments and Land Bank (Overseas)

Name of development	Location/Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 December 2018	Group's stake (%)	Launched/ Expected Launch Date	Targeted Completion/ Completion Date
Haus23	Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand/ Residential	Freehold	17,214	236	N/A	83.1	48.99	September 2011	May 2014
188 W Residences	186 Wickham Street Fortitude Valley, Brisbane, Australia/Residential	Freehold	28,000	324	N/A	–	18.15	To be confirmed	To be confirmed
To be confirmed	New York Road, Leeds, United Kingdom/Hotel and Residential	Freehold	77,749	Proposed Residential units to be confirmed.	N/A	–	55.0	To be confirmed	To be confirmed
To be confirmed	28-30 Oldham Street, Manchester, United Kingdom/Hotel	Freehold	20,713	81 hotel rooms	N/A	–	50.0	To be confirmed	To be confirmed

Holiday Inn Express Manchester City Centre Arena

Hotel Indigo Glasgow



Hotel Baraquda Pattaya, MGallery Collection

(D) Hotels and Investment Properties (overseas)

Name of development	Location/Type of development	Tenure	Number of units	Fair value as at 31 December 2018 ($'mil)	Group's stake (%)
Mercure Hotel Pattaya	484 Moo 10, Soi Pattaya Sai Song 15 off Pattaya Sai Song Road, Nongprue Subdistrict Banglamung District, Cholburi Province, Thailand/Hotel	Freehold	247 hotel rooms	23.1	86.7
Hotel Baraquda Pattaya, MGallery Collection	485/1 Moo 10, Pattaya Sai Song Road, Nongprue Subdistrict, Banglamung District, Cholburi Province, Thailand/Hotel	Freehold	72 hotel rooms	18.1	38.98
Hotel ibis Styles London Kensington	15-25 Hogarth Road, Kensington, London, United Kingdom/Hotel	Freehold	116 hotel rooms	47.8	80.0
Ibis Budget Bradford	Prince Court, Canal Road, Bradford, United Kingdom/Hotel	Freehold	86 hotel rooms	2.4	55.0
Luma Concept Hotel Hammersmith London	28-36 Glenthorne Road, Hammersmith, London, United Kingdom/Hotel	Freehold	89 hotel rooms	49.6	60.0

PROPERTY PORTFOLIO

Name of development	Location/Type of development	Tenure	Number of units	Fair value as at 31 December 2018 ($'mil)	Group's stake (%)
Holiday Inn Express Manchester City Centre Arena	2-4 Oxford Road, Manchester, United Kingdom/Hotel	Freehold	147 hotel rooms	28.4	30.0
Ibis Hotel Gloucester	Sawmills End, Corinium Ave A471, Gloucester, United Kingdom/Hotel	125 years leasehold from 19 Oct 2009	127 hotel rooms	9.5	55.0
29 Ranwell Lane	29 Ranwell Lane, Brisbane, Australia/Hotel	Freehold	Proposed 198 hotel rooms	5.8	70.0
Adam House	7-10 Adam Street, London, United Kingdom/ Serviced office	Freehold	35 office units and 175 desks	31.1	75.0
Hampton by Hilton Leeds	New York Road, Leeds, United Kingdom/Hotel	Freehold	Proposed 121 hotel rooms	17.7	65.0
To be confirmed	28-30 Oldham Street, Manchester, United Kingdom/Hotel	Freehold	Proposed 81 hotel rooms	7.3	50.0
Super Hotel Sapporo – Susukino	2-8-7 Minami, Sapporo, Japan/Hotel	Freehold	164 rooms*, 66 residential & 4 retail units	38.3	20.0
Sawmills Studio	Sawmills Studios, 17-20 Parr Street, London, United Kingdom/Residential	Leasehold	3 residential units	3.2	100.0
Smile Hotel Asakusa Tokyo	6-35-8 Asakusa, Taito-ward, Tokyo, Japan/Hotel	Freehold	96 hotel rooms*	34.4	70.0
Hotel Indigo Glasgow	74 Waterloo Street, Glasgow, United Kingdom/Hotel	175 years leasehold from 1 Oct 2018	94 hotel rooms	16.9	60.0
Stewart Aparthotel Edinburgh	10 Young Street, Edinburgh, United Kingdom/Hotel	Freehold	31 apartments	12.1	100.0
To be confirmed	Gewog Lungmi, Paro, Bhutan/Hotel	Freehold	Proposed 85 hotel rooms	3.7	74.0

* Leased out to third party to operate.

Ibis Styles Kensington

Ibis Styles Kensington

CORPORATE SOCIAL RESPONSIBILITY

VOLUNTEERING WITH AWWA

On 7th May 2018, Heeton joined forces with charity group AWWA at a community event in Ang Mo Kio organised for the benefit of the district Senior Activity Centre and Dementia Day Care Centre. Volunteers spent the evening befriending and engaging with senior residents, some of whom were at varying stages of cognitive impairment. As part of the occasion, goody bags filled with daily necessities were distributed to the residents. The visit was regarded as a humbling and rewarding experience by all volunteers who participated and there are plans to make this a regular exercise.

PROJECT WE CARE (SINGAPORE SCIENCE CENTRE)

Volunteers from Heeton were privileged to take part in a charity event organised by Project We Care for underprivileged children. On Saturday 6th October 2018, 80 children accompanied by one family member were invited to attend the 'One Kind of Science' musical at the Singapore Science Centre, where Heeton personnel were among the hosts. The musical was followed by a befriending session at the Coffee Bee Café, the primary aim of which was to enhance the social well-being of the underprivileged by interacting with volunteers from the corporate sector.

Project We Care organises initiatives regularly to promote inclusivity in the community through the arts and activities; its accessible participation platforms are designed to allow corporate entities to be easily involved in meaningful community programmes. Heeton is proud to be a regular supporter of their efforts.

FINANCIAL CONTENT

REPORT ON CORPORATE GOVERNANCE

Heeton Holdings Limited (the "Company") is committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2012 (the "2012 Code") issued by the Ministry of Finance. Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company. This Report describes the Company's corporate governance processes and activities with specific reference to the 2012 Code.

BOARD MATTERS

Board's Conduct of Affairs

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

The board of directors (the "Board") supervises the management of the business and affairs of the Company and its subsidiaries (the "Group"). The Board approves the Group's corporate and strategic direction, the appointment of Directors and key managerial personnel, major funding and investment proposals, and reviews the financial performance of the Group.

All directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company.

To facilitate effective management, the Board, without abdicating its responsibility, delegated certain functions to various Board committees ("Board Committees"), each of which has its own written terms of reference and whose actions are reported to and monitored by the Board.

The Company has adopted internal guidelines setting forth matters that require Board's approval. The types of material transactions that require Board's approval under such guidelines are listed below:

1. approval of quarterly and full-year results announcements;
2. approval of full year results and financial statements;
3. declaration of interim dividends and proposal of final dividends;
4. convening of shareholders' meetings;
5. authorisation of merger and acquisition transactions; and
6. authorisation of major transactions.

The Board conducts regular scheduled meetings and ad-hoc meetings are also convened from time to time to deliberate on urgent substantive matters. Telephonic attendance and conference via audio-visual communication at Board meetings are allowed under the Company's Constitution. The details of the Board and Board Committee meetings and the attendance of each Board member at these meetings are disclosed below at Table 1.

REPORT ON
CORPORATE GOVERNANCE

Table 1: Attendance of Directors, who held office at the end of the financial year, at Board and Board Committee Meetings held in the financial year ended 31 December 2018

Name of Director	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Toh Khai Cheng	4	4	–	–	1	1	4	4
Toh Giap Eng	4	3	1	1	–	–	–	–
Toh Gap Seng*	4	4	–	–	–	–	–	–
Teng Heng Chew Eric	4	4	–	–	–	–	–	–
Chew Chin Hua	4	4	1	1	–	–	4	4
Tan Tiong Cheng	4	4	1	1	1	1	4	4
Chia Kwok Ping	4	4	1	1	1	1	–	–

* Mr Toh Gap Seng resigned as Director and appointed as an Alternate Director to Mr Toh Khai Cheng on 13 April 2018.

There are briefing sessions held from time to time to update the Directors on changes to any legislation or regulations which are relevant to the Group's or Directors' obligations. Newly appointed Directors are briefed on the business and organisation structure of the Group. Training will be provided for newly appointed Directors, if required. A memorandum is also sent to them upon their appointment explaining, among other matters, their duties, obligations, and responsibilities as members of the Board. As part of their continuing education, the Directors may attend relevant seminars and trainings which will be funded by the Company.

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 6 members, with the details set out at Table 2. Two executive Directors, namely Mr Toh Giap Eng, Deputy Chairman and Mr Teng Heng Chew Eric, Chief Executive Officer ("CEO") and four non-executive Directors. Of the four non-executive Directors, three of them are independent Directors, namely, Mr Chew Chin Hua, Mr Tan Tiong Cheng and Mr Chia Kwok Ping.

Key information regarding the Directors can be found under the Board of Directors section in this annual report. The independence of each Director is reviewed annually by the Nominating Committee. Each independent Director is required to complete an independent Director's Declaration form annually to confirm his independence. The criteria of independence are based on the guidelines set out in the 2012 Code.

REPORT ON CORPORATE GOVERNANCE

The independence of any director who has served on the Board beyond nine years from the date of his appointment would be subject to particularly rigorous review. In respect of Mr Chew Chin Hua and Mr Tan Tiong Cheng who have served the Board for more than nine (9) years, the Board has considered specially their length of service and their continued independence. The Board has determined that Mr Chew and Mr Tan remained independent of character and judgement and there were no relationship or circumstances which were likely to affect, or could appear to affect, the Directors' judgement. The independence of character and judgement of Director concerned was not in any way affected or impaired by the length of service. Therefore, the Board is satisfied as to the performance and continued independence of judgement of Mr Chew and Mr Tan.

The Non-Executive Directors of the Company contribute to the Board processes by monitoring and reviewing management's performance against goals and objectives. Their views and opinions provide alternate perspectives to the Group's business and they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

Table 2: Details of Directors

Name of Director	Board committee as chairman or member	Directorship: Date of first appointment/ Date of last re-election	Board appointment whether executive or non-executive/ independent	Due for re-election at next Annual General Meeting ("AGM")
Toh Khai Cheng	Member of Audit Committee and Member of Remuneration Committee	7 July 1976/ 26 April 2017	Non-executive	Retirement by rotation pursuant to Article 95(2)
Toh Giap Eng	Member of Nominating Committee	1 July 1996/ 24 April 2018	Executive	Not applicable
Teng Heng Chew Eric	–	4 January 2016/ 28 April 2016	Executive	Retirement by rotation pursuant to Article 95(2)
Chew Chin Hua	Chairman of Audit Committee and Member of Nominating Committee	27 December 2002/ 26 April 2017	Non-executive/ Independent	Not applicable
Tan Tiong Cheng	Chairman of Remuneration Committee, Member of Nominating Committee and Audit Committee	28 April 2009/ 24 April 2018	Non-executive/ Independent	Not applicable
Chia Kwok Ping	Chairman of Nominating Committee and Member of Remuneration Committee	15 October 2012/ 24 April 2018	Non-executive/ Independent	Not applicable

REPORT ON
CORPORATE GOVERNANCE

Name of Director	Board committee as chairman or member	Directorship: Date of first appointment/ Date of last re-election	Board appointment whether executive or non-executive/ independent	Due for re-election at next Annual General Meeting ("AGM")
Toh Gap Seng (Alternate to Toh Khai Cheng)	–	Resigned as Non-executive and appointed as an alternate director to Toh Khai Cheng on 13 April 2018	Non-executive	Not applicable

Table 3: Information on Directors nominated for re-election

Name of Director	Toh Khai Cheng	Teng Heng Chew Eric
Date of Initial Appointment	7 July 1976	4 January 2016
Date of last re-appointment (if applicable)	26 April 2017	28 April 2016
Age	91	59
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Toh Khai Cheng as the Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Toh Khai Cheng qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Teng Heng Chew Eric as the Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Teng Heng Chew Eric's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Chairman of Board Non-Executive and Non-independent director	Executive, oversee Group's business and implementation of direction, strategies and plans of the board
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	AC and RC Member Chairman of Board	Chief Executive Officer and Executive Director
Professional qualifications	N.A.	Master of Business Administration from NUS Business School

REPORT ON CORPORATE GOVERNANCE

Name of Director	Toh Khai Cheng	Teng Heng Chew Eric
Working experience and occupation(s) during the past 10 years	Chairman of Board Director of Hong Heng Company Private Limited	January 2011 – December 2013 Chief Executive Officer, Hospitality division under Straits Trading Company Limited January 2010 – December 2013 Advisor, Straits Trading Company Limited January 2010 – December 2013 Chief Executive Officer, Property division in Straits Trading Company Limited January 2016 to Current – Chief Executive Officer and Executive Director of the Company Present: Advisory, The Tecity Group Present: Advisory, Tan Chin Tuan Foundation
Shareholding interest in the listed issuer and its subsidiaries	Direct interest 22,084,392 ordinary shares Deemed interest 144,510,959 ordinary shares	200,000 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Toh Khai Cheng is the father of Mr Toh Giap Eng who is the Executive Deputy Chairman and a substantial shareholder and Mr Toh Gap Seng who is the alternate director of Mr Toh Khai Cheng and a substantial shareholder.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Other Principal Commitments* including Directorships# *** "Principal Commitments" has the same meaning as defined in the Code.** **# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).**		

REPORT ON
CORPORATE GOVERNANCE

Name of Director	Toh Khai Cheng	Teng Heng Chew Eric
Past (for the past 5 years)	Venture (UK) Pte Ltd	• Straits Development Private Limited • Straits Trading Amalgamated Resources Private Limited • STC International Holdings Pte Ltd • YMCA Education Centre Limited
Present	Chairman of Board Director of Hong Heng Company Private Limited	CEO of the Group
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 laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time 2 years from the date he ceased to be a director or an equivalent person or, key executive of that entity, or winding up or dissolution of that entity or, where that entity is a trustee of a business trust, that trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Toh Khai Cheng	Teng Heng Chew Eric
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore, or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware) for such breach?	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, misinterpretation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misinterpretation or dishonesty on his part)?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Toh Khai Cheng	Teng Heng Chew Eric
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (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	No	No

REPORT ON
CORPORATE GOVERNANCE

Name of Director	Toh Khai Cheng	Teng Heng Chew Eric
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that related to the securities or futures industry in Singapore or elsewhere, In connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings or have 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
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. 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.	Yes Non-executive director of the Company since 7 July 1976	Yes Executive director of the Company since 4 January 2016
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, this is a re-election of a director.	Not applicable, this is a re-election of a director.

REPORT ON CORPORATE GOVERNANCE

Role of Chairman, Deputy Chairman and Chief Executive Officer

Principle 3: There should be 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.

The functions of the Chairman, Deputy Chairman and CEO in the Company are assumed by different individuals. The Chairman, Mr Toh Khai Cheng, is a non-executive Director. The executive Directors are, Mr Toh Giap Eng and Mr Teng Heng Chew Eric, who also hold the office of Deputy Chairman and CEO respectively. There is a clear division of responsibilities between the Chairman, Deputy Chairman and CEO, which ensures a balance of power and authority as well as increased accountability at the top of the Company.

The CEO, has the executive responsibility to manage all aspects of the Group's businesses and implement the direction, strategies and plans of the Board. The roles and responsibilities of Deputy Chairman is to identify and secure investment and development properties in new markets, explore and develop related or new products/businesses and assist the Chairman in the overall stewardship and governance of the Group. The responsibilities of the Chairman working together with the Deputy Chairman, CEO, the management and the Company Secretary, amongst others, include:

- scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- preparing the agenda for meetings;
- ensuring effective communication with shareholders;
- reviewing key proposals before they are presented to the Board for decision;
- exercising control over quality, quantity and timeliness of the flow of information between the management and the Board; and
- assisting in ensuring compliance with the Company's corporate governance guidelines.

The Board has appointed, Mr Tan Tiong Cheng, independent non-executive director as the Lead Independent Director in view that the Chairman and the Deputy Chairman, are immediate family members and are non-independent directors, and the Deputy Chairman is part of the management team.

The Lead Independent Director leads discussions with the other independent directors of the Company without the presence of the other Directors and the Lead Independent Director will provide feedback to the Chairman after such meetings.

Board Membership

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

The Nominating Committee ("NC") comprises three independent non-executive Directors, namely Mr Chia Kwok Ping (Chairman), Mr Chew Chin Hua and Mr Tan Tiong Cheng and an executive Director, Mr Toh Giap Eng. The NC has written terms of reference approved by the Board and is responsible for making recommendations to the Board on all appointments and re-appointments to the Board. The NC reviews and assesses candidates before making recommendations to the Board for appointment as Directors of the Company. In recommending new directors for appointment to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities or strategies, the current composition of the Board and the size of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skill, attributes and ability.

REPORT ON
CORPORATE GOVERNANCE

The key terms of reference of the NC are as follows:

a. The NC shall consist of not less than three Directors, a majority of whom shall be Independent Directors;
b. The Chairman of the NC shall be appointed by the Board and shall be an Independent Director; and
c. The Board shall appoint a new member so that the number of members does not fall below three if a member, for any reason, ceases to be a member.

The NC performs the following functions in accordance with its terms of reference:

a. reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board, having regard to their background, potential contribution to the Group based on their experience and expertise, and ability to exercise independent business judgment;
b. reviewing regularly, the Board structure, size and composition, taking into account the balance between executive and non-executive, independent and non-independent Directors and having regard at all times to the principles of corporate governance and the Code and make recommendations to the Board any adjustment that are necessary;
c. identifying and making recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each annual general meeting of the Company, having regard to the Directors' contribution and performance, including Independent Directors;
d. conducting reviews to determine the independence of each Directors (taking into account the circumstances set out in the Code and other salient factors);
e. assessing annually the performance of the Board, the Board committees and the Directors; and
f. conducting reviews to evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as Director of the Company, when he/she has multiple board representations.

The size and composition of the Board are reviewed on an annual basis by the NC, which seeks to ensure that the Board has an appropriate mix of expertise and experience.

The NC is of the view that:

a. all of the NC members are independent and able to exercise objective judgement on corporate affairs of the Group independently from the management;
b. there is no individual or small group of individuals on the Board who dominate the Board's decision making process;
c. the Board as a whole, possess core competencies required for the effective conduct of the affairs and operations of the Group; and
d. the current size of the Board is adequate for the purposes of the Group.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article 95 of the Constitution, one-third of the Directors retire from office at the Company's AGM ("one-third rotation rule"). In addition, Article 77 and Article 96 of the Company's Constitution provide that a newly appointed Director must submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to the one-third rotation rule.

Currently none of the Directors hold excessive number of board representations. The Board will review and recommend the maximum number of board representations which Directors may hold at the appropriate time.

REPORT ON
CORPORATE GOVERNANCE

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.

The NC will use its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made. One of the NC's responsibilities is to undertake a review of the board's performance. The NC has implemented a formal review process to assess the effectiveness of the Board on an annual basis as well as the contribution by each individual director to the effectiveness of the Board. The performance criteria taken into account by the NC in relation to an individual director include the Director's industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence and attendance at the Board and Board Committees meetings.

The assessment process requires the Directors to complete appraisal forms which will be collated by an independent coordinator who will compile the results of the appraisal for review by the NC. The NC will thereafter report to the Board. Such an appraisal process was carried out in respect of financial year 2018.

Access to Information

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

Management provided the members of the Board with management accounts on a quarterly basis, as well as relevant background information or explanatory information and documents relating to items of business to be discussed at a Board meeting before each scheduled meeting. In respect of the budgets, any material variance between the projections and actual results has also provided to the Board. The Board has separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends all Board meetings and the Board committees meetings and records the proceedings and decisions at the Board and of the Board Committees. The Company Secretary ensures that the corporate secretarial aspects of procedures concerning the Board are duly complied. The Company Secretary also advises the Board on the requirements of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and all rules and regulations which are applicable to the Company.

Under the Constitution, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

In carrying out their duties and where necessary, Directors individually or as a group may seek independent professional advice where appropriate at the Company's expense. The CEO will be informed of rationale and requirements for such appointments by Directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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.

REPORT ON CORPORATE GOVERNANCE

The Remuneration Committee ("RC") comprises two independent non-executive Directors, namely, Mr Tan Tiong Cheng (Chairman) and Mr Chia Kwok Ping, and a non-executive Director, Mr Toh Khai Cheng.

The key terms of reference of the RC are as follows:

a. The RC shall consist of not less than three Directors, a majority of whom shall be Independent Directors. At least one member should be knowledgeable in executive compensation, and if there is a need, expert advice may be obtained internally or externally;
b. The Chairman of the RC shall be appointed by the Board and shall be an Independent Director; and
c. The Board shall appoint a new member so that the number of members does not fall below three if a member, for any reason, ceases to be a member.

The duties and responsibilities of the RC as set out in the Terms of Reference approved by the Board include the following:

a. review and advise the Board on the framework of remuneration policies for executive and non-executive Directors and key executives of the Group covering all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
b. review and recommend to the Board the terms of the service agreement of the Directors; and
c. review and advise the Board on the implementation of any appropriate long term incentive schemes for the Directors and employees of the Company.

Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

The RC shall review 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.

The Company ensures that the RC has access to expert advice on the human resource matter whenever there is a need to consult externally. During the financial year under review, the Company did not appoint any external consultant. In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual employee. No Director or officer of the Company will be involved in deciding his own remuneration.

Remuneration Level and Mix

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) 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 necessary for this purpose.

