BUILDING ON **RESILIENT** FUNDAMENTALS

HONG FOK CORPORATION LIMITED
ANNUAL REPORT 2019

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VISION & MISSION

STATEMENT

TO BUILD AND MAINTAIN A LONG-TERM
SUSTAINABLE REAL-ESTATE RELATED BUSINESS

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of **HONG FOK CORPORATION LIMITED** (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2019 ("FY 2019").

REVIEW OF FY2019

In FY2019, contributions from the operations of the Group's hotel investment property, YOTEL Singapore Orchard Road improved from FY2018, as visitor arrivals and tourism receipts continued to grow in 2019.

However, with the Singapore government's imposition of further cooling measures on the property market in July 2018, the Group only sold 13 of the residential units of Concourse Skyline in FY2019 as compared to 21 units in FY2018.

For FY2019, the Group achieved a net profit of approximately $115 million, of which approximately $113 million was attributable to owners of the Company.

The Group was also supported by a strong balance sheet as at 31 December 2019, with net current assets of approximately $199 million, of which cash and cash equivalents was approximately $40 million.

The Group maintained a sound financial position in FY2019 with its net interest-bearing debt to equity ratio at only 0.28.

PROSPECTS FOR FY2020

Tourism arrivals and receipts for 2020 are expected to take a significant hit as a result of the COVID-19 outbreak.

With Singapore imposing strict travel restrictions on visitors from other countries to protect its population from COVID-19, the operating environment will be even more challenging. Continuing trade frictions, collapsing stock markets and geo-political tensions also contribute to depressing the global economic outlook.

The International Monetary Fund stated in March 2020 that it expects the outlook for global growth for 2020 to be negative, leading to a recession that will at least be as bad as during the global financial crisis or worse. It expects a recovery only in 2021.

This will negatively impact operations at YOTEL Singapore Orchard Road. In addition, the pace of the sales of our residential units of Concourse Skyline will likely be slower.

However, for FY2020, the Group is expected to recognise some sales of its residential units of Concourse Skyline and the contribution from its investment properties is expected to remain positive.

APPRECIATION

The Board would like to express their heartfelt appreciation to our tenants, customers, bankers, business associates and shareholders for their continuous support for the Group, especially during these challenging times. The Board would also like to thank its management team and staff for their hard work and contribution during the year.

CHAN PENGEE, ADRIAN
Non-Executive Independent Chairman

BOARD OF DIRECTORS

CHAN PENGEE, ADRIAN

Mr Chan is the Non-Executive Independent Chairman, Chairman of the Nominating Committee and a member of the Audit and Risk Management Committee and the Remuneration Committee. He is the Head of Corporate and a Senior Partner at the law firm, Lee & Lee. He is the Vice-Chairman of the Singapore Institute of Directors and sits on the board of the Accounting and Corporate Authority of Singapore ("ACRA"). He serves on the Executive Council of the Association of Small and Medium Enterprises as its Honorary Secretary and on the Council of the Law Society of Singapore. He is a member of the Legal Service Commission and Singapore Management University's Enterprise Board. He is the lead independent director of Yoma Strategic Holdings Ltd, AEM Holdings Ltd, Ascendas Funds Management (S) Limited, the manager of Ascendas REIT, and Bowsprit Capital Corporation Limited, the manager of First REIT, and is an independent director of Best World International Limited. He also serves on the Catalist Advisory Panel of the SGX. He is the Chairman of the Corporate Law Advisory Panel at ACRA.

Mr Chan holds a Bachelor of Laws degree from the National University of Singapore and is a member of the Singapore Academy of Law. He has more than 30 years of experience in the law profession and has been a director of various SGX-listed companies since 2002.

CHEONG PIN CHUAN

Mr Cheong is an Executive Director and Joint Chief Executive Officer and is principally involved in the Group's overall operations and management with greater emphasis in Hong Kong. He is a graduate of the Footscray Institute of Technology in Australia and is a member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants. He has over 48 years of experience in property development at both management and board levels in Singapore and Hong Kong.

CHEONG SIM ENG

Mr Cheong is an Executive Director and Joint Chief Executive Officer and is principally involved in the Group's overall operations and management with greater emphasis in Singapore. He is a graduate of the Chaminade University of Honolulu with a Bachelor of Arts degree. He has over 35 years of experience in the property development business.

CHEONG HOOI KHENG

Ms Cheong is an Executive Director and Chief Operating Officer and is principally involved in the Group's development of properties. She also oversees the project management in relation to the development and construction of properties, the leasing and marketing of the Group's real estate properties and major financial affairs of the Group in Singapore. She holds a Bachelor of Science degree in Business Administration from the California State University, Hayward and a Master of Business Administration degree from the Chaminade University of Honolulu. She has over 40 years of experience in the property development and construction business.

CHOW YEW HON

Mr Chow is a Non-Executive Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and the Nominating Committee. He is also the Lead Independent Director. He graduated with a Bachelor of Business Administration (Honours) degree from the University of Singapore and has also completed the Pacific Rim Bankers' Programme at the University of Washington, Seattle, United States of America. He was a former certified Private Wealth Professional in Hong Kong. He has held various senior positions with major international banks in Singapore, Hong Kong, London and Los Angeles and has more than 38 years of financial and banking experience covering international, corporate & commercial banking and wealth management.

LIM JUN XIONG STEVEN

Mr Lim is a Non-Executive Independent Director, Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee and the Remuneration Committee. Mr Lim started his career at PricewaterhouseCoopers before transitioning to the finance industry by joining HSBC Private Bank (Suisse) SA, the Global Wealth Solutions arm of the HSBC Group, in 1985. He took charge of operations, corporate secretarial and systems control in the Trust Division before assuming the position of Managing Director in 1990. As Managing Director, he was responsible for growing wealth management services in Asia, India and Middle East. During his 23 years stint with the HSBC Group, he was seconded to work in HSBC's office in Hong Kong and Jersey, Channel Islands. He left to become the chief executive officer of SG Trust (Asia) Ltd, a subsidiary of Societe Generale Private Banking, in 2010, a position he held until 2014. He currently provides consultancy advice in the field of global wealth solutions. He is the lead independent director of Bund Center Investment Ltd and Keong Hong Holdings Limited and an independent director of Mirach Energy Limited and Emerging Towns & Cities Singapore Ltd.

Mr Lim holds a Bachelor of Commerce degree majoring in Accounting and Finance from the University of Newcastle, Australia. He is a fellow member of CPA Australia and the Institute of Singapore Chartered Accountants in addition to being a member of the Society of Trust and Estate Practitioners. He has more than 36 years of experience in the financial, trust and wealth management industry.

KEY EXECUTIVE OFFICERS

CHEONG PUAY KHENG

Vice President (Administration and Personnel)

Ms Cheong's job responsibilities essentially cover the planning, organisation and control of office administration and personnel management of the Group. She graduated from the Armstrong College of Berkeley in the United States of America with a Bachelor of Science degree. She has 41 years of experience at management level.

Ms Cheong is also the Senior Manager of Hong Fok Land International Limited.

JIMMY YEO

Vice President (Marketing)

Mr Yeo is responsible for the marketing and leasing of the Group's real estate properties in Singapore. He holds a Master of Business Administration degree from the University of Hull in the United Kingdom and a Diploma in Marketing from the Chartered Institute of Marketing in the United Kingdom. He is a Fellow of the Marketing Institute of Singapore. He has 39 years of real estate marketing experience at management level.

LOK NAM MOON

Vice President (Projects)

Mr Lok is responsible for all projects developments undertaken by the Group in Singapore. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering both from the University of Strathclyde in the United Kingdom. He is a Professional Engineer, a Chartered Engineer and a Chartered Professional Engineer registered with the Singapore Professional Engineers Board, Engineering Council in the United Kingdom and the Institute of Engineers (Australia) respectively. He is also a senior member of the Institution of Engineers in Singapore, a member of the Institute of Engineers in Australia and an Associate of the Institution of Structural Engineers in the United Kingdom. He has 39 years of experience in project management in Singapore.

KOH CHAY TIANG

Vice President (Accounts and Finance)/
Company Secretary

Ms Koh is responsible for the accounts and finance functions of the Group in Singapore. She holds a Bachelor of Accountancy degree from the University of Singapore and is a Chartered Accountant of Singapore. She has 37 years of experience at management level in Singapore.

NG SAI KIAN

Vice President (Property Management)

Mr Ng is responsible for property management and maintenance for all properties under the Group in Singapore as well as properties of Warranty Management Pte Ltd's clients. He holds an Honours degree in Bachelor of Science from the University of Bradford in the United Kingdom. He has over 5 years of experience in project management in China, 2 years of experience in consultancy service in Singapore as well as more than 25 years of experience in property management in Singapore.

CHEONG TZE HONG, MARC

Director – Finance Division of
Hong Fok Land International Limited

Mr Cheong oversees all financial aspects of the business in Hong Kong. He holds a Bachelor of Science degree in Accounting from the University of Southern California in the United States of America and a Master of Business Administration degree from the University of Chicago Graduate School of Business. He has over 3 years of experience in the merchant banking field and 19 years of experience in business development and financial management in Hong Kong.

CHEONG TZE HIAN, HOWARD

Director – Project Development of
Hong Fok Land International Limited

Mr Cheong oversees all aspects of project development for the properties in Hong Kong. He holds a Bachelor of Science degree in Accounting from the University of Southern California in the United States of America. He has over 3 years of experience in the private equity field and 15 years of experience in project management in Hong Kong.

TSUI YEUNG KUN

Director – Business Development of
Hong Fok Land International Limited

Mr Tsui's job responsibilities cover the identification and development of new business opportunities in Hong Kong, and project management in relation to the development and construction of properties in Hong Kong. He graduated from the Christian Brothers College in the United States of America with a Bachelor of Science degree in Accounting and Economics. He has over 6 years of experience in the management of investment funds and 11 years of experience in equity research and stock broking activities in Hong Kong.

CORPORATE INFORMATION

HONG FOK CORPORATION LIMITED is a public company listed on the Singapore Exchange Securities Trading Limited. The principal activity of the Company is that of investment holding whose subsidiaries are primarily engaged in property investment, property development and construction, property management, investment trading and investment holding and management.

BOARD OF DIRECTORS

Executive Directors

Mr Cheong Pin Chuan
Joint Chief Executive Officer

Mr Cheong Sim Eng
Joint Chief Executive Officer

Ms Cheong Hooi Kheng
Chief Operating Officer

Non-Executive Independent Directors

Mr Chan Pengee, Adrian
Chairman

Mr Chow Yew Hon
Lead Independent Director

Mr Lim Jun Xiong Steven

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Lim Jun Xiong Steven
Chairman

Mr Chow Yew Hon

Mr Chan Pengee, Adrian

NOMINATING COMMITTEE

Mr Chan Pengee, Adrian
Chairman

Mr Chow Yew Hon

Mr Lim Jun Xiong Steven

REMUNERATION COMMITTEE

Mr Chow Yew Hon
Chairman

Mr Lim Jun Xiong Steven

Mr Chan Pengee, Adrian

SECRETARIES

Ms Lo Swee Oi

Ms Koh Chay Tiang

AUDITORS

KPMG LLP
Public Accountants and
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Tel : 6213 3388
Fax : 6225 0984

Mr Yap Wee Kee
Partner-in-charge
Year of Appointment : 2017

REGISTRARS

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8 Robinson Road #03-00
ASO Building
Singapore 048544
Tel : 6593 4848
Fax : 6593 4847

REGISTERED OFFICE

300 Beach Road #41-00
The Concourse
Singapore 199555
Tel : 6292 8181
Fax : 6293 8689
Website : www.hongfok.com.sg

YOTEL Singapore Orchard Road

Cocre8 Pte. Ltd., our subsidiary:
Co-working serviced office at International Building

PROPERTY SUMMARY

Property	Description	Lot Nos.	Stage of Completion/ Expected Date of Completion	Existing Use	Approximate Site Area (m²)	Approximate Gross Floor Area (m²)	Percentage Owned (%)	Tenure of Land
INVESTMENT PROPERTIES								
International Building at Orchard Road, Singapore	A 12-storey commercial building	956X of Town Subdivision 25	Completed	Offices/ Shops/ Restaurants	2,066	14,997[1]	100	Freehold
YOTEL Singapore Orchard Road at Orchard Road, Singapore	A 30-storey 610-room hotel	956X of Town Subdivision 25	Completed	Hotel	2,158	15,744	100	Freehold
362 and 364 Orchard Road at Orchard Road, Singapore	A single storey commercial block	1719L of Town Subdivision 25	Completed	Commercial	832	279	100	Freehold
The Concourse at Beach Road, Singapore	A 41-storey commercial/ office tower block	43 strata units of Parent Lot No. 1110V of Town Subdivision 13	Completed	Offices/ Retail	11,715	60,164[2]	100	99 years lease from 13/3/2008
Concourse Skyline at Beach Road, Singapore	Retail units at 1st storey	9 strata units of Parent Lot No. 1110V of Town Subdivision 13	Completed	Retail	115	608[2]	100	99 years lease from 13/3/2008
Concourse Skyline at Beach Road, Singapore	A part 4/part 7-storey podium car park/ apartment block, 2 part 20/part 28-storey and part 34/part 40-storey residential blocks with communal facilities	8 strata units of Parent Lot No. 1110V of Town Subdivision 13	Completed	Residential	8,662	710[2]	44	99 years lease from 13/3/2008
International Plaza at Anson Road, Singapore	A 50-storey commercial-cum-residential development	1 strata unit, U914L of Town Subdivision 3	Completed	Residential	–	149[2]	44	99 years lease from 2/6/1970
Magazine Gap Towers at 15 Magazine Gap Road, Hong Kong	A 14-storey (including a basement) private residential building	Inland Lot No. 2570 and The Extension thereto	Completed	Residential	1,765	5,128	44	75 years lease from 4/6/1925 and renewed for a further term of 75 years
Magazine Heights at 17 Magazine Gap Road, Hong Kong	A 14-storey (including a lower ground floor) private residential building	Inland Lot No. 8021 and The Extension thereto	Completed	Residential	2,139	5,574	44	75 years lease from 28/8/1920 and renewed for a further term of 75 years
Upper Roof and Parking Spaces of THE ICON at 38 Conduit Road, Hong Kong	Upper roof and parking spaces of a 23-storey residential building	Inland Lot No. 1253	Completed	Vacant[3]	–	47[3]	44	999 years lease from 25/6/1861
DEVELOPMENT PROPERTIES								
Concourse Skyline at Beach Road, Singapore	A part 4/part 7-storey podium car park/ apartment block, 2 part 20/part 28-storey and part 34/part 40-storey residential blocks with communal facilities	80 strata units of Parent Lot No. 1110V of Town Subdivision 13	Completed	Residential	8,662	14,281[2]	100	99 years lease from 13/3/2008
Jewel of Balmoral at Balmoral Park, Singapore	A 10-storey residential development	1 strata unit, U2179A of Town Subdivision 26	Completed	Residential	1,651	76[2]	100	Freehold

Notes:
(1) Excludes 162m² of floor space which are held by third parties on 999 years lease.
(2) This relates to the strata area for the said units.
(3) This relates to the upper roof of THE ICON.

SUMMARY OF THE GROUP

SUMMARY OF THE RESULTS OF THE GROUP

For the last 5 financial years are as follows:

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Revenue	**113,245**	131,127	69,975	58,436	60,500
Profit before share of results of associate and joint venture	**119,782**	273,606	227,767	83,280	200,570
Share of results of associate and joint venture	**–**	–	–	–	(1)
Profit before tax	**119,782**	273,606	227,767	83,280	200,569
Tax expense	**(4,996)**	(4,651)	(4,449)	(1,330)	(1,330)
Profit for the year	**114,786**	268,955	223,318	81,950	199,239
Profit attributable to:					
Owners of the Company	**112,514**	188,921	178,070	72,986	167,003
Non-controlling interests	**2,272**	80,034	45,248	8,964	32,236
Profit for the year	**114,786**	268,955	223,318	81,950	199,239
Dividend	**8,890**	6,930	6,930	6,930	12,601

SUMMARY OF THE ASSETS AND LIABILITIES OF THE GROUP

For the last 5 financial years are as follows:

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Property, plant and equipment	**4,009**	2,879	2,188	2,102	2,424
Associate and joint venture	**#**	#	#	#	#
Investment properties	**3,193,538**	3,091,745	2,823,134	2,562,574	2,390,839
Other non-current assets	**12,591**	11,299	8,370	6,925	4,381
Current assets	**259,527**	274,023	298,252	327,724	414,997
Total Assets	**3,469,665**	3,379,946	3,131,944	2,899,325	2,812,641
Share capital	**186,688**	186,688	186,688	186,688	186,688
Treasury shares	**(111,183)**	(101,050)	(101,050)	(101,050)	(101,050)
Reserves	**1,917,437**	1,810,076	1,624,755	1,468,056	1,398,069
	1,992,942	1,895,714	1,710,393	1,553,694	1,483,707
Non-controlling interests	**622,519**	632,751	539,373	518,676	500,987
Total Equity	**2,615,461**	2,528,465	2,249,766	2,072,370	1,984,694
Non-current liabilities	**793,183**	666,154	632,660	743,772	752,088
Current liabilities	**61,021**	185,327	249,518	83,183	75,859
Total Liabilities	**854,204**	851,481	882,178	826,955	827,947
Total Equity and Liabilities	**3,469,665**	3,379,946	3,131,944	2,899,325	2,812,641

Amount less than $1,000

FINANCIAL REPORT

The board of directors of the Company (the "Board" or "Directors") is committed to raising the standard of corporate governance within the Group in order to enhance transparency in the disclosure of material information. The Company confirms that it has complied with the principles of the Code of Corporate Governance 2018 (the "2018 Code") and where the Company's practices vary from any provisions of the 2018 Code, this is stated with an explanation of the reason for the variation and an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

BOARD MATTERS

The Board's Conduct of Affairs (Principle 1 of the 2018 Code)

The Company is headed by an effective Board. The Board is collectively responsible and works with management for the long-term success of the Company.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company, and hold management accountable for performance.[1]

The Company has a Code of Conduct to set out the general principles and standards of behaviour that the Company expects from its employees in their dealings with fellow employees, customers, suppliers and business partners, which sets an appropriate tone-from-the-top and desired organisational culture and ensures proper accountability within the Company. The details of the Code of Conduct are available on the Company's website.[2]

The Company has a Conflict of Interests and Interested Person Transaction Policy which, *inter alia*, aims to provide guidance to Directors to help them recognise and deal with conflict of interests. Under this policy, Directors should recuse themselves and refrain from participating in discussions regarding a transaction or proposed transaction in which the Director has an interest or is conflicted. The details of the Conflict of Interests and Interested Person Transaction Policy are available on the Company's website.

Board Orientation and Development

Directors understand the Company's business as well as their directorship duties.[3]

The Company funds and arranges for the existing Directors to receive regular training, for Directors to develop and maintain their skills and knowledge. In this connection, various Directors attended seminars and courses organised by the Singapore Institute of Directors ("SID") and other professional organisations, including but not limited to seminars on "Listed Entity Director Essentials", "Remuneration Committee Chairmen Conversation", "Board Culture, Ethics and Governance" and "Audit Committee Chairmen Conversation" organised by the SID, the "SGX Regulatory Symposium" organised by the Singapore Exchange Limited, and a seminar on "Audit Committee" organised jointly by the Accounting Corporate and Regulatory Authority, the Singapore Exchange Limited and the SID. Updates on relevant legal, accounting and regulatory developments were provided to Directors in written hand-outs, or by way of briefings and presentations. The Company Secretary also circulates articles, reports and press releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Accounting and Corporate Regulatory Authority which are relevant to the Directors.[4]

Newly appointed Directors will receive appropriate training and orientation programmes to familiarise themselves with the operations of the Group and its major business processes.[5] On the appointment of a new Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations.[6] No new director was appointed during the financial year ended 31 December 2019 ("FY2019").

Board Approval

The Board decides on matters that require its approval. Written guidelines are established to specify which material transactions require the Board's approval, and such guidelines are clearly communicated to management. These transactions include, *inter alia*, significant transactions (being the acquisition or disposal of assets or the provision of financial assistance

[1] Provision 1.1 of the 2018 Code
[2] Provision 1.1 of the 2018 Code
[3] Provision 1.2 of the 2018 Code
[4] Provision 1.2 of the 2018 Code
[5] Provision 1.2 of the 2018 Code
[6] Provision 1.2 of the 2018 Code

(excluding the provision of financial assistance to the Company, or its subsidiary or associated company) amounting to 5% or more of the relative figures set out in Rule 1006 of the Listing Manual of the SGX-ST) that are not in the ordinary course of business, share issuances (including stock options or other equity awards), dividends and other corporate actions relating to capital and/or returns to shareholders.[7]

Board Committees

The Board has established board committees, which are the Audit and Risk Management Committee, the Nominating Committee and the Remuneration Committee (collectively referred to as the "Board Committees"). Each Board Committee has its own written terms of references setting out their compositions, authorities and duties, including reporting back to the Board. The names of the Board Committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities are disclosed respectively in the sections headed "Board Membership", "Procedures for Developing Remuneration Policies" and "Audit Committee" below.[8]

Directors' Attendance at Board and Board Committee Meetings in FY2019

Directors attend and actively participate in Board and Board Committee meetings. The Board held meetings on a regular basis during FY2019 to review, *inter alia*, the Company's and the Group's operations and financial results. The number of such Board and Board Committee meetings and each individual Director's attendances at such meetings are disclosed on page 26.[9]

Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.[10] As disclosed on page 15, the Nominating Committee is satisfied that all Directors gave sufficient time and attention to the affairs of the Company and were able to and have adequately carried out their duties as a Director of the Company for FY2019.

Access to Information

To enable the Directors to make informed decisions and discharge their duties and responsibilities, management provides the Board with complete, adequate and timely information prior to meetings and on an on-going basis, including reports of the performance, financial position and prospects of the Group and those subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements, and these are reviewed by the Board at each Board meeting.[11] Monthly management accounts of the Company and its key subsidiaries are also provided to the Directors. The Board has separate and independent access to management, the Company Secretary and external advisers (where necessary) at the Company's expense,[12] and is free to request for additional information as needed to make informed decisions.

The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.[13]

The role of the Company Secretary includes, *inter alia*, ensuring that board procedures are followed and that applicable rules and regulations are complied with.

During FY2019, the Company Secretary attended all meetings of the Board.