Pursuant to the respective service contracts of the Deputy Chairman and CEO:

a. the term of service for each executive director is for a period of 3 years and is subject to review thereafter;
b. remuneration includes, among others, a fixed salary, allowances and a variable performance bonus which are conditional upon each meeting certain performance targets; and
c. there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of an executive director.

REPORT ON CORPORATE GOVERNANCE

Non-executive Directors, including the Chairman, do not have service contracts with the Company and their remuneration packages comprise a basic director retainer fee. The Board, in recommending to the shareholders the quantum of fees to be paid to the Directors, takes into account factors such as frequency of meetings, time spent by Directors and the responsibilities of Directors. Directors' fees are subject to the approval of the shareholders at each AGM.

Currently, the Company does not have an employee share option scheme or any long-term scheme. The RC will recommend the implementation of incentive schemes as and when it considers appropriate.

Disclosure on Remuneration

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.

For confidential reasons, the Board has not disclosed the remuneration of each of the individual Director and the Group's key executives in full.

A breakdown, showing the level and mix of each individual Director's remuneration payable for the financial year ended 31 December 2018 is as follows:

Remuneration bands	Salary	Bonus	Fees	Other Benefits	Total
	%	%	%	%	%
Below $250,000					
Toh Khai Cheng	–	–	100	–	100
Toh Gap Seng	–	–	100	–	100
Tan Tiong Cheng	–	–	100	–	100
Chew Chin Hua	–	–	100	–	100
Chia Kwok Ping	–	–	100	–	100
Between $500,000 to $750,000					
Toh Giap Eng	96	–	–	4	100
Teng Heng Chew Eric	81	6	–	13	100

REPORT ON CORPORATE GOVERNANCE

The remuneration of the key executives of the Group who are not Directors or CEO for the financial year ended 31 December 2018 is shown in the following bands:

Remuneration bands	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Below $250,000				
Eemin Loh Yi Xuan	91	8	1	100
Edwin Liu Chun Bong	91	8	1	100
Adrian Koh Seng Hui	92	8	–	100
Alex Chakabarti [1]	100	–	–	100
Between $250,000 to $500,000				
Tan Hong Sien, Janet[2]	44	51	5	100
Heng Lee Cheng, Cheryl	74	22	4	100

(1) Mr Alex Chakabarti left the Group on 7 March 2018.
(2) Miss Tan Hong Sien, Janet left the Group on 15 July 2018.

The Group currently only has 4 key executives who are not Directors or CEO. Key information regarding the key executives can be found under the Key Management section in this annual report. The total remuneration paid to the above key executives (who are not Directors or CEO) of the Company for the financial year ended 31 December 2018 is $1,246,000.

Currently the Company does not have an employee share option scheme.

Immediate Family Member of Director

The remuneration of Toh Giap Eng, Deputy Chairman who is the son of Toh Khai Cheng and brother of Toh Gap Seng (Alternate Director to Toh Khai Cheng), has been disclosed above. Other than Toh Giap Eng, there are no employees in the Group who are immediate family members of a Director or the CEO.

ACCOUNTABILITY AND AUDIT

Accountability

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

The Company provides shareholders with quarterly and annual financial statements within the timeframe in line with Listing Manual of SGX-ST. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced, clear and understandable assessment of the Company and the Group's performance, position and prospects. The Company may also, on an ad-hoc basis, hold media and analysts briefings and publish press releases of its financial results.

REPORT ON CORPORATE GOVERNANCE

Procedures are put in place to provide Board members with management accounts as and when required and highlights on key business indicators and any significant business developments on a quarterly basis with such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment of the Group's financial performance, position and prospects.

Risk Management and Internal Controls

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

The Board and AC have reviewed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational and compliance and information technology controls and risks management systems. Based on the internal controls established and maintained by the Group, work performed by the outsourced internal auditors and external auditors, and reviews performed by management, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance, information technology controls risks and risk management systems, were adequate and effective as at 31 December 2018. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Board has established a separate risk management committee (the "Risk Management Committee") comprising of the Deputy Chairman, CEO and Chief Financial Officer to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies. The Risk Management Committee regularly reviews the Group's business and operations to identify areas of significant business risks, and put in place appropriate measures to address these risks and reports to the Board on areas of significant risks to the Group's operations, if any.

The Board has received assurance from the CEO and the Chief Financial Officer (i) 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 (ii) regarding the effectiveness of the Company's risk management and internal control systems.

The following have been identified as significant risk factors relevant to the Group's operations:

Interest rate risk

The Group's interest rate exposure relates primarily to the outstanding amounts of long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate bank financing.

Surplus funds are placed with reputable banks.

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

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Short-term funding is from banking facilities.

REPORT ON
CORPORATE GOVERNANCE

Credit risk

The carrying amount of cash and cash equivalents, trade debtors and other debtors represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risks.

Audit Committee

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

The Audit Committee ("AC") comprises two independent non-executive Directors, namely, Mr Chew Chin Hua (Chairman) and Mr Tan Tiong Cheng and a non-executive director, Mr Toh Khai Cheng.

The Chairman of the AC, Mr Chew Chin Hua has many years of experience in the accounting and auditing profession. The other members of the AC have many years of experience in business and financial management. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the functions of the AC.

For the financial year 2018, the AC has held 4 meetings. Details of members and their attendance at meetings are provided in Table 1.

The key terms of reference of the AC include the following:

a. The AC shall consist of not less than three Directors appointed by the Board, all of whom shall be non-executive Directors with the majority being independent Directors. At least two members of the AC shall have accounting or related financial management expertise or experience and its membership, details of its activities, number of meetings and attendance at such meetings, shall be disclosed annually;
b. The Chairman of the AC shall be appointed by the Board and shall be an Independent Director; and
c. The Board shall appoint a new member so that the number of members does not fall below three if a member, for any reason, ceases to be a member.

The AC has written terms of reference approved by the Board. The AC performs the following functions in accordance with its terms of reference:

a. Reviews the audit plans of the internal and external auditors of the Company and review internal auditors' evaluation of the adequacy of the Company's internal system of accounting controls and the assistance given by the management to the external and internal auditors;
b. Reviews the quarterly and full year financial results, annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board;
c. Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
d. Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
e. Reviews 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;

f. Reviews the cost effectiveness and the independence and objectivity of the external auditors;
g. Reviews the nature and extent of non-audit services provided by the external auditors;
h. Recommends to the Board the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
i. Reports actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
j. Reviews interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

The AC also has full access to and the co-operation of management and reasonable resources to enable it to discharge its functions properly within the AC's scope of responsibility.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions. The AC also meets the external and internal auditors separately at least once a year, without the presence of management, in order to have free and unfettered access to unfiltered information and feedback.

The Company has a whistle-blowing policy and arrangement by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters to the AC Chairman or Deputy Chairman. The objective of such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the AC meetings quarterly.

The Board confirms that, in relation to the appointment of auditors for the Company, subsidiaries and significant associated companies, the Group is in compliance with the requirements of Rules 712, 715 and 716 of SGX-ST's Listing Manual.

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

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 outsourced the internal audit function to an independent external audit firm as the size of the existing operations of the Group does not warrant the Group to have an in-house internal audit team. The AC's responsibility in overseeing that the Company's risk management system and internal controls are adequate is complemented by the work of the outsourced Internal Auditor, KPMG Services Pte Ltd ("IA"). IA reports directly to the AC and administratively to the CEO and has unfettered access to all the company's documents, records, properties and personnel, including access to the AC. IA plans its internal audit schedules in consultation with, but independent of, management and its plan is submitted to the AC for approval. The AC reviews the internal audit procedures and ensures that the internal audit functions, together with the various systems put in place by the Group are adequate.

REPORT ON CORPORATE GOVERNANCE

The AC is satisfied that the IA is able to discharge its duties effectively and adequately based on the following considerations:

- the IA activities are conducted in accordance with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors; and

- the IA has the appropriate standing in the Company in view of, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC and management.

SHAREHOLDER RIGHTS AND COMMUNICATIONS WITH SHAREHOLDERS

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

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.

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 Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. The Company does not practice selective disclosure. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via announcements of results and other ad-hoc announcements as required by the SGX-ST. The Company's Annual Report which is sent to all shareholders is also available on request. 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 has an existing investor relation firm to assist in disseminating news to the media and analysts after each quarterly results announcement and any price-sensitive information announced.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders will be informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting will be accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions will be proposed for substantially separate issues at the meeting. The Chairman of the Audit, Remuneration and Nominating Committees are present at the Company's AGMs to answer those questions relating to the work of these committees. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders relating to the financial statements of the Company.

REPORT ON CORPORATE GOVERNANCE

The shareholders of the Company (other than a shareholder who is a relevant intermediary) may appoint one or two proxies to attend and vote in their absence at general meetings of the Company. A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general meetings of the Company. The Company is not implementing absentia-voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. The shareholders would be informed of the voting procedures at the commencement of the general meeting.

The Company conducts the voting of all its resolutions by poll at all its general meetings. The results of poll of each resolution tabled are announced at the meetings and in an announcement released after the meeting via SGXNET. Shareholders can vote in person or by their appointed proxies. The Company will employ electronic polling if necessary.

The Company Secretary prepares minutes of annual general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and management and is made available to shareholders upon their request.

The Company maintains a website (www.heeton.com) to bring public awareness of the Group's latest development and businesses. The public can provide feedback to the Company via the electronic mail address, the registered office address or calls. Calls and emails requesting for information are attended to promptly.

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

Notwithstanding the above, the Company has been declaring dividends on an annual basis. Any pay-outs are clearly communicated to shareholders via the financial results announcement through SGXNET.

INTERESTED PERSON TRANSACTIONS

There were no interested person transactions entered into by the Company that required disclosure under the SGX-ST's Listing Manual exceeding S$100,000 during the financial year ended 2018.

DEALINGS IN SECURITIES

The Company has adopted and implemented Rule 1207(19) of the Listing Manual issued by SGX-ST on dealings in securities. This has been made known to Directors, officers, and staff of the Company and the Group. In particular, it has been highlighted that to deal in the Company's securities as well as securities of other listed companies when the officers (Directors and employees) are in possession of unpublished material price sensitive information in relation to those securities is an offence. The officers are also discouraged from dealing in the Company's securities on short-term considerations.

Directors and key senior executives of the Group are prohibited from trading in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year financial statements. The Company has complied with Rule 1207(19) in the financial year ended 2018.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company for the financial year ended 31 December 2018.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) 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 the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

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

DIRECTORS

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

Toh Khai Cheng	–	Non-executive Chairman
Toh Giap Eng	–	Executive Deputy Chairman
Teng Heng Chew Eric	–	Executive Director
Chew Chin Hua	–	Independent Director
Tan Tiong Cheng	–	Independent Director
Chia Kwok Ping	–	Independent Director
Toh Gap Seng	–	Alternate to Toh Khai Cheng

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

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 (the "Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**1 January 2018**	**31 December 2018**	**1 January 2018**	**31 December 2018**
The Company Heeton Holdings Limited (Ordinary shares)				
Toh Khai Cheng[(1)]	22,084,392	22,084,392	144,510,959	144,510,959
Toh Giap Eng[(2)]	38,741,249	38,896,249	89,854,559	89,854,559
Toh Gap Seng[(3)]	17,768,370	17,768,370	1,038,800	1,038,800
Chew Chin Hua	36,000	36,000	–	–
Tan Tiong Cheng	12,000	12,000	–	–
Teng Heng Chew Eric	70,000	200,000	–	–

(1) Toh Khai Cheng is deemed to be interested in the 89,854,559 ordinary shares held by Heeton Investments Pte Ltd and the 54,656,400 shares held by Hong Heng Company Private Limited.

(2) Toh Giap Eng is deemed to be interested in the 89,854,559 shares held by Heeton Investments Pte Ltd.

(3) Toh Gap Seng is deemed to be interested in the 1,038,800 shares held by his spouse.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2019.

By virtue of Section 7 of the Companies Act, Messrs Toh Khai Cheng and Toh Giap Eng are deemed to have interests in the shares held by Heeton Holdings Limited in all its subsidiaries.

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

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

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

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

DIRECTORS' STATEMENT

AUDIT COMMITTEE

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

- Reviewed the audit plans of the internal and external auditors of the Group and the Company and 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 to the external and internal 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 and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- 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 AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual.

The AC, having reviewed all 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 AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

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

DIRECTORS' STATEMENT

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Toh Giap Eng Executive Deputy Chairman	Teng Heng Chew Eric Executive Director

Singapore
21 March 2019

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HEETON HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the consolidated statement of changes in equity, consolidated statement of comprehensive income 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Carrying value of development properties

The Group constructs properties for sale in the ordinary course of business. These development properties are stated at the lower of cost and net realisable value. The determination of the net realisable value of development properties is significant to our audit due to its magnitude and its dependency on a range of estimates (amongst others, estimated selling price of the unsold development properties due to market conditions and estimated development costs of the projects) made by management as well as external valuation specialists. As such, this is considered to be a key audit matter.

The management evaluated the recoverable amounts of these properties by taking into consideration the current market prices of these properties involved, the costs incurred to date, the development status and costs to complete the development. We focused on projects with slower-than-expected sales or projects with low or negative margins. The Group also engaged independent valuation specialists to determine the open market value of the unsold development properties. As part of our audit procedures, we assessed the competence, objectivity and integrity of these specialists. We held discussions with the specialist to assess the reasonableness of the key inputs and assumptions underlying the valuation.

We have reviewed the reasonableness of management's estimates of the expected selling price of the unsold development properties based on recent sales transactions. We also assessed the reasonableness of the key assumptions underlying the total estimated development costs, the process in which they were drawn up, and tested the underlying calculations. Further, we assessed the adequacy of disclosures related to development properties in Note 18.

Valuation of investment properties

As at 31 December 2018, the carrying amount of investment properties was $164,810,000 which accounted for 19% of total assets. The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss.

The Group engaged independent valuation specialists to determine the fair values of its investment properties as at 31 December 2018. The valuation of the investment properties is a significant judgemental area and is underpinned by a number of assumptions including yield adjustments made for any difference in nature, location or condition of the specific property. The valuation exercise also relies upon the accuracy of the underlying lease and financial information provided to the valuation specialists by management. Accordingly, we have identified this as a key audit matter.

As part of our audit procedures, we evaluated the competence, objectivity and integrity of the valuation specialists. We held discussions with the specialists to understand the valuation methodologies used in the valuation and the results of their work. We assessed the reasonableness of the key inputs and assumptions underlying the valuation. These key assumptions include adjusted recent sale prices, or estimated annual net rental income after deduction of expenses capitalised at an appropriate rate of return. We also assessed the adequacy of the related disclosures in Note 12 and Note 39.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Sale of development properties under construction by joint ventures companies

The Group's joint venture companies are involved in the construction of development properties which recognize revenue over time and determine progress based on input method which is measured based on actual costs incurred to-date to the total budgeted costs. The uncertainty and subjectivity involved in determining the budgeted cost and progress towards completion may have a significant impact on the results of the Group. As such, we determined this to be a key audit matter.

The recognition of revenue over time involves the use of significant management judgement and estimates including estimates of progress towards completion, scope of deliveries and services required, total contract cost and remaining costs to completion that affect the stage of completion computation. In addition, revenue and gross profit recognised on such contracts can vary from management's original estimates because of changes in conditions. The accounting for interests in joint ventures is also significant to our audit due to the significant share of the joint ventures' net profits and net assets. For the year ended 31 December 2018, the Group's share of results of joint ventures amounted to $14,010,000, which contributed 86% to the Group's net profit. As at 31 December 2018, the Group's interests in joint ventures amounted to $116,369,000, representing 14% of the Group's total assets.

As part of our audit procedures, we inquired and discussed with the auditors of the Group's significant joint ventures and performed a review of their working papers to evaluate the sufficiency of the audit evidence obtained in forming our opinion on the consolidated financial statements as a whole. This includes reviewing the auditors' assessment of the reasonableness of the key assumptions underlying the total estimated contract costs, and the process in which they were drawn up, and the underlying calculations. In addition, we reviewed the equity accounting adjustments prepared by management in respect of these joint ventures and assessed if the effects of the transactions between the Group and the joint ventures for the financial year are appropriately reflected. Additionally, we also assessed the adequacy of the related disclosures in Note 15.

Other information

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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.

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ang Chuen Beng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

21 March 2019

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

	Note	2018 $'000	2017 $'000
Revenue	4	**55,078**	57,131
Cost of properties sold		**(21,080)**	(29,531)
Other operating income	5	**7,617**	4,513
Personnel expenses	6	**(11,203)**	(11,172)
Depreciation of property, plant and equipment	11	**(2,354)**	(1,565)
Other operating expenses		**(19,383)**	(15,672)
Gain on disposal of a joint venture company	15	**–**	27,980
Finance expenses	7(a)	**(17,573)**	(12,647)
Finance income	7(b)	**8,049**	6,580
Share of results of associated companies/joint venture companies		**14,060**	14,302
Gains from fair value adjustments of investment properties	12	**6,000**	37,076
Profit before tax	8	**19,211**	76,995
Income tax expense	9	**(3,006)**	(1,557)
Profit for the year		**16,205**	75,438
Other comprehensive (expense)/income:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		**(5,254)**	911
Other comprehensive (expense)/income for the year, net of tax		**(5,254)**	911
Total comprehensive income for the year		**10,951**	76,349
Profit/(loss) for the year			
Attributable to:			
Owners of the Company		**17,625**	74,800
Non-controlling interests		**(1,420)**	638
		16,205	75,438
Total comprehensive income/(expense) for the year:			
Attributable to:			
Owners of the Company		**12,706**	75,727
Non-controlling interests		**(1,755)**	622
		10,951	76,349
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	**5.42**	23.00
Diluted	10	**5.42**	23.00

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

BALANCE **SHEETS**

AS AT 31 DECEMBER 2018

(In Singapore dollars)

	Note	Group			Company		
		2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Non-current assets							
Property, plant and equipment	11	**216,905**	137,291	120,338	**396**	574	577
Investment properties	12	**164,810**	160,095	170,050	**–**	–	–
Subsidiaries	13	**–**	–	–	**24,583**	24,583	24,583
Associated companies	14	**26,193**	68,311	70,348	**–**	–	–
Joint venture companies	15	**116,369**	99,876	81,577	**5,000**	5,000	5,000
Amounts due from associated companies and joint venture companies	16	**149,632**	164,897	124,361	**–**	–	–
Intangible assets	17	**109**	109	109	**–**	–	–
Other receivables	20	**18,000**	22,000	4,000	**–**	4,000	4,000
		692,018	652,579	570,783	**29,979**	34,157	34,160
Current assets							
Development properties	18	**32,070**	53,168	80,356	**16,109**	37,583	64,473
Contract asset	4	**–**	–	23,463	**–**	–	23,463
Investment property held for sale	12	**–**	51,700	–	**–**	–	–
Trade receivables	19	**1,267**	7,780	794	**261**	6,737	–
Other receivables	20	**52,284**	25,929	20,799	**24,617**	17,524	14,855
Prepayments		**2,171**	1,294	1,488	**1,526**	850	248
Amounts due from subsidiaries (non-trade)	21	**–**	–	–	**306,495**	227,550	178,572
Amounts due from related parties (trade)	21	**12**	12	14	**–**	–	–
Amounts due from joint venture company (non-trade)	21	**845**	401	333	**263**	33	33
Amount due from joint venture company (trade)	21	**–**	162	339	**–**	–	–
Fixed deposits	22	**22,039**	3,735	654	**21,887**	3,583	505
Cash and bank balances	23	**52,920**	22,889	27,114	**28,092**	4,890	13,436
		163,608	167,070	155,354	**399,250**	298,750	295,585

BALANCE SHEETS

AS AT 31 DECEMBER 2018

(In Singapore dollars)

	Note	Group 2018 $'000	Group 31.12.2017 $'000	Group 1.1.2017 $'000	Company 2018 $'000	Company 31.12.2017 $'000	Company 1.1.2017 $'000
Current liabilities							
Trade payables	24	**2,892**	3,820	6,769	**1,550**	2,490	4,615
Other payables and accruals	25	**13,431**	17,498	6,896	**5,420**	3,933	3,037
Derivative financial instruments	26	**–**	74	149	**–**	–	–
Amounts due to subsidiaries (non-trade)	21	**–**	–	–	**111,022**	88,399	60,237
Bonds	27	**–**	–	58,750	**–**	–	58,750
Short-term bank loans	28	**–**	11,500	14,000	**–**	11,500	14,000
Bank term loans	28	**104,131**	82,421	120,713	**–**	–	58,745
Finance lease obligations	35	**76**	76	76	**50**	50	50
Income tax payable		**3,560**	3,887	1,955	**431**	1,873	278
		124,090	119,276	209,308	**118,473**	108,245	199,712
Net current assets/(liabilities)		**39,518**	47,794	(53,954)	**280,777**	190,505	95,873
Non-current liabilities							
Other payables and accruals	25	**1,024**	960	1,043	**–**	–	–
Finance lease obligations	35	**119**	192	264	**92**	142	192
Amounts due to associated companies and joint venture company	16	**27,914**	54,476	43,660	**16,670**	16,283	15,508
Amounts due to non-controlling interests	30	**60,852**	34,091	27,156	**–**	–	–
Bonds	27	**193,000**	75,000	–	**193,000**	75,000	–
Bank term loans	28	**26,833**	122,655	103,846	**–**	24,000	–
Deferred tax liabilities	31	**911**	867	3,125	**19**	32	2,309
		(310,653)	(288,241)	(179,094)	**(209,781)**	(115,457)	(18,009)
Net assets		**420,883**	412,132	337,735	**100,975**	109,205	112,024
Equity attributable to owners of the Company							
Share capital	32	**86,624**	86,624	86,624	**86,624**	86,624	86,624
Foreign currency translation reserve	33	**(3,992)**	927	–	**–**	–	–
Asset revaluation reserve	34	**–**	–	–	**–**	–	–
Retained earnings		**336,555**	322,182	249,334	**14,351**	22,581	25,400
		419,187	409,733	335,958	**100,975**	109,205	112,024
Non-controlling interests	13	**1,696**	2,399	1,777	**–**	–	–
Total equity		**420,883**	412,132	337,735	**100,975**	109,205	112,024

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

	Note	Share capital (Note 32) $'000	Foreign currency translation reserve (Note 33) $'000	Asset revaluation reserve (Note 34) $'000	Retained[(1)] earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company						
Balance at 1 January 2018 (FRS framework)		**86,624**	**(8,417)**	**2,768**	**332,806**	**413,781**	**2,399**	**416,180**
Cumulative effects of adopting SFRS(I)		**–**	**9,344**	**(2,768)**	**(10,624)**	**(4,048)**	**–**	**(4,048)**
Balance at 1 January 2018 (SFRS(I) framework)		**86,624**	**927**	**–**	**322,182**	**409,733**	**2,399**	**412,132**
Profit for the year		**–**	**–**	**–**	**17,625**	**17,625**	**(1,420)**	**16,205**
Other comprehensive income								
– Foreign currency translation		**–**	**(4,919)**	**–**	**–**	**(4,919)**	**(335)**	**(5,254)**
Total comprehensive income for the year		**–**	**(4,919)**	**–**	**17,625**	**12,706**	**(1,755)**	**10,951**
Dividend on ordinary shares	43	**–**	**–**	**–**	**(3,252)**	**(3,252)**	**–**	**(3,252)**
Acquisition of subsidiaries		**–**	**–**	**–**	**–**	**–**	**1,052**	**1,052**
At 31 December 2018		**86,624**	**(3,992)**	**–**	**336,555**	**419,187**	**1,696**	**420,883**
Balance at 1 January 2017 (FRS framework)		86,624	(9,344)	2,768	263,765	343,813	1,777	345,590
Cumulative effects of adopting SFRS(I)		–	9,344	(2,768)	(14,431)	(7,855)	–	(7,855)
Balance at 1 January 2017 (SFRS(I) framework)		86,624	–	–	249,334	335,958	1,777	337,735
Profit for the year		–	–	–	74,800	74,800	638	75,438
Other comprehensive income								
– Foreign currency translation		–	927	–	–	927	(16)	911
Total comprehensive income for the year		–	927	–	74,800	75,727	622	76,349
Dividend on ordinary shares	43	–	–	–	(1,952)	(1,952)	–	(1,952)
At 31 December 2017 (SFRS(I) framework)		86,624	927	–	322,182	409,733	2,399	412,132

(1) Included in retained earnings is an amount of $2,768,000 transferred from asset revaluation reserve as at the date of transition to SFRS(I) on 1 January 2017.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

	Note	2018 $'000	2017 $'000
Cash flow from operating activities			
Profit before tax		**19,211**	76,995
Adjustments:			
Depreciation of property, plant and equipment	11	**2,354**	1,565
Gain on disposal of investment property		**(4,150)**	–
Gain on disposal of property, plant and equipment		**(25)**	–
Fair value gain on derivative financial instruments	8	**(74)**	(75)
Gains from fair value adjustments of investment properties	12	**(6,000)**	(37,076)
Share of results of associated companies/joint venture companies		**(14,060)**	(14,302)
Impairment loss on other receivables	20	**–**	1,000
Interest expense	7(a)	**17,573**	12,647
Interest income	7(b)	**(8,049)**	(6,580)
Gain on disposal of a joint venture company	15	**–**	(27,980)
Unrealised exchange differences		**2,068**	(223)
Total adjustments		**(10,363)**	(71,024)
Operating cash flows before changes in working capital		**8,848**	5,971
Changes in working capital:			
Decrease in development properties		**19,477**	48,052
Decrease/(increase) in trade receivables		**6,480**	(6,975)
Increase in other receivables		**(10,181)**	(2,151)
Increase in prepayments		**(898)**	(403)
Decrease in trade payables		**(886)**	(2,974)
Increase in other payables and accruals		**5,741**	9,189
Increase in amounts due from related parties, net		**–**	2
Total changes in working capital		**19,733**	44,740
Cash flows from operations		**28,581**	50,711
Interest received		**8,049**	6,580
Interest paid, excluding amounts capitalised		**(17,573)**	(12,647)
Income taxes paid		**(3,209)**	(1,898)
Net cash flows from operating activities		**15,848**	42,746

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

	Note	2018 $'000	2017 $'000
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**25**	–
Additions to property, plant and equipment	11	**(87,760)**	(14,245)
Additions to investment properties	12	**–**	(3,556)
Deposit on purchase of property, plant and equipment		**(17,030)**	–
Balance proceeds from disposal of investment property held for sale		**50,265**	–
Net repayment of loan/(net loan to) associated companies and joint venture companies		**28,340**	(38,982)
Proceeds from disposal of a joint venture company	15	**–**	15,000
Net cash flows used in investing activities		**(26,160)**	(41,783)
Cash flows from financing activities			
Repayment of finance lease obligations		**(73)**	(72)
Proceeds from bank loans		**–**	61,253
Repayment of bank loans		**(83,559)**	(84,395)
Repayment of bond		**–**	(58,750)
Proceeds from bond issuance		**118,000**	75,000
Increase in loan from non-controlling interests		**28,667**	6,637
Dividends paid on ordinary shares of the Company	43	**(3,252)**	(1,952)
Net cash flows from/(used in) financing activities		**59,783**	(2,279)
Net increase/(decrease) in cash and cash equivalents		**49,471**	(1,316)
Effect of exchange rate changes on cash and cash equivalents		**(1,136)**	172
Cash and cash equivalents at beginning of year		**26,624**	27,768
Cash and cash equivalents at end of year	A	**74,959**	26,624

A. Cash and cash equivalents

Cash and cash equivalents consist of fixed deposits and cash and bank balances, as follows:

	Note	2018 $'000	2017 $'000
Fixed deposits	22	**22,039**	3,735
Cash and bank balances	23	**52,920**	22,889
Cash and cash equivalents at end of year		**74,959**	26,624

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

1. CORPORATE INFORMATION

Heeton Holdings Limited (the "Company") is a limited liability company domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business is located at 60 Sembawang Road, #01-02 Hong Heng Mansions, Singapore 779088.

The Company's principal activities are in property development, investment holding and hospitality. The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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 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 (Dollars ("SGD" or "$") and all values in the tables are recorded to the nearest thousand ("$'000") except when otherwise indicated.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first 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).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- Cumulative currency translation differences for all foreign operations are deemed to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. As a result, an amount of $9.3 million of foreign currency translation reserve was adjusted against the opening retained earnings as at 1 January 2017.

- The comparative information does not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

The Group has elected to regard the fair values amounting to $116,743,000 of its freehold and leasehold properties classified as property, plant and equipment as their deemed cost at the date of transition to SFRS(I) on 1 January 2017.

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. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

SFRS(I) 9 *Financial Instruments*

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 Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

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's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The Group applies the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, there is no significant impact arising from the impairment of these instruments under SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

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

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group adopted SFRS(I) 15 using the retrospective approach with practical expedients.

The key impact of adopting SFRS(I) 15 is detailed as follows:

(a) Sale of development properties

(i) Timing of revenue recognition

The Group is in the business of constructing and developing residential and commercial properties. The Group previously recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, for most of its residential and commercial developments, performance obligations for the sale of development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date.

The Group has determined that for certain sale of residential properties where revenue was recognised upon completion previously, its performance does not create an asset with alternative use to the Group and it has concluded that it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognised over time under SFRS(I) 15.

As a result, the Group will recognise an adjustment to increase contract assets by $23,463,000 and derecognise development property of $23,463,000.

(ii) Capitalised contract costs

The Group pays commissions to property agents on the sale of property and previously recognised such commissions as expense when incurred. The Group applied the practical expedients in SFRS(I) 15 for costs to obtain a contract to expense those costs that would have been amortised over one year or less. Where amortisation period will be longer than one year, the Group will capitalise the incremental costs of obtaining a contract that meet the criteria in SFRS(I) 15. Under SFRS(I) 15, the Group capitalises such commissions as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the balance sheet of the Group.

	Group			
	1.1.2017 (FRS) $'000	SFRS(I) 1 adjustments $'000	SFRS(I) 15 adjustments $'000	1.1.2017 (SFRS(I)) $'000
Non-current assets				
Property, plant and equipment	120,338	–	–	120,338
Investment properties	170,050	–	–	170,050
Associated companies	73,458	–	(3,110)	70,348
Joint venture companies	82,140	–	(563)	81,577
Amounts due from associated companies, joint venture companies and investee companies	125,572	–	(1,211)	124,361
Intangible assets	109	–	–	109
Other receivables	4,000	–	–	4,000
	575,667	–	(4,884)	570,783
Current assets				
Development properties	106,790	–	(26,434)	80,356
Contract asset	–	–	23,463	23,463
Trade receivables	794	–	–	794
Other receivables	20,799	–	–	20,799
Prepayments	1,488	–	–	1,488
Amounts due from related parties (trade)	14	–	–	14
Amounts due from joint venture company (non-trade)	333	–	–	333
Amount due from joint venture company (trade)	339	–	–	339
Fixed deposits	654	–	–	654
Cash and bank balances	27,114	–	–	27,114
	158,325	–	(2,971)	155,354

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

	Group			
	1.1.2017 (FRS) $'000	SFRS(I) 1 adjustments $'000	SFRS(I) 15 adjustments $'000	1.1.2017 (SFRS(I)) $'000
Current liabilities				
Trade payables	6,769	–	–	6,769
Other payables and accruals	6,896	–	–	6,896
Derivative financial instruments	149	–	–	149
Bonds	58,750	–	–	58,750
Short-term bank loans	14,000	–	–	14,000
Bank term loans	120,713	–	–	120,713
Finance lease obligations	76	–	–	76
Income tax payable	1,955	–	–	1,955
	209,308	–	–	209,308
Net current liabilities	(50,983)	–	(2,971)	(53,954)
Non-current liabilities				
Other payables and accruals	1,043	–	–	1,043
Finance lease obligations	264	–	–	264
Amounts due to associated companies and joint venture company	43,660	–	–	43,660
Amounts due to non-controlling interests	27,156	–	–	27,156
Bank term loans	103,846	–	–	103,846
Deferred tax liabilities	3,125	–	–	3,125
	(179,094)	–	–	(179,094)
Net assets	345,590	–	(7,855)	337,735
Equity attributable to owners of the Company				
Share capital	86,624	–	–	86,624
Foreign currency translation reserve	(9,344)	9,344	–	–
Asset revaluation reserve	2,768	(2,768)	–	–
Retained earnings	263,765	(6,576)	(7,855)	249,334
	343,813	–	(7,855)	335,958
Non-controlling interests	1,777	–	–	1,777
Total equity	345,590	–	(7,855)	337,735

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 and 1 January 2018 to the balance sheet of the Group.

	Group			
	31.12.2017 (FRS) $'000	SFRS(I) 1 adjustments $'000	SFRS(I) 15 adjustments $'000	31.12.2017 (SFRS(I)) $'000
Non-current assets				
Property, plant and equipment	137,291	–	–	137,291
Investment properties	160,095	–	–	160,095
Associated companies	69,926	–	(1,615)	68,311
Joint venture companies	99,427	–	449	99,876
Amounts due from associated companies, joint venture companies and investee companies	166,108	–	(1,211)	164,897
Intangible assets	109	–	–	109
Other receivables	22,000	–	–	22,000
	654,956	–	(2,377)	652,579
Current assets				
Development properties	54,839	–	(1,671)	53,168
Investment property held for sale	51,700	–	–	51,700
Trade receivables	7,780	–	–	7,780
Other receivables	25,929	–	–	25,929
Prepayments	1,294	–	–	1,294
Amounts due from related parties (trade)	12	–	–	12
Amounts due from joint venture company (non-trade)	401	–	–	401
Amount due from joint venture company (trade)	162	–	–	162
Fixed deposits	3,735	–	–	3,735
Cash and bank balances	22,889	–	–	22,889
	168,741	–	(1,671)	167,070

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

	Group			
	31.12.2017 (FRS) $'000	**SFRS(I) 1 adjustments $'000**	**SFRS(I) 15 adjustments $'000**	**31.12.2017 (SFRS(I)) $'000**
Current liabilities				
Trade payables	3,820	–	–	3,820
Other payables and accruals	17,498	–	–	17,498
Derivative financial instruments	74	–	–	74
Short-term bank loans	11,500	–	–	11,500
Bank term loans	82,421	–	–	82,421
Finance lease obligations	76	–	–	76
Income tax payable	3,887	–	–	3,887
	119,276	–	–	119,276
Net current assets	49,465	–	(1,671)	47,794
Non-current liabilities				
Other payables and accruals	960	–	–	960
Finance lease obligations	192	–	–	192
Amounts due to associated companies and joint venture company	54,476	–	–	54,476
Amounts due to non-controlling interests	34,091	–	–	34,091
Bonds	75,000	–	–	75,000
Bank term loans	122,655	–	–	122,655
Deferred tax liabilities	867	–	–	867
	(288,241)	–	–	(288,241)
Net assets	416,180	–	(4,048)	412,132
Equity attributable to owners of the Company				
Share capital	86,624	–	–	86,624
Foreign currency translation reserve	(8,417)	9,344	–	927
Asset revaluation reserve	2,768	(2,768)	–	–
Retained earnings	332,806	(6,576)	(4,048)	322,182
	413,781	–	(4,048)	409,733
Non-controlling interests	2,399	–	–	2,399
Total equity	416,180	–	(4,048)	412,132

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I), including application of new standards on 1 January 2017 to the balance sheet of the Company.

	Company			
	1.1.2017 (FRS) $'000	SFRS(I) 1 adjustments $'000	SFRS(I) 15 adjustments $'000	1.1.2017 (SFRS(I)) $'000
Non-current assets				
Property, plant and equipment	577	–	–	577
Subsidiaries	24,583	–	–	24,583
Associated companies	–	–	–	–
Joint venture companies	5,000	–	–	5,000
Other receivables	4,000	–	–	4,000
	34,160	–	–	34,160
Current assets				
Development properties	90,907	–	(26,434)	64,473
Contract asset	–	–	23,463	23,463
Other receivables	14,855	–	–	14,855
Prepayments	248	–	–	248
Amounts due from subsidiaries (non-trade)	178,572	–	–	178,572
Amounts due from joint venture company (non-trade)	33	–	–	33
Fixed deposits	505	–	–	505
Cash and bank balances	13,436	–	–	13,436
	298,556	–	(2,971)	295,585

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

	Company			
	1.1.2017 (FRS) $'000	SFRS(I) 1 adjustments $'000	SFRS(I) 15 adjustments $'000	1.1.2017 (SFRS(I)) $'000
Current liabilities				
Trade payables	4,615	–	–	4,615
Other payables and accruals	3,037	–	–	3,037
Amounts due to subsidiaries (non-trade)	60,237	–	–	60,237
Bonds	58,750	–	–	58,750
Short-term bank loans	14,000	–	–	14,000
Bank term loans	58,745	–	–	58,745
Finance lease obligations	50	–	–	50
Income tax payable	278	–	–	278
	199,712	–	–	199,712
Net current assets	98,844	–	(2,971)	95,873
Non-current liabilities				
Finance lease obligations	192	–	–	192
Amounts due to associated companies and joint venture company	15,508	–	–	15,508
Deferred tax liabilities	2,309	–	–	2,309
	(18,009)	–	–	(18,009)
Net assets	114,995	–	(2,971)	112,024
Equity attributable to owners of the Company				
Share capital	86,624	–	–	86,624
Retained earnings	28,371	–	(2,971)	25,400
Total equity	114,995	–	(2,971)	112,024

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I), including application of new standards on 31 December 2017 to the balance sheet of the Company.

	Company			
	31.12.2017 (FRS) $'000	**SFRS(I) 1 adjustments $'000**	**SFRS(I) 15 adjustments $'000**	**31.12.2017 (SFRS(I)) $'000**
Non-current assets				
Property, plant and equipment	574	–	–	574
Subsidiaries	24,583	–	–	24,583
Joint venture companies	5,000	–	–	5,000
Other receivables	4,000	–	–	4,000
	34,157	–	–	34,157
Current assets				
Development properties	39,254	–	(1,671)	37,583
Trade receivables	6,737	–	–	6,737
Other receivables	17,524	–	–	17,524
Prepayments	850	–	–	850
Amounts due from subsidiaries (non-trade)	227,550	–	–	227,550
Amounts due from joint venture company (non-trade)	33	–	–	33
Fixed deposits	3,583	–	–	3,583
Cash and bank balances	4,890	–	–	4,890
	300,421	–	(1,671)	298,750

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

	Company			
	31.12.2017 (FRS) $'000	SFRS(I) 1 adjustments $'000	SFRS(I) 15 adjustments $'000	31.12.2017 (SFRS(I)) $'000
Current liabilities				
Trade payables	2,490	–	–	2,490
Other payables and accruals	3,933	–	–	3,933
Amounts due to subsidiaries (non-trade)	88,399	–	–	88,399
Short-term bank loans	11,500	–	–	11,500
Finance lease obligations	50	–	–	50
Income tax payable	1,873	–	–	1,873
	108,245	–	–	108,245
Net current assets	192,176	–	(1,671)	190,505
Non-current liabilities				
Finance lease obligations	142	–	–	142
Amounts due to associated companies and joint venture company	16,283	–	–	16,283
Bonds	75,000	–	–	75,000
Bank term loans	24,000	–	–	24,000
Deferred tax liabilities	32	–	–	32
	(115,457)	–	–	(115,457)
Net assets	110,876	–	(1,671)	109,205
Equity attributable to owners of the Company				
Share capital	86,624	–	–	86,624
Retained earnings	24,252	–	(1,671)	22,581
Total equity	110,876	–	(1,671)	109,205

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 First-time adoption of SFRS(I) (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the comprehensive income of the Group for the year ended 31 December 2017.

	2017 (FRS) $'000	SFRS(I) 15 adjustments $'000	2017 (SFRS(I)) $'000
Revenue	57,131	–	57,131
Cost of properties sold	(30,900)	1,369	(29,531)
Other operating income	4,513	–	4,513
Personnel expenses	(11,172)	–	(11,172)
Depreciation of property, plant and equipment	(1,565)	–	(1,565)
Other operating expenses	(15,672)	–	(15,672)
Gain on disposal of a joint venture company	27,980	–	27,980
Finance expenses	(12,578)	(69)	(12,647)
Finance income	6,580	–	6,580
Share of results of associated companies/joint venture companies	11,795	2,507	14,302
Gains from fair value adjustments of investment properties	37,076	–	37,076
Profit before tax	73,188	3,807	76,995
Income tax expense	(1,557)	–	(1,557)
Profit for the year	71,631	3,807	75,438
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation	911	–	911
Other comprehensive income for the year, net of tax	911	–	911
Total comprehensive income for the year	72,542	3,807	76,349
Profit for the year			
Attributable to:			
Owners of the Company	70,993	3,807	74,800
Non-controlling interests	638	–	638
	71,631	3,807	75,438
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company	71,920	3,807	75,727
Non-controlling interests	622	–	622
	72,542	3,807	76,349
Earnings per share attributable to owners of the Company (cents per share)			
Basic	21.83	1.17	23.00
Diluted	21.83	1.17	23.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) INT 123 *Uncertainty over Income Tax Treatments*	1 January 2019
SFRS(I) 16 *Leases*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Standards issued but not yet effective (Continued)

SFRS(I) 16 *Leases* (Continued)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases, which will result in an increase of total assets and total liabilities, EBITDA and gearing ratio.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency (Continued)

(b) Consolidated financial statements

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

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

2.5 Subsidiaries, basis of consolidation and business combinations

(a) 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 impairment losses.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Subsidiaries, basis of consolidation and business combinations (Continued)

(b) Basis of consolidation (Continued)

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

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(c) Business combinations and goodwill

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Transactions with non-controlling interests

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

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

2.7 Joint arrangements

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

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

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

a) Joint operations

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

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

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

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

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

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

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

b) Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Joint ventures and associates

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, these items are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	–	Over the remaining lease period
Freehold and leasehold buildings	–	50 years or over the remaining lease period, whichever is shorter
Plant and equipment	–	10 years
Renovations	–	5 to 6 years
Motor vehicles	–	5 to 10 years
Equipment and fixtures	–	3 to 10 years
Furniture and fittings	–	5 to 10 years
Computers	–	3 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet 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 value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.10 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 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.

Investment properties are initially measured at cost, including transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Investment properties (Continued)

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they 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. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use. Any difference at that date between the carrying amount of the owner-occupied property and its fair value is accounted for in the same way as a revaluation of property, plant and equipment as set out in Note 2.9.

For a transfer from development property to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

2.11 Investment property held for sale

Investment property is transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

For the sale to be highly probable:

- The Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated
- The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value, and
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

On re-classification as held for sale, investment properties that are measured at fair value continue to be so measured. Assets and liabilities classified as held for sale are presented separately as current items on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Development properties

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

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date 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.

The costs of development properties 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.

2.13 Intangible assets

Goodwill

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group 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 to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instrument.