Overall, the Board's role is to:

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

[7] Provision 1.3 of the 2018 Code
[8] Provision 1.4 of the 2018 Code
[9] Provision 1.5 of the 2018 Code
[10] Provision 1.5 of the 2018 Code
[11] Provision 1.6 of the 2018 Code
[12] Provision 1.7 of the 2018 Code
[13] Provision 1.7 of the 2018 Code

(b) ensure that the necessary resources are in place for the Company to meet its strategic objectives;

(c) establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Company performance;

(d) constructively challenge management and review its performance;

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

(f) ensure transparency and accountability to key stakeholder groups.

Board Composition and Guidance (Principle 2 of the 2018 Code)
Under Provision 2.1 of the 2018 Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations[14], its substantial shareholders[15] or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.[16]

Rule 210(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent.

With effect from 1 March 2019, the Chairman of the Board is Mr Chan Pengee, Adrian, who is a non-executive independent Director. During FY2019, out of the six Directors, three were independent, based on the provisions relating to independence as set out in the 2018 Code[17] and the Listing Manual of the SGX-ST.

Provision 2.3 of the 2018 Code provides that non-executive directors make up a majority of the Board. Principle 2 of the 2018 Code provides that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company. During FY2019, non-executive Directors made up half of the Board, which constitutes a variation from Provision 2.3 of the 2018 Code. The Company is of the view that the intent of Principle 2 was met, as the non-executive independent Directors make up half the Board, the Chairman of the Board is an independent Director and there is also a lead independent Director. The non-executive independent Directors constructively challenged and helped management develop proposals on business strategies for the Company and the Group. The non-executive independent Directors also reviewed the performance of management in achieving agreed goals and objectives for the Company and the Group, and monitored the reporting of performance. All of the Company's non-executive Directors are independent Directors. The Company is in compliance with Rule 210(5)(c) of the Listing Manual of the SGX-ST, which requires the Board to have at least two non-executive Directors who are independent and free of any material business or financial connection with the Company.[18]

The Board is of the view that the size of the Board and the Board Committees is appropriate for the needs and demands of the Company's and the Group's operations. The Board comprises business leaders and professionals from different industries and financial backgrounds. The current Board comprises Directors who have diverse qualifications and backgrounds in areas such as law, banking, trusts, finance and business. The non-executive independent Directors have exposure to the business industry in which the Group operates. The Board's composition enables management to benefit from a diverse and objective external perspective on issues raised before the Board, and the Directors as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity.[19]

[14] The term "*related corporation*", in relation to the company, has the same meaning as currently defined in the Companies Act, Chapter 50, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.
[15] A "*substantial shareholder*" is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the Securities and Futures Act (Chapter 289) of Singapore.
[16] Provision 2.1 of the 2018 Code
[17] Provision 2.2 of the 2018 Code
[18] Provision 2.3 of the 2018 Code
[19] Provision 2.4 of the 2018 Code

The Company has a Board Diversity Policy to set out its approach to achieve diversity on the Board. In terms of the Board's composition, the Company seeks to have a Board that comprises directors who as a group provide an appropriate balance and have diversity from a number of aspects, including gender, age, professional experience, skills and knowledge. Further details of the Board Diversity Policy are available on the Company's website.[20]

In terms of gender diversity, the Company has one female Director on the Board. The female gender therefore represents approximately 17% of the total Board membership. In terms of Board independence, there are three non-executive independent Directors out of a total of six Directors, hence the independent Directors represent 50% of the total Board membership. In terms of age diversity, two Directors are between the ages of 50 to 59, representing approximately 33% of the total Board membership, three Directors are between the ages of 60 to 69, representing approximately 50% of the total Board membership, and one Director is between the ages of 70 to 79, representing approximately 17% of the total Board membership.

During FY2019, the non-executive independent Directors, led by the independent Chairman, met regularly without the presence of management. The independent Chairman provided feedback to the Board as appropriate.[21]

Chairman and Chief Executive Officer (Principle 3 of the 2018 Code)

The Chairman and the Joint Chief Executive Officers ("CEOs") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.[22] Mr Cheong Pin Chuan and Mr Cheong Sim Eng are the Joint CEOs of the Company. Mr Chan Pengee, Adrian is the independent Chairman of the Board. The Joint CEOs and the Chairman are not immediate family members.[23]

The Board establishes and sets out in writing the division of responsibilities between the Chairman and the Joint CEOs.[24]

Mr Chow Yew Hon had been appointed as the lead independent Director since 1 September 2014. Mr Chow Yew Hon, as the lead independent Director, provides leadership in situations where the Chairman is conflicted, notwithstanding that the Chairman is an independent Director. Mr Chow Yew Hon, as the lead independent Director, is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or management are inappropriate or inadequate.[25]

Board Membership (Principle 4 of the 2018 Code)

Nominating Committee

According to the written terms of reference of the nominating committee of the Company (the "Nominating Committee"), the Nominating Committee's duties and responsibilities include:[26]

(a) making recommendations to the Board on relevant matters relating to:

   (i) the review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;[27]

   (ii) the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;

   (iii) the review of training and professional development programmes for the Board and its Directors;

   (iv) the appointment and re-appointment of Directors (including alternate directors, if any);

20 Provision 2.4 of the 2018 Code
21 Provision 2.5 of the 2018 Code
22 Provision 3.1 of the 2018 Code
23 Rule 1207(10A) of the Listing Manual of the SGX-ST
24 Provision 3.2 of the 2018 Code
25 Provision 3.3 of the 2018 Code
26 Provision 4.1 of the 2018 Code
27 The term "*key management personnel*" shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

(b) determining annually, and as and when circumstances require, if a Director is independent, having regard to the circumstances set forth in Provision 2.1 of the 2018 Code and the Listing Manual of the SGX-ST;

(c) prior to 1 January 2022, conducting a rigorous review of the independence of any Director who has served on the Board for more than nine years from the date of his first appointment and the reasons for considering him as independent;

(d) ensuring that new Directors are aware of their duties and obligations;

(e) considering, and if appropriate, establishing guidelines on what a reasonable and maximum number of such directorships and principal commitments[28] for each Director (or type of Director) should be;

(f) without limiting the effect of sub-paragraph (a)(ii) above, recommending for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual Director to the Board, in order for the Board to undertake a formal annual assessment of the performance of the Board as a whole, each board committee and each individual Director;

(g) deciding whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company, and where a Director holds a significant number of listed company directorships and principal commitments, assessing the ability of such a Director to diligently discharge his or her duties; and

(h) undertaking such other duties or functions as may be delegated by the Board or required by regulatory authorities.

The Nominating Committee comprises three Directors, all of whom are independent. Mr Chow Yew Hon, the lead independent Director, is a member of the Nominating Committee.[29] The other two members of the Nominating Committee are Mr Chan Pengee, Adrian (Chairman of the Nominating Committee) and Mr Lim Jun Xiong Steven.

Nomination and Selection of Directors
All new appointments and selection of Directors are reviewed and proposed by the Nominating Committee. The Nominating Committee will first identify the knowledge, skills, experience and background of the candidate being considered for appointment to the Board. Suitable candidates for Board membership are then identified through, *inter alia*, recommendations from current Board members, searches conducted by external search consultants or the SID and other referrals. The Nominating Committee and the Board will interview short-listed candidates before discussing and approving the final appointment. For existing Directors who retire and stand for re-election, based on the evaluation of these Directors, the Nominating Committee will make recommendations for the re-nomination of such Directors.[30]

All Directors (including the Joint CEOs and executive Director) are subject to retirement in accordance with the provisions of the Company's Constitution whereby one-third of the Directors (or if their number is not three or a multiple of three, the number nearest to but not less than one-third) are required to retire from office by rotation and subject themselves to re-election by shareholders at every annual general meeting of the Company.[31]

After assessing the contribution and performance of the retiring Directors, the Nominating Committee has recommended the re-election of Mr Cheong Sim Eng and Ms Cheong Hooi Kheng, who will be retiring by rotation at the forthcoming annual general meeting under Regulation 104 of the Company's Constitution. Mr Cheong Sim Eng and Ms Cheong Hooi Kheng have offered themselves for re-election and the Board has accepted the recommendations of the Nominating Committee. Information relating to these Directors is set out on pages 3 and 26 to 28, in accordance with Rule 720(6) of the Listing Manual of the SGX-ST.[32]

[28] The term "*principal commitments*" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.
[29] Provision 4.2 of the 2018 Code
[30] Provision 4.3 of the 2018 Code
[31] Provision 4.3 of the 2018 Code
[32] Provision 4.3 of the 2018 Code

Continuous Review of Directors' Independence

The Nominating Committee determines annually, and as and when circumstances require, the independence of each independent Director, having regard to the circumstances set forth in Provision 2.1 of the 2018 Code and the Listing Manual of the SGX-ST. The Nominating Committee requires each independent Director to complete and execute a form declaring and affirming his independence and confirming that there exist no conditions or relationships that would impair his independence. This declaration of independence is tabled before the Nominating Committee and, if accepted, the Director's independence is then recommended by the Nominating Committee to the Board.[33]

Taking into account the views of the Nominating Committee, the Board is satisfied that Mr Chow Yew Hon, Mr Lim Jun Xiong Steven and Mr Chan Pengee, Adrian are independent in light of the provisions of the 2018 Code and Rule 210(5)(d) of the Listing Manual of the SGX-ST.[34]

Guideline 2.4 of the Code of Corporate Governance ("2012 Code") continues to apply prior to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST coming into effect on 1 January 2022. Guideline 2.4 of the 2012 Code requires the independence of any Director who has served on the Board beyond nine years to be rigorously reviewed. None of the current independent Directors has served on the Board for more than nine years since the date of their appointment.

Directors' Time Commitments

The Nominating Committee ensures that new directors are aware of their duties and obligations.[35] Newly appointed Directors will receive appropriate training and orientation programmes to familiarise themselves with the operations of the Group and its major business processes.[36] On the appointment of a new Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations.[37]

The Nominating Committee also decides if a Director is able to and has been adequately carrying out his or her duties as a director of the Company.[38] As part of the assessment of the performance of each individual Director, there is consideration of whether sufficient time and attention has been given by the Director to the affairs of the Company. The Nominating Committee is satisfied that all Directors were able to and have adequately carried out their duties as a Director of the Company for FY2019.

The listed company directorships and principal commitments of each Director are disclosed on page 3.[39]

The Nominating Committee has recommended and the Board has adopted a policy that a Director should not have in aggregate more than six listed company Board representations so as to be able to devote sufficient time and attention to the affairs of the Company. During FY2019, following from Mr Chan Pengee, Adrian's retirement as a director of Global Investments Limited at its annual general meeting held in April 2019, none of the Directors exceeded the limit on listed company Board representations.

Provision 1.4 of the 2018 Code recommends, *inter alia*, that a summary of the Nominating Committee's activities be disclosed in the annual report. During FY2019, the Nominating Committee reviewed and recommended the re-nomination of Directors who were due for re-election by rotation under the Company's Constitution at the forthcoming annual general meeting, reviewed and determined the independence of the independent Directors, and decided whether the Directors were able to and have been adequately carrying out his or her duties as a director of the Company.[40]

Key information on the Directors, such as whether they are executive, non-executive, or considered by the Nominating Committee to be independent, as well as details of their academic and professional qualifications and other particulars are set out on pages 3 and 26 to 28.

[33] Provision 4.4 of the 2018 Code
[34] Rule 1207(10B) of the Listing Manual of the SGX-ST
[35] Provision 4.5 of the 2018 Code
[36] Provision 4.5 of the 2018 Code
[37] Provision 4.5 of the 2018 Code
[38] Provision 4.5 of the 2018 Code
[39] Provision 4.5 of the 2018 Code
[40] Provision 1.4 of the 2018 Code

As at 31 December 2019, there was no alternate director on the Board.

Board Performance (Principle 5 of the 2018 Code)
The Board makes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors. The Nominating Committee recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director to the Board.[41] Each Director submits an assessment of the Board and the Board Committees, and a peer assessment of each of the other Directors on the Board to assess the contributions by the Chairman and each individual Director to the effectiveness of the Board. These detailed forms assess Directors in various different areas and competencies, including their attendance and contributions at meetings, preparedness for meetings and their interactive and interpersonal skills. The responses are collated by the external Company Secretary and a consolidated report is submitted to the Board. The responses are then discussed by the Board.[42]

REMUNERATION MATTERS
Procedures for Developing Remuneration Policies (Principle 6 of the 2018 Code)
Remuneration Committee
According to the written terms of reference of the remuneration committee of the Company (the "Remuneration Committee"), the Remuneration Committee's duties and responsibilities include:[43]

(a) reviewing and making recommendations to the Board on:

(i) a framework of remuneration for the Board and key management personnel; and

(ii) the specific remuneration packages for each Director as well as for the key management personnel,

and in doing so the Remuneration Committee considers all aspects of remuneration, including termination terms, to ensure they are fair;

(b) reviewing the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service;

(c) where an external remuneration consultant is appointed, reviewing whether the remuneration consultant has any relationship with the Company that could affect his or her independence and objectivity; and

(d) reviewing annually the remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds $100,000 during the year.

The Remuneration Committee comprises three Directors, all of whom are non-executive independent Directors.[44] The members of the Remuneration Committee are Mr Chow Yew Hon (Chairman of the Remuneration Committee), Mr Lim Jun Xiong Steven and Mr Chan Pengee, Adrian.

The Remuneration Committee considers all aspects of remuneration, including termination terms, to ensure they are fair.[45] No Director or member of the Remuneration Committee is involved in deciding his or her own remuneration.

During FY2019, Korn Ferry (SG) Pte Ltd ("Korn Ferry") was the remuneration consultant of the Company. The Company does not have any relationship with Korn Ferry that could affect Korn Ferry's independence and objectivity.[46]

41 Provision 5.1 of the 2018 Code
42 Provision 5.2 of the 2018 Code
43 Provision 6.1 of the 2018 Code
44 Provision 6.2 of the 2018 Code
45 Provision 6.3 of the 2018 Code
46 Provision 6.4 of the 2018 Code

The Remuneration Committee, with the advice of Korn Ferry, recommends to the Board specific remuneration packages appropriate for each executive Director and the Directors' fees payable to the non-executive independent Directors, as well as the specific remuneration packages for the key management personnel. The Board will then review and, if it deems fit, approve these accordingly.

Provision 1.4 of the 2018 Code recommends, *inter alia*, that a summary of the Remuneration Committee's activities be disclosed in the annual report. During FY2019, the Remuneration Committee reviewed and recommended the remuneration of the executive Directors and key management personnel, recommended the non-executive independent Directors' fees for FY2019 and recommended the re-appointment of Korn Ferry as the Company's remuneration consultant.[47]

Level and Mix of Remuneration (Principle 7 of the 2018 Code)
The remuneration of executive Directors (including the Joint CEOs) and key management personnel comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Group and each individual's performance.[48] A significant and appropriate proportion of executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. The corporate and individual performance-related elements of remuneration are designed to align the interests of executive Directors and key management personnel with those of shareholders and other stakeholders and to promote the long-term success of the Company.[49]

In reviewing the remuneration of non-executive independent Directors, the Remuneration Committee and Korn Ferry have taken into consideration the knowledge and expertise of each individual non-executive independent Director, the responsibilities vested upon them and the effort and time commitment required from the non-executive independent Directors given the complexities of the business and the business structure.[50] This is to ensure that the remuneration of non-executive independent Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The remuneration packages are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.[51]

Disclosure on Remuneration (Principle 8 of the 2018 Code)
The Group's remuneration policy is to provide remuneration packages which are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.[52]

The Group adopts a remuneration policy[53] for executive Directors (including the Joint CEOs) and key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Group and each individual's performance, which is based on the criteria of the respective key performance indicators allocated to the individual. The key performance indicators include the Company's profitability and other financial and operational indicators as determined by the Board. Staff appraisals are conducted once a year. The executive Directors do not receive Directors' fees. The executive Directors and key management personnel had met their respective key performance indicators in respect of FY2019.

The Group adopts a remuneration policy for non-executive independent Directors, which takes into consideration the knowledge and expertise of each individual non-executive independent Director, the responsibilities vested upon them and the effort and time commitment required from the non-executive independent Directors given the complexities of the business and the business structure.[54]

47 Provision 1.4 of the 2018 Code
48 Provision 7.1 of the 2018 Code
49 Provision 7.1 of the 2018 Code
50 Provision 7.2 of the 2018 Code
51 Provision 7.3 of the 2018 Code
52 Provision 8.1 of the 2018 Code
53 Provision 8.1 of the 2018 Code
54 Provision 8.1 of the 2018 Code

The names, amounts and breakdown of remuneration of each non-executive independent Director are disclosed below.[55]

Name of Non-executive Independent Director	Salary $	Fees $	Bonus $	Other Benefits[56] $
Mr Chan Pengee, Adrian	–	124,500	–	–
Mr Chow Yew Hon	–	99,500	–	–
Mr Lim Jun Xiong Steven	–	92,000	–	–

The structure of the fees paid or payable to non-executive independent Directors of the Company for FY2019 is as follows:

Type of Appointment	Fee Per Annum ($)
Board Chairman	42,000
Board of Directors	
Basic retainer	42,000
Lead Independent Director	10,000
Audit and Risk Management Committee	
Chairman	28,000
Member	14,000
Nominating Committee	
Chairman	22,500
Member	11,000
Remuneration Committee	
Chairman	22,500
Member	11,000

Provision 8.1 of the 2018 Code provides, *inter alia*, that the amounts of remuneration of each individual director and the CEO are disclosed in the annual report. Principle 8 of the 2018 Code states that the company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. For FY2019, the Company wishes to disclose the remuneration of the executive Director and the Joint CEOs in bands of $250,000, which constitutes a variation from Provision 8.1 of the 2018 Code. The Company is of the view that the intent of Principle 8 was met, as the remuneration policies and the procedure for setting remuneration applicable to the executive Director and the Joint CEOs are described above, and the level and mix of remuneration is disclosed in the table below.[57] Moreover, the Remuneration Committee and the Board are of the opinion that the remuneration packages of the executive Director and Joint CEOs are of a confidential and sensitive nature, the disclosure of which would place the Group in a competitively disadvantageous position, and hence have chosen to make disclosures in relation thereto in bands of $250,000.

Remuneration Band Name of Executive Director	Salary %	Fees %	Bonus %	Other Benefits[56] %	Total %
$3,500,000 to $3,749,999					
Ms Cheong Hooi Kheng[(1)]	38	–	59	3	100
$3,750,000 to $4,749,999					
–	–	–	–	–	–
$4,750,000 to $4,999,999					
Mr Cheong Pin Chuan[(1)]	29	–	59	12	100
Mr Cheong Sim Eng[(1)]	41	–	55	4	100

(1) The remuneration reflected in this table includes the remuneration given by those subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements, aggregated together with the remuneration given by the Company.

55 Provision 8.1(a) of the 2018 Code
56 There are no termination, retirement and post-employment benefits granted to Directors or the CEO.
57 Provision 8.1(a) of the 2018 Code

The names, amounts (in bands no wider than $250,000) and the breakdown of the remuneration of the top eight key management personnel who are not Directors or the CEO for FY2019 are set out below.[58]

Remuneration Band Name and Designation of Executive	Salary %	Fees %	Bonus %	Other Benefits[59] %	Total %
Below $250,000					
Mr Ng Sai Kian: Vice President (Property Management)	75	–	21	4	100
$250,000 to $499,999					
Mr Tsui Yeung Kun: Director – Business Development of Hong Fok Land International Limited ("HFLIL")[60]	66	–	7	27	100
Mr Lok Nam Moon: Vice President (Projects)	75	–	19	6	100
Ms Koh Chay Tiang: Vice President (Accounts and Finance)/Company Secretary	73	–	26	1	100
Mr Jimmy Yeo: Vice President (Marketing)	68	–	24	8	100
$500,000 to $749,999					
Mr Cheong Tze Hian, Howard: Director – Project Development of HFLIL[60]	43	–	4	53	100
Mr Cheong Tze Hong, Marc: Director – Finance Division of HFLIL[60]	48	–	4	48	100
$750,000 to $999,999					
–	–	–	–	–	–
$1,000,000 to $1,249,999					
Ms Cheong Puay Kheng: Vice President (Administration and Personnel) and Senior Manager of HFLIL[60]	82	–	15	3	100

The aggregate amount of the total remuneration paid to the above eight key management personnel was approximately $4,108,000.[61]

Certain employees, namely, (a) Ms Cheong Puay Kheng, the Vice President (Administration and Personnel), and the Senior Manager of HFLIL, (b) Mr Cheong Tze Hong, Marc, the Director – Finance Division of HFLIL, and (c) Mr Cheong Tze Hian, Howard, the Director – Project Development of HFLIL, were employees of the Group and subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements, whose remuneration exceeded $100,000 each during the financial year who are immediate family members of certain persons who are Directors, the Joint CEOs and certain substantial shareholders of the Company. These persons are Ms Cheong Hooi Kheng (a Director of the Company for FY2019), Mr Cheong Pin Chuan and Mr Cheong Sim Eng (Directors, Joint CEOs and substantial shareholders of the Company for FY2019) and Mr Cheong Kim Pong (a substantial shareholder of the Company for FY2019). Ms Cheong Puay Kheng is a sibling of Ms Cheong Hooi Kheng, Mr Cheong Pin Chuan, Mr Cheong Sim Eng and Mr Cheong Kim Pong. Mr Cheong Tze Hong, Marc and Mr Cheong Tze Hian, Howard, are the sons of Mr Cheong Pin Chuan and the nephews of Ms Cheong Hooi Kheng, Mr Cheong Sim Eng and Mr Cheong Kim Pong. In addition, for FY2019, Mr Cheong Pin Chuan, Ms Cheong Hooi Kheng and Mr Cheong Sim Eng, who are siblings, were employees of the Group.[62]

Provision 8.2 of the 2018 Code provides, *inter alia*, that the company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds $100,000 during the year, in bands no wider than $100,000,

58 Provision 8.1(b) of the 2018 Code
59 There are no termination, retirement and post-employment benefits granted to the key management personnel.
60 The accounts of the HFLIL Group have been consolidated into the accounts of the Group for FY2019 for accounting purposes.
61 Provision 8.1(b) of the 2018 Code
62 Provision 8.2 of the 2018 Code

in its annual report. Principle 8 of the 2018 Code states that the company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. For FY2019, the Company wishes to disclose the remuneration of the employees who were substantial shareholders of the Company, or were immediate family members of a Director, the Joint CEOs or a substantial shareholder of the Company, and whose remuneration exceeded $100,000 during the year, in bands of $250,000, as opposed to bands of $100,000, which constitutes a variation from Provision 8.2 of the 2018 Code. The Company is of the view that the intent of Principle 8 of the 2018 Code was met, as the remuneration policies and the procedure for setting remuneration applicable to the key management personnel of the Company are described above, and the level and mix of remuneration is disclosed in the table above. Moreover, the employees are in senior positions and considered as key management personnel, hence the disclosure made in bands of $250,000 would be meaningful to investors as to the level of remuneration paid to these employees. In addition, the Company believes that the disclosure of the detailed remuneration packages of employees, including those who are substantial shareholders of the Company, or are immediate family members of a Director, the Joint CEOs or a substantial shareholder of the Company would be prejudicial to the Company's interests and hamper its ability to retain and nurture the Group's talent pool and hence have chosen to make disclosures in relation thereto in bands of $250,000 (instead of in incremental bands of $100,000).