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

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.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial instruments (Continued)

(a) Financial assets (Continued)

(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.

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 de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases and sales

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

(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 and in the case of other financial liabilities, plus directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial instruments (Continued)

(b) Financial liabilities (Continued)

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is 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.

2.16 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 and contract assets, 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.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and unpledged fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 Trade and other receivables

Payment terms granted to customers are in accordance with the progress payment schedule for the purchase of the development properties under construction. Tenants of investment properties are granted payment terms as set out in the respective tenancy agreements.

2.19 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 2.17 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.20 Borrowing costs

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

2.21 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 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 Company 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.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(III). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Employee benefits

(a) *Defined contribution plans*

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

(b) *Employment leave entitlement*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 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.

I Sale of completed development property

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

II Sale of development property under construction

The Group develops and sells residential and commercial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

NOTES TO THE
FINANCIAL STATEMENTS
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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Revenue (Continued)

II Sale of development property under construction (Continued)

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

III Rental income

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

IV Hotel operation income

Income from hotel operations is recognised when goods are delivered or services are rendered to customers.

V Interest income

Interest income is recognised as interest accrues using the effective interest method.

VI Rendering of services

Revenue from provision of services is recognised when these services are rendered.

VII Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Taxes

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Taxes (Continued)

(b) Deferred tax (Continued)

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

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

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

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

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

(c) Sales tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 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 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 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.

2.28 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.29 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Transfers between levels of the fair value hierarchy

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, 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 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 statement was 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.

(a) Valuation of investment properties

The Group carries its investment properties and investment property held for sale at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2018. The two valuation techniques adopted were the Market Comparable Approach Method and Income Approach Method. The former involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The latter involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising the net rent at a suitable rate of return. The key assumptions used to determine the fair value of these investment properties and investment property held for sale and sensitivity analysis are provide in Note 39.

The carrying amount of the Group's investment properties and investment property held for sale as at 31 December 2018 was $164,810,000 (31.12.2017: $160,095,000; 1.1.2017: $170,050,000) and $nil (31.12.2017: $51,700,000; 1.1.2017: $nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.1 Key sources of estimation uncertainty (Continued)

(b) *Carrying value of development properties*

Development properties are stated at the lower of cost and net realisable value.

Net realisable value of development properties 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. The carrying amount of development properties at the end of the reporting period is disclosed in Note 18 to the financial statements.

The Group's accounting policy on development properties requires all known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. Estimating such losses requires the Group to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market valuation of the unsold units. The Group also estimates the total development costs to determine the extent of the anticipated losses, if any. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised, and therefore provision for onerous contracts on development properties could be revised. The Group's share of associates' results included an amount of $nil million (2017: $1.2 million) write down of development properties to net realisable value for the current period.

(c) *Revenue recognition on development properties under construction*

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.1 Key sources of estimation uncertainty (Continued)

(d) Income taxes

The Group's exposure to income taxes mainly arises from Singapore. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax 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.

Deferred tax assets are recognised for all deductible temporary differences, the 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.

The carrying amount of the Group's income tax payable and deferred tax liabilities at 31 December 2018 was $3,560,000 (31.12.2017: $3,887,000; 1.1.2017: $1,955,000) and $911,000 (31.12.2017: $867,000 1.1.2017: $3,125,000) respectively.

(e) Impairment of loans and receivables

The Group follows the guidance of SFRS(I) 9 in determining when a financial asset is impaired. This determination requires significant judgement. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The impairment loss on trade receivables and other receivables are disclosed in Notes 19 and 20 respectively.

3.2 Judgements made in applying accounting policies

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

(a) Classification of property

The Group determines whether a property is classified as investment property, development property or property, plant and equipment as follows:

– Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income or for capital appreciation, or both.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.2 Judgements made in applying accounting policies (Continued)

(a) Classification of property (Continued)

– Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.

– Property, plant and equipment comprises land and buildings (principally hotel properties) which are held for use in the supply of services to earn hotel operation income.

(b) Classification of investments as associated companies

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

Management has determined that it does not have control or joint control over its associated companies. The Group's associated companies are disclosed in Note 14 to the financial statements.

4. REVENUE

	Group	
	2018	**2017**
	$'000	**$'000**
Revenue from contracts with customers	**42,928**	43,741
Rental income from investment properties	**11,558**	13,390
Other rental income	**592**	–
	55,078	57,131

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

4. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers

Segments	Property development		Hospitality		Corporate		Total Revenue	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Primary geographical markets								
Singapore	**24,208**	29,791	**–**	–	**1,389**	885	**25,597**	30,676
United Kingdom	**–**	–	**17,005**	12,830	**326**	235	**17,331**	13,065
	24,208	29,791	**17,005**	12,830	**1,715**	1,120	**42,928**	43,741
Major product or service line								
Residential properties	**21,452**	29,791	**–**	–	**–**	–	**21,452**	29,791
Commercial properties	**2,756**	–	**–**	–	**–**	–	**2,756**	–
Hotel operation income	**–**	–	**17,005**	12,830	**–**	–	**17,005**	12,830
Management fee income	**–**	–	**–**	–	**1,715**	1,120	**1,715**	1,120
	24,208	29,791	**17,005**	12,830	**1,715**	1,120	**42,928**	43,741
Timing of transfer of goods or services								
At a point in time	**–**	–	**17,005**	12,830	**1,715**	1,120	**18,720**	13,950
Over time	**24,208**	29,791	**–**	–	**–**	–	**24,208**	29,791
	24,208	29,791	**17,005**	12,830	**1,715**	1,120	**42,928**	43,741

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

4. REVENUE (Continued)

(b) Contract assets and contract liabilities

Information about contract assets from contracts with customers is disclosed as follows:

	Group and company		
	2018 **$'000**	**31.12.2017** **$'000**	**1.1.2017** **$'000**
Contract assets	**–**	–	23,463

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for sale of development properties. Contract assets are transferred to receivables when the rights become unconditional.

Significant changes in contract assets are explained as follows:

	Group and company	
	2018 **$'000**	**2017** **$'000**
Contract asset reclassified to receivables	**–**	23,463

5. OTHER OPERATING INCOME

	Group	
	2018 **$'000**	**2017** **$'000**
Forfeiture of deposits	**57**	1,918
Tentage and other rental	**160**	201
Management fee income from associated companies and joint venture companies	**2,320**	2,120
Gain on disposal of investment property	**4,150**	–
Others	**930**	274
	7,617	4,513

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

6. PERSONNEL EXPENSES

	Group 2018 $'000	Group 2017 $'000
Salaries and bonuses	**10,402**	10,409
Central Provident Fund contributions	**390**	437
Other staff costs	**411**	326
	11,203	11,172

Personnel expenses include directors' remuneration set out in Note 8.

7. FINANCE EXPENSES/(INCOME)

	Note	Group 2018 $'000	Group 2017 $'000
(a) Finance expenses			
Interest expense on:			
– bank loans		**4,913**	7,314
– bonds		**11,395**	4,421
– advances from associated companies/joint venture companies		**566**	775
– advances from non-controlling interests		**1,045**	905
– others		**12**	–
		17,931	13,415
Less: Interest capitalised in property, plant and equipment	11	**(358)**	(768)
		17,573	12,647

(b) Finance income

	Group 2018 $'000	Group 2017 $'000
Interest income from financial assets measured at amortised cost:		
– fixed deposits	**(448)**	(24)
– loans to associated companies	**(1,023)**	(1,197)
– loans to joint venture companies	**(4,670)**	(3,191)
– promissory notes and other receivables	**(1,908)**	(2,168)
	(8,049)	(6,580)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

8. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Note	Group 2018 $'000	Group 2017 $'000
Audit fees paid to:			
– auditor of the Company		**251**	271
– other auditors		**82**	120
Non-audit fees paid to:			
– auditor of the Company		**72**	185
– other auditors		**56**	84
Directors' remuneration		**1,241**	2,633
Directors' fees		**381**	381
Impairment loss on other receivables	20	**–**	1,000
Property tax		**2,671**	2,299
Operating lease expenses		**274**	230
Fair value gain on derivative financial instruments		**(74)**	(75)
Repairs and maintenance on investment properties		**605**	775

9. 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 $'000	Group 2017 $'000
Statement of comprehensive income:		
Current income tax:		
– Current year	**2,033**	3,587
– Under provision in respect of previous years	**927**	239
	2,960	3,826
Deferred income tax:		
– Origination and reversal of temporary differences	**28**	(2,397)
– Under provision in respect of previous years	**18**	128
	46	(2,269)
Income tax expense recognised in profit or loss	**3,006**	1,557

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

9. INCOME TAX EXPENSE (Continued)

Relationship between tax expense and accounting profit

The 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 are as follows:

	Group	
	2018 **$'000**	**2017** **$'000**
Profit before tax	**19,211**	76,995
Tax at the domestic rates applicable to profits in the countries where the Group operates	**3,414**	13,591
Adjustments:		
Non-deductible expenses	**2,038**	1,842
Income not subject to taxation	**(1,604)**	(12,104)
Effect of tax rebate and partial tax exemption	**(114)**	(286)
Benefits from previously unrecognised tax losses	**–**	(41)
Deferred tax assets not recognised	**447**	340
Under-provision in respect of previous years	**945**	367
Share of results of associated companies/joint venture companies	**(2,390)**	(2,680)
Tax losses not allowed to be carried forward	**219**	467
Others	**51**	61
Income tax expense recognised in profit or loss	**3,006**	1,557

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit for the year 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 profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2018 **$'000**	**2017** **$'000**
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	**17,625**	74,800
	No. of shares **'000**	**No. of shares** **'000**
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share computation	**325,156**	325,156

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold and leasehold land $'000	Freehold and leasehold buildings[1] $'000	Plant and equipment $'000	Renovations $'000	Motor vehicles $'000	Equipment and fixtures $'000	Furniture and fittings $'000	Computers $'000	Total $'000
Group									
Cost:									
At 1 January 2017	50,354	66,389	3,700	624	948	606	2,524	578	125,723
Additions[2]	7,268	6,159	–	–	–	104	554	160	14,245
Transfer from development properties	1,091	1,745	–	–	–	–	–	–	2,836
Exchange differences	571	618	–	–	2	(4)	185	2	1,374
At 31 December 2017 and 1 January 2018	59,284	74,911	3,700	624	950	706	3,263	740	144,178
Additions[2]	39,205	48,470	–	–	–	29	47	9	87,760
Exchange differences	(2,426)	(3,004)	–	–	–	(7)	(113)	–	(5,550)
At 31 December 2018	**96,063**	**120,377**	**3,700**	**624**	**950**	**728**	**3,197**	**749**	**226,388**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold and leasehold land $'000	Freehold and leasehold buildings[(1)] $'000	Plant and equipment $'000	Renovations $'000	Motor vehicles $'000	Equipment and fixtures $'000	Furniture and fittings $'000	Computers $'000	Total $'000
Group									
Accumulated depreciation:									
At 1 January 2017	–	–	3,514	499	211	252	553	356	5,385
Charge for the year	8	749	70	30	158	92	360	98	1,565
Exchange differences	–	8	–	–	–	(69)	(2)	–	(63)
At 31 December 2017 and 1 January 2018	8	757	3,584	529	369	275	911	454	6,887
Charge for the year	–	1,416	50	30	160	27	553	118	2,354
Exchange differences	–	212	–	–	–	50	(20)	–	242
At 31 December 2018	**8**	**2,385**	**3,634**	**559**	**529**	**352**	**1,444**	**572**	**9,483**
Net carrying amount:									
At 1 January 2017	50,354	66,389	186	125	737	354	1,971	222	120,338
At 31 December 2017	59,276	74,154	116	95	581	431	2,352	286	137,291
At 31 December 2018	**96,055**	**117,992**	**66**	**65**	**421**	**376**	**1,753**	**177**	**216,905**

(1) As at 31 December 2018, included in freehold and leasehold buildings is an amount of $28,372,000 (2017: $10,104,000) which relates to expenditure for hotels in the course of construction.

(2) During the year, the Group acquired property, plant and equipment of $87,760,000 (2017: $14,245,000) (including property, plant and equipment resulting from acquisition of businesses).

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Renovations $'000	Motor vehicles $'000	Equipment and fixtures $'000	Furniture and fittings $'000	Computers $'000	Total $'000
Cost:						
At 1 January 2017	12	498	71	18	428	1,027
Additions	–	–	–	–	154	154
At 31 December 2017 and 1 January 2018	12	498	71	18	582	1,181
Additions	–	–	–	–	6	6
At 31 December 2018	**12**	**498**	**71**	**18**	**588**	**1,187**
Accumulated depreciation:						
At 1 January 2017	12	13	71	18	336	450
Charge for the year	–	99	–	–	58	157
At 31 December 2017 and 1 January 2018	12	112	71	18	394	607
Charge for the year	–	100	–	–	84	184
At 31 December 2018	**12**	**212**	**71**	**18**	**478**	**791**
Net carrying amount:						
At 1 January 2017	–	485	–	–	92	577
At 31 December 2017	–	386	–	–	188	574
At 31 December 2018	**–**	**286**	**–**	**–**	**110**	**396**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Acquisition of business

During the year, the Group acquired a hotel business for a consideration of £9.4 million (equivalent to approximately $16.9 million). The Group has determined the transaction to be a business combination and has recorded it based on the provisional Purchase Price Allocation ("PPA").

The fair value of the identifiable assets and liabilities of the hotel business as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	17,008
Trade and other receivables	88
Cash and bank balances	3
	17,099
Trade payables	(163)
Other payables	(20)
	(183)
Total identifiable net assets at fair value	16,916
Total consideration transferred (Cash paid)	16,916

Provisional accounting of the acquisition of the hotel business

Management will engage independent valuation specialists to assist them with the PPA, including the identification and fair value measurement of the assets acquired and liabilities assumed. As at 31 December 2018, no intangible assets and goodwill were recorded arising from the provisional PPA. The Group is required to finalise the PPA within one year from the date of acquisition and adjust accordingly on a retrospective basis.

Capitalisation of borrowing costs

During the financial year, borrowing costs of $358,000 (2017: $768,000), arising from borrowings obtained specifically for the freehold land and buildings were capitalised. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation range is 2.10% (2017: 2.10% to 3.85%) per annum.

Assets held under finance leases

As at 31 December 2018, the Group and Company have motor vehicles held under finance leases with a net carrying amount of approximately $396,000 and $286,000 (31.12.2017: $541,000 and $386,000; 1.1.2017: $685,000 and $485,000) respectively.

Assets pledged as security

The Group's freehold and leasehold land and buildings are mortgaged to banks to secure banking facilities granted to the Group (Note 28).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

12. INVESTMENT PROPERTIES

	Group		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**
Balance sheet			
Investment properties			
Balance at beginning of year	**160,095**	170,050	173,980
Exchange differences	**(1,285)**	403	(4,472)
Additions resulting from acquisition of properties	**–**	3,556	–
Additions resulting from subsequent expenditure	**–**	710	–
Gains from fair value adjustments recognised in profit or loss	**6,000**	37,076	542
	164,810	211,795	170,050
Transferred to investment property held for sale[(1)]	**–**	(51,700)	–
Balance at end of year	**164,810**	160,095	170,050
Investment property held for sale			
Balance at beginning of year	**51,700**	–	–
Transferred from investment properties[(1)]	**–**	51,700	–
Sold during the year	**(51,700)**	–	–
Balance at end of year	**–**	51,700	–

(1) The Group entered into a sale and purchase agreement for the disposal of an investment property, The Woodgrove, in December 2017. The investment property is classified as investment property held for sale as at 31 December 2017 and the disposal was completed on February 2018.

Statement of comprehensive income:			
Rental income from investment properties and investment property held for sale:			
– Minimum lease payments	**11,558**	13,357	13,300
Direct operating expenses (including repairs and maintenance) arising from:			
– Rental generating properties	**2,268**	3,196	3,012

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 and investment property held for sale are stated at fair value, which has been determined based on valuations performed as at 31 December 2018 and 31 December 2017. The valuations were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, Knight Frank LLP and DeVilliers Chartered Surveyors, independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of valuation technique and inputs used are disclosed in Note 39.

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12. INVESTMENT PROPERTIES (Continued)

Properties pledged as security

All investment properties and investment property held for sale are mortgaged to banks to secure banking facilities granted to the Group (Note 28).

The Group's investment properties and investment property held for sale as at 31 December are as follows:

Description and location	Existing use	Tenure	Unexpired lease term	Group 2018 $'000	Group 31.12.2017 $'000	Group 1.1.2017 $'000
Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	74 years	**120,000**	115,000	104,000
62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity	**10,500**	9,500	9,500
Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold	**31,144**	32,310	25,350
3 units at Sawmill Studio (17-20 Parr Street, London, United Kingdom)	Residential	Freehold	Freehold	**3,166**	3,285	–
The Woodgrove (30 Woodlands Avenue 1)[(1)]	Shops	Leasehold	78 years	**–**	51,700	31,200
				164,810	211,795	170,050

(1) Classified as investment property held for sale as at 31 December 2017.

13. SUBSIDIARIES

(a) Investment in subsidiaries comprises:

	Company 2018 $'000	Company 31.12.2017 $'000	Company 1.1.2017 $'000
Unquoted equity shares, at cost	**26,417**	26,417	26,417
Less: Impairment losses	**(1,834)**	(1,834)	(1,834)
Carrying amount of investments	**24,583**	24,583	24,583
Movement of cost of investment:			
At beginning of year	**26,417**	26,417	27,417
Disposal of subsidiaries	**–**	–	(1,000)
At end of year	**26,417**	26,417	26,417
Movement of impairment losses:			
At the beginning and end of year	**1,834**	1,834	1,834

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(In Singapore dollars)

13. SUBSIDIARIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group			Cost of investment by the Company		
			2018 %	31.12.2017 %	1.1.2017 %	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
	Held by the Company							
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	**100**	100	100	**22,962**	22,962	22,962
*	Heeton Venture (Overseas) Pte. Ltd. (Singapore)	Investment holding	**100**	100	100	**99**	99	99
*	Heeton Land Pte. Ltd. (Singapore)	Property development and property investment holding	**100**	100	100	**976**	976	976
*	Heeton Management Pte Ltd (Singapore)	Provision of administrative and management services	**100**	100	100	**45**	45	45
*	Heeton Properties Pte. Ltd. (Singapore)	Dormant	**100**	100	100	**501**	501	501
*	Heeton Venture (Asia) Pte. Ltd. (Singapore)	Investment holding	**100**	100	100	**–@**	–@	–@
*	Heeton Venture (China) Pte. Ltd. (Singapore)	Investment holding	**100**	100	100	**–@**	–@	–@
*	Heeton Homes Pte. Ltd. (Singapore)	Investment holding	**100**	100	100	**–@**	–@	–@
*	Heeton Capital Pte. Ltd. (Singapore)	Investment holding	**100**	100	100	**–@**	–@	–@

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

13. SUBSIDIARIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group			Cost of investment by the Company		
			2018 %	31.12.2017 %	1.1.2017 %	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
	Held by the Company							
*	MHP Pte. Ltd. (Singapore)	Investment holding	**100**	100	100	**–@**	–@	–@
*	Heeton Invesco Pte. Ltd. (Singapore)	Investment holding	**100**	100	100	**–@**	–@	–@
*	Heeton Corporation Pte. Ltd. (Singapore)	Investment holding	**100**	100	100	**–@**	–@	–@
*	Kim Leong Development Pte Ltd (Singapore)	Dormant	**100**	–	–	**–@@**	–	–
	Held through subsidiaries							
*	Kim Leong Development Pte Ltd (Singapore)	Dormant	**–**	100	100	**–**	–	–
*	Prospere Development Pte. Ltd. (Singapore)	Investment holding	**100**	100	100	**–**	–	–
*	Prospere Holdings Pte. Ltd. (Singapore)	Investment holding	**70**	70	70	**–**	–	–
**	Fortitude Valley (Hotels) Pty Ltd (Australia)	Property investment holding	**70**	70	70	**–**	–	–
*	Wickham Invesco Pte. Ltd. (Singapore)	Investment holding	**55**	55	55	**–**	–	–
**	Wickham 186 Pty Ltd (Australia)	Investment holding	**55**	55	55	**–**	–	–
*	Adam Street Pte. Ltd. (Singapore)	Investment holding	**75**	75	75	**–**	–	–

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(In Singapore dollars)

13. SUBSIDIARIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group			Cost of investment by the Company		
			2018 %	31.12.2017 %	1.1.2017 %	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
	Held by the Company (Continued)							
**	Acework Limited (British Virgin Islands)	Property investment holding	**75**	75	75	**–**	–	–
***	Adam Street Limited (England & Wales)	Property management	**75**	75	75	**–**	–	–
**	General Wealth Holdings Limited (British Virgin Islands)	Dormant	**100**	100	100	**–**	–	–
*	Venture (UK) Pte. Ltd. (Singapore)	Investment holding	**80**	80	80	**–**	–	–
**	Chatteris Development Limited (British Virgin Islands)	Investment holding	**80**	80	80	**–**	–	–
***	Woodley Hotels (Kensington) Limited (England & Wales)	Property investment holding	**80**	80	80	**–**	–	–
***	Chatteris Kensington Limited (England & Wales)	Hotel operation	**80**	80	80	**–**	–	–
**	Ace Zone Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	**60**	60	60	**–**	–	–
*	Glenthorne Pte. Ltd. (Singapore)	Investment holding	**60**	60	60	**–**	–	–
**	Hoxton Investments Limited (British Virgin Islands)	Dormant	**100**	100	100	**–**	–	–
*	Fairmont Land Pte. Ltd. (Singapore)	Investment holding	**55**	55	55	**–**	–	–
**	Ultra Assets Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property development and property investment holding	**55**	55	55	**–**	–	–

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(In Singapore dollars)

13. SUBSIDIARIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group			Cost of investment by the Company		
			2018 %	31.12.2017 %	1.1.2017 %	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
	Held through subsidiaries (Continued)							
**	Horizon Glory Holdings Limited (British Virgin Islands)	Investment holding	**55**	55	55	**–**	–	–
****	Gloucester Corinium Avenue Hotel Limited (England & Wales)	Property investment holding	**55**	55	55	**–**	–	–
****	Ensco 1154 Limited (England & Wales)	Hotel operation	**55**	55	55	**–**	–	–
**	Joy Light Ventures Limited (British Virgin Islands)	Investment holding	**55**	55	55	**–**	–	–
****	Bradford Prince Court Hotel Limited (England & Wales)	Property investment holding	**55**	55	55	**–**	–	–
****	Ensco 1155 Limited (England & Wales)	Hotel operation	**55**	55	55	**–**	–	–
****	Heeton SG50 Limited (England & Wales)	Provision of administrative and management services	**100**	100	100	**–**	–	–
****	Luma Concept Hotel Limited (England & Wales)	Hotel operation	**60**	60	60	**–**	–	–
**	Hoxton One Limited (British Virgin Islands)	Property investment holding	**100**	100	100	**–**	–	–
**	Hoxton Five Limited (British Virgin Islands)	Property investment holding	**100**	100	100	**–**	–	–
**	Hoxton Eight Limited (British Virgin Islands)	Property investment holding	**100**	100	100	**–**	–	–
*	Oldham Street Pte. Ltd. (Singapore)	Property investment holding	**50**	50	–	**–**	–	–

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(In Singapore dollars)

13. SUBSIDIARIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group			Cost of investment by the Company		
			2018 %	31.12.2017 %	1.1.2017 %	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
	Held through subsidiaries (Continued)							
**	Treasure Choice Enterprises Limited (British Virgin Islands)	Property investment holding	**50**	50	–	**–**	–	–
*****	Heeton Hospitality (IHQ) Limited (Thailand)	Dormant	**100**	100	–	**–**	–	–
*	Leeds Bridge Pte. Ltd. (Singapore)	Investment holding	**100**	100	–	**–**	–	–
**	Ease Treasure Holdings Limited (British Virgin Islands)	Property investment holding	**100**	100	–	**–**	–	–
*	Prospere Horizon Pte. Ltd. (Singapore)	Investment holding	**100**	–	–	**–**	–	–
******	Dawa Hospitality Private Limited (Bhutan)	Property investment holding	**74**	–	–	**–**	–	–
*	Prospere Bliss Pte. Ltd. (Singapore)	Investment holding	**70**	–	–	**–**	–	–
**	Ippan Shadan Hojin SH012 (Japan)	Investment holding	**70**	–	–	**–**	–	–
**	Godo Kaisha GK012 (Japan)	Property investment holding	**70**	–	–	**–**	–	–
****	Edinburgh Hope and Glory Limited (England & Wales)	Property investment holding	**100**	–	–	**–**	–	–
****	Edinburgh Eternal Spring Limited (England & Wales)	Hotel operation	**100**	–	–	**–**	–	–

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(In Singapore dollars)

13. SUBSIDIARIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group			Cost of investment by the Company		
			2018 %	31.12.2017 %	1.1.2017 %	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
	Held through subsidiaries (Continued)							
*	Prospere Glow Pte. Ltd. (Singapore)	Investment holding	**60**	–	–	**–**	–	–
****	Liverpool Days Limited (England & Wales)	Property Investment holding	**60**	–	–	**–**	–	–
****	Liverpool Operation Limited (England & Wales)	Hotel operation	**60**	–	–	**–**	–	–
****	Glasgow Groove Limited (England & Wales)	Property investment holding	**60**	–	–	**–**	–	–
****	Glasgow Waterloo Limited (England & Wales)	Hotel operation	**60**	–	–	**–**	–	–
*	Prospere Glory Pte. Ltd. (Singapore)	Investment holding	**60**	–	–	**–**	–	–
						24,583	24,583	24,583

*	Audited by Ernst & Young LLP, Singapore.
**	Not required to be audited in the respective country of incorporation.
***	Audited by a member firm of EY Global.
****	Audited by LB Group, United Kingdom.
*****	Audited by Horwath (Thailand) Limited.
******	Audited by Brandon Kinzang and Associates, Bhutan.
@	$2 comprising two subscriber shares of $1 each.
@@	$1 comprising 7,475,425 shares of $1 each.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

13. SUBSIDIARIES (Continued)

(b) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2018:					
Chatteris Development Limited	British Virgin Islands	**20%**	**(326)**	**(1,058)**	**–**
Woodley Hotels (Kensington) Limited	England & Wales	**20%**	**62**	**4,381**	**–**
Acework Limited	British Virgin Islands	**25%**	**(2)**	**1,564**	**–**
31 December 2017:					
Chatteris Development Limited	British Virgin Islands	20%	(313)	(960)	–
Woodley Hotels (Kensington) Limited	England & Wales	20%	(21)	3,344	–
Acework Limited	British Virgin Islands	25%	1,834	1,634	–
1 January 2017:					
Chatteris Development Limited	British Virgin Islands	20%	(317)	(568)	–
Woodley Hotels (Kensington) Limited	England & Wales	20%	717	3,820	–
Acework Limited	British Virgin Islands	25%	(245)	213	–

Significant restrictions:

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

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(In Singapore dollars)

13. SUBSIDIARIES (Continued)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Woodley Hotels (Kensington) Limited			Chatteris Development Limited			Acework Limited		
	2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Current									
Assets	**1,330**	825	1,589	**9,383**	8,031	7,945	**2,065**	1,249	1,147
Liabilities	**(26,540)**	(6,979)	(6,277)	**(40,042)**	(38,200)	(36,156)	**(16,234)**	(11,944)	(11,917)
Net current liabilities	**(25,210)**	(6,154)	(4,688)	**(30,659)**	(30,169)	(28,211)	**(14,169)**	(10,695)	(10,770)
Non-current									
Assets	**47,824**	50,183	49,594	**25,368**	25,368	25,368	**31,144**	32,310	24,797
Liabilities	**(707)**	(21,296)	(22,368)	**–**	–	–	**(10,722)**	(15,078)	(14,878)
Net non-current assets	**47,117**	28,887	27,226	**25,368**	25,368	25,368	**20,422**	17,232	9,919
Net assets/ (liabilities)	**21,907**	22,733	22,538	**(5,291)**	(4,801)	(2,843)	**6,253**	6,537	(851)

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

13. SUBSIDIARIES (Continued)

(c) Summarised financial information about subsidiaries with material NCI

Summarised statement of comprehensive income

	Woodley Hotels (Kensington) Limited		Chatteris Development Limited		Acework Limited	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue	**1,720**	1,709	**–**	–	**860**	854
Profit/(loss) before income tax	**310**	169	**(1,630)**	(1,567)	**(6)**	7,419
Income tax expense	**(315)**	(275)	**–**	–	**(43)**	–
(Loss)/profit after tax	**(5)**	(106)	**(1,630)**	(1,567)	**(49)**	(82)
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive (expense)/income	**(5)**	(106)	**(1,630)**	(1,567)	**(6)**	7,337
Other summarised information						
Net cash flows generated from/(used in) operations	**682**	1,287	**(1,040)**	(20)	**1,087**	87
Acquisition of significant property, plant and equipment	**–**	(490)	**–**	–	**–**	–

14. ASSOCIATED COMPANIES

The Group's material investment in associated companies are summarised below:

	Group		
	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Econolodge Co., Ltd	**14,272**	14,348	14,272
Unique Development Pte. Ltd.	**1,500**	3,156	4,639
Unique Realty Pte. Ltd.	**826**	4,433	6,927
Unique Consortium Pte. Ltd.	**812**	13,359	13,637
Unique Rezi Pte. Ltd.	**1,273**	22,149	21,923
Unique Resi Estate Pte. Ltd.	**–**	–	–
Other associated companies	**7,510**	10,866	8,950
	26,193	68,311	70,348

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(In Singapore dollars)

14. ASSOCIATED COMPANIES (Continued)

The Group has not recognised losses relating to certain associated companies where its share of losses exceeds the Group's interest in these associated companies. The Group's cumulative share of unrecognised losses at the end of the reporting period was $5,719,000 (2017: $5,695,000), of which $23,000 (2017: $174,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest		
			2018 %	**31.12.2017 %**	**1.1.2017 %**
	Held through subsidiaries				
**	Dalvey Estate Ltd (Thailand)	Dormant	**38.98**	38.98	38.98
**	Dalvey Residence Co., Ltd (Thailand)	Investment holding	**38.98**	38.98	38.98
**	Dalvey Holdings Ltd (Thailand)	Investment holding	**49.00**	49.00	49.00
***	Residenza Pte. Ltd. (Singapore)	Property development	**36.00**	36.00	36.00
***	Unique Realty Pte. Ltd. (Singapore)	Property development	**40.00**	40.00	40.00
***	Unique Consortium Pte. Ltd. (Singapore)	Investment holding	**35.00**	35.00	35.00
***	Unique Capital Pte. Ltd. (Singapore)	Investment holding	**40.00**	40.00	40.00
***	Unique Development Pte. Ltd. (Singapore)	Property development	**45.00**	45.00	45.00
***	Unique Invesco Pte. Ltd. (Singapore)	Investment holding	**25.00**	25.00	25.00
***	Unique Rezi Pte. Ltd. (Singapore)	Investment holding	**42.00**	42.00	42.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

14. ASSOCIATED COMPANIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest 2018 %	31.12.2017 %	1.1.2017 %
	Held through subsidiaries (Continued)				
##	Jiujiang Heeton Enterprise Ltd (China)	Dormant	**30.00**	30.00	30.00
***	Unique Resi Estate Pte. Ltd. (Singapore)	Property development	**30.00**	30.00	30.00
##	Unique Wellness Pte. Ltd. (Singapore)	Voluntarily liquidated	**–**	20.00	20.00
** @	Dalvey Hospitality Co., Ltd (Thailand)	Investment holding	**73.99**	73.99	73.99
* @	Econolodge Co., Ltd. (Thailand)	Hotel operation and property investment holding	**86.74**	86.74	86.74
###	KBD Westwood Pte. Ltd. (Singapore)	Property development	**20.00**	20.00	20.00
##	186 Wickham Street (Residential) Pty Ltd (Australia)	Property development	**33.00**	33.00	33.00
####	Eden I Residences Pte. Ltd. (Singapore)	Investment holding	**30.00**	30.00	30.00
***	Prospere Hotels Pte. Ltd. (Singapore)	Investment holding	**30.00**	30.00	30.00
***	SH Sapporo Pte. Ltd. (Singapore)	Investment holding	**20.00**	20.00	20.00
***	Development 24 Pte. Ltd. (Singapore)	Property development	**10.00**	10.00	–
***	Development 26 Pte. Ltd. (Singapore)	Property development	**10.00**	10.00	10.00

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

14. ASSOCIATED COMPANIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest		
			2018 %	**31.12.2017 %**	**1.1.2017 %**
	Held through subsidiaries (Continued)				
***	Development 32 Pte. Ltd. (Singapore)	Property development	**10.00**	10.00	10.00
****	KAP Holdings (China) Pte. Ltd. (Singapore)	Investment holding	**15.00**	15.00	15.00
******	Unique Commercial Pte. Ltd. (Singapore)	Property development	**15.00**	15.00	15.00
#####	Panareno Sdn. Bhd.	Property development	**15.00**	15.00	15.00
	Held through associated companies				
**	Dalvey Park Co., Ltd (Thailand)	Investment holding	**48.99**	48.99	48.99
######	G.E.T. Realty Co. Ltd (Thailand)	Dormant	**38.98**	38.98	38.98
*	Barracuda Group Co., Ltd (Thailand)	Hotel operation and property investment holding	**38.98**	38.98	38.98
**	Dalvey Place Co., Ltd (Thailand)	Property development and property investment holding	**48.99**	48.99	48.99
######	Dalvey Homes Co., Ltd (Thailand)	Dormant	**48.99**	48.99	48.99
#	Oxley Viva Pte. Ltd. (Singapore)	Property development	**12.25**	12.25	12.25
#	Oxley YCK Pte. Ltd. (Singapore)	Property development and property investment holding	**12.25**	12.25	12.25

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(In Singapore dollars)

14. ASSOCIATED COMPANIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest 2018 %	31.12.2017 %	1.1.2017 %
	Held through associated companies (Continued)				
#	Oxley Sanctuary Pte. Ltd. (Singapore)	Property development	**12.60**	12.60	12.60
***	Mountbatten Edge Pte. Ltd. (Singapore)	Property investment holding	**16.00**	16.00	16.00
##	Manchester Property Holdings Ltd (Jersey)	Property investment holding	**30.00**	30.00	30.00
*****	Ensco 1160 Limited (England and Wales)	Hotel operation	**30.00**	30.00	30.00
##	Ippan Shadan Hojin SH002 (Japan)	Investment holding	**20.00**	20.00	20.00
##	Godo Kaisha GK002 (Japan)	Property investment holding	**20.00**	20.00	20.00
#	Oxley Serangoon Pte. Ltd. (Singapore)	Property Development	**5.00**	5.00	–
*******	Sino-Singapore KAP Construction Co., Ltd (People's Republic of China)	Property Development	**7.50**	7.50	–

* Audited by member firm of Ernst & Young Global in Thailand.

** Audited by Horwath (Thailand) Limited.

*** Audited by Ernst & Young LLP, Singapore.

**** Audited by Deloitte & Touche LLP, Singapore.

***** Audited by LB Group, United Kingdom

****** Audited by Baker Tilly TFW LLP, Singapore.

******* Audited by Baoding Jiahe Certified Public Accountants Co., Ltd, People's Republic of China

\# Audited by RSM Chio Lim LLP, Singapore.

\## Not required to be audited in the respective country of incorporation.

\### Audited by Pricewaterhousecoopers LLP, Singapore.

\#### Audited by CPA Link Certified Public Accountants, Singapore.

\##### Audited by Cherng & Co., Charted Accountants (M), Malaysia.

\###### Audited by Orbis Legal Advisory LLP, Thailand.

@ Classified as associated companies based on agreed terms in the shareholders agreement that the Group does not have control.

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(In Singapore dollars)

14. ASSOCIATED COMPANIES (Continued)

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
(Loss)/profit after tax from continuing operations	**(121)**	2,492
Other comprehensive income	**–**	–
Total comprehensive (expense)/income	**(121)**	2,492

The summarised financial information in respect of the material investments in associated companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

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14. ASSOCIATED COMPANIES (Continued)

Summarised balance sheet

	Econolodge Co., Ltd			Unique Development Pte. Ltd.			Unique Realty Pte. Ltd.		
	2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Current assets	**1,482**	1,814	1,378	**2,460**	7,643	12,203	**2,844**	14,692	27,010
Non-current assets excluding goodwill	**5,533**	5,644	6,032	**943**	551	472	**–**	–	–
Total assets	**7,015**	7,458	7,410	**3,403**	8,194	12,675	**2,844**	14,692	27,010
Current liabilities	**(1,035)**	(1,456)	(1,648)	**(70)**	(1,181)	(2,366)	**(507)**	(3,512)	(9,624)
Non-current Liabilities	**–**	–	–	**–**	–	–	**(271)**	(98)	(68)
Total liabilities	**(1,035)**	(1,456)	(1,648)	**(70)**	(1,181)	(2,366)	**(778)**	(3,610)	(9,692)
Net assets	**5,980**	6,002	5,762	**3,333**	7,013	10,309	**2,066**	11,082	17,318
Net assets excluding goodwill	**5,980**	6,002	5,762	**3,333**	7,013	10,309	**2,066**	11,082	17,318
Proportion of the Group's ownership	**86.74%**	86.74%	86.74%	**45%**	45%	45%	**40%**	40%	40%
Group's share of net assets/(liabilities)	**5,187**	5,206	4,998	**1,500**	3,156	4,639	**826**	4,433	6,927
Negative goodwill on acquisition	**(564)**	(564)	(564)	**–**	–	–	**–**	–	–
Other adjustments	**9,649**	9,706[1]	9,838[1]	**–**	–	–	**–**	–	–
Carrying amount of the investment	**14,272**	14,348	14,272	**1,500**	3,156	4,639	**826**	4,433	6,927

	Unique Consortium Pte. Ltd.			Unique Rezi Pte. Ltd.			Unique Resi Estate Pte. Ltd.		
	2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Current assets	**91**	7,023	41	**94**	26	23	**21,840**	38,659	52,560
Non-current assets excluding goodwill	**24,697**	70,703	100,112	**3,377**	60,518	90,399	**–**	–	–
Total assets	**24,788**	77,726	100,153	**3,471**	60,544	90,422	**21,840**	38,659	52,560
Current liabilities	**(15)**	(15)	(5)	**(7)**	(7)	(5)	**(3,735)**	(21,980)	(31,303)
Non-current Liabilities	**(22,453)**	(39,543)	(61,185)	**(434)**	(7,800)	(38,220)	**(35,235)**	(34,326)	(26,161)
Total liabilities	**(22,468)**	(39,558)	(61,190)	**(441)**	(7,807)	(38,225)	**(38,970)**	(56,306)	(57,464)
Net assets	**2,320**	38,168	38,963	**3,030**	52,737	52,197	**(17,130)**	(17,647)	(4,904)
Net assets excluding goodwill	**2,320**	38,168	38,963	**3,030**	52,737	52,197	**(17,130)**	(17,647)	(4,904)
Proportion of the Group's ownership	**35%**	35%	35%	**42%**	42%	42%	**30%**	30%	30%
Group's share of net assets/(liabilities)	**812**	13,359	13,637	**1,273**	22,149	21,923	**(5,139)**	(5,294)	(1,471)
Negative goodwill on acquisition	**–**	–	–	**–**	–	–	**–**	–	–
Other adjustments	**–**	–	–	**–**	–	–	**5,139[2]**	5,294[2]	1,471[2]
Carrying amount of the investment	**812**	13,359	13,637	**1,273**	22,149	21,923	**–**	–	–

(1) Other adjustments comprise of fair value adjustments to the assets of the associated company.

(2) This has been adjusted against amounts due from associated company (non-current).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

14. ASSOCIATED COMPANIES (Continued)

Summarised statement of comprehensive income

	Econolodge Co., Ltd		Unique Development Pte. Ltd.		Unique Realty Pte. Ltd.		Unique Consortium Pte. Ltd.		Unique Rezi Pte. Ltd.		Unique Resi Estate Pte. Ltd.	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue	**4,041**	3,498	**–**	3,150	**–**	–	**–**	–	**–**	–	**21,530**	15,980
Share of results of associated companies	**–**	–	**–**	–	**–**	–	**(798)**	(2,518)	**(227)**	589	**–**	–
Profit or loss from continuing operations	**(156)**	157	**419**	(94)	**484**	(1,764)	**(850)**	(2,911)	**(273)**	540	**924**	(12,743)
Other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total comprehensive income/(expense)	**(156)**	157	**419**	(94)	**484**	(1,764)	**(850)**	(2,911)	**(273)**	540	**924**	(12,743)

15. JOINT VENTURE COMPANIES

The Company's investment in joint venture companies comprises:

	Company		
	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Unquoted equity shares, at cost	**5,000**	5,000	5,000

The Group's material investments in joint venture companies are summarised below:

	Group		
	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Canberra Development Pte Ltd	**86,840**	83,279	77,181
Unique Residence Pte. Ltd.	**29,524**	16,712	4,396
Other joint venture companies	**5**	(115)	–
	116,369	99,876	81,577

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

15. JOINT VENTURE COMPANIES (Continued)

Details of the joint venture companies are as follows:

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest		
			2018 %	**31.12.2017 %**	**1.1.2017 %**
*	Canberra Development Pte Ltd (Singapore)	Property investment holding	**50**	50	50
	Held through subsidiaries				
*	Buildhome Pte. Ltd. (Singapore)	Disposed during 2017	**–**	–	50
*	Phileap Pte. Ltd. (Singapore)	Property development	**25**	25	25
*	Unique Residence Pte. Ltd. (Singapore)	Investment holding	**50**	50	50
*	Unique Real Estate Pte. Ltd. (Singapore)	Investment holding	**50**	50	–
*	Atlantic Star Pte. Ltd. (Singapore)	Provision of property management	**50**	50	–
*	Fernvale Development Pte. Ltd. (Singapore)	Property development	**20**	20	20
*	CEL Unique Pte. Ltd. (Singapore)	Investment holding	**20**	20	–
*	CEL Unique Holdings Pte. Ltd. (Singapore)	Investment holding	**20**	20	–
*	CEL Unique Development Pte. Ltd. (Singapore)	Property development	**20**	20	–

* Audited by Ernst & Young LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

15. JOINT VENTURE COMPANIES (Continued)

Summarised financial information in respect of the Group's material investments in joint venture companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised balance sheet

	Canberra Development Pte. Ltd.			Unique Residence Pte. Ltd.		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**	**2018 $'000**	**31.12.2017 $'000**	**1.1.2017 $'000**
Cash and cash equivalents	**7,248**	8,097	6,159	**887**	115	168
Other current assets	**33,432**	32,581	31,088	**–**	–	–
Trade receivables	**62**	551	1,118	**–**	–	–
Current assets	**40,742**	41,229	38,365	**887**	115	168
Non-current assets	**360,039**	352,603	345,046	**158,643**	121,571	92,589
Total assets	**400,781**	393,832	383,411	**159,530**	121,686	92,757
Current liabilities	**(5,823)**	(7,684)	(9,049)	**(98)**	(48)	(47)
Non-current liabilities (excluding trade, other payables and provision)	**(217,000)**	(217,000)	(217,000)	**(100,384)**	(88,214)	(83,918)
Other non-current liabilities	**(4,277)**	(2,591)	(3,000)	**–**	–	–
Total non-current liabilities	**(221,277)**	(219,591)	(220,000)	**(100,384)**	(88,214)	(83,918)
Total liabilities	**(227,100)**	(227,275)	(229,049)	**(100,482)**	(88,262)	(83,965)
Net assets	**173,681**	166,557	154,362	**59,048**	33,424	8,792
Net assets excluding goodwill	**173,681**	166,557	154,362	**59,048**	33,424	8,792
Proportion of the Group's ownership	**50%**	50%	50%	**50%**	50%	50%
Group's share of net assets	**86,840**	83,279	77,181	**29,524**	16,712	4,396
Carrying amount of the investment	**86,840**	83,279	77,181	**29,524**	16,712	4,396

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

15. JOINT VENTURE COMPANIES (Continued)

Summarised statement of comprehensive income

	Canberra Development Pte. Ltd.		Unique Residence Pte. Ltd.	
	2018 $'000	**31.12.2017 $'000**	**2018 $'000**	**31.12.2017 $'000**
Revenue	**24,467**	24,351	**–**	–
Operating income, net	**20,586**	23,037	**25,338**	22,524
Interest income	**–**	775	**3,978**	3,928
Interest expense	**(6,205)**	(4,969)	**(3,167)**	(3,843)
Profit before tax	**14,381**	18,843	**26,149**	22,609
Income tax expense	**(1,257)**	(1,648)	**(66)**	(3)
Profit after tax, representing total comprehensive income	**13,124**	17,195	**26,083**	22,606

Aggregate information about the Group's investments in joint venture companies that are not individually material is as follows:

	Group	
	2018 $'000	**2017 $'000**
Loss after tax from continuing operations	**4,353**	5,312
Other comprehensive expense	**–**	–
Total comprehensive expense	**4,353**	5,312

Disposal of a joint venture company

On 19 July 2017, the Group disposed of its 50% interest in a joint venture company, Buildhome Pte. Ltd. ("Buildhome") to Central Core Pte. Ltd. ("Central Core") and recorded a gain on disposal of $27,980,000. Toh Giap Eng, the Deputy Chairman and Executive Director and a controlling shareholder of the Company, has a 12.5% shareholding interest in Central Core.