Information of the key executive officers is set out on page 4.

All forms of remuneration and other payments and benefit (if any), paid by the Group and those subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements to Directors and key management personnel of the Company are disclosed in the tables above.[63] The Company does not have any employee share option scheme.[64]

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls (Principle 9 of the 2018 Code)

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The duties and responsibilities of the audit and risk management committee of the Company (the "Audit and Risk Management Committee") include specifically addressing these issues.[65] The Group has an Enterprise Risk Management ("ERM") framework to enable the Group to apply a systematic approach to effectively identify, assess, manage, monitor and review the Group's risks, including financial, operational, compliance and information technology controls. To promote risk awareness among employees at all levels, the Group has put in place an ERM policy that elaborates on the ERM framework, process and governance.

The Board requires and has received assurance from:

(a) the Joint CEOs and the Vice President (Accounts and Finance) that the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group and those subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements; and

(b) the Joint CEOs and the Vice President (Accounts and Finance) regarding the adequacy and effectiveness of the risk management and internal controls systems of the Group and those subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements.[66]

Audit Committee (Principle 10 of the 2018 Code)

According to the written terms of reference of the Audit and Risk Management Committee, the Audit and Risk Management Committee's duties and responsibilities include:[67]

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

[63] Provision 8.3 of the 2018 Code
[64] Provision 8.3 of the 2018 Code
[65] Provision 9.1 of the 2018 Code
[66] Provision 9.2 of the 2018 Code
[67] Provision 10.1 of the 2018 Code

(c) reviewing the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit;

(f) reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;

(g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(h) deciding on the appointment, termination and remuneration of the head of the internal audit function, as the primary reporting line of the internal audit function is to the Audit and Risk Management Committee;

(i) meeting with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually;

(j) reviewing and recommending the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation;

(k) reviewing any matters relating to suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority in Singapore, which has or is likely to have a material impact on the Company's or Group's operating results and/or financial position, and the findings of any internal investigations, and Management's response thereto, discussing such matters with the external auditor and, at an appropriate time, reporting the matter to the Board;

(l) carrying out the functions set out in Section 201B of the Companies Act, Chapter 50 (the "Act");

(m) with reference to the Practice Guidance, having explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management, full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions; and

(n) reporting to the Board the significant issues and judgements that the Audit and Risk Management Committee considered in relation to the financial statements, and how these issues were addressed.

The Company has a Whistle-blowing Policy which provides a mechanism for staff of the Group in Singapore to in confidence, raise concerns about fraud and other possible improprieties in matters of financial reporting or other matters. The Whistle-blowing Policy has a well-defined process which begins with a complaint being submitted via email to the Chairman of the Audit and Risk Management Committee, who will then perform a preliminary review of the complaint received. If he determines that the complaint is valid and within the scope of the Whistle-blowing Policy, he will report it to the Audit and Risk Management Committee accordingly, which will review the facts of the complaint and follow-up with the appropriate course of action. The Company's Whistle-blowing Policy provides assurance that employees will be protected from reprisals for whistle blowing in good faith. Anonymous complaints are not disregarded and will also be investigated. No whistle blowing report was received in FY2019. The details of the Whistle-blowing Policy are available on the Company's website.

The Audit and Risk Management Committee comprises three Directors, all of whom are non-executive independent Directors. The members of the Audit and Risk Management Committee are Mr Lim Jun Xiong Steven (Chairman of the Audit and Risk Management Committee), Mr Chow Yew Hon and Mr Chan Pengee, Adrian. At least two of the members of the Audit and Risk Management Committee (including the Chairman) have recent and relevant accounting or related financial management expertise or experience.[68]

[68] Provision 10.2 of the 2018 Code

The Audit and Risk Management Committee does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation.[69]

To enable the Audit and Risk Management Committee to discharge its functions more effectively, for FY2019, the Company had appointed Deloitte & Touche Enterprise Risk Services Pte Ltd, a reputable international accounting firm which is not the external auditors, to carry out its internal audit function. The internal audit was carried out in accordance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, which is a standard set by nationally or internationally recognised professional bodies. The internal audit process includes, *inter alia*, the identification of key risk areas and a consideration of the controls managing such risks. For the financial year which commenced on 1 January 2020, the Company has appointed RSM Risk Advisory Pte Ltd to carry out its internal audit function.

The primary reporting line of the internal audit function is to the Audit and Risk Management Committee, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the Audit and Risk Management Committee, and has appropriate standing within the Company.[70]

The Company's external auditors are KPMG LLP (an accounting firm registered with the Accounting and Corporate Regulatory Authority of Singapore).

During FY2019, the Audit and Risk Management Committee met with the external auditors, and with the internal auditors, in each case without the presence of management.[71]

The Audit and Risk Management Committee was satisfied that the Company's external auditors and the audit engagement partner assigned to the audit had adequate resources and experience to meet its audit obligations. In this connection, the Company has complied with Rule 712 of the Listing Manual of the SGX-ST.[72]

The audit and non-audit fees paid/payable to auditors are stated in Note 24 (Profit/(Loss) Before Tax) to the Financial Statements.[73]

The Audit and Risk Management Committee undertook a review of all the non-audit services provided by the Company's external auditors to the Company and the Group, and was satisfied that the nature and extent of such services would not impair the independence of the external auditors.[74] Hence, the Audit and Risk Management Committee has recommended to the Board that the auditors, KPMG LLP, be nominated for re-appointment as the Company's external auditors at the forthcoming annual general meeting of the Company.

The Board and the Audit and Risk Management Committee reviewed the appointment of different auditors for its subsidiaries and significant associates, and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 716 of the Listing Manual of the SGX-ST.[75]

The Board oversees management in the design, implementation and monitoring of the risk management and internal controls systems, but recognises that no cost effective internal controls and risk management systems will preclude all errors and irregularities, as the systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Directors regularly review the effectiveness and adequacy of all internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

[69] Provision 10.3 of the 2018 Code
[70] Provision 10.4 of the 2018 Code
[71] Provision 10.5 of the 2018 Code
[72] Rule 712 of the Listing Manual of the SGX-ST
[73] Rule 1207(6)(a) of the Listing Manual of the SGX-ST
[74] Rule 1207(6)(b) of the Listing Manual of the SGX-ST
[75] Rule 1207(6)(c) of the Listing Manual of the SGX-ST

Based on the work carried out by the internal auditors, the external auditors and the existing management controls in place, the Board was satisfied that there were adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The Audit and Risk Management Committee concurs with the Board's comment. The Board, together with the Audit and Risk Management Committee and management, will continue to enhance and improve the existing internal controls framework to identify and mitigate these risks.[76] There were no material weaknesses identified by the Board or the Audit and Risk Management Committee.

The Audit and Risk Management Committee was satisfied that the internal audit function is independent, effective and adequately resourced.[77]

Provision 1.4 of the 2018 Code recommends, *inter alia*, that a summary of the Audit and Risk Management Committee's activities be disclosed in the annual report. The Audit and Risk Management Committee performs the functions specified in Section 201B of the Act, the Listing Manual of the SGX-ST and the 2018 Code. The Audit and Risk Management Committee met eight times during FY2019. The Audit and Risk Management Committee reviewed and approved the internal audit plan for execution. The Audit and Risk Management Committee also met with management, the Vice President (Accounts and Finance) and external auditors to discuss and keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Company's or the Group's financial statements.[78]

In FY2019, the Group with the assistance of its internal auditors carried out an exercise to review the Group's risk register which identified the key risks facing the Group and the internal controls and risk management systems in place to manage or mitigate those risks. Internal and external auditors conducted audits that involve testing the effectiveness of the material internal controls systems in the Group. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal and external auditors were reported to the Audit and Risk Management Committee. The Audit and Risk Management Committee also reviewed the effectiveness of the measures taken by management in response to the recommendations made by the internal and external auditors. The systems of internal controls and risk management are continually being refined by management, the Audit and Risk Management Committee and the Board.

The Company has an Anti-corruption and Anti-money Laundering Policy to demonstrate its commitment to conducting its business with integrity, and in compliance with all applicable laws and regulations relating to the prevention of corruption, bribery, money laundering and terrorism financing. The details of the Anti-corruption and Anti-money Laundering Policy are available on the Company's website.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings (Principle 11 of the 2018 Code)

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.[79] At general meetings of the Company, shareholders have the opportunity to vote in person or by proxy, would be informed of the voting procedures, and would be given an opportunity to air their views and ask questions regarding the Company and the Group.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.[80] All resolutions at the annual general meeting are put to the vote by way of poll and the detailed results of the voting for each of the resolutions are announced on the SGX-ST.

All Directors and management attend the general meetings of shareholders to address any questions that the shareholders may have. The external auditors of the Company are also present at annual general meetings to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.[81] During FY2019, all Directors attended the annual general meeting of the Company, which was the only general meeting held during the financial year.

[76] Rule 1207(10) of the Listing Manual of the SGX-ST
[77] Rule 1207(10C) of the Listing Manual of the SGX-ST
[78] Provision 1.4 of the 2018 Code
[79] Provision 11.1 of the 2018 Code
[80] Provision 11.2 of the 2018 Code
[81] Provision 11.3 of the 2018 Code

Provision 11.4 of the 2018 Code provides that the company's constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders. Principle 11 of the 2018 Code provides, *inter alia*, that the company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. Voting in absentia by mail, facsimile or email, is currently not permitted by the Company's Constitution, which constitutes a variation from Provision 11.4 of the 2018 Code. The Company is of the view that the intent of Principle 11 was met, as the existing arrangement whereby shareholders have the opportunity to vote by proxy is adequate in enabling shareholders to exercise their rights and have the opportunity to vote. Moreover, to allow voting in absentia by mail, facsimile or email would require careful consideration of various factors, including the integrity of information and authentication of the identity of shareholders.[82]

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and management.[83]

The Company has a Dividend Policy, pursuant to which the dividend policy is to distribute dividends based on the Company's performance, taking into consideration the resources needed for the Company's continuing operations and possible future plans. The declaration and payment of any dividends will be recommended by the Directors and the final dividend (if any) will be subject to the approval of the shareholders. The Company seeks to maximise shareholder value and encourage shareholder loyalty by providing consistent and sustainable ordinary dividend payments to its shareholders on an annual basis. The details of the Dividend Policy are available on the Company's website.[84]

Engagement with Shareholders (Principle 12 of the 2018 Code)

The Company believes in regular, effective and fair communication with the shareholders. The Company's website is at www.hongfok.com.sg. The Company's latest annual reports, financial results, corporate announcements and share trading information are available on the Company's website. The Company also provides an email alert service so that shareholders and investors may be automatically alerted by email once the Company releases any announcements or filings on the SGX-ST. The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company and the Group are made to the shareholders. Any such information, should they arise, are communicated to the shareholders through the Company's annual reports and announcements to the SGX-ST.

The Company also facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company. The Company provides avenues for communication between the Board and all shareholders.[85] To allow the Board to solicit and understand the views of shareholders, shareholders are encouraged to attend the annual general meetings and extraordinary general meetings of the Company to ensure high level of accountability and to stay appraised of the Group's strategy and goals. At the general meetings, the shareholders are given an opportunity to air their views and ask questions regarding the Company and the Group.

The Company has an Investor Relations Policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.[86] The Investor Relations Policy sets out a mechanism, being the email address of ir@hongfok.com.sg, through which shareholders may contact the Company with questions and through which the Company may respond to such questions.[87] The details of the Investor Relations Policy are available on the Company's website.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders (Principle 13 of the 2018 Code)

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.[88]

[82] Provision 11.4 of the 2018 Code
[83] Provision 11.5 of the 2018 Code
[84] Provision 11.6 of the 2018 Code
[85] Provision 12.1 of the 2018 Code
[86] Provision 12.2 of the 2018 Code
[87] Provision 12.3 of the 2018 Code
[88] Provision 13.1 of the 2018 Code

Details of the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019 are set out on page 34, in the Company's Sustainability Report.[89]

The Company maintains a current corporate website to communicate and engage with stakeholders. The Company's website is at www.hongfok.com.sg.[90]

INTERESTED PERSON TRANSACTIONS

During FY2019, there were no interested person transactions (excluding transactions less than $100,000) entered into by the Group. The Company does not have a shareholders' mandate for interested person transactions ("IPTs") pursuant to Rule 920 of the Listing Manual of the SGX-ST.

The Company has a Conflict of Interests and Interested Person Transaction Policy which, *inter alia*, aims to set out the Company's internal procedures and guidelines to identify, report and where necessary, seek appropriate approval of IPTs in order to comply with the Listing Manual of the SGX-ST. This policy requires the personnel involved in the proposed IPTs to endeavour to ensure that the IPTs are conducted fairly, on an arm's length basis, on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders. The details of the Conflict of Interests and Interested Person Transaction Policy are available on the Company's website.

MATERIAL CONTRACTS

Save for the IPTs disclosed in Note 31 (Related Parties) to the Financial Statements, there were no other material contracts of the Company or its subsidiaries involving the interests of the Joint CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

SECURITIES TRANSACTIONS

The Company has adopted the Hong Fok Corporation Limited Best Practices Guide (Dealings in Company's Securities) (the "Guide"). The Guide sets out, *inter alia*, the restrictions on insider trading under the Securities and Futures Act, Chapter 289, the implications of insider trading as well as guidelines on dealings in securities. In addition, the Guide further elaborates that an officer of the Company should not deal in the securities of the Company on short-term considerations and the Company and its officers should not deal in the securities of the Company 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 (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or one month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements), and ending on the date of announcement of the relevant results. The Guide also provides as a policy that non-executive independent Directors should not sell securities (including stock) of the Company prior to leaving the Company if they hold any such securities (including stock) of the Company. The details of the Guide are available on the Company's website.

CORPORATE SOCIAL RESPONSIBILITY

In the introduction to the 2018 Code, it is stated that companies that embrace the tenets of good governance, including accountability, transparency and sustainability, are more likely to engender investor confidence and achieve long-term sustainable business performance.

Details of the Group's sustainability practices, including the corporate social responsibility initiatives during FY2019, are set out in the Company's Sustainability Report.

89 Provision 13.2 of the 2018 Code
90 Provision 13.3 of the 2018 Code

DIRECTORS' ATTENDANCE AT BOARD, AUDIT AND RISK MANAGEMENT COMMITTEE, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE MEETINGS FOR FY2019

	Board		Audit and Risk Management Committee	
	No. of Meetings(1)	Attendance	No. of Meetings(1)	Attendance
Executive Directors				
Mr Cheong Pin Chuan(2)	4	4	N.A.	N.A.
Mr Cheong Sim Eng	4	4	N.A.	N.A.
Ms Cheong Hooi Kheng	4	4	N.A.	N.A.
Non-Executive Independent Directors				
Mr Chan Pengee, Adrian	4	4	8	8
Mr Chow Yew Hon	4	4	8	8
Mr Lim Jun Xiong Steven	4	4	8	8
	Nominating Committee		**Remuneration Committee**	
	No. of Meetings(1)	**Attendance**	**No. of Meetings(1)**	**Attendance**
Non-Executive Independent Directors				
Mr Chan Pengee, Adrian	2	2	2	2
Mr Chow Yew Hon	2	2	2	2
Mr Lim Jun Xiong Steven	2	2	2	2

(1) This refers to the number of meetings held during FY2019. In addition to these meetings, operational matters that require the Board or Audit and Risk Management Committee, Nominating Committee or Remuneration Committee's attention are also dealt with via circular resolutions.

(2) Mr Cheong Pin Chuan, who is working in Hong Kong, generally participates in meetings via teleconference.

N.A.: Not applicable

INFORMATION OF THE DIRECTORS

Name of Director	Age	Academic and Professional Qualifications	Board Committees Served on as Chairman or Member	Directorship: Date First Appointed	Directorship: Date Last Re-elected
Mr Cheong Pin Chuan	70	Graduate of the Footscray Institute of Technology in Australia. Member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants	–	26 July 1971	30 April 2019
Mr Cheong Sim Eng	59	Bachelor of Arts	–	14 May 1990	28 April 2017
Ms Cheong Hooi Kheng	67	Bachelor of Science Master of Business Administration	–	1 March 1989	28 April 2017
Mr Chan Pengee, Adrian	55	Bachelor of Laws Member of the Singapore Academy of Law	Chairman of Nominating Committee and member of Audit and Risk Management Committee and Remuneration Committee	1 January 2015	30 April 2018

Name of Director	Age	Academic and Professional Qualifications	Board Committees Served on as Chairman or Member	Directorship: Date First Appointed	Directorship: Date Last Re-elected
Mr Chow Yew Hon	69	Bachelor of Business Administration (Honours) Completed the Pacific Rim Bankers' Programme in the United States of America	Chairman of Remuneration Committee, and member of Audit and Risk Management Committee and Nominating Committee	1 April 2013	30 April 2019
Mr Lim Jun Xiong Steven	64	Bachelor of Commerce Fellow member of the CPA Australia and the Institute of Singapore Chartered Accountants Member of the Society of Trust and Estate Practitioners	Chairman of Audit and Risk Management Committee and member of Nominating Committee and Remuneration Committee	25 July 2014	30 April 2018

ADDITIONAL INFORMATION RELATING TO DIRECTORS WHO ARE PROPOSED TO BE RE-ELECTED TO THE BOARD

Name of Director	Country of Principal Residence	Any Relationship (including Immediate Family Relationships) with any Existing Director, Existing Executive Officer, the Issuer and/or Substantial Shareholder of the Listed Issuer or of any of its Principal Subsidiaries	Conflict of Interest (including any Competing Business)	Undertaking (in the Format set out in Appendix 7.7) under Rule 720(1)
Mr Cheong Sim Eng	Singapore	Brother of Mr Cheong Pin Chuan, who is a Director and Substantial Shareholder of the Company. Brother of Mr Cheong Kim Pong, who is a Substantial Shareholder of the Company. Brother of Ms Cheong Hooi Kheng, who is a Director of the Company. Brother of Ms Cheong Puay Kheng, who is a key executive officer of the Company and HFLIL, which is also a Substantial Shareholder of the Company. Director of HFLIL, which is also a Substantial Shareholder of the Company, and immediate family member of a director of HFLIL and a shareholder of HFLIL holding less than 1% of the shares in HFLIL.	No	Submitted to the Company

Name of Director	Country of Principal Residence	Any Relationship (including Immediate Family Relationships) with any Existing Director, Existing Executive Officer, the Issuer and/or Substantial Shareholder of the Listed Issuer or of any of its Principal Subsidiaries	Conflict of Interest (including any Competing Business)	Undertaking (in the Format set out in Appendix 7.7) under Rule 720(1)
Ms Cheong Hooi Kheng	Singapore	Sister of Mr Cheong Pin Chuan, who is a Director and Substantial Shareholder of the Company. Sister of Mr Cheong Sim Eng, who is a Director and Substantial Shareholder of the Company. Sister of Mr Cheong Kim Pong, who is a Substantial Shareholder of the Company. Sister of Ms Cheong Puay Kheng, who is a key executive officer of the Company and HFLIL, which is also a Substantial Shareholder of the Company. A shareholder of HFLIL holding less than 1% of the shares in HFLIL, which is also a Substantial Shareholder of the Company, and immediate family member of directors of HFLIL.	No	Submitted to the Company

Information relating to the Directors who are proposed to be re-elected to the Board is also set out on pages 3 and 26 to 28.

The Board's comments on the re-appointment of Mr Cheong Sim Eng and Ms Cheong Hooi Kheng (including rationale, selection criteria, and the search and nomination process, as applicable) are set out on page 14. The shareholding interest of Mr Cheong Sim Eng and Ms Cheong Hooi Kheng in the Company and its subsidiaries is set out on pages 49 and 50.

Mr Cheong Sim Eng and Ms Cheong Hooi Kheng have individually confirmed that on each of the questions as set out in paragraphs (a) to (k) of Appendix 7.4.1 of the Listing Manual of the SGX-ST, the answer is "no".

RISK MANAGEMENT

Hong Fok Corporation Limited (the "Company") and its subsidiaries (the "Group") are committed to raising the standard of corporate governance. While achieving the Group's strategic goals and maximising stakeholder value, the Group ensures that risks are reasonably mitigated and adverse impact to the Group is limited.

The risk management framework is established in accordance with established risk management guidelines and frameworks, and approved by the Audit and Risk Management Committee ("ARMC"). The framework involves a continuous cycle of designing, implementing, managing, monitoring, reviewing and improving of the framework.

ENTERPRISE RISK MANAGEMENT ("ERM") FRAMEWORK AND PROCESS

The Group has established an ERM framework to enable the Group to apply a systematic approach to effectively identify, assess, manage, monitor and review the Group's risks, including financial, operational, compliance and information technology controls.

The ERM framework helps to institutionalise a standard and consistent approach to risk management in the culture and strategic planning processes, which supports the Group in setting of priorities and making of decisions. In addition, it ensures that information about risk derived from the risk management process is adequately reported and used as a basis for decision making and accountability at all relevant organisational levels.

To promote risk awareness among employees at all levels, the Group has put in place an ERM policy that elaborates on the ERM framework, process and governance. In addition, the management monitors the risks regularly using tools such as Control Self-Assessment ("CSA") and Risk Registers, where individual risk owners are required to assess the effectiveness of the Group's risk responses, including internal controls, that have been put in place.