The total disposal consideration of $20.8 million is to be settled in cash, of which $15.0 million was received in 2017 with the balance due on July 2018 and extended for a further one year. The amount receivable from Central Core was novated to the shareholders of Central Core during the financial year 2017. As at 31 December 2018, the amount receivable from shareholders of Central Core, which included an amount of $725,000 (31.12.2017: $691,000) due from a director of the Company.

In addition, as part of the transaction consideration, the Group has agreed to convert the outstanding shareholder loans to Buildhome aggregating $18 million into a 3-year promissory note bearing interest at 5% per annum (Note 20).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

16. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIES AND JOINT VENTURE COMPANIES

	Group			Company		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**	**2018 $'000**	**31.12.2017 $'000**	**1.1.2017 $'000**
Amounts due from associated companies	**85,482**	77,685	65,258	**–**	–	–
Amounts due from joint venture companies	**64,150**	87,212	59,103	**–**	–	–
	149,632	164,897	124,361	**–**	–	–
Amounts due to associated companies	**11,244**	38,193	28,152	**–**	–	–
Amounts due to joint venture companies	**16,670**	16,283	15,508	**16,670**	16,283	15,508
	27,914	54,476	43,660	**16,670**	16,283	15,508

Amounts due from/to associated companies and joint venture companies are non-trade related, unsecured and are to be settled in cash. These amounts are expected to be repaid from 2020 to 2021.

Amounts due to associated companies are non-trade related and interest-free except for an amount of $nil (31.12.2017: $nil; 1.1.2017: $28,152,000) denominated in Singapore Dollars which bear interest at rates ranging from 5.00% to 5.35% per annum.

Amounts due from associated companies are interest free except for an amount of $28,390,000 (31.12.2017: $14,831,000; 1.1.2017: $23,375,000) denominated in Thai Baht which bear interest at 4.50% (31.12.2017: 4.50%; 1.1.2017: 4.50%) per annum and an amount of $30,421,000 (31.12.2017: $37,251,000; 1.1.2017: $47,552,000) denominated in Singapore Dollars which bear interest at rates ranging from 1.00% to 5.35% (31.12.2017: 1.00% to 5.35%; 1.1.2017: 1.00% to 5.35%) per annum.

Amounts due from joint venture companies are interest free except for an amount of $59,667,000 (31.12.2017: $83,307,000; 1.1.2017: $44,777,000) which bear interest at rates ranging from 5.00% to 5.35% (31.12.2017: 2.30% to 5.35%; 1.1.2017: 2.3% to 5.35%) per annum. Amount due to joint venture companies of $15,508,000 (31.12.2017: 15,508,000; 1.1.2017: $15,508,000) bear interest at 2.50% (31.12.2017: 2.50%; 1.1.2017: 2.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

17. INTANGIBLE ASSETS

	Goodwill $'000
Group	
Cost:	
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	**175**
Accumulated impairment:	
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	**(66)**
Net carrying amount:	
At 31 December 2017 and 31 December 2018	**109**

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the individual entity which is also the cash-generating unit ("CGU").

Allocated goodwill based on the CGU is as follows:

	Carrying amount as at		Basis on which recoverable amount is determined	Pre-tax discount rate
	2018 $'000	2017 $'000		
Heeton Estate Pte Ltd	**109**	109	Value-in-use	10%

A summary of goodwill allocated to the reportable segments to which this CGU belongs is presented below:

	Property investment $'000
Net carrying amount:	
At 31 December 2017 and 2018	**109**

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

17. INTANGIBLE ASSETS (Continued)

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a 5-year period. The pre-tax discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium. The growth rate during the forecast period has been conservatively assumed to be zero in the absence of a reliable average growth rate for the industry in which the entity operates.

No impairment loss was required for the financial years ended 31 December 2018 and 2017 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

18. DEVELOPMENT PROPERTIES

	Group			Company		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**	**2018 $'000**	**31.12.2017 $'000**	**1.1.2017 $'000**
Comprise of:						
Development properties under construction						
– Unsold units	**15,961**	15,585	78,758	**–**	–	62,875
– Sold units (Capitalised contract costs)	**–**	–	1,598	**–**	–	1,598
	15,961	15,585	80,356	**–**	–	64,473
Completed development properties	**16,109**	37,583	–	**16,109**	37,583	–
	32,070	53,168	80,356	**16,109**	37,583	64,473

(i) Development properties amounting to $16,109,000 (31.12.2017: $37,583,000; 1.1.2017: $64,473,000) under development have been pledged as security for bank loans (Note 28).

(In Singapore dollars)

18. DEVELOPMENT PROPERTIES (Continued)

The development properties held by the Group (excluding associated companies/joint venture companies) as at 31 December 2018 are:

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate Land Area (sq m)	Approximate Gross Floor Area (sq m)	Estimated stage of completion as at date of annual report (%) (Expected year of completion)
Onze@Tanjong Pagar at 11 Kee Seng Street	100	Freehold	Commercial and residential	Mixed development consisting of 56 residential units and 13 commercial units	1,373	5,572	100% (FY2017)
New York Road, Leeds, United Kingdom	55	Freehold	Commercial and residential	Proposed residential units[1] to be confirmed	8,409	77,749	0% (to be confirmed)

(1) Following the finalisation of the Group's development plans in the financial year ended 31 December 2017, the Group transferred the proportionate cost of the land and building to be used for the hotel operation of $1,091,000 and $1,745,000 respectively to property, plant and equipment (freehold land) (Note 11).

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

19. TRADE RECEIVABLES

	Group		Company	
	2018 $'000	**31.12.2017 $'000**	**2018 $'000**	**31.12.2017 $'000**
Trade receivables	**1,284**	7,801	**261**	6,737
Less: Allowance for expected credit losses/impairment	**(17)**	(21)	**–**	–
	1,267	7,780	**261**	6,737

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

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to $428,000 (31.12.2017: $480,000; 1.1.2017: $794,000) and $nil (31.12.2017: $nil; 1.1.2017: $nil) respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period are as follows:

	Group			Company		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**	**2018 $'000**	**31.12.2017 $'000**	**1.1.2017 $'000**
Trade receivables past due but not impaired:						
Lesser than 30 days	**239**	173	685	**–**	–	–
30 to 60 days	**124**	184	65	**–**	–	–
61 to 90 days	**51**	42	10	**–**	–	–
91 to 120 days	**1**	57	3	**–**	–	–
More than 120 days	**13**	24	31	**–**	–	–
	428	480	794	**–**	–	–

Receivables that are impaired

	Group		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**
Trade receivables – nominal amounts	**17**	21	21
Less: Allowance for impairment	**(17)**	(21)	(21)
	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

19. TRADE RECEIVABLES (Continued)

Movements in allowance for expected credit losses/impairment during the year are as follows:

	Group		Company	
	2018	**31.12.2017**	**2018**	**31.12.2017**
At beginning of year	**21**	21	**–**	–
Reversal for year	**(4)**	–	**–**	–
At end of year	**17**	21	**–**	–

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.

20. OTHER RECEIVABLES

	Group			Company		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**	**2018 $'000**	**31.12.2017 $'000**	**1.1.2017 $'000**
Non-current portion:						
Senior notes receivables	**–**	4,000	4,000	**–**	4,000	4,000
Promissory notes receivables	**18,000**	18,000	–	**–**	–	–
	18,000	22,000	4,000	**–**	4,000	4,000
Current portion						
Other receivables	**18,099**	12,805	4,118	**7,542**	4,484	1,553
Less: Allowance for impairment	**(1,000)**	(1,000)	–	**(1,000)**	(1,000)	–
	17,099	11,805	4,118	**6,542**	3,484	1,553
Deposits	**17,185**	124	3,384	**75**	40	5
Senior notes receivables	**4,000**	–	–	**4,000**	–	–
Promissory notes receivables	**14,000**	14,000	13,297	**14,000**	14,000	13,297
	52,284	25,929	20,799	**24,617**	17,524	14,855

Non-current promissory notes receivables were entered into in prior year, as part of the Group's disposal of a joint venture company. These receivables are unsecured, bear interest at 5% per annum (31.12.2017: 5.0%; 1.1.2017: nil) and are repayable in 2020, or if extended, repayable in 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

20. OTHER RECEIVABLES (Continued)

Senior notes receivables are unsecured, bear interest at 5.0% and are repayable in 2019.

Current promissory notes receivables are unsecured and non-interest bearing for the initial 12 months from 30 September 2016, and bear interest at 5.0% per annum when extended thereafter and are repayable in 2019.

Other receivables amounting to $5,800,000 (31.12.2017: $5,524,000; 1.1.2017: $nil) were related to the Group's disposal of a joint venture company during the financial year ended 31 December 2017 (Note 15). These receivables are unsecured and non-interest bearing for the initial 12 months from 19 July 2017, and bear interest at 3.0% per annum when extended thereafter. Other receivables amounting to $5,806,000 (31.12.2017: $3,945,000; 1.1.2017: $1,500,000) are unsecured, bear interest at 5.0% (31.12.2017: 5.0%; 1.1.2017: 5.0%) per annum and repayable on demand. The remaining current other receivables of $6,493,000 (31.12.2017: $3,336,000; 1.1.2017: $2,618,000) are unsecured, non-interest bearing and repayable within the next 12 months.

Movements in allowance for impairment of other receivables are as follows:

	Group and Company	
	2018 **$'000**	**31.12.2017** **$'000**
At beginning of year	**(1,000)**	–
Charge for the year	**–**	(1,000)
At end of year	**(1,000)**	(1,000)

Receivables that are impaired

At the end of the reporting period, the Group and the Company had provided an allowance of $1,000,000 (31.12.2017: $1,000,000; 1.1.2017: $nil) for impairment of other receivables.

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21. AMOUNTS DUE FROM/TO SUBSIDIARIES (NON-TRADE) AMOUNTS DUE FROM RELATED PARTIES (TRADE) AMOUNTS DUE FROM JOINT VENTURE COMPANY (NON-TRADE) AMOUNTS DUE FROM JOINT VENTURE COMPANY (TRADE)

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of $225,857,000 (31.12.2017: $180,330,000; 1.1.2017: $136,544,000) and amounts due to subsidiaries of $109,421,000 (31.12.2017: $87,885,000; 1.1.2017: $59,603,000) which bear interest at 4.50% (31.12.2017: 4.50%; 1.1.2017: 4.50%) per annum. These amounts are to be settled in cash.

	Company		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**
Amounts due from subsidiaries	**311,419**	232,474	183,496
Less: Allowance for impairment	**(4,924)**	(4,924)	(4,924)
	306,495	227,550	178,572

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance for impairment of $4,924,000 (31.12.2017: $4,924,000; 1.1.2017: $4,924,000) of receivables from subsidiaries with a nominal amount of $18,364,000 (31.12.2017: $7,328,000; 1.1.2017: $8,862,000). These subsidiaries have been suffering financial losses for the current and past financial years.

22. FIXED DEPOSITS

The fixed deposits of the Group and the Company have an average maturity of 18 days (31.12.2017: 26 days; 1.1.2017: 50 days) and 12 days (31.12.2017: 12 days; 1.1.2017: 5 days) respectively, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate of the fixed deposits as at 31 December 2018 for the Group and the Company were 1.56% (31.12.2017: 0.84%; 1.1.2017: 0.09%) and 1.58% (31.12.2017: 0.85%; 1.1.2017: nil%) respectively.

The Group's and Company's fixed deposits include $nil (31.12.2017: $3,000,000; 1.1.2017: $5,500,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

23. CASH AND BANK BALANCES

	Group			Company		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**	**2018 $'000**	**31.12.2017 $'000**	**1.1.2017 $'000**
Cash at bank	**52,920**	22,889	27,114	**28,092**	4,890	13,436

The Group's and Company's cash at bank includes $6,614,000 (31.12.2017: $573,000; 1.1.2017: $3,076,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

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24. TRADE PAYABLES

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

25. OTHER PAYABLES AND ACCRUALS

	Group			Company		
	2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Current portion:						
Financial liabilities						
Accrued operating expenses	**7,999**	5,467	4,225	**4,652**	2,187	1,652
Rental deposits received	**1,015**	1,438	937	**23**	28	–
Other deposits received	**2,929**	6,728	123	**570**	332	9
Other payables	**1,146**	2,319	81	**–**	7	2
	13,089	15,952	5,366	**5,245**	2,554	1,663
Non-financial liabilities						
Advance rental received	**32**	55	54	**–**	5	–
Deferred lease income	**135**	117	102	**–**	–	–
Provision for interest support	**175**	1,374	1,374	**175**	1,374	1,374
	13,431	17,498	6,896	**5,420**	3,933	3,037
Non-current portion:						
Financial liabilities						
Rental deposits received	**1,024**	960	1,043	**–**	–	–

Provision for interest support arose from Group's guarantee to provide interest support for a period of 3 years relating to the purchasers' advances to its previously disposed subsidiary, Grange Invesco Pte. Ltd. (formerly known as Heeton Residence Pte. Ltd.)

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

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26. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2018		31.12.2017		1.1.2017	
	Outstanding notional amounts $'000	Liabilities $'000	Outstanding notional amounts $'000	Liabilities $'000	Outstanding notional amounts $'000	Liabilities $'000
Current:						
Interest rate swaps	–	–	15,000	74	15,000	149

The Group entered into interest rate swaps to manage its exposure to interest rate fluctuation on its floating rate loans and borrowings. As at 31 December 2017, the interest rate swaps pay floating rate interest equal to 6-month Swaps Offer Rate ("SOR") and receive fixed rates of interest ranged 1.82% to 2.07% (1.1.2017: 1.82% to 2.07%). The interest rate swaps mature within the next 12 months.

The Group has not applied hedge accounting. Fair value gains and losses on interest rate swaps are recognised in profit or loss. The fair values of interest rate swaps shown above are determined by marked-to-market values provided by counterparties. The marked-to-market values obtained are determined by reference to market values for similar instruments.

27. BONDS

Bonds with a face value of $118,000,000 were issued in 2018. The bonds are unsecured, bear interest at a fixed rate of 6.08% per annum and will mature in July 2021.

Bonds with a face value of $75,000,000 were issued in 2017. The bonds are unsecured, bear interest at a fixed rate of 6.1% per annum and will mature in May 2020.

During the financial year ended 31 December 2017, the Group and Company fully repaid the outstanding balance of bonds issued in 2014 amounting to $58,750,000. The bonds issued in 2014 were unsecured and bored interest at a fixed rate of 5.9% per annum.

28. SHORT-TERM BANK LOANS AND BANK TERM LOANS

(a) Short-term bank loans

	Group			Company		
	2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Secured	–	11,500	14,000	–	11,500	14,000

The Group's and Company's short-term loans are secured and bear interest at rates ranging from 2.70% to 3.00% (31.12.2017: 2.61% to 3.05%; 1.1.2017: 2.85% to 3.60%) per annum during the year.

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28. SHORT-TERM BANK LOANS AND BANK TERM LOANS (Continued)

(b) Bank term loans

Details of bank term loans are as follows:

	Group			Company		
	2018 **$'000**	**31.12.2017** **$'000**	**1.1.2017** **$'000**	**2018** **$'000**	**31.12.2017** **$'000**	**1.1.2017** **$'000**
Secured	**130,964**	205,076	224,559	**–**	24,000	58,745
Repayable:						
– not later than 1 year	**104,131**	82,421	120,713	**–**	–	58,745
– 1 year through 5 years	**26,833**	122,655	103,846	**–**	24,000	–
	130,964	205,076	224,559	**–**	24,000	58,745

Terms loans are generally secured by:

- first legal mortgage over the investment properties, development property and freehold and leasehold properties of the Group or Company;
- legal assignment of all sales and leasehold proceeds from the investment properties, development property and freehold and leasehold properties;
- legal assignment of tenancy, rental, lease and licence agreements;
- legal assignment of construction contract(s) and performance bonds;
- legal assignment of fire insurance policy; and
- corporate guarantee by the Company.

The Group's bank term loans bear interest at floating rates ranging from 2.2% to 4.1% (31.12.2017: 2.1% to 4.0%; 1.1.2017: 1.5% to 4.0%) above bank's borrowing rate per annum during the year.

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29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2017	Cash flow	Non-cash changes		2018
			Foreign exchange movement	Other[(1)]	
	$'000	$'000	$'000	$'000	$'000
Short-term bank loans (Note 28(a))					
– current	11,500	(11,500)	–	–	**–**
Bank term loans (Note 28(b))					
– current	82,421	(72,059)	(564)	94,333	**104,131**
– non-current	122,655	–	(1,489)	(94,333)	**26,833**
Finance lease obligations (Note 35)					
– current	76	(73)	–	73	**76**
– non-current	192	–	–	(73)	**119**
Bonds (Note 27)					
– non-current	75,000	118,000	–	–	**193,000**
Amounts due to non-controlling interests (Note 30)					
– non-current	34,091	28,667	(1,906)	–	**60,852**

	1 January 2017	Cash flow	Non-cash changes		2017
			Foreign exchange movement	Other[(1)]	
	$'000	$'000	$'000	$'000	$'000
Short-term bank loans (Note 28(a))					
– current	14,000	(2,500)	–	–	11,500
Bank term loans (Note 28(b))					
– current	120,713	(81,895)	577	43,026	82,421
– non-current	103,846	61,253	582	(43,026)	122,655
Finance lease obligations (Note 35)					
– current	76	(72)	–	72	76
– non-current	264	–	–	(72)	192
Bonds (Note 27)					
– current	58,750	(58,750)	–	–	–
– non-current	–	75,000	–	–	75,000
Amounts due to non-controlling interests (Note 30)					
– non-current	27,156	6,637	298	–	34,091

(1) Refers to classification of bank loans and finance lease obligation from non-current to current.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

30. AMOUNTS DUE TO NON-CONTROLLING INTERESTS (NON-TRADE)

Amounts due to non-controlling interest amounting to $55,248,000 (31.12.2017: $28,870,000; 1.1.2017: $22,289,000) are denominated in Pound Sterling. Amounts due to non-controlling interests of $30,348,000 (31.12.2017: $13,880,000; 1.1.2017: $19,277,000) bear interest at 5% (31.12.2017: 5%; 1.1.2017: 5%) per annum. Amounts due to non-controlling interests of $30,504,000 (31.12.2017: $20,211,000; 1.1.2017: $7,879,000) are non-interest bearing. These amounts are unsecured, have no fixed terms of repayment, and are not expected to be repaid within the next 12 months, and are to be settled in cash.

31. DEFERRED TAX LIABILITIES

Deferred tax liabilities arose as a result of:

	Group					Company		
	Consolidated statement of financial position			Consolidated statement of comprehensive income		Statement of financial position		
	2018 $'000	31.12.2017 $'000	1.1.2017 $'000	2018 $'000	2017 $'000	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Deferred tax liabilities								
Provisions	**107**	63	2,332	**(46)**	2,269	**19**	32	2,309
Revaluation of land and buildings	**804**	804	793	**–**	–	**–**	–	–
Deferred tax expense	**911**	867	3,125	**46**	(2,269)	**19**	32	2,309

As at 31 December 2018, the Group had unutilised tax losses of approximately $4,697,000 (31.12.2017: $2,068,000; 1.1.2017: $1,420,000) available for offset against future taxable income, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the Inland Revenue Authority of Singapore and compliance with the relevant provisions of the Singapore Income Tax Act.