ERM GOVERNANCE STRUCTURE

Roles	Designation	Responsibilities
Guidance	Board of Directors (the "Board"), including ARMC	**Board and ARMC** • Oversee management in the design, implementation and monitoring of the risk management and internal controls system and is responsible for the overall internal control framework • Oversee strategic decision making process on a Group level • Approve Risk Appetite. ERM Policy, CSA and Risk Register • Review and monitor management's performance **ARMC Only** • Determine and advise the Board on the nature and extent of significant risks in achieving the Board's strategic objectives • Determine and recommend the Group's risk appetite and strategy
Direct and Manage	Executive Directors	• Management of the design, implementation and monitoring of the Group's risk management and internal control systems • Provide guidance and direction for the implementation of ERM policy • Provide reasonable assurance to the Board regarding the effectiveness of risk responses of key risks, such as through review and endorsing the CSA and Risk Register
Execute	Key Executive Officers (supported by department managers and all other staff)	• Implement risk management and internal control systems across all processes and activities

RISK APPETITE STATEMENT

The Board considers the risk appetite of the Group in the context of its primary operating sectors, the regulatory environment within Singapore and Hong Kong, its risk culture and its key strategic objectives.

The Group's primary operating sectors within the residential, commercial and hospitality property market include:

- Property investment
- Property development and construction
- Property management

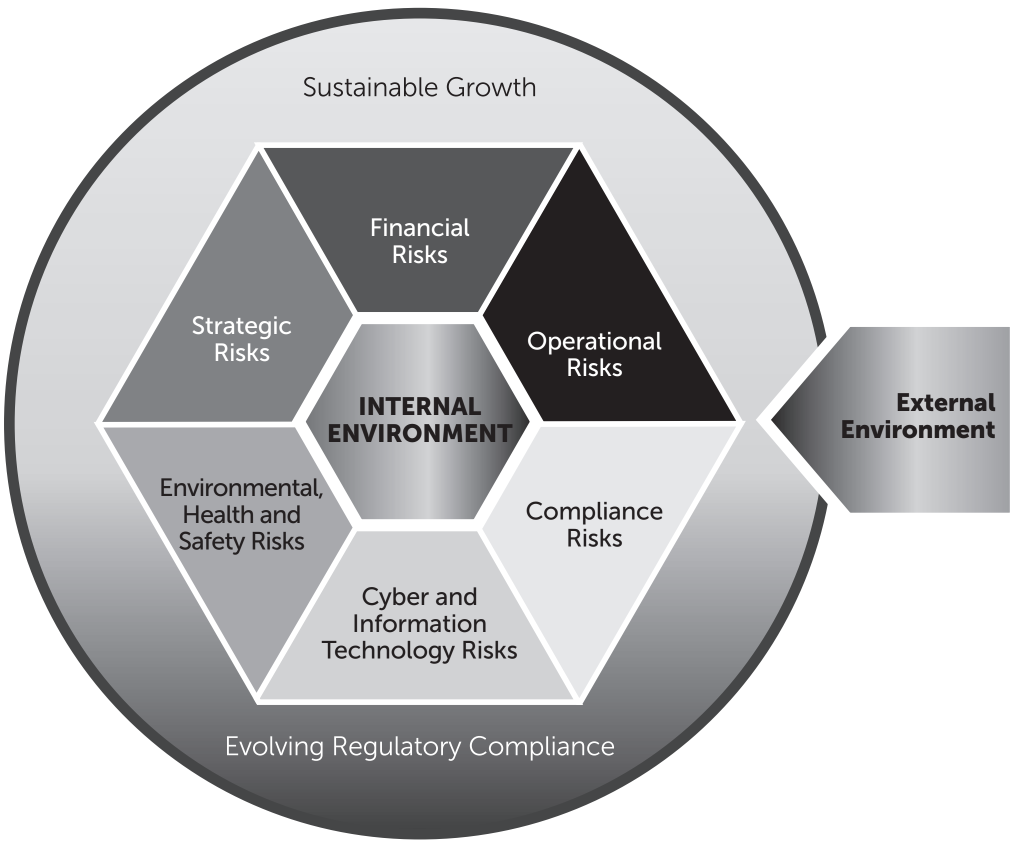
The strategic objectives include:

- Delivering stable earnings growth
- Maintaining stakeholder confidence
- Maintaining capital adequacy
- Maximising group synergies
- Strengthening sustainable practices

The Group's risk appetite is the level of risk it is willing to take in pursuit of its strategic objectives. The Board has recognised the nature and extent of the risks within its risk appetite, which is set to assess and balance opportunities for business development within areas of potentially higher risk, whilst being committed to delivering value to its stakeholders.

RISK CATEGORIES

The Group has identified the following key risk responses and controls to manage and monitor its main risks from each of the six risk categories illustrated below; these are reviewed quarterly by the ARMC, to ensure that business activities remain within its risk appetite.



Risk Categories of the Group

Strategic Risks
In the course of the Group's operations in both Singapore and Hong Kong, it has identified strategic risks related to business factors inclusive of geopolitical and macroeconomics conditions, competition, evolving global trends and the evolving regulatory environment. It is the within the Group's primary interest to perform risk evaluation and continuous monitoring on such risks as it forms an essential consideration in its overall investment strategy, business portfolio and corporate growth.

The Group evaluates each investment proposal in congruence to its corporate strategies and investment objectives which involves a rigorous due diligence and feasibility evaluation. The Board reviews and approves all major investments proposals, and monitors new and existing investments on an ongoing basis.

The Group places great emphasis on risk sensing within the business landscape to drive sustainable economic viability. As such, the risk management process has been embedded into the Group's operational policies through its business continuity plan where it closely monitors changes and trends in the geopolitical, macroeconomic, competitive and regulatory landscape to manage operational resilience and implement strategic decisions.

Financial Risks
Given the nature of the business in which it operates in, the Group is exposed to credit risk, liquidity risk and market risk – interest rate risk and foreign currency risk. The ARMC advises on financial risks and the appropriate financial risk management governance framework which ensures adherence of financial risks to the Group's policies and risk appetite.

The Group's financial risk management is discussed in detail within Note 28 to the Financial Statements on pages 102 to 108.

Operational Risks
The overarching risk management process and system of internal controls that have been embedded into the Group's primary operations consists of operating, reporting and monitoring processes and procedures. Across all functions, operational risks are identified, assessed, managed and subsequently reported to management. Relevant risk areas within operations include facilities management risk, human capital risk, portfolio risk, procurement risk and tenant risk.

The Group places emphasis in driving stakeholder's confidence and delivering value to its customers and the close monitoring of feedback channels across business and geographical segments.

Project and Property Management Risks
(Facilities management, portfolio, procurement and tenant risks)
To mitigate project risks, the Group has developed a project management framework to scope, plan and deliver projects in alignment with project objectives on a timely basis. The Group has in place a policy that encompasses a strict set of procedures from pre-qualification of vendors for project assignment to subsequent monitoring of vendor relationships.

The Group mitigates property management risks through defined policies and procedures covering key aspects such as facilities management, vendor selection and evaluation, tenancy management, as well as business continuity and disaster recovery plans.

Human Capital Risk
A great emphasis has been placed on talent retention in the aspects of diversity and equal opportunity, training and education, and employee well-being. The Group has established training and development programmes, staff wellness activities, and competitive compensation and benefits packages in light of these concerns. Further information can be found in the Sustainability Report on pages 38 to 40.

Compliance Risks
The Group's operations are subject to government regulations in both Singapore and Hong Kong, which may impact its resilience to respond to the changing market conditions, competitive landscape and technology disruptions. Non-compliance with the regulatory requirements may have a potential adverse reputational and financial impact on the Group. These compliance risks are addressed as part of the risk management framework whereby the Group monitors new developments within the regulatory environment of the industry.

The Group has adopted a 'zero tolerance' approach to any acts of fraud, corruption or bribery by employees in the course of its business activities and is committed to maintain the highest standards of integrity which are integral to its corporate identity and business. The Group also recognises the rights of individuals to protect their personal data.

The Group has in place a Conflict of Interests and Interested Person Transaction Policy, Anti-corruption and Anti-money Laundering Policy and Whistle-blowing Policy. Further information can be found in the Corporate Governance Statement and Sustainability Report on pages 10 to 28 and 43 to 45 respectively.

Cyber and Information Technology Risks
The Group maintains a prudent approach towards information availability and accessibility, Information Technology ("IT") control and governance, and IT and cyber security. It is committed towards improving its technology platform and has enforced Group-wide IT policies and procedures to address evolving IT security threats and cyber security issues. The Group also seeks to ensure data privacy through protecting personal data of both its customers and staff.

The Group has developed a holistic and risk-based approach towards aspects of IT governance including user access management, database configuration, change management, disaster recovery and personal data protection. The Group has also engaged with external professional services to independently assess and strengthen its IT systems.

Environmental, Health and Safety Risks
The Group is committed towards sustainable or green buildings in efforts to ensure environmental sustainability and targets to achieve the Building and Construction Authority Green Mark Certification for all developments in Singapore.

Having set up a Steering Committee and Task Force for sustainability in health and safety, the Group holds an uncompromising stand with regard to health and safety risks and continues to build on and improve our safety performance. Further information can be found in the Sustainability Report on pages 41 and 42.

LOOKING FORWARD
The Group will continue to monitor and assess risk amidst the evolving geopolitical, macroeconomic, competitive and regulatory landscape. In striving towards sustainable economic viability, the Group will proactively refine and enhance its risk management framework, systems and processes.

ABOUT THIS REPORT

Hong Fok Corporation Limited (the "Company") and its subsidiaries (the "Group") are pleased to present the third sustainability report. This report provides the summary of our progress and discloses information on the non-financial performance covering economic, environmental and social aspects. It covers the time period from 1 January 2019 to 31 December 2019.

Our focus in this report will be on the sustainability performance of the Singapore properties that we have a 100% effective interest and operational control. With this focus, the operational data included in this report refers to our retail and office assets, namely International Building, The Concourse and Concourse Skyline. Similarly, the human resources and safety data included refer solely to employees in Singapore.

Feedback directed at improving our sustainability practices are always welcome. Please send your comments or feedback to fax no. 6293 8689.

SUSTAINABILITY AT THE GROUP

During the year, both on the local and global scale, the real estate sector saw developments in relation to sustainability. Sustainability remains an area of national focus and will continue to increase in importance. Considering these developments, the Group is continuing to place emphasis on sustainability in our operations. We are devoting an increasing amount of resources towards promoting sustainability.

We continue to focus on our key business ethics of delivering service of the highest standards whilst strengthening our commitment to sustainability. We define sustainability in three different ways:

1 **Sustainable Buildings**

We are committed to develop sustainable buildings. In the last two years, we recertified two of our properties to demonstrate our commitment:

- The Concourse, our own office building, was recertified by the Singapore's Building and Construction Authority ("BCA") as Green Mark (Platinum) in 2018
- International Building, similarly, was recertified by the BCA as Green Mark (Gold Plus) in 2019.

2 **Safe Sites**

As main contractors of our developments, we take our responsibility of overall on-site safety very seriously. Although our sub-contractors and business partners are responsible for various on-site activities, we continue to work closely with them to ensure that our health and safety standards are strictly adhered to. During 2019, we had one injury (page 42) across our operations. Immediate action was taken to prevent similar incidents from happening. We will continue to put in our best efforts to improve our safety performance in the future.

3 **Investing in talent**

People are our key assets and it is vital to keep them engaged and motivated through a supportive working environment. We nurture our people by encouraging continuous learning and development and providing clear career progression paths to develop people in their roles. We have also invested in providing more training to our staff.

BOARD STATEMENT

The board of directors of the Company (the "Board") is pleased to present the "Sustainability Report" which is our continued commitment to share our sustainability journey with all our stakeholders in a transparent manner.

The report is prepared in alignment with the sustainability reporting regulatory requirements set out in the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B and Global Reporting Initiative ("GRI") Standards conforming to the "In accordance - Core" option. The content of this report is based on our performance and the principles of materiality, stakeholder inclusiveness, sustainability context and completeness. For more information on GRI disclosures, please refer to the GRI Content Index on pages 46 to 48. The Sustainability Steering Committee and Sustainability Task Force have annually reviewed the material Environmental, Social and Governance ("ESG") factors to determine their relevance for the Group. The material ESG factors are reviewed by the Board to ensure alignment with our overall business strategy and activities. The factors determined this year have remained unchanged from last year. In addition, the Board has continued to track the performance of the material ESG factors over the years and has implemented frameworks for the management, monitoring and reporting of each factor.

STAKEHOLDER ENGAGEMENT

We establish and nurture relationships with our relevant stakeholders by instituting trust, transparency and an ethical work culture. These engagements provide us with opportunities to understand the views and expectations of our stakeholders. These regular engagements also help us to come up with new ideas and solutions to address their concerns, which help to strengthen mutual confidence.

Feedback received from stakeholders is assessed and analysed to identify critical concerns which are discussed at relevant board committee meetings. The responsibility for identifying and addressing these concerns lies with the relevant departments.

Key Stakeholders	Engagement Methods	Frequency of Engagement	Areas of Concern
Investors	Timely updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and our website	Throughout the year	• Business and financial performance • Compliance and anti-corruption
	Annual General Meeting	Annually	
Tenants	Conduct surveys to gather feedback on various issues	Annually	• Quality of properties • Facilities available • Value for money • Health and safety aspects
	Established channels of communication for tenant and property-related issues	Throughout the year	
Employees	Training and development programmes	Throughout the year	• Work life balance • Competitive compensation • Occupational health and safety
	Career development performance appraisals	Annually	
Government and Regulators	Meetings and dialogue sessions	On an as-needed basis	• Compliance • Business ethics • Industry participation
	Membership in industry associations such as the Real Estate Developers' Association of Singapore and the Orchard Road Business Association	Throughout the year	
Sub-contractors and other service providers	Regular dialogue sessions with service providers, property managers and sub-contractors	Throughout the year	• Site health and safety • Competitive fees

Supply Chain Management

We deal with a large supplier base which includes providers of building maintenance material which consists of soft and hard services, downstream services such as waste management, and professional support services. We ensure that 100% of our suppliers are qualified through rigorous registration. Our procurement team manages relationships with large business partners who supply essential items to multiple locations based on our standards which include environmental considerations. The procurement functions monitor the adherence to our supplier code of practice which covers workplace conditions, diversity and fair wages.

Many of our vendors are based locally who comply with our requirements. We work closely with our contractors and suppliers who are committed to high quality environmental, health and safety ("EHS") standards. The supplier management guidelines require all contractors and suppliers to comply with local government and other legal requirements. We prefer supplier companies to be ISO 14001 and OHSAS 18001 certified.

Our internal code of practice also considers the factor which reduces carbon footprint and increases usage of renewables. Aside from our code of practice, we have a green tenant guideline for our tenants as our mission is to go green.

MATERIALITY ASSESSMENT

Our materiality assessment identifies and prioritises the most significant sustainability topics, which aid in defining our sustainability goals and the alignment with our business aspirations. We had previously, in 2017, undertaken a structured process to prioritise the key topics material to our stakeholders and Company across the economic, environmental and social bottom lines. This process was in line with the GRI Standards Materiality Principle. The material ESG factors determined formed the basis of our sustainability efforts and reporting. Our material factors have impacts all along our value chain. We determined our reporting boundaries based on the impacts where we have active control over.

The Group conducts an annual review over the material ESG factors to assess their alignment and relevance to the Group's business objectives and strategy. During this process, the Group adopts a two-pronged approach, considering any changes in the internal business activities as well as the external local and global sustainability landscape.

No major changes were noted in the current year and the Group determined that the material ESG factors will remain the same. These factors were also revalidated by the Board and are as follows:

Sustainability Categories	Material Factors	Read More in Our:
Environmental Responsibility	• Energy and Emissions • Water	• Sustainability Report, pages 35 to 37
Talent Retention	• Training and Education • Diversity and Equal Opportunity	• Sustainability Report, pages 38 to 40
Health and Safety	• Occupational Health and Safety • Customer Health and Safety	• Sustainability Report, pages 41 and 42
Regulatory Compliance	• Anti-corruption • Compliance with Laws and Regulations	• Sustainability Report, pages 43 to 45 • Corporate Governance Report, pages 10 to 28

ENVIRONMENTAL RESPONSIBILITY

2019 Performance
Energy and Emissions[1] • 7,734 MWh and 62 kWh of energy used per m^2 of Gross Floor Area in 2019 • 3,239,112 kgCO_2e and 26 kgCO_2e per m^2 of Gross Floor Area in 2019 **Water** • Water intensity 0.97 m^3 of water used per m^2 of Gross Floor Area in 2019

[1] Restatement: Data for Energy and Emissions for 2018 has been restated to exclude YOTEL Singapore Orchard Road ("YOTEL"). Given the variations in YOTEL data depending on occupancy levels and that the Group does not have operational control over YOTEL to be able to have effective influence in implementing sustainability initiatives, management have removed YOTEL from the reporting scope for 2019.

2019 Performance against 2019 Targets	
Energy and Emissions	
• Maintain and achieve BCA Green Mark on all existing and new properties respectively	• Achieved
• Maintain energy and greenhouse gas ("GHG") emissions intensity levels within a 5% range from the baseline of 2018[2] in the next year	• Achieved
Water	
• Maintain water intensity levels within a 5% range from the baseline of 2018[3] in the next year	• Achieved
2020 Targets	
Energy and Emissions	
• Maintain and achieve BCA Green Mark on all existing and new properties respectively	
• Maintain energy and GHG emissions intensity levels within a 5% range from the baseline of 2019 in the next year	
Water	
• Maintain water intensity levels within a 5% range from the baseline of 2019 in the next year	

Energy and Emissions

Climate change and resource scarcity are two topics high on the global sustainability agenda. As a player in the real estate industry, the Group recognises the impact it has on the environment and its role in addressing these growing global concerns. We focused our sustainability efforts on our core business – the development of sustainable buildings.

Our commitment to develop sustainable buildings is evident from us striving for green certifications in our buildings. We have developed an environmental policy endorsed by senior management, articulating our commitment to reduce energy and GHG emissions, increase involvement of our employees, set green standards for all our properties and support the sharing of information with the BCA. We have attained the BCA Green Mark certification for most of our eligible assets. This certification evaluates a building for its environmental impact and performance and is awarded to buildings that are more climatic responsive, energy effective, resource efficient, smarter and have healthier indoor environments.

As part of our focus on sustainable buildings, we recognise that such efforts should be ongoing. For our existing buildings, we strive to maintain our sustainable operations goals and reduce the adverse impacts of these buildings on the environment and our tenant's health over the entire building life cycle. International Building, completed in 1966, has been undergoing internal and external refurbishments throughout the year. These refurbishments aim to improve the environmental performance of the building.

In addition to the focus on sustainable buildings, the Group developed and formalised an Environmental Policy which focuses on reducing energy. We track the energy consumption of our properties using the Building Management System and report usage each quarter to the BCA as part of the Building Energy Submission Scheme. We also adopted the Energy Efficiency Index against which we benchmark our energy use. To further promulgate this focus, we developed a Green Tenant Guide to encourage tenants within our buildings to practise good environmental habits.

Energy consumption and intensity increased by 2.31% from 7,560 MWh and 60 kWh/m^2 in the baseline year of 2018 to 7,734 MWh and 62 kWh/m^2 in 2019. Similarly, GHG emissions and intensity have increased by 2.21% from 3,169,115 kgCO$_2$e and 25 kgCO$_2$e/m^2 in the baseline year of 2018 to 3,239,112 kgCO$_2$e and 26 kgCO$_2$e/m^2 in 2019, in line with the increase in energy consumption. Both energy and GHG emissions have maintained within the 5% targeted range from the baseline of 2018. The energy data is consolidated using the electricity bills.

[2] The Energy and Emissions target for 2019 has been baselined against 2018 data, as 2017 data included data from YOTEL.

[3] The water intensity target for 2019 has been baselined against 2018 data, so all performance targets are consistent to 2018 baseline year.

Water

The internal Environmental Policy also focuses on reducing water usage. Water consumption of our properties is tracked using the Building Management System and usage is reported each quarter to the BCA as part of the Building Energy Submission Scheme. The Group is also part of the Water Efficiency Management Plan initiated by the Public Utilities Board under which we measure and report our water consumption in a bid to lower usage.

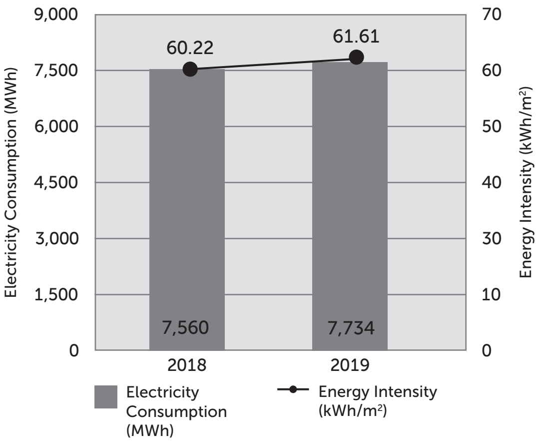
Water consumption has increased by 0.50% from 121,271 m^3 in 2018 to 121,895 m^3 in 2019.

Waste

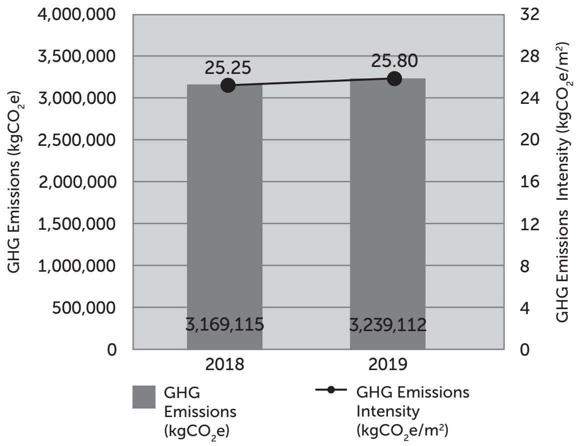
Despite being a non-material factor, the Group has implemented processes to monitor the recycling of paper, plastic and metal waste generated on-site.