Tax consequences of proposed dividends

There are no income tax consequences (31.12.2017: Nil; 1.1.2017: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 43).

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (31.12.2017: Nil; 1.1.2017: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas associates as the overseas associates of the Group cannot distribute its earnings until it obtains the consent of the shareholders. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $15,000 (31.12.2017: $15,000; 1.1.2017: $20,000).

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(In Singapore dollars)

32. SHARE CAPITAL

	Group and Company		
	2018 **$'000**	**31.12.2017** **$'000**	**1.1.2017** **$'000**
Issued and fully paid:			
At beginning and end of year			
325,156,000 ordinary shares	**86,624**	86,624	86,624

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

33. 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.

34. ASSET REVALUATION RESERVE

The asset revaluation reserve represents increases in the fair value of freehold and leasehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

35. COMMITMENTS

(a) Operating lease commitments – as lessee

As at 31 December 2018, the Group has operating lease commitments in respect of the rental of office premises and leasehold land. These leases have an average tenure of three and 175 years. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised in the consolidated statement of comprehensive income during the year amounted to $274,000 (2017: $230,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Group		
	2018 **$'000**	**31.12.2017** **$'000**	**1.1.2017** **$'000**
Future minimum payments			
– not later than 1 year	**372**	184	184
– 1 year through 5 years	**1,191**	264	432
– later than 5 years	**62,852**	6,076	6,131
	64,415	6,524	6,747

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35. COMMITMENTS (Continued)

(b) Operating lease commitments – as lessor

The Group has entered into property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and five years.

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

	Group		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**
Lease payments receivables			
– not later than 1 year	**6,926**	6,986	9,479
– 1 year through 5 years	**4,297**	5,488	7,949
– after 5 years	**–**	–	174
	11,223	12,474	17,602

(c) Finance lease commitments

	Total minimum lease payments 2018 $'000	**Present value of payments 2018 $'000**	**Total minimum lease payments 31.12.2017 $'000**	**Present value of payments 31.12.2017 $'000**	**Total minimum lease payments 1.1.2017 $'000**	**Present value of payments 1.1.2017 $'000**
Group						
Within one year	**82**	**76**	82	76	82	76
After one year but not more than five years	**138**	**119**	220	192	302	264
Total minimum lease payments	**220**	**195**	302	268	384	340
Less: Amounts representing finance charges	**(25)**	**–**	(34)	–	(44)	–
Present value of minimum lease payments	**195**	**195**	268	268	340	340

The Group has finance leases for motor vehicles. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. These leases also do not have terms of renewal, purchase options and escalation clauses. The finance lease obligations bear effective interest rate ranging from 2.48% to 2.78% (31.12.2017: 2.48% to 2.78%; 1.1.2017: 2.48% to 2.78%) per annum.

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35. COMMITMENTS (Continued)

(c) Finance lease commitments (Continued)

	Total minimum lease payments 2018 $'000	Present value of payments 2018 $'000	Total minimum lease payments 31.12.2017 $'000	Present value of payments 31.12.2017 $'000	Total minimum lease payments 1.1.2017 $'000	Present value of payments 1.1.2017 $'000
Company						
Within one year	**56**	**50**	56	50	56	50
After one year but not more than five years	**104**	**92**	160	142	216	192
Total minimum lease payments	**160**	**142**	216	192	272	242
Less: Amounts representing finance charges	**(18)**	**–**	(24)	–	(30)	–
Present value of minimum lease payments	**142**	**142**	192	192	242	242

The Company has finance lease for a motor vehicle. Lease terms do not contain restrictions concerning dividend, additions debt as further leasing. The lease also does not have terms of renewal, purchase options and escalation clauses. The finance lease obligations bear effective interest rate ranging from 2.48% to 2.78% (31.12.2017: 2.48% to 2.78%; 1.1.2017: 2.48% to 2.78%) per annum.

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36. 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 transactions between the Group and Company and their related parties took place during the year at terms agreed between the parties:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Income				
Interest income				
– subsidiaries	**–**	–	**10,745**	9,956
– associated companies	**1,023**	1,197	**–**	–
– joint venture companies	**4,670**	3,191	**–**	–
Management fee income				
– joint venture companies	**2,437**	2,381	**2,200**	2,000
– subsidiaries	**–**	–	**573**	1,693
– associated companies	**1,538**	859	**120**	120
– related party	**44**	45	**–**	–
Expenses				
Management fee paid to a subsidiary	**–**	–	**1,140**	1,080
Interest expenses				
– subsidiaries	**–**	–	**6,734**	6,032
– joint venture companies	**566**	775	**388**	775
Rental paid to related party	**130**	129	**–**	–

(b) Compensation of key management personnel

	Group	
	2018 $'000	2017 $'000
Short-term employee benefits	**2,776**	3,939
Central Provident Fund contributions	**85**	130
Other short-term benefits	**126**	196
	2,487	4,265
Comprise amounts paid to:		
– Directors of the Company	**1,241**	2,633
– Other key management personnel	**1,246**	1,632
	2,487	4,265

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37. CONTINGENCIES

The Company has provided corporate guarantees to banks and financial institutions of $474,802,000 (31.12.2017: $501,913,000; 1.1.2017: $564,032,000) for credit facilities (Note 30) taken by its subsidiaries, joint venture companies and associated companies.

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to operate as going concerns at least through twelve months from the date of the Directors' statements of the subsidiaries.

38. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Classification

The table below is an analysis of the carrying amounts of financial instruments by categories as defined in SFRS(I) 9 as at 31 December:

	Group			Company		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**	**2018 $'000**	**31.12.2017 $'000**	**1.1.2017 $'000**
Financial assets measured at amortised cost						
Amounts due from associated companies, joint venture companies and investee companies	**149,632**	164,897	124,361	**–**	–	–
Trade receivables	**1,267**	7,780	794	**261**	6,737	–
Other receivables	**70,284**	47,929	24,799	**24,617**	21,524	18,855
Amounts due from subsidiaries (non-trade)	**–**	–	–	**306,495**	227,550	178,572
Amounts due from related parties (trade)	**12**	12	14	**–**	–	–
Amounts due from joint venture company (non-trade)	**845**	401	333	**263**	33	33
Amount due from joint venture company (trade)	**–**	162	339	**–**	–	–
Fixed deposits	**22,039**	3,735	654	**21,887**	3,583	505
Cash and bank balances	**52,920**	22,889	27,114	**28,092**	4,890	13,436
	296,999	247,805	178,408	**381,615**	264,317	211,401

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38. CLASSIFICATION OF FINANCIAL INSTRUMENTS (Continued)

Classification (Continued)

	Group			Company		
	2018 $'000	**31.12.2017 $'000**	**1.1.2017 $'000**	**2018 $'000**	**31.12.2017 $'000**	**1.1.2017 $'000**
Financial liabilities measured at amortised cost						
Trade and other payables (current)						
Trade payables	**2,892**	3,820	6,769	**1,550**	2,490	4,615
Other payables and accruals	**13,089**	15,952	5,366	**5,245**	2,554	1,663
Amounts due to subsidiaries	**–**	–	–	**–**	514	634
	15,981	19,772	12,135	**6,795**	5,558	6,912
Other payables (non-current)						
Other payables and accruals	**1,024**	960	1,043	**–**	–	–
Total trade and other payables	**17,005**	20,732	13,178	**6,795**	5,558	6,912
Loans and borrowings (current)						
Amounts due to subsidiaries	**–**	–	–	**111,022**	88,399	59,603
Finance lease obligations	**76**	76	76	**50**	50	50
Bonds	**–**	–	58,750	**–**	–	58,750
Short-term bank loans	**–**	11,500	14,000	**–**	11,500	14,000
Bank term loans	**104,131**	82,421	120,713	**–**	–	58,745
	104,207	93,997	193,539	**111,072**	99,949	191,148
Loans and borrowings (non-current)						
Amounts due to associated companies and joint venture companies (non-trade)	**27,914**	54,476	43,660	**16,670**	16,283	15,508
Amounts due to non-controlling interests (non-trade)	**60,852**	34,091	27,156	**–**	–	–
Finance lease obligations	**119**	192	264	**92**	142	192
Bonds	**193,000**	75,000	–	**193,000**	75,000	–
Bank term loans	**26,833**	122,655	103,846	**–**	24,000	–
Total loans and borrowings	**308,718**	380,411	368,465	**209,762**	215,374	206,848
Total finance liabilities measured at amortised cost	**325,723**	401,143	381,643	**216,557**	220,932	213,760
Financial liabilities at fair value through profit or loss						
Derivative financial instruments	**–**	74	149	**–**	–	–

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39. 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) Fair value of financial instruments that are carried at fair value

Derivative financial instruments are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of cash and bank balances and fixed deposits, current trade and other receivables (including amounts due from subsidiaries, related parties and joint venture company), current trade and other payables (including amounts due to subsidiaries) and accruals, short-term bank loans, current bank term loans and current bonds, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Non-current bank term loans reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(d) Financial instruments carried at other than fair value

The non-current amounts due from associated companies, joint venture companies and investee companies and non-current amounts due to associated companies, joint venture companies and non-controlling interests have no fixed terms of repayment and are not expected to be repaid within the next 12 months from balance sheet date. The fair values of these amounts are not determinable, as the timing of the future cash flows arising from these amounts cannot be estimated reliably. However, the directors do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2018 $'000		31.12.2017 $'000		1.1.2017 $'000	
	Carrying amount	Fair value	Carrying amount	Fair Value	Carrying amount	Fair Value
Group						
Financial liabilities:						
Finance lease obligations	**195**	**220**	268	302	340	384
Company						
Financial liabilities:						
Finance lease obligations	**142**	**160**	192	216	242	272

Fair value of the finance lease obligations has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

(f) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

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

Description	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements			
2018			
Investment properties and investment property held for sale:			
Retail and commercial	Market comparable approach	Yield adjustments*	10% to 20%(1)
	Income approach	Capitalisation rate	5.8%(2)

* The yield adjustments are made for any difference in the nature, location, condition or size of the specific property.

(1) A significant increase (decrease) in yield adjustments would result in a significantly higher (lower) fair value measurement.

(2) A significant increase (decrease) in capitalisation rate would result in a significantly lower (higher) fair value measurement.

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(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

(f) Level 3 fair value measurements (Continued)

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (Continued)*

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

Description	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements			
31.12.2017			
Investment properties and investment property held for sale:			
Retail and commercial	Market comparable approach	Yield adjustments*	10% to 20%(1)
	Income approach	Capitalisation rate	5.8%(2)

* The yield adjustments are made for any difference in the nature, location, condition or size of the specific property.

(1) A significant increase (decrease) in yield adjustments would result in a significantly higher (lower) fair value measurement.

(2) A significant increase (decrease) in capitalisation rate would result in a significantly lower (higher) fair value measurement.

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

Description	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements			
1.1.2017			
Investment properties and investment property held for sale:			
Retail and commercial	Market comparable approach	Yield adjustments*	10% to 20%(1)
	Income approach	Capitalisation rate	5.8%(2)

* The yield adjustments are made for any difference in the nature, location, condition or size of the specific property.

(1) A significant increase (decrease) in yield adjustments would result in a significantly higher (lower) fair value measurement.

(2) A significant increase (decrease) in capitalisation rate would result in a significantly lower (higher) fair value measurement.

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(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

(f) Level 3 fair value measurements (Continued)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (Continued)

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

		Effect of reasonably possible alternative assumptions	
	Carrying amount $'000	Profit or loss $'000	Other comprehensive income $'000
31 December 2018			
Recurring fair value measurements			
Investment properties:			
– Retail and commercial	**164,810**	**4,944**	**–**
31 December 2017			
Recurring fair value measurements			
Investment properties and investment property held for sale:			
– Retail and commercial	211,795	6,354	–

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

– For retail and commercial investment properties, investment property held for sale and freehold and leasehold land and buildings, the Group adjusted the yield adjustments by increasing and decreasing the adjustments by 3% depending on nature, location or condition of the specific property.

(ii) Movements in Level 3 assets and liabilities measured at fair value

During the year, the Group has recognised gains from fair value adjustments of investment properties which amounted to $6,000,000 (2017: $37,076,000) (Note 12) and gains from fair value adjustments of freehold and leasehold land and buildings which amounted to $nil (2017: $nil) (Note 11). The disclosure of the movement in investment properties and investment property held for sale in Note 12 constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

(f) Level 3 fair value measurements (Continued)

(iii) Valuation policies and procedures

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

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

40. 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 credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The Group also had an interest rate swap facility. The purpose is to manage the interest rate risks arising from the Group's operations and sources of financing. Details of the derivative financial instruments are disclosed in Note 26.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk

Credit risk is the risk of loss that may arise from 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. For other financial assets (including cash and cash equivalents), 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 with the result that the Group's exposure to bad debts is not significant.

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; and

– a nominal amount of $474,802,000 (31.12.2017: $501,913,000; 1.1.2017: $564,032,000) relating to corporate guarantees provided by the Company to the banks and financial institutions on subsidiaries, joint ventures and associated companies' credit facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis.

At the end of the reporting period, 29% (31.12.2017: 90%; 1.1.2017: 23%) of the Group's trade receivables were due from customers located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents 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 19 (Trade receivables) and Note 20 (Other receivables).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) 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 maintain sufficient liquid financial assets and stand-by credit facilities with banks. At the end of the reporting period, approximately 24% (31.12.2017: 26%; 1.1.2017: 47%) of the Group's loans and borrowings (Note 38) will mature in less than one year based on the carrying amount reflected in the financial statements.

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 payments.

	1 year or less $'000	1 to 5 years $'000	Total $'000
Group			
2018			
Financial assets:			
Amounts due from associated companies, joint venture companies and investee companies	–	149,632	149,632
Trade receivables	1,267	–	1,267
Other receivables	52,284	18,000	70,284
Amounts due from related parties (trade)	12	–	12
Amounts due from joint venture company	845	–	845
Fixed deposits	22,039	–	22,039
Cash and bank balances	52,920	–	52,920
Total undiscounted financial assets	129,367	167,632	296,999
Financial liabilities:			
Trade payables	2,892	–	2,892
Other payables and accruals	13,089	1,024	14,113
Loans and borrowings	107,216	334,292	441,508
Total undiscounted financial liabilities	123,197	335,316	458,513
Total net undiscounted financial liabilities	6,170	(167,684)	(161,514)

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(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (Continued)

	1 year or less $'000	1 to 5 years $'000	Total $'000
Group			
31.12.2017			
Financial assets:			
Amounts due from associated companies, joint venture companies and investee companies	–	166,108	166,108
Trade receivables	7,780	–	7,780
Other receivables	25,929	24,641	50,570
Amounts due from related parties (trade)	12	–	12
Amounts due from joint venture company	563	–	563
Fixed deposits	3,735	–	3,735
Cash and bank balances	22,889	–	22,889
Total undiscounted financial assets	60,908	190,749	251,657
Financial liabilities:			
Trade payables	3,820	–	3,820
Other payables and accruals	15,952	960	16,912
Derivative financial instruments	74	–	74
Loans and borrowings	108,609	304,768	413,377
Total undiscounted financial liabilities	128,455	305,728	434,183
Total net undiscounted financial liabilities	(67,547)	(114,979)	(182,526)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (Continued)

	1 year or less $'000	1 to 5 years $'000	Total $'000
Group			
1.1.2017			
Financial assets:			
Amounts due from associated companies, joint venture companies and investee companies	–	125,572	125,572
Trade receivables	794	–	794
Other receivables	20,799	4,550	25,349
Amounts due from related parties (trade)	14	–	14
Amounts due from joint venture company	672	–	672
Fixed deposits	654	–	654
Cash and bank balances	27,114	–	27,114
Total undiscounted financial assets	50,047	130,122	180,169
Financial liabilities:			
Trade payables	6,769	–	6,769
Other payables and accruals	5,366	1,043	6,409
Derivative financial instruments	149	–	149
Loans and borrowings	201,896	225,203	427,099
Total undiscounted financial liabilities	214,180	226,246	440,426
Total net undiscounted financial liabilities	(164,133)	(96,124)	(260,257)

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (Continued)

	1 year or less $'000	1 to 5 years $'000	Total $'000
Company			
2018			
Financial assets:			
Other receivables	24,617	–	24,617
Amounts due from subsidiaries (non-trade)	306,495	–	306,495
Amounts due from joint venture company (non-trade)	263	–	263
Fixed deposits	21,887	–	21,887
Cash and bank balances	28,092	–	28,092
Total undiscounted financial assets	381,354	–	381,354
Financial liabilities:			
Trade payables	1,550	–	1,550
Other payables and accruals	5,240	–	5,240
Loans and borrowings	122,578	238,734	361,312
Total undiscounted financial liabilities	129,368	238,734	368,102
Total net undiscounted financial assets/(liabilities)	251,986	(238,734)	13,252

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (Continued)

	1 year or less $'000	1 to 5 years $'000	Total $'000
Company			
31.12.2017			
Financial assets:			
Other receivables	17,524	4,350	21,874
Amounts due from subsidiaries (non-trade)	227,550	–	227,550
Amounts due from joint venture company (non-trade)	33	–	33
Fixed deposits	3,583	–	3,583
Cash and bank balances	4,890	–	4,890
Total undiscounted financial assets	253,580	4,350	257,930
Financial liabilities:			
Trade payables	2,490	–	2,490
Other payables and accruals	2,554	–	2,554
Amounts due to subsidiaries	514	–	514
Loans and borrowings	100,277	127,556	227,833
Total undiscounted financial liabilities	105,835	127,556	233,391
Total net undiscounted financial assets/(liabilities)	147,745	(123,206)	24,539

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (Continued)

	1 year or less $'000	1 to 5 years $'000	Total $'000
Company			
1.1.2017			
Financial assets:			
Other receivables	14,855	4,550	19,405
Amounts due from subsidiaries (non-trade)	178,572	–	178,572
Amounts due from joint venture company (non-trade)	33	–	33
Fixed deposits	505	–	505
Cash and bank balances	13,436	–	13,436
Total undiscounted financial assets	207,401	4,550	211,951
Financial liabilities:			
Trade payables	4,615	–	4,615
Other payables and accruals	1,663	–	1,663
Amounts due to subsidiaries	634	–	634
Loans and borrowings	194,161	16,498	210,659
Total undiscounted financial liabilities	201,073	16,498	217,571
Total net undiscounted financial assets/(liabilities)	6,328	(11,948)	(5,620)

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

	Group and Company 1 year or less		
	2018 $'000	31.12.2017 $'000	1.1.2017
Financial guarantees	**474,802**	501,913	564,032

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) 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 loans and borrowings and interest-bearing loans given to related parties, amounts due from investee companies and fixed deposits.

The Group's policy is to manage interest cost using floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2017: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $1,047,000 (2017: $1,039,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The following tables sets out the carrying amount, by maturity, of the Group's and Company's financial instruments that are exposed to material interest rate risk:

	Note	Within 1 year $'000	1 to 5 Years $'000	Total $'000
Group				
2018				
Floating rate				
Short-term bank loans	28	**–**	**–**	**–**
Bank term loans	28	**104,131**	**26,833**	**130,964**
2017				
Floating rate				
Short-term bank loans	28	11,500	–	11,500
Bank term loans	28	80,887	115,792	196,679
Company				
2018				
Floating rate				
Short-term bank loans	28	**–**	**–**	**–**
Bank term loans	28	**–**	**–**	**–**
2017				
Floating rate				
Short-term bank loans	28	11,500	–	11,500
Bank term loans	28	–	24,000	24,000

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and Company that are not included in the above tables are not subject to material interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Foreign currency risk

The Group's foreign currency risk arises mainly from the Group's operations in Thailand, Australia and London. The results and financial position of foreign operations are translated into SGD as disclosed under Note 2.4(b). Accordingly, the Group's balance sheet may be affected by fluctuations in the exchange rate between Pound Sterling ("GBP"), Japanese Yen ("JPY"), Australian Dollar ("AUD") and Singapore dollar. It is not the Group's policy to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currency as a natural hedge against overseas assets.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are as follows:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Pound Sterling ("GBP")	**21,567**	8,537	**12,271**	5
Japanese Yen ("JPY')	**1,756**	–	**653**	–
Australian dollar ("AUD")	**724**	679	**1**	2

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, CNY, GBP, THB and JPY exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

		2018		2017	
		Profit net of tax $'000	Equity $'000	Profit net of tax $'000	Equity $'000
AUD	– strengthened 3% (2017: 3%)	**22**	**327**	11	219
	– weakened 3% (2017: 3%)	**(22)**	**(327)**	(11)	(219)
CNY	– strengthened 3% (2017: 3%)	**–**	**90**	–	92
	– weakened 3% (2017: 3%)	**–**	**(90)**	–	(92)
GBP	– strengthened 3% (2017: 3%)	**115**	**1,886**	(118)	1,746
	– weakened 3% (2017: 3%)	**(115)**	**(1,886)**	118	(1,746)
THB	– strengthened 3% (2017: 3%)	**6**	**783**	1	451
	– weakened 3% (2017: 3%)	**(6)**	**(783)**	(1)	(451)
JPY	– strengthened 3% (2017: 3%)	**2**	**374**	–	–
	– weakened 3% (2017: 3%)	**(2)**	**(374)**	–	–

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(In Singapore dollars)

41. CAPITAL MANAGEMENT

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 gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity owners of the Company.