In line with our efforts on environmental sustainability, the graphs below show the comparison of data pertaining to energy, GHG emissions, water consumption and waste recycled:

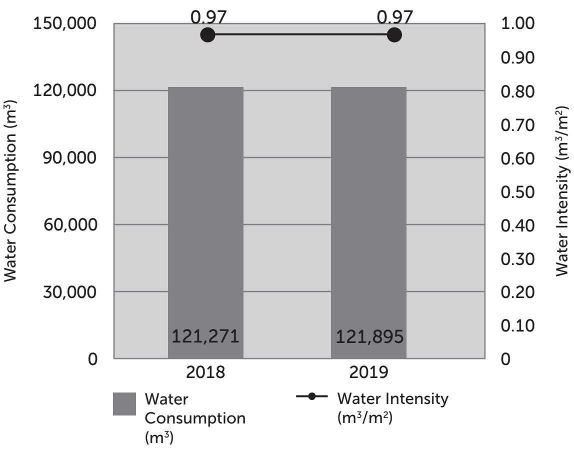
Energy Consumption and Energy Intensity



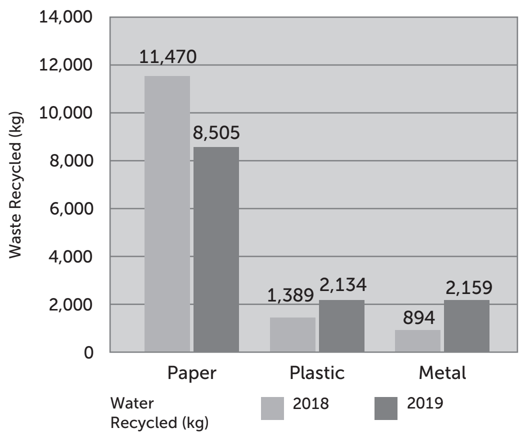
GHG Emissions and GHG Emissions Intensity



Water Consumption and Water Intensity



Waste Recycled[4]



[4] Restatement: Data for waste for 2018 has been restated to include International Building and YOTEL operations. The data for waste cannot be segregated for International Building and YOTEL as the same vendor is responsible for management of waste for both the assets.

TALENT RETENTION

2019 Performance	
Training and Education • 93 staff strength in Singapore with an annual turnover rate of approximately 11% in 2019 • Eligible employees exposed to a range of training programmes • 100% of our employees received an annual performance review **Diversity and Equal Opportunity** • 38% female staff base	
2019 Performance against 2019 Targets	
Training and Education • Conduct annual performance appraisals for all employees	• Achieved
Diversity and Equal Opportunity • Continue to provide fair and competitive remuneration based on merit	• Achieved
2020 Targets	
Training and Education • Conduct annual performance appraisals for all employees • Continue to identify mandatory trainings required for each department and ensure 100% attendance for these trainings **Diversity and Equal Opportunity** • Continue to provide fair and competitive remuneration based on merit	

Note - Data is as of 31 December 2019 and includes permanent Singapore based staff from Yat Yuen Hong Company Limited, Maincon (Building) Pte. Ltd., Warranty Management Pte. Ltd., Hong Fok Commercial Pte. Ltd., Hong Fok Land Ltd. and Cocre8 Pte. Ltd. only. Short-term staff contracted for development projects are excluded to give a more meaningful turnover rate.

Training and Education

Although the staff we employ possess a wide range of experience and expertise, we believe in continuous learning and development, in line with the ever-changing landscape of the industry and economy. The Group encourages employees to take charge of their own learning and to actively develop their technical and leadership skills by participating in a range of different internal and external trainings. Apart from mandatory trainings targeted at helping employees further their career, the Group also encourages employees to attend re-certification courses, to update and maintain their certifications and licenses.

Heads of departments are in charge of monitoring the training hours and developmental progress of employees under their care. They identify the mandatory trainings required for their employees and ensure full attendance for these trainings. They are also tasked to conduct performance reviews for all staff each year, to monitor their progress and reward their achievements. Employees who have obtained voluntary certifications are encouraged to monitor their own training and development requirements. Where re-certification is required, heads of departments will monitor compliance with these requirements.

Programme For Upgrading Employee Skills
• **Construction Safety Orientation Course (Re-certification)** This course focused on training employees on their roles and responsibilities in ensuring workplace safety, as well as the steps to take in the event of an emergency. After completing the course, employees had a better understanding of the safety requirements and health hazards in the workplace. They were better equipped with the skills to reduce potential workplace accidents and to respond appropriately to any accidents that occurred at the work site.
• **Core trade – Continual Education Training: Electrical Works** The objective of Continual Educational Training is to update core trade and multi skilled personnel on the latest code and regulations of the trade, new installation methods, equipment, materials, tools of the trade, to embrace the good practices on site incorporating quality, productivity, health and safety aspects of the trade.
• **Construction Contract Procurement & Negotiations Course/Contract Administration of Engineering & Construction Project** The course enhances the employees' skills and knowledge to achieve better work performance. It is also a mandatory requirement by the Singapore Professional Engineers ("PE") Board for PE license renewal.

Diversity and Equal Opportunity

We strive to nurture a working environment where our employees feel valued and respected. We have developed, and formalised human resource policies founded on the values of diversity and equal opportunity. These policies are geared towards creating a transparent, non-discriminatory and inclusive working environment that promotes employee well-being and satisfaction.

The Group's Handbook and Terms and Conditions of Employment are aligned with these policies and aim to provide employees with general guidelines about our policies, procedures and practices, terms and conditions, as well as the competitive compensation and benefits packages available to them. We base all employment decisions on merit and do not subscribe to a mandatory retirement policy, continuing to employ individuals over the national retirement age.

Additionally, we focus on diversity in our people, as we believe diversity promotes growth when people interact and build on different ideas. We aim to achieve diversity in terms of both age and gender, as disclosed in the graphs below. As most of our people are permanent staff, the data disclosed below includes only permanent employees in Singapore.

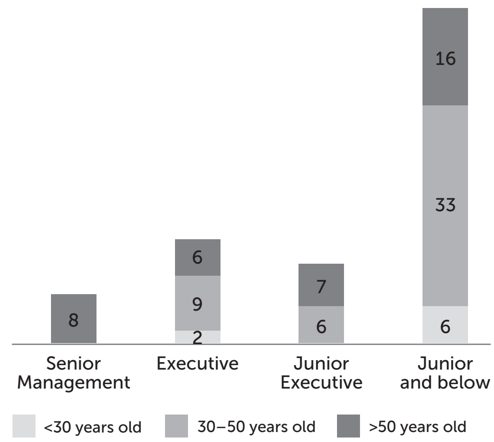
Our Governance systems consider essential elements like diversity, Board effectiveness, experience and expertise. Keeping in mind these factors the Board consists of six Directors, of which one is female.

Employee Well-being

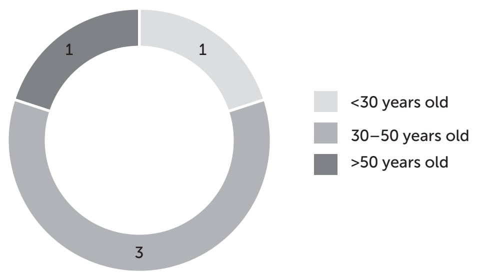
Despite being a non-material factor, the Group places emphasis on ensuring the well-being of our employees. We believe that engaged, healthy and happy employees contribute to a progressive and productive workforce and is fundamental to the continuity and growth of our operations.

Employee – By Gender and Category (Numbers)

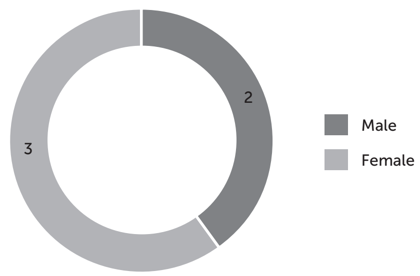
Employee – By Age and Category (Numbers)



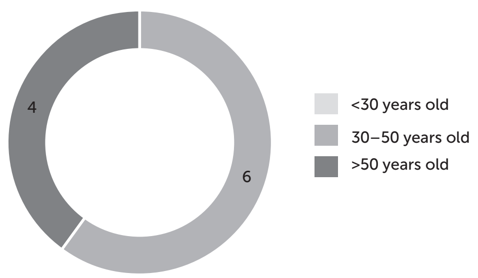
New Employee Hires – By Age



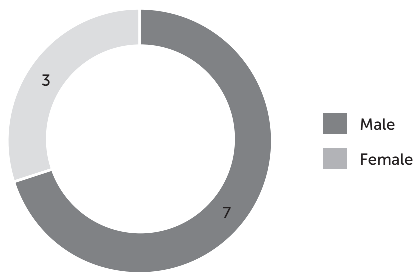
New Employee Hires – By Gender



Employee Turnover – By Age



Employee Turnover – By Gender



Note – Data includes permanent Singapore based staff from Yat Yuen Hong Company Limited, Maincon (Building) Pte. Ltd., Warranty Management Pte. Ltd., Hong Fok Commercial Pte. Ltd., Hong Fok Land Ltd. and Cocre8 Pte. Ltd.

HEALTH AND SAFETY

2019 Performance	
Occupational Health and Safety	
• Workplace accidents resulting in a fatality or permanent injury[5]	0
Customer Health and Safety	
• Incidents of non-compliance with health and safety regulation	0
2019 Performance against 2019 Targets	
Occupational Health and Safety	
• Zero workplace accidents resulting in a fatality or permanent injury	• Achieved
Customer Health and Safety	
• Zero incidents of non-compliance with health and safety regulations	• Achieved
2020 Targets	
Occupational Health and Safety	
• Zero workplace accidents resulting in a fatality or permanent injury	
Customer Health and Safety	
• Zero incidents of non-compliance with health and safety regulations	

Note – Data is as of 31 December 2019 and corresponds to permanent Singapore based staff from Yat Yuen Hong Company Limited, Maincon (Building) Pte. Ltd., Warranty Management Pte. Ltd., Hong Fok Commercial Pte. Ltd., Hong Fok Land Ltd. and Cocre8 Pte. Ltd. only.

We recognise our responsibility for occupational health and safety (of our employees and contractors) and customer health and safety (tenants and visitors). Our focus on health and safety begins at the top. The upper management sets the tone for a safety culture that extends to all teams and all business activities.

To fulfil this responsibility, the Group has formalised an all-risks coverage policy for all construction sites. The Group has also obtained the bizSAFE Level 3 certification certified by the Workplace Safety and Health Council. The Level 3 certification requires the Company to implement a risk management plan in the workplace to address all risks highlighted.

We emphasise a holistic safety culture encompassing infrastructure, knowledge, reporting and rectification, as articulated below:

Safety Culture	Employees and Contractors	Tenants and Visitors
Infrastructure	• We invest in equipment and machinery with high safety standards and the appropriate certifications • Safety equipment such as personal protective equipment, harnesses and ladders are provided when needed	• We conduct lift and escalator maintenances regularly to prevent malfunction • Signage of hazards is placed where risks are identified • We comply with all regulatory requirements for staircases, doors, escape routes and other similar facilities set out by the BCA and Fire Safety and Shelter Department • Fire-fighting and spread prevention equipment are provided where necessary • Installation of CCTV cameras and around-the-clock security teams that conduct regular spot checks

5 Data includes permanent Singapore based staff from Yat Yuen Hong Company Limited, Maincon (Building) Pte. Ltd., Warranty Management Pte. Ltd., Hong Fok Commercial Pte. Ltd., Hong Fok Land Ltd and Cocre8 Pte. Ltd.

Safety Culture	Employees and Contractors	Tenants and Visitors
Knowledge	• We provide health and safety training on our construction sites and within our property management maintenance teams to ensure that workers are familiar with the safety requirements • Training on how to respond during emergencies is provided to equip employees with the knowledge and skills to respond effectively during emergencies	• Standard operating procedures are included in the tenant handbook, fire safety handbook and contracts with service providers, to educate them on the procedures to take during emergencies • Bi-annual fire and safety drills are conducted to familiarise workers with the steps to take during emergencies
Reporting	• We have a Workplace Safety and Health Committee (which includes representatives from our contractors) that meets regularly to discuss safety polices, practices and performance at project sites • Fortnightly site meetings are also held with project consultants to discuss health and safety issues, including environmental matters such as mosquito breeding and noise pollution	• Presence of a safety manager at all properties • Mandatory appointment of a fire warden for all tenants • An annual occupancy survey is distributed to tenants to appraise our responsiveness to tenant issues, as well as the frequency and quality of our in-house maintenance team
Rectification	• A reporting protocol is in place for incidents reported by employees to allow for timely investigation and execution of preventative and corrective actions • We provide hospitalisation benefits to our employees who are involved in workplace accidents	• A reporting protocol is in place for incidents reported by tenants or visitors to allow for timely investigation and execution of preventative and corrective actions

Workplace accidents are closely monitored and recorded by the Property Management department. We are pleased to report that there have been no fatalities or accidents resulting in permanent injuries involving our employees or customers in Singapore. In 2019, Accident Frequency Rate[6] was 4.75 (per million manhours worked) and Accident Severity Rate[7] was 23.77 (per million manhours worked). There was one workplace accident reported where an employee fell from a ladder and fractured his left leg. This accident occurred because the employee lost his balance while climbing a ladder to check water seepage on the wall. Due to this accident, the employee lost five work days. The medical bills for the employee were fully covered under the Company's project insurance. Following this incident, all employees were briefed again on the importance of using the buddy system for ladder work.

There were also no incidents of non-compliance with health and safety laws resulting in fines or penalties during the year.

6 Accident Frequency Rate (as per Ministry of Manpower of Singapore) = Number of injuries /Number of man-hours worked *1,000,000. A lost-time injury is a workplace injury that results in at least 1 day of medical leave.
7 Accident Severity Rate (as per Ministry of Manpower of Singapore) = Number of lost days/Number of man-hours worked *1,000,000. A lost day is a day of medical leave as a result of a lost-time injury.

REGULATORY COMPLIANCE

2019 Performance	
Anti-corruption • Zero confirmed incidents of corruption **Compliance with Laws and Regulations** • Zero incidents of non-compliance with laws and regulations around environment, social and economic area resulting in significant fines (above $10,000)	
2019 Performance against 2019 Targets	
Anti-corruption • Achieve zero incidents of non-compliance with anti-corruption laws and regulations	• Achieved
Compliance with Laws and Regulations • Achieve zero incidents of non-compliance with all relevant laws and regulations	• Achieved
2020 Targets	
Anti-corruption • Achieve zero incidents of non-compliance with anti-corruption laws and regulations **Compliance with Laws and Regulations** • Achieve zero incidents of non-compliance with all relevant laws and regulations	

The Group continues to have a zero-tolerance approach towards corrupt business practices and regulatory non-compliance. Our compliance commitment extends to anti-corruption, fraud prevention and practices which safeguard the interests of our stakeholders.

Anti-corruption

Despite operating in a well-regulated environment such as Singapore, corruption incidents which entail serious repercussions may still occur. As such, the Group remains vigilant in preventing corruption. We have developed and formalised a Code of Conduct that provides guidance to employees on issues related to conduct, discipline, confidentiality and intellectual property, amongst others.

Employees are equipped with the resources they need to keep themselves updated on any changes in regulations that may raise potential areas of concern. Employees are required to make an annual declaration of any conflict of interest and involvement or awareness of activities pertaining to fraud. All employees are made aware on the grievance mechanisms available to them, which include feedback channels, anonymous hotlines and whistle-blowing channels. These policies and procedures aim to provide a transparent channel for employees to report concerns about possible fraud, improprieties in financial reporting and other matters.

Our corporate policies in place that guide our employees are as follows:

- Anti-corruption and Anti-money Laundering
- Conflict of Interests and Interested Person Transaction
- Code of Conduct
- Whistle-blowing

The details of our corporate policies are elaborated on below.

Anti-corruption and Anti-money Laundering Policy

Under the Anti-corruption and Anti-money Laundering Policy, employees are prohibited from, amongst others:

(a) (i) giving, offering, authorising or promising to give or offer to or promising to authorise the giving or offering to; or

(ii) soliciting or extorting (including blackmailing), accepting or receiving, or agreeing to accept or receive from;

any person, Company or organisation (including any government, regulatory authority or public body and their officials, officers or members) any bribe, "kickback", gratification or other corrupt payment as an inducement to, payment or reward for, or otherwise on account of, any person doing something or refraining from doing something or to influence a decision or conduct in respect of any matter or transaction whatsoever, actual or proposed;

(b) aiding or abetting or attempting or conspiring to commit any acts of corruption or bribery;

(c) giving and accepting gifts and hospitality, unless they are normal and appropriate gifts and hospitality;

(d) the making of any facilitation payments for expediting or securing the performance of a particular routine governmental action, service or procedure, for and on behalf of the Group; and

(e) assisting third parties to retain the benefits of drug dealing, criminal conduct, or to assist in the use, possession or collection of property to be used for terrorist acts or purposes, or to benefit any terrorist or terrorist entity.

The details of the Anti-corruption and Anti-money Laundering Policy are available on the Company's website.

Conflict of Interests and Interested Person Transaction Policy

The Company has a Conflict of Interests and Interested Person Transaction Policy. The Policy aims to provide guidance to Directors to recognise and deal with conflict of interests and to set out the Company's internal procedures and guidelines to identify, report and where necessary, seek appropriate approval of interested person transactions ("IPTs") in order to comply with the Listing Manual of the SGX-ST.

This Policy also requires the personnel involved in the proposed IPTs to ensure that the IPTs are conducted fairly, on an arm's length basis, on normal commercial terms, and are not prejudicial to the interests of the Company and/or its minority shareholders.

The details of the Conflict of Interests and Interested Person Transaction Policy are available on the Company's website.

Code of Conduct

The Company has a Code of Conduct to set out the general principles and standards of behaviour that the Company expects from its employees in their dealings with fellow employees, customers, suppliers and business partners. For example, employees should always deal with the Group's customers, suppliers and business partners fairly, and must not take any unfair advantage of anyone through manipulation, concealment, deception or engage in any other unfair practices. New hires are trained on the policies and standard operating procedures in the Code of Conduct during their induction programme.

The details of the Code of Conduct are available on the Company's website.

Whistle-blowing Policy

The Company has a Whistle-blowing Policy which provides a mechanism for staff of the Group in Singapore to raise concerns in confidence about fraud and other possible improprieties in matters of financial reporting or other matters.

The details of the Whistle-blowing Policy are available on the Company's website.

Compliance with Laws and Regulations

Environmental Compliance

Our properties are subject to environmental laws and regulations, including the Building Control (Environmental Sustainability) Regulations, the Energy Conservation Act, as well as the Environment Protection and Management Act governed by the National Environment Agency. Property Managers conduct regular checks to ensure compliance with reporting requirements for submission of environmental data. Properties are also subject to periodic environmental audits by the local authorities.

Corporate Compliance

There are several laws and regulations which are applicable to the Group. These include the Code of Corporate Governance 2018, regulations by the Monetary Authority of Singapore, Listing Rules of the SGX-ST and the Securities and Futures Act, amongst others.

Review of new regulations and updates to existing regulations are regularly conducted by our employees, our secretarial firm and our financial auditors. Updates are disseminated to relevant staff and processes are in place to monitor the activities and associated performance on a regular basis.

Additionally, updates on relevant legal, accounting and regulatory developments are typically provided to Directors in written hand-outs, or by way of briefings and presentations. The Company Secretary also circulates articles, reports and press releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority which are relevant to the Directors.

We are pleased to report that our management of these factors has enabled us to declare no confirmed incidents of corruption or non-compliance with laws and regulations in 2019.

GRI CONTENT INDEX

GRI Content Index for "In Accordance-Core" option

GRI Standards	Disclosure	Notes/Page Number(s)	Omissions
GRI 102: General Disclosures 2016			
Organisational Profile			
102-1	Name of the organisation	Page 33	
102-2	Activities, brands, products, and services	Corporate Information, page 5 Property Summary, page 7 Summary of the Group, page 8	
102-3	Location of headquarter	Corporate Information, page 5 Note 1 to Financial Statements, page 63	
102-4	Location of operations	Corporate Information, page 5 Note 1 to Financial Statements, page 63	
102-5	Ownership and legal form	Corporate Information, page 5 Note 1 to Financial Statements, page 63	
102-6	Markets served	Note 32 to Financial Statements, pages 113 to 116	
102-7	Scale of the organisation	Talent Retention, pages 38 to 40 Summary of the Group, page 8	
102-8	Information on employees and other workers	Talent Retention, pages 38 to 40	
		The Group did not have any significant variation in employment numbers. Employee data disclosed is as at 31 December 2019.	
102-9	Supply chain	The Group's key suppliers are our contractors. The Group's most important interaction with these contractors is through health and safety on site. Stakeholder Engagement, page 34	
102-10	Significant changes to organisation and its supply chain	There were no significant changes observed during FY2019.	
102-11	Precautionary principle or approach	The Company does not specifically address the principles of the precautionary approach.	
102-12	External initiatives	BCA Green Mark Scheme	
102-13	Membership of associations	Stakeholder Engagement, page 34	
Strategy			
102-14	Statement from senior decision-maker	Board Statement, page 33	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Board Statement, page 33 Corporate Governance Statement, pages 10 to 28	

GRI Standards	Disclosure	Notes/Page Number(s)	Omissions
GRI 102: General Disclosures 2016			
Governance			
102-18	Governance structure	Board Statement, page 33 Board of Directors page 3	
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement, page 34	
102-41	Collective bargaining agreements	Not applicable	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, page 34	
102-43	Approach to stakeholder engagement	Stakeholder Engagement, page 34	
102-44	Key topics and concerns raised	Stakeholder Engagement, page 34	
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Note 5 to Financial Statements, pages 84 to 86	
102-46	Defining report content and topic boundaries	About This Report, page 33 Materiality Assessment, page 35	
102-47	List of material topics	Materiality Assessment, page 35	
102-48	Restatements of information	Pages 35 and 37	
102-49	Changes in reporting	There are no significant changes in reporting periods in the list of material topics.	
102-50	Reporting period	1 January 2019 to 31 December 2019	
102-51	Date of most recent report	April 2019, for the period from 1 January 2018 to 31 December 2018	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	About This Report, page 33	
102-54	Claims of reporting in accordance with GRI Standards	Board Statement, page 33	
102-55	GRI content index	GRI Index, pages 46 to 48	
102-56	External assurance	The Group has not sought external assurance for this reporting period and may consider it for future reporting cycles.	

GRI Standards	Disclosure	Notes/Page Number(s)	Omissions
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	Materiality Assessment, page 35 Environmental Responsibility, pages 35 to 37 Talent Retention, pages 38 to 40 Health and Safety, pages 41 and 42 Regulatory Compliance, pages 43 to 45	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
Material Topics			
GRI 205: Anti-corruption 2016			
205-3	Confirmed incidents of corruption and actions taken	Regulatory Compliance, pages 43 to 45	
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Environmental Responsibility, pages 35 to 37	
302-3	Energy intensity	Environmental Responsibility, pages 35 to 37	
GRI 303: Water and Effluents 2018			
303-3	Water withdrawal	Environmental Responsibility, pages 35 to 37	
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	Regulatory Compliance, pages 43 to 45	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Talent Retention, pages 38 to 40	
GRI 403: Occupational Health and Safety 2018			
403-9	Work-related injuries	Health and Safety, pages 41 and 42	
GRI 404: Training and Education 2016			
404-2	Programs for upgrading employee skills and transition assistance programs	Talent Retention, pages 38 to 40	Currently, there are no programs to facilitate continued employability and the management of career endings for employees.
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Talent Retention, pages 38 to 40	
GRI 416: Customer Health and Safety 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health and Safety, pages 41 and 42	
GRI 419: Socio Economic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance, pages 43 to 45	

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 56 to 118 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

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

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

DIRECTORS

The Directors in office at the date of this statement are as follows:

Executive Directors
Mr Cheong Pin Chuan
Mr Cheong Sim Eng
Ms Cheong Hooi Kheng

Non-Executive Independent Directors
Mr Chan Pengee, Adrian
Mr Lim Jun Xiong Steven
Mr Chow Yew Hon

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and children who are less than 18 years of age) in shares, debentures, warrants and share options in the Company and in its subsidiary corporations (other than wholly owned subsidiary corporations) are as follows:

Name of Director and Corporation in which Interests are Held	Holdings at Beginning of the Year	Holdings at End of the Year
Hong Fok Corporation Limited		
Ordinary shares		
Mr Cheong Pin Chuan		
– direct interest held	20,052,528	20,052,528
– deemed interests	149,823,053	150,323,053
Mr Cheong Sim Eng		
– direct interest held	112,745,456	114,412,456
– deemed interests	53,159,778	53,659,778
Ms Cheong Hooi Kheng		
– direct interest held	14,832,180	14,832,180

Name of Director and Corporation in which Interests are Held	Holdings at Beginning of the Year	Holdings at End of the Year
Hong Fok Land International Limited		
Ordinary shares		
Mr Cheong Pin Chuan		
– deemed interests	3,397,000	3,397,000
Ms Cheong Hooi Kheng		
– direct interest held	2,000,000	2,000,000

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and as at 21 January 2020, except for Mr Cheong Sim Eng whose direct interest held in the Company was 114,372,756 ordinary shares as at 21 January 2020.

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 to acquire benefits by means of the acquisition of shares, debentures, warrants or share options of the Company or any other body corporate.

SHARE OPTIONS

During the financial year, there were:

(a) no options granted by the Company or any of its subsidiary corporations to any person to take up unissued shares in the Company or its subsidiary corporations; and

(b) no shares issued by virtue of any exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit and Risk Management Committee during the year and at the date of this statement are:

Mr Lim Jun Xiong Steven (Chairman)
Mr Chow Yew Hon
Mr Chan Pengee, Adrian

The Audit and Risk Management Committee performs the functions specified in Section 201B of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance 2018.

The Audit and Risk Management Committee has held seven meetings since the last Directors' Statement. In performing its functions, the Audit and Risk Management Committee met with the Company's external and internal auditors to discuss the scope of their work (including the external auditors' audit plan), the results of their examination (including the external auditors' audit report) and evaluation of the Company's internal accounting control system.

The Audit and Risk Management Committee also reviewed the following:

- assistance provided by the Group's officers and the Company's officers to the internal and external auditors;
- quarterly financial statements and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST); and
- the scope and results of the Group's internal audit procedures.

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

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

In appointing our auditors for the Company, subsidiary corporations and significant associated companies, we have complied with Rules 712 and 715 of the Listing Manual of the SGX-ST.

AUDITORS

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS

CHEONG SIM ENG
Director

CHEONG HOOI KHENG
Director

27 March 2020

MEMBERS OF THE COMPANY
HONG FOK CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hong Fok Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 118.

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

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' 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 *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.

Valuation of Investment Properties ($3,193,538,000)
(Refer to Note 2.4, Note 3.5 and Note 7 to the Financial Statements)

Risk:

The Group has a portfolio of investment properties located in Singapore and Hong Kong. Investment properties represent the single largest category of assets on the statement of financial position as at 31 December 2019.

These investment properties are stated at fair value, determined based on independent external valuation. The audit of the valuation of investment properties is considered a key audit matter because it involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. Any changes in the assumptions will have an impact on the valuation.

Our response:

We evaluated the competence, capabilities and objectivity of the independent external valuers and held discussions with the valuers to understand their valuation methodologies and assumptions used.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We challenged the key assumptions applied by comparing them against market comparable, historical data and available industry data, taking into consideration comparability and market factors.

Our findings:
The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The approach to the methodologies is consistent with market practices and the key assumptions in the valuation are supported by market data.

Valuation of Development Properties ($181,000,000)
(Refer to Note 2.4, Note 3.8 and Note 11 to the Financial Statements)

Risk:
As at 31 December 2019, the Group has development properties for sale which are located in Singapore. These properties are stated at the lower of cost and net realisable value ("NRV"). The determination of the estimated NRV of the development properties is critically dependent upon the Group's expectation of the future selling prices.

Our response:
Where an independent external valuer was engaged, our procedures included assessment of the competence, capabilities and objectivity of the independent external valuers. We considered the valuation methodology used against those applied by other valuers for similar property types. We compared the valuers' underlying assumptions on estimated selling prices to market comparables.

Where an independent external valuer was not engaged, we assessed the reasonableness of the Group's estimated selling prices by comparing them to the recent transacted prices for the relevant property or prices of comparable properties in the same vicinity.

Our findings:
The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. We found that the assumptions applied in the determination of NRV of the development properties to be within the range of available industry data.

Other Information
Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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

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

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

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

Auditors' 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 auditors' 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 controls.

- Obtain an understanding of internal controls 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 controls.

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 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 auditors' report unless the law or regulations preclude 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 auditors' report is Mr Yap Wee Kee.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current Assets					
Property, plant and equipment	4	**4,009**	2,879	**–**	–
Right-of-use assets	33	**1,448**	–	**–**	–
Subsidiaries	5	**–**	–	**853,402**	855,260
Associate and joint venture		**#**	#	**–**	–
Investment properties	7	**3,193,538**	3,091,745	**–**	–
Other assets	8	**214**	217	**–**	–
Other investments	9	**#**	700	**–**	–
Trade and other receivables	12	**5**	–	**–**	–
Pledged bank deposits	14	**9,954**	9,303	**–**	–
Deferred tax assets	10	**970**	1,079	**–**	–
		3,210,138	3,105,923	**853,402**	855,260
Current Assets					
Other investments	9	**33,628**	17,973	**–**	–
Current tax assets		**445**	215	**–**	–
Development properties	11	**181,000**	198,941	**–**	–
Trade and other receivables	12	**4,049**	4,945	**30**	29
Amounts due from subsidiaries	13	**–**	–	**350,664**	385,220
Cash and cash equivalents	14	**40,405**	50,229	**1,085**	888
		259,527	272,303	**351,779**	386,137
Non-current asset held for sale	35	**–**	1,720	**–**	–
		259,527	274,023	**351,779**	386,137
Total Assets		**3,469,665**	3,379,946	**1,205,181**	1,241,397
Equity Attributable to Owners of the Company					
Share capital	15	**186,688**	186,688	**186,688**	186,688
Treasury shares	15	**(111,183)**	(101,050)	**(10,133)**	–
Reserves	16	**1,917,437**	1,810,076	**654,405**	669,191
		1,992,942	1,895,714	**830,960**	855,879
Non-controlling interests	6	**622,519**	632,751	**–**	–
Total Equity		**2,615,461**	2,528,465	**830,960**	855,879
Non-current Liabilities					
Loans and borrowings	17	**780,887**	653,991	**99,325**	–
Trade and other payables	18	**11,585**	11,755	**–**	–
Lease liabilities		**454**	–	**–**	–
Deferred tax liabilities	10	**257**	408	**–**	–
		793,183	666,154	**99,325**	–
Current Liabilities					
Loans and borrowings	17	**781**	122,628	**–**	119,964
Trade and other payables	18	**49,762**	53,316	**2,385**	2,741
Lease liabilities		**1,018**	–	**–**	–
Contract liabilities	20	**80**	27	**–**	–
Amounts due to subsidiaries	13	**–**	–	**272,511**	262,813
Current tax liabilities		**9,380**	9,356	**–**	–
		61,021	185,327	**274,896**	385,518
Total Liabilities		**854,204**	851,481	**374,221**	385,518
Total Equity and Liabilities		**3,469,665**	3,379,946	**1,205,181**	1,241,397

\# Amount less than $1,000

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Revenue	20	**113,245**	131,127	**–**	–
Other income	21	**178**	287	**–**	–
		113,423	131,414	**–**	–
Commitment fee on unutilised bank facilities		**(1,594)**	(1,683)	**–**	–
Cost of sales of development properties		**(20,762)**	(33,535)	**–**	–
Depreciation of property, plant and equipment	4	**(882)**	(757)	**–**	–
Depreciation of right-of-use assets	33	**(964)**	–	**–**	–
Employee benefit expenses	22	**(23,752)**	(23,007)	**–**	–
Gain on revaluation of investment properties	7	**103,190**	253,120	**–**	–
Changes in fair value of other investments at fair value through profit or loss		**3,538**	(3,472)	**–**	–
Impairment loss on trade receivables, net	28	**(20)**	(214)	**–**	–
Impairment loss on amounts due from subsidiaries, net		**–**	–	**(2,078)**	–
Maintenance expenses		**(10,604)**	(9,089)	**–**	–
Lease expenses (2018: Operating lease expenses)		**(287)**	(1,209)	**–**	–
Professional fees		**(1,239)**	(2,710)	**(466)**	(397)
Property tax		**(6,324)**	(5,755)	**–**	–
Rental commission		**(1,003)**	(1,123)	**–**	–
Other expenses		**(3,456)**	(1,561)	**(789)**	(100)
		149,264	300,419	**(3,333)**	(497)
Finance income	23	**1,014**	1,508	**11**	1
Finance expense	23	**(30,496)**	(28,321)	**(265)**	(261)
Net finance expense	23	**(29,482)**	(26,813)	**(254)**	(260)
Profit/(Loss) before tax	24	**119,782**	273,606	**(3,587)**	(757)
Tax expense	25	**(4,996)**	(4,651)	**–**	–
Profit/(Loss) for the year		**114,786**	268,955	**(3,587)**	(757)
Profit/(Loss) attributable to:					
Owners of the Company		**112,514**	188,921	**(3,587)**	(757)
Non-controlling interests	6	**2,272**	80,034	**–**	–
Profit/(Loss) for the year		**114,786**	268,955	**(3,587)**	(757)
Earnings per share (cents):					
Basic	27	**16.42**	27.26		
Diluted	27	**16.42**	27.26		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Profit/(Loss) for the year		**114,786**	268,955	**(3,587)**	(757)
Other comprehensive income, net of tax					
***Items that are or may be reclassified subsequently to Profit or Loss*:**					
Exchange differences on translation of financial statements of foreign subsidiaries		**(3,492)**	8,719	**–**	–
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		**(202)**	501	**–**	–
Other comprehensive income for the year, net of tax *		**(3,694)**	9,220	**–**	–
Total comprehensive income for the year		**111,092**	278,175	**(3,587)**	(757)
Total comprehensive income attributable to:					
Owners of the Company		**111,095**	192,439	**(3,587)**	(757)
Non-controlling interests	6	**(3)**	85,736	**–**	–
Total comprehensive income for the year		**111,092**	278,175	**(3,587)**	(757)

* There was no tax effect on the components included in other comprehensive income.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

Group	Note	Attributable to Owners of the Company						Non-controlling Interests $'000	Total Equity $'000
		Share Capital $'000	Capital and Other Reserves $'000	Treasury Shares $'000	Translation Reserves $'000	Retained Profit $'000	Total $'000		
At 1 January 2018		186,688	2,470	(101,050)	(14,439)	1,636,724	1,710,393	539,373	2,249,766
Total comprehensive income for the year									
Profit for the year		–	–	–	–	188,921	188,921	80,034	268,955
Other comprehensive income									
Exchange differences on translation of financial statements of foreign subsidiaries		–	2	–	3,015	–	3,017	5,702	8,719
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		–	–	–	501	–	501	–	501
Total other comprehensive income, net of tax		–	2	–	3,516	–	3,518	5,702	9,220
Total comprehensive income for the year		–	2	–	3,516	188,921	192,439	85,736	278,175
Transactions with Owners, recorded directly in Equity									
Contributions by and Distributions to Owners									
Modification of bonds issued by a subsidiary		–	(188)	–	–	–	(188)	7,642	7,454
Dividend paid	26	–	–	–	–	(6,930)	(6,930)	–	(6,930)
Total Contributions by and Distributions to Owners		–	(188)	–	–	(6,930)	(7,118)	7,642	524
Total Transactions with Owners		–	(188)	–	–	(6,930)	(7,118)	7,642	524
At 31 December 2018		186,688	2,284	(101,050)	(10,923)	1,818,715	1,895,714	632,751	2,528,465

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

Group	Note	Share Capital $'000	Capital and Other Reserves $'000	Treasury Shares $'000	Translation Reserves $'000	Retained Profit $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
		Attributable to Owners of the Company							
At 1 January 2019		186,688	2,284	(101,050)	(10,923)	1,818,715	1,895,714	632,751	2,528,465
Adjustment on initial application of SFRS(I) 16 (net of tax)		–	–	–	–	(6)	(6)	(7)	(13)
Adjusted balance at 1 January 2019		186,688	2,284	(101,050)	(10,923)	1,818,709	1,895,708	632,744	2,528,452
Total comprehensive income for the year									
Profit for the year		–	–	–	–	112,514	112,514	2,272	114,786
Other comprehensive income									
Exchange differences on translation of financial statements of foreign subsidiaries		–	1	–	(1,218)	–	(1,217)	(2,275)	(3,492)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		–	–	–	(202)	–	(202)	–	(202)
Total other comprehensive income, net of tax		–	1	–	(1,420)	–	(1,419)	(2,275)	(3,694)
Total comprehensive income for the year		–	1	–	(1,420)	112,514	111,095	(3)	111,092
Transactions with Owners, recorded directly in Equity									
Distributions to Owners									
Own shares acquired		–	–	(10,133)	–	–	(10,133)	–	(10,133)
Dividend paid	26	–	–	–	–	(8,890)	(8,890)	–	(8,890)
Total Distributions to Owners		–	–	(10,133)	–	(8,890)	(19,023)	–	(19,023)
Changes in Ownership Interests in Subsidiaries									
Acquisition of additional interest in subsidiaries		–	(293)	–	–	5,455	5,162	(10,222)	(5,060)
Total Changes in Ownership Interests in Subsidiaries		–	(293)	–	–	5,455	5,162	(10,222)	(5,060)
Total Transactions with Owners		–	(293)	(10,133)	–	(3,435)	(13,861)	(10,222)	(24,083)
At 31 December 2019		186,688	1,992	(111,183)	(12,343)	1,927,788	1,992,942	622,519	2,615,461

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

Company	Note	Share Capital $'000	Treasury Shares $'000	Retained Profit $'000	Total $'000
At 1 January 2018		186,688	–	678,654	865,342
Loss and total comprehensive income for the year		–	–	(757)	(757)
Transactions with Owners, recorded directly in Equity					
Distributions to Owners					
Dividend paid	26	–	–	(8,706)	(8,706)
Total Transactions with Owners		–	–	(8,706)	(8,706)
At 31 December 2018		186,688	–	669,191	855,879
At 1 January 2019		**186,688**	**–**	**669,191**	**855,879**
Loss and total comprehensive income for the year		**–**	**–**	**(3,587)**	**(3,587)**
Transactions with Owners, recorded directly in Equity					
Distributions to Owners					
Own shares acquired		**–**	**(10,133)**	**–**	**(10,133)**
Dividend paid	26	**–**	**–**	**(11,199)**	**(11,199)**
Total Transactions with Owners		**–**	**(10,133)**	**(11,199)**	**(21,332)**
At 31 December 2019		**186,688**	**(10,133)**	**654,405**	**830,960**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

Group	Note	2019 $'000	2018 $'000
Cash Flows From Operating Activities			
Profit before tax		**119,782**	273,606
Adjustments for:			
Depreciation of property, plant and equipment	4	**882**	757
Depreciation of right-of-use assets	33	**964**	–
Loss/(Gain) on disposal of investment properties	24	**18**	(76)
Gain on revaluation of investment properties	7	**(103,190)**	(253,120)
Gain on disposal of other investments		**–**	(6)
Loss on disposal of property, plant and equipment	24	**70**	56
Impairment loss on trade receivables, net	28	**20**	214
Impairment loss/(Impairment loss written back) on other assets	24	**2**	(40)
Changes in fair value of other investments at fair value through profit or loss		**(3,538)**	3,472
Finance income	23	**(1,014)**	(1,508)
Finance expense	23	**30,496**	28,321
		44,492	51,676
Changes in working capital:			
Development properties		**17,941**	37,541
Trade and other receivables		**1,242**	(962)
Trade and other payables		**(3,207)**	(4,869)
Contract liabilities		**53**	(167)
Cash generated from operations		**60,521**	83,219
Tax paid		**(5,292)**	(1,731)
Tax refund		**44**	–
Net Cash From Operating Activities		**55,273**	81,488
Cash Flows From Investing Activities			
Capital expenditure on investment properties		**(2,409)**	(14,212)
Decrease/(Increase) in restricted cash		**30**	(160)
Proceeds from disposal of investment properties		**1,702**	1,626
Proceeds from disposal of property, plant and equipment		**189**	241
Proceeds from disposal of other investments		**23,488**	21,490
Purchase of property, plant and equipment		**(2,277)**	(1,739)
Purchase of other investments		**(35,247)**	(41,337)
Interest received		**1,000**	1,530
Net Cash Used In Investing Activities		**(13,524)**	(32,561)
Cash Flows From Financing Activities			
Increase in pledged bank deposits		**(694)**	(1,672)
Interest paid		**(25,693)**	(25,844)
Dividend paid		**(8,890)**	(6,930)
Payment of lease liabilities and finance lease liabilities		**(950)**	(20)
Payment of transaction costs on loans and borrowings		**(905)**	(180)
Repayments of loans and borrowings		**(138,134)**	(203,906)
Proceeds from loans and borrowings		**139,200**	188,200
Payment of acquisition of interests in subsidiaries		**(5,060)**	–
Purchase of treasury shares		**(10,133)**	–
Net Cash Used In Financing Activities		**(51,259)**	(50,352)
Net Decrease In Cash and Cash Equivalents		**(9,510)**	(1,425)
Cash and cash equivalents at beginning of the year		**50,058**	50,625
Effect of exchange rate fluctuations on cash held		**(284)**	858
Cash and Cash Equivalents at End of the Year	14	**40,264**	50,058

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 March 2020.

1 DOMICILE AND ACTIVITIES

Hong Fok Corporation Limited (the "Company") is incorporated in the Republic of Singapore. The Company's registered office is at 300 Beach Road #41-00, The Concourse, Singapore 199555.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of property investment, property development and construction, property management, investment trading and investment holding and management.

The financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities") and the Group's interest in equity-accounted investees.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in Note 2.5.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and Presentation Currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information is presented in Singapore dollars and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of Estimates and Judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There is no critical judgement in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 7 – valuation of investment properties
- Note 11 – valuation of development properties

Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes Management that reports directly to the Executive Directors who will then have the overall responsibility for all significant fair value measurements, including Level 3 fair values.

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. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation and valuation methodologies.

The results of the external valuations are reported to the Executive Directors.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is 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 (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7 – investment properties
- Note 29 – fair value of assets and liabilities

2.5 Changes in Accounting Policies

New Standards and Amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*
The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained profit at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease
Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee
As a lessee, the Group leases many assets including office space, warehouse, staff accommodation space and office equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17
Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application.

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

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office equipment);
- excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- used hindsight when determining the lease term.

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

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

The Group has applied SFRS(I) 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

Impact on financial statements
On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained profit. The impact on transition is summarised below.

	1 January 2019 $'000
Right-of-use assets	2,294
Lease liabilities	(2,307)
Retained profit	(13)

For the impact of SFRS(I) 16 on profit or loss for the period, see Note 33. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see Note 3.4.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted-average rate applied is 2.53%.

	1 January 2019 $'000
Operating lease commitments at 31 December 2018 under SFRS(I) 1-17	2,667
Recognition exemption for leases of low-value assets	(140)
Recognition exemption for leases with less than 12 months of lease term at transition	(148)
Discounted using the incremental borrowing rate at 1 January 2019	(72)
Lease liabilities recognised at 1 January 2019	2,307

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of Consolidation

(i) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Loss applicable to the NCI in a subsidiary is allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from Entities under Common Control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related NCI and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in Associates and Joint Ventures (Equity-accounted Investees)

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

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of loss exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further loss is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gain arising from transactions with equity-accounted investees is eliminated against the investment to the extent of the Group's interest in the investees. Unrealised loss is eliminated in the same way as unrealised gain, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries, Associates and Joint Ventures in the Separate Financial Statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment loss.

3.2 Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of an investment in equity securities designated as at fair value through other comprehensive income ("FVOCI") are recognised in OCI.

(ii) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gain and loss arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Plant and equipment	–	3 to 5 years
Office equipment and furniture	–	1 to 5 years
Motor vehicles	–	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) ***As a Lessee***

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including staff accommodation space and office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

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

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Leases – Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a Lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a Lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease.

3.5 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained profit.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Property that is being constructed for future use as investment property is accounted for at fair value.

3.6 Financial Instruments

(i) Recognition and Initial Measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and Subsequent Measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gain and loss
Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gain and loss, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and loss and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gain and loss accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gain and loss
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain and loss, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and loss are recognised in profit or loss. These financial liabilities comprised loans and borrowings, trade and other payables and amounts due to subsidiaries.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Share Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Shares held by subsidiary (treasury shares)

A subsidiary's investment in the Company's shares is not treated as ordinary shares outstanding in the statement of financial position. On consolidation, the subsidiary's investment in the Company's share is reclassified as treasury shares and deducted from consolidated equity.

(vii) Intra-group Financial Guarantees in the Separate Financial Statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

Expected credit losses ("ECLs") are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Loss allowances for ECLs for financial guarantees issued are presented in the Company's statement of financial position as 'loans and borrowings'.

3.7 Club Memberships

Club memberships are stated at cost less accumulated impairment loss. Gain or loss on disposal of club membership is determined as the difference between the net disposal proceeds and the carrying amount of the club membership and is accounted for in profit or loss as they arise.

3.8 Development Properties

Development properties for sale are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities.

Borrowing costs that are directly attributable to the acquisition and development of the development properties are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-down to net realisable value is presented as allowance for foreseeable losses.