		Group	
	Note	2018 $'000	2017 $'000
Trade and other payables	38	**17,005**	20,732
Loans and borrowings	38	**308,718**	380,411
Less:			
Cash and cash equivalents		**(74,959)**	(26,624)
Net debt		**250,764**	374,519
Equity attributable to owners of the Company		**419,187**	409,733
Capital and net debt		**669,951**	784,252
Gearing ratio		**37%**	48%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

42. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.

II. The property development segment is involved in the development and sale of private residential properties.

III. The corporate segment is involved in Group-level corporate services and treasury functions.

IV. The hospitality segment is involved in hotel operations and related services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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. Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

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

Geographical information

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follow:

	Revenue		Non-current assets		
	2018	2017	2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000
Singapore	34,185	44,301	306,556	428,601	365,224
United Kingdom	20,301	12,830	336,671	174,888	148,213
Others	592	–	48,791	49,090	57,346
	55,078	57,131	692,018	652,579	570,783

Non-current assets information presented above consist of property, plant and equipment and investment properties as presented in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

42. SEGMENT INFORMATION (Continued)

	Property investment $'000	Property development $'000	Corporate $'000	Hospitality $'000	Elimination $'000	Note	Consolidated $'000
31 December 2018							
Revenue:							
Sales to external customers	11,558	24,208	1,715	17,597	–		55,078
Inter-segment revenue	867	–	4,726	5,768	(11,361)	A	–
	12,425	24,208	6,441	23,365	(11,361)		55,078
Results:							
Interest income	–	–	31,109	–	(23,060)	A	8,049
Interest expense	(2,600)	(246)	(34,745)	(2,734)	22,752	A	(17,573)
Gains from fair value adjustments of investment properties	6,000	–	–	–	–		6,000
Depreciation of property, plant and equipment	(98)	–	(324)	(1,932)	–		(2,354)
Share of results of associated companies/joint venture companies	6,465	7,762	–	(167)	–		14,060
Segment profit/(loss) before tax	18,513	10,019	(9,572)	559	(308)	B	19,211
Assets:							
Investment in associated companies/joint venture companies	89,889	38,598	–	14,075	–		142,562
Additions to non-current assets[1]	–	5	(53)	87,808	–		87,760
Segment assets	187,231	156,103	907,423	315,662	(710,793)	C	855,626
Segment liabilities	112,965	30,242	958,789	106,204	(773,457)	D	434,743

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

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(In Singapore dollars)

42. SEGMENT INFORMATION (Continued)

	Property investment $'000	Property development $'000	Corporate $'000	Hospitality $'000	Elimination $'000	Note	Consolidated $'000
31 December 2017							
Revenue:							
Sales to external customers	13,390	29,791	1,120	12,830	–		57,131
Inter-segment revenue	854	–	4,390	4,300	(9,544)	A	–
	14,244	29,791	5,510	17,130	(9,544)		57,131
Results:							
Interest income	–	–	27,706	–	(21,126)	A	6,580
Interest expense	(3,120)	(1,616)	(25,764)	(2,706)	20,559	A	(12,647)
Gains from fair value adjustments of investment properties	37,076	–	–	–	–		37,076
Depreciation of property, plant and equipment	(108)	–	(307)	(1,150)	–		(1,565)
Gain on disposal of joint venture	–	27,980	–	–	–		27,980
Share of results of associated companies/ joint venture companies	8,251	6,624	–	(573)	–		14,302
Segment profit/(loss) before tax	51,712	32,657	(5,859)	(948)	(567)	B	76,995
Assets:							
Investment in associated companies/joint venture companies	86,375	67,520	–	14,292	–		168,187
Additions to non-current assets[1]	103	–	235	13,907	–		14,245
Segment assets	232,545	205,272	643,690	187,076	(448,934)	C	819,649
Segment liabilities	140,058	81,898	639,114	92,068	(545,621)	D	407,517

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

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

42. SEGMENT INFORMATION (Continued)

	Property investment $'000	Property development $'000	Corporate $'000	Hospitality $'000	Elimination $'000	Note	Consolidated $'000
1 January 2017							
Revenue:							
Sales to external customers	13,300	43,092	1,152	9,825	–		67,369
Inter-segment revenue	859	–	4,626	3,567	(9,052)	A	–
	14,159	43,092	5,778	13,392	(9,052)		67,369
Results:							
Interest income	–	–	26,060	–	(22,227)	A	3,833
Interest expense	(3,337)	(2,279)	(25,391)	(1,887)	21,065	A	(11,829)
Gains from fair value adjustments of investment properties	542	–	–	–	–		542
Depreciation of fixed assets	(92)	–	(167)	(1,111)	–		(1,370)
Loss on disposal of subsidiaries	–	(10,356)	–	–	–		(10,356)
Share of results of associated companies/ joint venture companies	14,873	4,285	–	518	–		19,676
Segment profit/(loss) before tax	22,342	(1,381)	(2,168)	913	(2,641)	B	17,065
Assets:							
Investment in associated companies/joint venture companies	80,625	59,889	–	14,866	–		155,380
Additions to non-current assets[1]	23	–	1,163	27,163	–		28,349
Segment assets	258,762	268,292	511,887	179,024	(483,973)	C	733,992
Segment liabilities	118,301	111,016	582,761	82,481	(506,157)	D	388,402

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

42. SEGMENT INFORMATION (Continued)

Notes:

A Inter-segment revenue, interest income and interest expense are eliminated on consolidation.

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

	2018 $'000	2017 $'000
Profit from inter-segment sales	–	–
Finance expenses	22,752	20,559
Finance income	(23,060)	(21,126)
	(308)	(567)

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

	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Investment in subsidiaries	(53,630)	(50,625)	(50,220)
Intangible assets	109	109	109
Property, plant and equipment	4,111	4,584	(2,238)
Development properties	(1,696)	(1,373)	(1,735)
Intra-group loans	(659,687)	(401,629)	(429,889)
	(710,793)	(448,934)	(483,973)

D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Intra-group loans	(773,457)	(545,621)	(506,157)

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

43. DIVIDEND

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2018: 0.60 cents (2017: 0.60 cents) per share	**1,952**	1,952
– Special dividend for 2018: 0.40 cents (2017: nil) per share	**1,300**	–
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2018: 0.60 cents (2017: 0.60 cents) per share	**1,952**	1,952
– Special dividend for 2018: nil (2017: 0.40 cents) per share	**–**	1,300

44. 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 21 March 2019.

综合全面收益表

截至2018年12月31日之财政年度

（以新元表示）

	注释	2018 $'000	2017 $'000
营业额	4	**55,078**	57,131
出售房地产成本		**(21,080)**	(29,531)
其他营业收入	5	**7,617**	4,513
人员费用	6	**(11,203)**	(11,172)
固定资产折旧及摊销	11	**(2,354)**	(1,565)
其他营业费用		**(19,383)**	(15,672)
出售合营公司收益	15	**–**	27,980
财务费用	7(a)	**(17,573)**	(12,647)
财务收入	7(b)	**8,049**	6,580
应占联营公司和合营公司收益		**14,060**	14,302
投资产业公允价值变动收益	12	**6,000**	37,076
税前利润	8	**19,211**	76,995
税项	9	**(3,006)**	(1,557)
本年税后利润		**16,205**	75,438
其他综合（费用）收入：			
随后可能重新分类至损益之项目			
外币折算		**(5,254)**	911
其他综合(费用)收入，税后		**(5,254)**	911
年度综合收入总额		**10,951**	76,349
年度利润(亏损)			
归属于：			
公司权益持有人		**17,625**	74,800
非控制性权益		**(1,420)**	638
		16,205	75,438
年度综合收入总额			
归属于：			
公司权益持有人		**12,706**	75,727
非控制性权益		**(1,755)**	622
		10,951	76,349
持续经营业务每股收益（分）归属于公司权益持有人			
基本	10	**5.42**	23.00
摊薄	10	**5.42**	23.00

本年报的综合全面收益表以英文和中文同时准备。如中英文版本有任何差异，请以英文版为准。

资产负债表

截至2018年12月31日之财政年度

（以新元表示）

	注释	本集团 2018 $'000	本集团 31.12.2017 $'000	本集团 1.1.2017 $'000	本公司 2018 $'000	本公司 31.12.2017 $'000	本公司 1.1.2017 $'000
非流动资产							
固定资产	11	**216,905**	137,291	120,338	**396**	574	577
投资产业	12	**164,810**	160,095	170,050	**–**	–	–
子公司	13	**–**	–	–	**24,583**	24,583	24,583
联营公司	14	**26,193**	68,311	70,348	**–**	–	–
合营公司	15	**116,369**	99,876	81,577	**5,000**	5,000	5,000
联营公司， 合营公司和其他投资应付欠款	16	**149,632**	164,897	124,361	**–**	–	–
无形资产	17	**109**	109	109	**–**	–	–
其他应收账款	20	**18,000**	22,000	4,000	**–**	4,000	4,000
		692,018	652,579	570,783	**29,979**	34,157	34,160
流动资产							
发展产业	18	**32,070**	53,168	80,356	**16,109**	37,583	64,473
合同资产	4	**–**	–	23,463	**–**	–	23,463
投资产业待售	12	**–**	51,700	–	**–**	–	–
应收账款	19	**1,267**	7,780	794	**261**	6,737	–
其他应收账款	20	**52,284**	25,929	20,799	**24,617**	17,524	14,855
预付款项		**2,171**	1,294	1,488	**1,526**	850	248
子公司应付欠款（非贸易）	21	**–**	–	–	**306,495**	227,550	178,572
关联方应付欠款（贸易）	21	**12**	12	14	**–**	–	–
合营公司应付欠款（非贸易）	21	**845**	401	333	**263**	33	33
合营公司应付欠款（贸易）	21	**–**	162	339	**–**	–	–
定期存款	22	**22,039**	3,735	654	**21,887**	3,583	505
现金及银行结存	23	**52,920**	22,889	27,114	**28,092**	4,890	13,436
		163,608	167,070	155,354	**399,250**	298,750	295,585

本年报的综合全面收益表以英文和中文同时准备。如中英文版本有任何差异，请以英文版为准。

资产负债表

截至2018年12月31日之财政年度

（以新元表示）

	注释	本集团 2018 $'000	本集团 31.12.2017 $'000	本集团 1.1.2017 $'000	本公司 2018 $'000	本公司 31.12.2017 $'000	本公司 1.1.2017 $'000
流动负债							
应付账款	24	**2,892**	3,820	6,769	**1,550**	2,490	4,615
其他应付款项及应计项目	25	**13,431**	17,498	6,896	**5,420**	3,933	3,037
衍生金融工具	26	**–**	74	149	**–**	–	–
应付子公司款项（非贸易）	21	**–**	–	–	**111,022**	88,399	60,237
债券	27	**–**	–	58,750	**–**	–	58,750
短期银行贷款	28	**–**	11,500	14,000	**–**	11,500	14,000
定期银行贷款	28	**104,131**	82,421	120,713	**–**	–	58,745
融资租赁负债	35	**76**	76	76	**50**	50	50
应交税费		**3,560**	3,887	1,955	**431**	1,873	278
		124,090	119,276	209,308	**118,473**	108,245	199,712
净流动资产（负债）		**39,518**	47,794	(53,954)	**280,777**	190,505	95,873
非流动负债							
其他应付款项及应计项目	25	**1,024**	960	1,043	**–**	–	–
融资租赁负债	35	**119**	192	264	**92**	142	192
应付联营及合营公司款项	16	**27,914**	54,476	43,660	**16,670**	16,283	15,508
应付非控制性权益款项	30	**60,852**	34,091	27,156	**–**	–	–
债券	27	**193,000**	75,000	–	**193,000**	75,000	–
定期银行贷款	28	**26,833**	122,655	103,846	**–**	24,000	–
递延税项负债	31	**911**	867	3,125	**19**	32	2,309
		(310,653)	(288,241)	(179,094)	**(209,781)**	(115,457)	(18,009)
净资产		**420,883**	412,132	337,735	**100,975**	109,205	112,024
归属于本公司股权持有人的权益							
股本	32	**86,624**	86,624	86,624	**86,624**	86,624	86,624
外币兑换储备	33	**(3,992)**	927	–	**–**	–	–
资产重估储备	34	**–**	–	–	**–**	–	–
累计利润		**336,555**	322,182	249,334	**14,351**	22,581	25,400
		419,187	409,733	335,958	**100,975**	109,205	112,024
非控制性权益	13	**1,696**	2,399	1,777	**–**	–	–
总权益		**420,883**	412,132	337,735	**100,975**	109,205	112,024

本年报的综合全面收益表以英文和中文同时准备。如中英文版本有任何差异，请以英文版为准。

STATISTICS OF SHAREHOLDERS

SHARE CAPITAL

Number of Issued shares	:	325,156,492
Issued and fully paid-up capital	:	S$87,032,525.674
Class of Shares	:	Ordinary shares
Number of Treasury Shares held	:	Nil
Number of subsidiary holdings held	:	Nil
Voting rights	:	One vote per share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 11 March 2019, approximately 24.81% of the total number of ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 11 MARCH 2019

(According to Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
1. Heeton Investments Pte Ltd[1]	64,854,559	19.95	25,000,000	7.69
2. Hong Heng Company Private Limited	54,656,400	16.81	–	–
3. Toh Khai Cheng[2]	22,084,392	6.79	144,510,959	44.44
4. Toh Giap Eng[3]	38,896,249	11.96	89,854,559	27.64
5. Toh Gap Seng[4]	17,768,370	5.46	1,038,800	0.32
6. Kim Seng Holdings Pte Ltd	18,000,000	5.54	–	–
7. Tan Fuh Gih[5]	–	–	18,000,000	5.54
8. Tan Hoo Lang[5]	–	–	18,000,000	5.54
9. Tan Kim Seng[5]	–	–	18,000,000	5.54

Notes:

(1) Heeton Investments Pte Ltd is deemed to be interested in the 25,000,000 ordinary shares held by Sing Investments and Finance Limited.

(2) Toh Khai Cheng is deemed to be interested in the 89,854,559 ordinary shares held by Heeton Investments Pte Ltd and the 54,656,400 ordinary shares held by Hong Heng Company Private Limited.

(3) Toh Giap Eng is deemed to be interested in the 89,854,559 ordinary shares held by Heeton Investments Pte Ltd.

(4) Toh Gap Seng is deemed to be interested in the 1,038,800 ordinary shares held by his spouse.

(5) Tan Fuh Gih, Tan Hoo Lang and Tan Kim Seng are deemed to be interested in the 18,000,000 ordinary shares held by Kim Seng Holdings Pte Ltd.

STATISTICS OF SHAREHOLDERS

ANALYSIS OF SHAREHOLDINGS AS AT 11 MARCH 2019

Range of Shareholdings	Number of Shareholders	Percentage	No of Shares	Percentage
1 – 99	8	1.04	50	0.00
100 – 1,000	26	3.39	14,712	0.00
1,001 – 10,000	227	29.60	1,267,094	0.39
10,001 – 1,000,000	483	62.97	32,034,416	9.85
1,000,001 and above	23	3.00	291,840,220	89.76
TOTAL	767	100.00	325,156,492	100.00

MAJOR SHAREHOLDERS AS AT 11 MARCH 2019

No	Name of Shareholder	Number of Shares Held	Percentage
1	Heeton Investments Pte Ltd	64,854,559	19.95
2	Hong Heng Co Pte Ltd	54,656,400	16.81
3	Toh Giap Eng	38,896,249	11.96
4	Sing Investment & Finance Nominees Pte Ltd	25,000,000	7.69
5	Toh Khai Cheng	22,084,392	6.79
6	Kim Seng Holdings Pte Ltd	18,000,000	5.54
7	Toh Gap Seng	17,768,370	5.46
8	Maybank Kim Eng Securities Pte Ltd	11,788,100	3.63
9	Phillip Securities Pte Ltd	6,909,000	2.12
10	OCBC Securities Private Ltd	6,125,333	1.88
11	UOB Kay Hian Pte Ltd	4,623,300	1.42
12	United Overseas Bank Nominees Pte Ltd	3,799,500	1.17
13	DBS Nominees Pte Ltd	3,575,109	1.10
14	CGS-CIMB Securities (Singapore) Pte Ltd	3,201,418	0.98
15	Ng Wee Chu	1,918,810	0.59
16	Tan Swee Lang	1,253,790	0.39
17	Raffles Nominees (Pte) Limited	1,113,600	0.34
18	DBS Vickers Securities (Singapore) Pte Ltd	1,090,100	0.34
19	Morph Investments Ltd	1,060,000	0.33
20	Tan Hee Nam	1,042,800	0.32
		288,760,830	88.81

NOTICE OF
ANNUAL GENERAL MEETING

HEETON HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 197601387M)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, on Tuesday, 23 April 2019 at 10.00 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2018 and the Directors' Statement and the Auditors' Report thereon. **Resolution 1**

2. To declare a 1-tier tax exempt final dividend of 0.60 cents per share in respect of the financial year ended 31 December 2018. **Resolution 2**

3. To approve Directors' fees of S$245,000 for the financial year ended 31 December 2018. (2017: S$245,000) **Resolution 3**

4. To re-elect the following Directors retiring by rotation pursuant to Article 95(2) of the Company's Constitution:–

   (i) Teng Heng Chew Eric **Resolution 4**

   (ii) Toh Khai Cheng *(See Explanatory Note)* **Resolution 5**

5. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolution:–

6. That pursuant to Section 161 of the Companies Act (Chapter 50) and in accordance with the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to: **Resolution 7**

   (a) (i) allot and issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF
ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

PROVIDED THAT

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares in the capital of the Company, excluding treasury shares and subsidiary holdings (if any), (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 (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares in the capital of the Company, excluding treasury shares and subsidiary holdings (if any), (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company, excluding treasury shares and subsidiary holdings (if any), at the time this Resolution is passed, after adjusting for:

    (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

    (ii) any subsequent bonus issue, consolidation or subdivision of the 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 for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. *(See Explanatory Note)*

7. To transact any other business.

BY ORDER OF THE BOARD

YAO ENCI EUNICE/CHEW BEE LENG
Company Secretaries

Singapore
1 April 2019

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 5

Mr Toh Khai Cheng, Chairman of the Board of Directors and a member of the Audit Committee and Remuneration Committee, will continue to serve in these capacities if re-elected as a Director of the Company.

Resolution 7

The Ordinary Resolution no. 7, if passed, save as may otherwise be permitted by the SGX-ST, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings (if any)) in the capital of the Company, with a sub-limit of twenty per cent (20%) for issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares (excluding treasury shares and subsidiary holdings (if any)) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings (if any)) in the capital of the Company at the time that this resolution is passed, after adjusting for (a) 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 that this resolution is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Notes:

(1) (a) A member of the Company ("**Member**") (other than a member who is a relevant intermediary) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend 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 form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

(2) A proxy need not be a member of the Company.

(3) The instrument appointing a proxy or proxies that has been executed by a Member, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be deposited at the registered office of the Company at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, not less than 48 hours before the time set for holding the meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request, and (iv) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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HEETON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration number: 197601387M)

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT
1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting of the Company.
2. For investors who have used their Central Provident Fund ("**CPF**") monies ("**CPF Investors**") and/or monies in the Supplementary Retirement Scheme (SRS) accounts ("**SRS Investors**") to buy Heeton Holdings Limited's shares, this annual report and its enclosures are forwarded to you at the request of their CPF and/or SRS Approved Nominees (as the case may be) and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors and SRS investors who wish to attend and vote at the Annual General Meeting of the Company should contact their CPF and/or SRS Approved Nominees.

I/We, ______________________________ NRIC/Passport/Co. Reg. No. ______________

of ____ (Address)

being a member/members of HEETON HOLDINGS LIMITED (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or failing him/her (delete as appropriate)

or failing him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, on Tuesday, 23 April 2019 at 10.00 a.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM).

	Ordinary Resolutions	For	Against
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2018 and the Directors' Statement and the Auditors' Report thereon.		
2.	To declare a 1-tier tax exempt final dividend of 0.60 cents per share in respect of the financial year ended 31 December 2018.		
3.	To approve Directors' fees of S$245,000 for the financial year ended 31 December 2018. (2017: S$245,000)		
4.	To re-elect Mr Teng Heng Chew Eric retiring by rotation pursuant to Article 95(2) of the Company's Constitution.		
5.	To re-elect Mr Toh Khai Cheng retiring by rotation pursuant to Article 95(2) of the Company's Constitution.		
6.	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.		
7.	To authorise the Directors to allot and issue new shares.		

Dated this ________ day of ______________ 2019

Total number of Shares

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

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) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member of the Company (other than a member who is a relevant intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of the proxy. 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 or at the Company's option to treat the instrument of proxy as invalid.

   (b) A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, not less than 48 hours before the time appointed for the holding of the meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointer 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 an officer or attorney duly authorised.

6. Where the instrument appointing a proxy is signed 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) be stamped and be lodged with the instrument of proxy at the registered office of the Company, not less than 48 hours before the time for holding the meeting and/or any adjournment thereof 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. In the case of joint holders of shares, any one of such persons may vote, but if more than one of such persons is present at the AGM, the person whose name stands first on the Register of Members or (as the case may be) in the Depository Register shall alone be entitled to vote.

9. Any alteration made to the instrument of proxy should be initialled by the person who signs it.

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 an instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies lodged if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

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HEETON

HEETON HOLDINGS LIMITED

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