3.9 Impairment

(i) Non-derivative Financial Assets and Contract Assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Associates and Joint Venture

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment loss is recognised in profit or loss. Impairment loss recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment loss recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.10 Revenue Recognition

(i) Revenue from Contracts with Customers

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. The individual stand-alone selling price of a good that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Sale of completed development properties
Revenue from sales of completed development properties is recognised when control over the property has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The residential projects have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the residential project. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a PO are excluded from the measure of progress and instead are expensed as incurred.

In respect of a development property where the Group has no enforceable right to payment until the property is delivered to the customer, revenue is recognised when the legal title is transferred to the customer or upon handover of units to the customers.

Under certain payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer do not coincide and where the difference between the timing of receipt of the payments and the satisfaction of a PO is 12 months or more, the entity adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the entity uses a discount rate that would reflect that of a separate financing transaction between the entity and its customer at contract inception.

Revenue is measured at the transaction price agreed under the contract. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Property management income and maintenance fee
Property management income and maintenance fee are recognised in profit or loss upon rendering of the services (satisfied performance obligation).

Car park income
Car park income is recognised in profit or loss on an accrual basis.

(ii) Dividend
Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(iii) Rental Income and Hiring Charges
Rental income and hiring charges are recognised in profit or loss as set out in Note 3.4.

3.11 Employee Benefits

(i) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Other Long-term Employee Benefits

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield of Singapore Government Bond that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. Any gain or loss is recognised in profit or loss in the period in which they arise.

(iv) Termination Benefits

Termination benefits are recognised as an expense at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.13 Government Grants

An unconditional government grant related to investment properties is recognised as a deduction against the carrying amount of the investment property when the grant becomes receivable.

Any other unconditional government grant that compensates the Group for expenses already incurred is recognised in profit or loss of the period in which it becomes receivable.

3.14 Finance Income and Expense

The Group's finance income and expense include:

- interest income on late payments, pledged bank deposits, certain cash and cash equivalents and certain other investments;
- interest expense on loans and borrowings;
- interest expense on lease liabilities;
- amortisation of transaction costs capitalised previously; and
- amortisation of imputed interest on the bonds issued.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 Tax Expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Company's Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.17 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 New Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations of standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's financial statements.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

4 PROPERTY, PLANT AND EQUIPMENT

Group	Plant and Equipment $'000	Office Equipment and Furniture $'000	Motor Vehicles $'000	Total $'000
Cost				
At 1 January 2018	1,249	4,545	2,432	8,226
Additions	3	1,187	549	1,739
Disposals	#	(149)	(465)	(614)
Translation differences	–	29	15	44
At 31 December 2018	1,252	5,612	2,531	9,395
At 1 January 2019	**1,252**	**5,612**	**2,531**	**9,395**
Additions	**8**	**1,765**	**504**	**2,277**
Disposals	**(2)**	**(124)**	**(453)**	**(579)**
Translation differences	**–**	**(17)**	**(6)**	**(23)**
At 31 December 2019	**1,258**	**7,236**	**2,576**	**11,070**
Accumulated Depreciation				
At 1 January 2018	1,236	3,910	892	6,038
Depreciation for the year	5	536	216	757
Disposals	#	(115)	(202)	(317)
Translation differences	–	28	10	38
At 31 December 2018	1,241	4,359	916	6,516
At 1 January 2019	**1,241**	**4,359**	**916**	**6,516**
Depreciation for the year	**6**	**649**	**227**	**882**
Disposals	**(2)**	**(114)**	**(204)**	**(320)**
Translation differences	**–**	**(12)**	**(5)**	**(17)**
At 31 December 2019	**1,245**	**4,882**	**934**	**7,061**
Carrying Amounts				
At 1 January 2018	13	635	1,540	2,188
At 31 December 2018	11	1,253	1,615	2,879
At 31 December 2019	**13**	**2,354**	**1,642**	**4,009**

Amount less than $1,000

Assets Held under Finance Lease

The carrying amount of property, plant and equipment under finance lease (see Note 17) was as follows:

Group	2019 $'000	2018 $'000
Motor vehicle	**–**	117

The finance lease was secured by the motor vehicle.

5 SUBSIDIARIES

Company	2019 $'000	2018 $'000
Equity investment at cost	**203,431**	203,431
Impairment loss	**(115)**	(115)
	203,316	203,316
Financial guarantees	**25,439**	25,439
	228,755	228,755
Amounts due from subsidiaries	**634,824**	634,824
Impairment loss	**(10,177)**	(8,319)
	624,647	626,505
	853,402	855,260

Impairment Loss

The movements in impairment loss on investment in subsidiaries were as follows:

Company	2019 $'000	2018 $'000
At 1 January and 31 December	**(115)**	(115)

As at 31 December 2019, the recoverable amount of its investment in subsidiaries had been determined based on the fair value less costs to sell. Fair value is based on the net asset value of the subsidiaries at the reporting date as, in the opinion of the Directors of the Company, the net asset value of the equity investment reasonably approximates the fair value. No additional impairment loss were recognised in 2019 and 2018.

Amounts Due from Subsidiaries

Amounts due from subsidiaries are unsecured and interest free. The settlement of these amounts is neither planned nor likely to occur in the foreseeable future and hence the amounts due from subsidiaries are classified as non-current and are stated at amortised cost.

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Ownership Interest Held by the Group 2019 %	2018 %
Yat Yuen Hong Holdings Pte. Ltd.	Singapore	**100.00**	100.00
Yat Yuen Hong Company Limited and its subsidiary:	Singapore	**100.00**	100.00
Super Homes Pte. Ltd.	Singapore	**100.00**	100.00
Hong Fok Homes Pte Ltd	Singapore	**100.00**	100.00
Cecil Land Development Pte. Ltd.	Singapore	**100.00**	100.00
Hong Fok Land Ltd and its subsidiary:	Singapore	**100.00**	100.00
Jemmax Investments Pte Ltd	Singapore	**100.00**	100.00
Hong Fok Commercial Pte. Ltd.	Singapore	**100.00**	100.00
Hong Fok Realty Pte. Ltd.	Singapore	**100.00**	100.00
Vista Parking Services Pte Ltd	Singapore	**100.00**	100.00
Hong Fok Nominees Pte. Ltd.	Singapore	**100.00**	100.00
Broadway Development Pte Ltd	Singapore	**100.00**	100.00
Turie Pte Ltd	Singapore	**100.00**	100.00

	Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Ownership Interest Held by the Group 2019 %	2018 %
	Defoe Pte Ltd and its subsidiary:	Singapore	**100.00**	100.00
	Brisco Pte Ltd	Singapore	**100.00**	100.00
	Rasco Pte Ltd	Singapore	**100.00**	100.00
	Biogem International Pte Ltd	Singapore	**100.00**	100.00
	HFC Ventures.com Co Pte Ltd	Singapore	**100.00**	100.00
	Cocre8 Pte. Ltd.	Singapore	**100.00**	100.00
	Warranty Management Pte Ltd	Singapore	**100.00**	100.00
	Maincon (Building) Pte. Ltd. and its subsidiary:	Singapore	**100.00**	100.00
	Elegant Homes Pte. Ltd.	Singapore	**100.00**	100.00
	Goldease Investments Limited and its subsidiaries:	Singapore/British Virgin Islands	**100.00**	100.00
	Arundel Trading Pte Ltd	Singapore	**100.00**	100.00
	Firth Enterprises Pte Ltd	Singapore	**100.00**	100.00
	Hong Fok Development (Newton) Pte Ltd	Singapore	**100.00**	100.00
	Bishopgate Holdings Limited	Singapore/British Virgin Islands	**100.00**	100.00
	Gold Triumph Assets Limited	Singapore/British Virgin Islands	**100.00**	100.00
	Yorkwin Investments Limited	Singapore/British Virgin Islands	**100.00**	100.00
	Hong Fok Corporation (Cayman) Limited	Hong Kong/ Cayman Islands	**100.00**	100.00
@	Hong Fok Corporation (H.K.) Limited and its subsidiaries:	Hong Kong	**100.00**	100.00
	Hong Fok Investment Holding Company Limited	Hong Kong	**100.00**	100.00
	Hong Fok Land International Limited	Hong Kong	**100.00**	100.00
	Hong Fok Nominees Limited	Hong Kong	**100.00**	100.00
	Supreme Homes Company Limited	Hong Kong	**100.00**	100.00
	Hong Fok Enterprises Limited	Hong Kong	**100.00**	100.00
@	Hong Fok Land International Limited and its significant subsidiaries:	Hong Kong/ Bermuda	**43.54**	42.33
	Hong Fok Land Asia Limited	Hong Kong/British Virgin Islands	**43.54**	42.33
	Hong Fok Land Investment Limited	Hong Kong	**43.54**	42.33
	Hugoton Limited	Hong Kong	**43.54**	42.33
	Bossiney Limited	Hong Kong	**43.54**	42.33
	Magazine Gap Property Management Limited	Hong Kong	**43.54**	42.33
	Wellow Investment Limited	Hong Kong/ Republic of Liberia	**43.54**	42.33
	Giant Yield Limited	Hong Kong	**43.54**	42.33
	Hong Fok Land Holding Limited	Hong Kong	**43.54**	42.33
	Allied Crown Limited	Hong Kong	**43.54**	42.33
	Winfoong Land Limited	Hong Kong	**43.54**	42.33
	Asian Vision Limited	Hong Kong	**43.54**	42.33
	King Dynasty Limited	Hong Kong/British Virgin Islands	**43.54**	42.33
	Prestige Century Limited	Hong Kong/British Virgin Islands	**43.54**	42.33
*	Hong Fok Land Assets Pte. Ltd.	Singapore	**43.54**	42.33

@ These consolidated financial statements are audited by Crowe (HK) CPA Limited.
* The financial statements are audited by Crowe Horwath First Trust LLP.

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Significant foreign-incorporated subsidiaries are audited by Crowe (HK) CPA Limited. For this purpose, a subsidiary is considered significant as defined under the Listing Manual of the SGX-ST if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Although the Group owns less than half of the voting power of Hong Fok Land International Limited, management has determined that the Group has de facto control over Hong Fok Land International Limited. This is on the basis that the remaining voting rights in the investee are widely dispersed, historical attendance at shareholder meetings shows that the Group has been able to control the outcome of voting, and that there is no indication that other shareholders exercise their votes collectively.

6 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests (NCI):

Name of Subsidiary	Place of Business	Country of Incorporation	Ownership Interest Held by Non-controlling Interests 2019 %	2018 %
Hong Fok Land International Limited and its subsidiaries	Hong Kong, Singapore	Bermuda, Hong Kong, British Virgin Islands, Republic of Liberia, Singapore	**56.46**	57.67

The following summarised the financial information of the Group's subsidiaries with material NCI prepared in accordance with SFRS(I).

Group	Hong Fok Land International Limited and its Subsidiaries $'000	Intra-group Adjustments $'000	Total $'000
31 December 2019			
Non-current assets	**713,439**		
Current assets	**6,698**		
Non-current liabilities	**(87,392)**		
Current liabilities	**(6,432)**		
Net assets	**626,313**		
Net assets attributable to NCI	**353,616**	**268,903**	**622,519**
Revenue	**8,868**		
Loss	**(24,770)**		
Other comprehensive income	**19,703**		
Total comprehensive income	**(5,067)**		
Attributable to NCI:			
– (Loss)/Profit	**(14,016)**	**16,288**	**2,272**
– Other comprehensive income	**11,124**	**(13,399)**	**(2,275)**
– Total comprehensive income	**(2,892)**	**2,889**	**(3)**
Cash flows used in operating activities	**(2,655)**		
Cash flows from investing activities	**4,040**		
Cash flows used in financing activities (dividends to NCI: $Nil)	**(11,129)**		
Net decrease in cash and cash equivalents	**(9,744)**		

Group	Hong Fok Land International Limited and its Subsidiaries $'000	Intra-group Adjustments $'000	Total $'000
31 December 2018			
Non-current assets	714,006		
Current assets	18,193		
Non-current liabilities	(82,931)		
Current liabilities	(8,440)		
Net assets	640,828		
Net assets attributable to NCI	369,566	263,185	632,751
Revenue	5,035		
Profit	90,966		
Other comprehensive income	(33,704)		
Total comprehensive income	57,262		
Attributable to NCI:			
– Profit	52,460	27,574	80,034
– Other comprehensive income	(19,437)	25,139	5,702
– Total comprehensive income	33,023	52,713	85,736
Cash flows used in operating activities	(5,126)		
Cash flows from investing activities	1,903		
Cash flows used in financing activities (dividends to NCI: $Nil)	(6,397)		
Net decrease in cash and cash equivalents	(9,620)		

7 INVESTMENT PROPERTIES

Group	Note	2019 $'000	2018 $'000
At 1 January		**3,091,745**	2,823,134
Additions arising from subsequent expenditure recognised in carrying amount		**2,409**	9,292
Disposal		**–**	(1,550)
Transfer to non-current asset held for sale	35	**–**	(1,720)
Changes in fair value		**103,190**	253,120
Translation differences		**(3,806)**	9,469
At 31 December		**3,193,538**	3,091,745

Investment properties comprise freehold land and buildings that include a hotel property and commercial properties, and leasehold land and buildings that include commercial properties, residential properties and parking spaces.

The hotel property is managed by a third-party hotel operator for a period of approximately sixteen years with option to renew.

The commercial and residential properties are mainly leased to external customers. Each of the leases contains an initial non-cancellable period of usually one to four years. Subsequent renewals are negotiated with the lessee.

Changes in fair value are recognised as gain or loss in profit or loss. All gain or loss are unrealised.

In 2018, a leasehold residential property was reclassified to non-current asset held for sale (see Note 35).

Security
The Group's investment properties with a carrying value of approximately $3,175,330,000 (2018: $3,075,343,000) are mortgaged for credit facilities granted to the Group (see Note 17).

Measurement of Fair Value

(i) ***Fair Value Hierarchy***

The fair value information of investment properties are set out as follows:

Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019				
Leasehold properties	**–**	**16,740**	**1,921,048**	**1,937,788**
Freehold properties	**–**	**–**	**1,255,750**	**1,255,750**
	–	**16,740**	**3,176,798**	**3,193,538**
31 December 2018				
Leasehold properties	–	16,740	1,858,405	1,875,145
Freehold properties	–	–	1,216,600	1,216,600
	–	16,740	3,075,005	3,091,745

The fair values of investment properties were determined by external, independent valuers, having the appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued. The independent valuers provide the fair values of the Group's investment properties portfolio at least annually.

(ii) ***Level 3 Fair Value***

The following table shows a reconciliation of the Group's investment properties from the beginning balance to the ending balance for fair value measurements in Level 3 of the fair value hierarchy:

	2019 $'000	2018 $'000
At 1 January	**3,075,005**	2,804,384
Additions arising from subsequent expenditure recognised in carrying amount	**2,409**	9,292
Changes in fair value		
– net gain included in 'Gain on revaluation of investment properties'	**103,190**	251,860
Translation differences	**(3,806)**	9,469
At 31 December	**3,176,798**	3,075,005

The following table shows the Group's valuation technique used in measuring the fair values of investment properties, as well as the significant inputs used.

Valuation Technique	Key Inputs		Inter-relationship between Key Inputs and Fair Value Measurement
	Singapore	Hong Kong	
Sales Comparison Method: The market comparable approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties	***Leasehold Properties:*** Prices per square feet ("psf"): $2,100 to $3,900 (2018: $1,900 to $3,900) ***Freehold Properties:*** Prices psf: $3,100 to $12,000 (2018: $2,700 to $12,300) Price per room: $1,300,000 (2018: $1,300,000)	***Leasehold Properties:*** Prices psf: $4,498 to $6,747 (2018: $5,226 to $6,968) Prices per parking space: $34,600 to $346,000 (2018: $45,292 to $313,560)	The estimated fair value would increase (decrease) if: • price per square feet was higher (lower); • price per room was higher (lower); or • price per parking space was higher (lower).

8 OTHER ASSETS

Group	2019 $'000	2018 $'000
Non-current		
Club membership	**214**	217

Movements of the club membership are set out as follows:

	2019 $'000	2018 $'000
Cost		
At 1 January	**405**	403
Exchange translation difference	**(1)**	2
At 31 December	**404**	405
Accumulated Impairment		
At 1 January	**188**	228
Impairment loss recognised	**2**	–
Impairment loss written back	**–**	(40)
At 31 December	**190**	188
Carrying Amount		
At 1 January	**217**	175
At 31 December	**214**	217

During the year, an impairment loss of approximately $2,000 was recognised (2018: $40,000 was written back) based on the recoverable amount of the club membership.

9 OTHER INVESTMENTS

Group	2019 $'000	2018 $'000
Non-current		
Equity investments – designated at FVTPL	**#**	700
Current		
Debt investments – mandatorily at FVTPL	**650**	715
Equity investments – mandatorily at FVTPL	**32,978**	17,258
	33,628	17,973

Amount less than $1,000

10 DEFERRED TAX ASSETS AND LIABILITIES

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
Group	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Investment properties	**–**	–	**(1,591)**	(1,446)
Tax losses carry-forward	**2,304**	2,117	**–**	–
Deferred tax assets/(liabilities)	**2,304**	2,117	**(1,591)**	(1,446)
Set off of tax	**(1,334)**	(1,038)	**1,334**	1,038
Net deferred tax assets/(liabilities)	**970**	1,079	**(257)**	(408)

Movement in Deferred Tax Balances

Movements in deferred tax balances of the Group during the year are as follows:

Group	At 1/1/2018 $'000	Recognised in Profit or Loss (Note 25) $'000	Translation Differences $'000	At 31/12/2018 $'000	Recognised in Profit or Loss (Note 25) $'000	Translation Differences $'000	At 31/12/2019 $'000
Investment properties	(1,192)	(229)	(25)	**(1,446)**	**(156)**	**11**	**(1,591)**
Tax losses carry-forward	1,448	636	33	**2,117**	**202**	**(15)**	**2,304**
	256	407	8	**671**	**46**	**(4)**	**713**

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

Group	2019 $'000	2018 $'000
Deductible temporary differences	**11,495**	11,564
Unutilised tax losses	**126,708**	128,350
	138,203	139,914

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The tax losses and deductible temporary differences do not expire under current tax legislation.

11 DEVELOPMENT PROPERTIES

Group	2019 $'000	2018 $'000
Completed properties	**181,000**	198,941

During the year, completed development properties for sale of approximately $19,520,000 (2018: $30,750,000) were recognised as an expense and included in 'Cost of sales of development properties'.

Development properties with a carrying amount of approximately $179,760,000 (2018: $197,701,000) are mortgaged for credit facilities granted to the Group (see Note 17).

In assessing the net realisable value of the completed property units, management takes into account the recent transaction prices of similar or comparable properties for completed units. Market conditions may, however, change, which may affect the future selling prices on the remaining unsold residential units of the development properties and accordingly, the carrying value of development properties for sale may be subject to adjustments in future periods.

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current				
Trade receivables	**5**	–	**–**	–
Current				
Trade receivables	**1,404**	1,236	**–**	–
Impairment loss	**(319)**	(299)	**–**	–
	1,085	937	**–**	–
Other receivables	**1,264**	1,639	**–**	–
Deposits	**544**	1,094	**6**	6
	2,893	3,670	**6**	6
Prepayments and others	**1,156**	1,275	**24**	23
	4,049	4,945	**30**	29

13 AMOUNTS DUE FROM/TO SUBSIDIARIES

Company	2019 $'000	2018 $'000
Amounts due from subsidiaries:		
– Interest free	**200,878**	219,673
– Interest bearing	**150,705**	166,246
Impairment loss	**(919)**	(699)
	350,664	385,220
Amounts due to subsidiaries:		
– Interest free	**272,511**	262,813

Except as stated below, the amounts due from/to subsidiaries are non-trade in nature, unsecured and repayable on demand.

Interest incurred by the Company on borrowings is charged to the respective subsidiaries based on their utilisation of funds (see Note 31). The effective interest rate is 4.20% (2018: 4.75%) per annum at reporting date.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash at banks and in hand	**17,948**	9,183	**1,085**	888
Deposits	**32,411**	50,349	**–**	–
Cash and cash equivalents	**50,359**	59,532	**1,085**	888
Less: Pledged bank deposits (non-current)	**(9,954)**	(9,303)	**–**	–
Cash and cash equivalents (current)	**40,405**	50,229	**1,085**	888
Less: Restricted cash	**(141)**	(171)	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows	**40,264**	50,058	**1,085**	888

The effective interest rate for the cash at banks and deposits ranged from approximately 0% to 3.19% (2018: 0% to 2.71%) per annum. These interest rates reprice within six months of the reporting date.

Pledged bank deposits represent bank balances of certain subsidiaries pledged as security for credit facilities (see Note 17).

15 SHARE CAPITAL

	Group		Company	
	2019 No. of Shares '000	2018 No. of Shares '000	2019 No. of Shares '000	2018 No. of Shares '000
Issued and Fully Paid Ordinary Shares, with no Par Value, excluding Treasury Shares				
At 1 January	**693,023**	693,023	**870,612**	870,612
Share buyback	**(11,496)**	–	**(11,496)**	–
At 31 December	**681,527**	693,023	**859,116**	870,612

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Share Buyback by the Company

During the year, the Company has made purchases of 11,496,200 ordinary shares in the capital of the Company ("Shares") representing approximately 1.32% of the total number of issued Shares at a total consideration of approximately $10,133,000, including directly attributable transaction costs.

As a result, the total treasury shares held by the Group and Company increased as follows:

	Group		Company	
	No. of Shares '000	$'000	No. of Shares '000	$'000
At 1 January 2018 and 31 December 2018	**177,589**	**101,050**	**–**	**–**
Share buyback	**11,496**	**10,133**	**11,496**	**10,133**
At 31 December 2019	**189,085**	**111,183**	**11,496**	**10,133**

16 RESERVES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Capital reserves	**1,992**	2,284	**–**	–
Translation reserves	**(12,343)**	(10,923)	**–**	–
Retained profit	**1,927,788**	1,818,715	**654,405**	669,191
	1,917,437	1,810,076	**654,405**	669,191

Capital reserves comprise the following items:

(a) difference between the fair value of the net assets and the purchase consideration in respect of the subsidiaries acquired prior to 1 January 2001; and

(b) imputed interest on and modification of the bonds issued by a subsidiary and subscribed by non-controlling interests (See Note 17).

The translation reserves comprise foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and the foreign currency differences on monetary items which form part of the Company's net investment in foreign subsidiaries.

17 LOANS AND BORROWINGS

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current Liabilities					
Singapore dollar secured bank loans	a	**631,004**	608,058	**–**	–
Singapore dollar unsecured fixed rate notes	b	**100,000**	–	**100,000**	–
Hong Kong dollar secured bank loans	a	**17,300**	17,420	**–**	–
Hong Kong dollar unsecured bonds	d	**42,731**	43,028	**–**	–
Unamortised transaction cost		**(6,633)**	(8,285)	**(675)**	–
Unamortised imputed interest on unsecured bonds		**(3,515)**	(6,230)	**–**	–
		780,887	653,991	**99,325**	–
Current Liabilities					
Singapore dollar secured bank loans	a, c	**781**	2,661	**–**	–
Singapore dollar unsecured fixed rate notes	b	**–**	120,000	**–**	120,000
Finance lease liabilities		**–**	3	**–**	–
Unamortised transaction cost		**–**	(36)	**–**	(36)
		781	122,628	**–**	119,964
Total loans and borrowings		**781,668**	776,619	**99,325**	119,964

(a) Certain loans of the Group are secured by:

(i) mortgages on and assignment of rental income from investment properties with carrying values of approximately $3,175,330,000 as at 31 December 2019 (2018: $3,075,343,000) (see Note 7);

(ii) mortgages on development properties with carrying values of approximately $179,760,000 as at 31 December 2019 (2018: $197,701,000) (see Note 11) and assignment of the rights, titles and interest in the tenancy agreements, sale and purchase agreements and insurances from the development properties;

(iii) guarantees by the Company and/or its subsidiaries (see Note 28); and

(iv) charges over certain of the Group's bank deposits of approximately $9,954,000 as at 31 December 2019 (2018: $9,303,000) (see Note 14).

(b) The Company has a $600 million Multicurrency Debt Issuance Programme. Under the Debt Issuance Programme, the Company is able to issue notes and perpetual securities. During the year, the Company has repaid its $120 million, 6 year unsecured fixed rate notes due in March 2019. As at 31 December 2019, the Company has outstanding $100 million, 3 year unsecured fixed rate notes due in March 2022. These fixed rate notes, bearing interest rate of 4.20% per annum payable semi-annually in arrears, are listed on the SGX-ST.

The carrying amount of the fixed rate notes at amortised cost is approximately $99,325,000 as at 31 December 2019 (2018: $119,964,000).

(c) Bank loans of approximately $781,000 as at 31 December 2019 (2018: $2,661,000) contain a repayment on demand clause and are therefore classified under current liabilities although they are expected to be repaid in accordance with the scheduled repayment dates.

(d) As at 31 December 2019, a subsidiary of the Company issued bonds amounting to HK$437,000,000 (approximately $75,601,000) (2018: HK$437,000,000 (approximately $76,125,000)), of which HK$190,000,000 (approximately $32,870,000) (2018: HK$190,000,000 (approximately $33,098,000)) was subscribed by another subsidiary of the Company. The bonds are non-convertible, unsecured, bear a fixed interest rate of 2.75% per annum payable annually in arrears and will mature on 9 March 2021 (2018: 9 March 2019). The subsidiary may redeem whole or part of principal amount and interest at any time prior to the maturity date by giving the holder not less than 10 days' prior written notice.

Terms and Debt Repayment Schedule

	Currency	Nominal Interest Rate Per Annum	Year of Maturity	Carrying Amount $'000
Group				
31 December 2019				
Secured bank loans	SGD	2.56% – 3.22%	2022	**496,905**
Secured bank loans	SGD	2.64% – 3.22%	2023	**128,141**
Secured bank loan	SGD	2.90% – 3.14%	Equal monthly instalments of approximately $40,000 commencing on Oct 2012	**781**
Secured bank loans	HKD	2.70% – 4.41%	2021	**17,300**
Unsecured fixed rate notes	SGD	4.20%	2022	**99,325**
Unsecured bonds	HKD	2.75%	2021	**39,216**
				781,668
31 December 2018				
Secured bank loans	SGD	1.89% – 3.12%	2022	511,734
Secured bank loans	SGD	2.03% – 3.00%	2023	88,039
Secured bank loan	SGD	2.25% – 2.90%	Equal monthly instalments of approximately $40,000 commencing on Oct 2012	2,661
Secured bank loans	HKD	2.43% – 3.94%	2021	17,420
Unsecured fixed rate notes	SGD	4.75%	2019	119,964
Unsecured bonds	HKD	2.75%	2021	36,798
Finance lease liabilities	SGD	2.78%	2019	3
				776,619
Company				
31 December 2019				
Unsecured fixed rate notes	SGD	4.20%	2022	**99,325**
31 December 2018				
Unsecured fixed rate notes	SGD	4.75%	2019	119,964

Finance Lease Liabilities

Finance lease liabilities are repayable as follows:

Group	Principal $'000	Interest $'000	Payments $'000
31 December 2019			
Within one year	–	–	–
31 December 2018			
Within one year	3	#	3

Amount less than $1,000

The finance lease was secured by the motor vehicle (see Note 4).

Reconciliation of Movements of (Assets)/Liabilities to Cash Flows Arising from Financing Activities

	Assets		Liabilities					
	Prepayment $'000	Pledged Bank Deposits $'000	Interest Payables $'000	Bank Loans $'000	Fixed Rate Notes $'000	Bonds $'000	Finance Lease Liabilities $'000	Total $'000
At 1 January 2018	(4,455)	(7,550)	4,804	537,610	219,784	41,346	23	791,562
Changes from Financing Cash Flows								
Increase in pledged bank deposits	–	(1,672)	–	–	–	–	–	(1,672)
Interest paid	–	–	–	(16,610)	(8,095)	(1,138)	(1)	(25,844)
Payment of finance lease liabilities	–	–	–	–	–	–	(20)	(20)
Payment of transaction costs on loans and borrowings	–	–	–	(180)	–	–	–	(180)
Repayments of loans and borrowings	–	–	–	(103,906)	(100,000)	–	–	(203,906)
Proceeds from loans and borrowings	–	–	–	188,200	–	–	–	188,200
Total Changes from Financing Cash Flows	–	(1,672)	–	67,504	(108,095)	(1,138)	(21)	(43,422)
The Effect of Changes in Foreign Exchange Rates	–	(81)	17	311	–	758	–	1,005
Other changes								
Reclassification of prepaid transaction costs	4,455	–	–	(4,455)	–	–	–	–
Modification of bonds issued by a subsidiary	–	–	–	–	–	(7,454)	–	(7,454)
Decrease in interest payables	–	–	(2,125)	44	2,095	(14)	–	–
Finance expense	–	–	–	18,840	6,180	3,300	1	28,321
Total Other Changes	4,455	–	(2,125)	14,429	8,275	(4,168)	1	20,867
At 31 December 2018	–	(9,303)	2,696	619,854	119,964	36,798	3	770,012

	Assets		Liabilities					
	Prepayment $'000	Pledged Bank Deposits $'000	Interest Payables $'000	Bank Loans $'000	Fixed Rate Notes $'000	Bonds $'000	Lease Liabilities $'000	Total $'000
At 1 January 2019	–	(9,303)	2,696	619,854	119,964	36,798	3	770,012
Changes from Financing Cash Flows								
Increase in pledged bank deposits	–	(694)	–	–	–	–	–	(694)
Interest paid	–	–	–	(19,512)	(4,944)	(1,190)	(47)	(25,693)
Payment of lease liabilities and finance lease liabilities	–	–	–	–	–	–	(950)	(950)
Payment of transaction costs on loans and borrowings	–	–	–	–	(905)	–	–	(905)
Repayments of loans and borrowings	–	–	–	(18,134)	(120,000)	–	–	(138,134)
Proceeds from loans and borrowings	–	–	–	39,200	100,000	–	–	139,200
Total Changes from Financing Cash Flows	–	(694)	–	1,554	(25,849)	(1,190)	(997)	(27,176)
The Effect of Changes in Foreign Exchange Rates		43	(7)	(120)	–	(262)	–	(346)
Other Changes								
Adoption of SFRS(I) 16	–	–	–	–	–	–	2,419	2,419
Decrease in interest payables	–	–	(470)	(16)	485	1	–	–
Finance expense	–	–	–	21,855	4,725	3,869	47	30,496
Total Other Changes	–	–	(470)	21,839	5,210	3,870	2,466	32,915
At 31 December 2019	–	(9,954)	2,219	643,127	99,325	39,216	1,472	775,405

18 TRADE AND OTHER PAYABLES

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current					
Trade payables		**–**	126	**–**	–
Provision for other long-term employee benefits	19	**11,585**	11,629	**–**	–
		11,585	11,755	**–**	–
Current					
Trade payables		**6,517**	7,428	**–**	–
Accrued operating expenses		**4,501**	8,139	**1,457**	1,893
Accrued development expenditure		**7,386**	8,741	**–**	–
Provision for bonus		**9,702**	9,067	**–**	–
Tenancy and other deposits		**16,139**	14,314	**–**	–
Unclaimed dividends		**927**	847	**927**	847
Other payables		**3,631**	3,401	**1**	1
		48,803	51,937	**2,385**	2,741
Other liabilities		**959**	1,379	**–**	–
		49,762	53,316	**2,385**	2,741

Trade payables include retention sum of approximately $3,303,000 (2018: $3,775,000) relating to development of properties.

Other liabilities comprises deposits received from customers.

19 OTHER LONG-TERM EMPLOYEE BENEFITS

Group	Note	2019 $'000	2018 $'000
Liability for other long-term employee benefits	18	**11,585**	11,629

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods.

Movements in the net obligation recognised in the statement of financial position during the year are as follows:

Group	Note	2019 $'000	2018 $'000
Present value of obligation:			
At 1 January		**11,629**	11,685
Provision made	22	**211**	93
Benefits paid		**(255)**	(149)
At 31 December		**11,585**	11,629

The interest rate used to discount estimated cash flows at the reporting date is 1.5% to 2.2% (2018: 1.9% to 2.5%) per annum.

The weighted average number of service years provided by the employees at the end of the reporting period is approximately 18.7 years (2018: 18.2 years).

20 REVENUE

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Gross dividend income from investments		**376**	33	**–**	–
Gross rental income from					
– investment properties		**65,611**	57,186	**–**	–
– development properties		**3,771**	4,586	**–**	–
Hiring charges from					
– investment properties		**133**	145	**–**	–
– development properties		**1,698**	2,015	**–**	–
Maintenance fee from					
– investment properties	(i)	**8,134**	7,651	**–**	–
– development properties	(i)	**327**	411	**–**	–
Revenue from contracts with customers	(i)	**33,195**	59,094	**–**	–
Gain on disposal of other investments		**–**	6	**–**	–
		113,245	131,127	**–**	–

(i) Disaggregation of Revenue from Contracts with Customers

Group	Reportable Segments: Property Investment $'000	Property Development and Construction $'000	Property Management $'000	Total $'000
2019				
Major Product or Service Lines				
Sale of completed development properties	**–**	**30,583**	**–**	**30,583**
Property management income	**–**	**–**	**2,101**	**2,101**
Maintenance fee	**8,134**	**327**	**–**	**8,461**
Car park income	**511**	**–**	**–**	**511**
	8,645	**30,910**	**2,101**	**41,656**
Timing of Revenue Recognition				
Products and services transferred at a point in time	**511**	**30,583**	**1,028**	**32,122**
Products and services transferred over time	**8,134**	**327**	**1,073**	**9,534**
	8,645	**30,910**	**2,101**	**41,656**
2018				
Major Product or Service Lines				
Sale of completed development properties	–	56,775	–	56,775
Property management income	–	–	1,911	1,911
Maintenance fee	7,651	411	–	8,062
Car park income	396	–	–	396
Others	–	12	–	12
	8,047	57,198	1,911	67,156
Timing of Revenue Recognition				
Products and services transferred at a point in time	396	56,787	479	57,662
Products and services transferred over time	7,651	411	1,432	9,494
	8,047	57,198	1,911	67,156

(ii) Contract Balance

The following table provides information about trade receivables and contract liabilities from contracts with customers.

Group	2019 $'000	2018 $'000
Trade receivables	**256**	238
Contract liabilities	**(80)**	(27)
	176	211

Contract liabilities relate primarily to advance consideration received from customers.

The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in the contract liabilities during the year are as follows:

Group	2019 $'000	2018 $'000
Revenue recognised that was included in contract liabilities at the beginning of the year	**(27)**	(194)
Increases due to cash received, excluding amounts recognised as revenue during the year	**80**	27
	53	(167)

21 OTHER INCOME

Group	2019 $'000	2018 $'000
Compensation/Forfeiture income	**–**	81
Attendance and processing fees	**63**	60
Government grants/schemes	**28**	48
License fees and other charges	**14**	6
Others	**73**	92
	178	287

22 EMPLOYEE BENEFIT EXPENSES

Group	Note	2019 $'000	2018 $'000
Salaries and wages#		**22,276**	21,834
Contributions to defined contribution plans#		**869**	950
Other long-term employee benefits	19	**211**	93
Others		**1,624**	1,767
		24,980	24,644
Employee benefit expenses capitalised in investment properties#		**(1,228)**	(1,637)
		23,752	23,007

Includes employee benefit expenses of approximately $644,000 (2018: $569,000) utilised from accrued development expenses during the year.

23 NET FINANCE EXPENSE

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Interest income on:				
– late payments	**62**	84	**–**	–
– pledged bank deposits and cash and cash equivalents	**869**	828	**11**	1
– other investments	**83**	596	**–**	–
Finance income	**1,014**	1,508	**11**	1
Interest expense on:				
– bank loans, fixed rate notes and unsecured bonds	**25,170**	23,734	**–**	80
– lease liabilities* (2018: finance lease liabilities)	**47**	1	**–**	–
Amortisation of transaction costs previously capitalised	**2,592**	2,455	**265**	181
Amortisation of imputed interest on unsecured bonds	**2,687**	2,131	**–**	–
Finance expense	**30,496**	28,321	**265**	261
Net finance expense recognised in profit or loss	**(29,482)**	(26,813)	**(254)**	(260)

* The Group initially applied SFRS(I) 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying SFRS(I) 16 is recognised in retained profit at the date of initial application.

24 PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Audit fees paid to:					
– Auditors of the Company		**280**	281	**172**	153
– Other auditors		**152**	141	**–**	–
Non-audit fees paid to:					
– Auditors of the Company		**71**	70	**21**	21
– Other auditors		**133**+	64	**74**	61
Bad debts written off/(recovered), net		**–**	#	**–**	–
Direct operating expenses arising from investment properties:					
– that generated rental income		**16,976**	14,626	**–**	–
– that did not generate rental income		**237**	231	**–**	–
Directors' fees		**370**	321	**316**	268
Exchange loss/(gain), net		**480**	(643)	**174**	(451)
Impairment loss/(Impairment loss written back) on other assets	8	**2**	(40)	**–**	–
Loss on disposal of property, plant and equipment		**70**	56	**–**	–
Loss/(Gain) on disposal of investment properties		**18**	(76)	**–**	–

Amount less than $1,000

\+ Included in the non-audit fees paid to other auditors is an amount of approximately $54,000 relating to share buyback by a subsidiary that was recognised directly in equity (refer to Note 36)

25 TAX EXPENSE

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Current Tax Expense					
Current year		**4,491**	5,071	**–**	–
Adjustments in prior years		**551**	(13)	**–**	–
		5,042	5,058	**–**	–
Deferred Tax Expense					
Current year	10	**(46)**	(407)	**–**	–
		4,996	4,651	**–**	–
Reconciliation of Effective Tax Rate					
Profit/(Loss) before tax		**119,782**	273,606	**(3,587)**	(757)
Tax using the Singapore tax rate at 17% (2018: 17%)		**20,363**	46,513	**(610)**	(129)
Effect of tax rates in foreign jurisdictions		**108**	(456)	**–**	–
Tax exempt income		**(21,414)**	(43,986)	**–**	(77)
Non-deductible expenses		**5,656**	2,633	**610**	206
Deferred tax assets not recognised		**493**	1,070	**–**	–
Tax incentives		**(108)**	(48)	**–**	–
Utilisation of previously unrecognised tax losses		**(662)**	(1,057)	**–**	–
Adjustments in prior years		**551**	(13)	**–**	–
Others		**9**	(5)	**–**	–
		4,996	4,651	**–**	–

26 DIVIDEND

A first and final tax exempt (one-tier) dividend in respect of the previous financial year was paid by the Company and the Group as follows:

	2019 $'000	2018 $'000
Company		
Paid to Owners of the Company		
First and final dividend of 1.0 cent and special dividend of 0.3 cent (2018: 1.0 cent) per ordinary share	**11,199**	8,706
Group		
Paid to Owners of the Company	**11,199**	8,706
Dividend paid to subsidiary	**(2,309)**	(1,776)
	8,890	6,930

Subsequent to the reporting date, the following tax exempt (one-tier) dividend was proposed by the Directors. This exempt (one-tier) dividend based on the number of ordinary shares (excluding treasury shares) of 859,115,940 (2018: 870,612,140) and 681,526,308 (2018: 693,022,508) for the Company and the Group respectively as at 31 December 2019 has not been provided for:

	2019 $'000	2018 $'000
Company		
First and final dividend of 1.0 cent (2018: first and final dividend of 1.0 cent and special dividend of 0.3 cent) per ordinary share	**8,591**	11,318
Group		
First and final dividend of 1.0 cent (2018: first and final dividend of 1.0 cent and special dividend of 0.3 cent) per ordinary share	**6,815**	9,009

27 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2019 was based on the consolidated profit attributable to ordinary shareholders of approximately $112,514,000 (2018: $188,921,000); and the weighted average number of ordinary shares outstanding of approximately 685,142,000 (2018: 693,023,000), calculated as follows:

Weighted Average Number of Ordinary Shares

Group	Note	2019 '000	2018 '000
Issued ordinary shares at 1 January		**870,612**	870,612
Effect of ordinary shares held by an investee		**(185,470)**	(177,589)
Weighted average number of ordinary shares during the year	15	**685,142**	693,023

The weighted average number of ordinary shares detailed above is used for both the basic and diluted earnings per share as there are no dilutive potential ordinary shares.

28 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's other investments, trade and other receivables, pledged bank deposits and cash and cash equivalents.

The carrying amounts of financial assets represent the Group's and the Company's maximum exposures to credit risk, before taking into account any collateral held.

Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

Intra-group financial guarantees comprise guarantees given by the Company to financial institutions in respect of credit facilities granted to subsidiaries. The maximum exposure of the Company is approximately $1,182,254,000 (2018: $1,197,508,000). At the end of reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees. The periods in which the financial guarantees expire are as follows:

Company	2019 $'000	2018 $'000
Within 1 year	**5,750**	5,750
After 1 year but within 5 years	**1,176,504**	1,191,758
	1,182,254	1,197,508

Trade and Other Receivables

Risk management policy

Concentration of credit risk relating to trade and other receivables is limited due to the Group's many varied customers. These customers are individuals and corporations, both local and multinational with different business activities. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Rental deposits and bankers' guarantees are received for the Group's lease arrangements as lessor to reduce credit risk.

Due to these factors, management believes that no additional credit risk beyond amounts provided for impairment loss is inherent in the Group's trade receivables.

Exposure to credit risk

A summary of the exposures to credit risk for trade receivables is as follows:

	2019		2018	
Group	Not Credit Impaired $'000	Credit Impaired $'000	Not Credit Impaired $'000	Credit Impaired $'000
Not past due	**83**	**–**	61	–
Within 1 month	**423**	**–**	296	75
1 month to 3 months	**153**	**–**	161	–
3 months to 12 months	**–**	**185**	–	341
More than 12 months	**–**	**565**	–	302
Total gross carrying amount	**659**	**750**	518	718
Loss allowance	**–**	**(319)**	–	(299)
	659	**431**	518	419

Expected credit loss assessment as at 1 January and 31 December 2019

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual, customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Group	**Lifetime ECL $'000**
At 1 January 2018 per SFRS(I) 9	85
Impairment loss recognised	234
Impairment loss written back	(20)
At 31 December 2018 per SFRS(I) 9	299
At 1 January 2019	**299**
Impairment loss recognised	**95**
Impairment loss written back	**(75)**
At 31 December 2019	**319**

Other Receivables

The Group and Company assess on a forward-looking basis the expected credit losses associated with other receivables, excluding prepayment. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and Company consider the amount of the allowance on other receivables to be negligible.

Pledged Bank Deposits and Cash and Cash Equivalents

The Group and the Company held pledged bank deposits and cash and cash equivalents of approximately $50,359,000 and $1,085,000 respectively at 31 December 2019 (2018: $59,532,000 and $888,000 respectively), and these figures represent the maximum credit exposures on these assets. The pledged bank deposits and cash and cash equivalents are held with regulated financial institutions.

Impairment on pledged bank deposits and cash and cash equivalents has been measured on the 12-month expected loss basis. The Group considers that its pledged bank deposits and cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on pledged bank deposits and cash and cash equivalents was negligible.

Non-trade Amounts Due from Subsidiaries

The Company held non-trade receivables from its subsidiaries of approximately $986,407,000 (2018: $1,020,743,000) as follows:

		2019		**2018**	
Company	**Note**	**Not credit Impaired $'000**	**Credit Impaired $'000**	**Not credit Impaired $'000**	**Credit Impaired $'000**
Amounts due from subsidiaries (non-current)	5	**624,349**	**10,475**	626,571	8,253
Amounts due from subsidiaries (current)					
– Interest free	13	**199,935**	**943**	218,915	758
– Interest bearing	13	**150,705**	**–**	166,246	–
Total gross carrying amount		**974,989**	**11,418**	1,011,732	9,011
Loss allowance		**–**	**(11,096)**	(68)	(8,950)
		974,989	**322**	1,011,664	61

In assessing whether the amounts due from subsidiaries are credit impaired, the Company considered the financial positions, financial performance and operations of the subsidiaries.

Movements in allowance for impairment in respect of amounts due from subsidiaries

The movement in the allowance for impairment in respect of amounts due from subsidiaries during the year was as follows:

Company	2019 12-month ECL $'000	2019 Lifetime ECL $'000	2018 12-month ECL $'000	2018 Lifetime ECL $'000
At 1 January	**68**	**8,950**	68	8,950
Impairment loss recognised	**–**	**2,146**	–	–
Impairment written back	**(68)**	**–**	–	–
At 31 December	**–**	**11,096**	68	8,950

Liquidity risk

Risk Management Policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Exposure to Liquidity Risk

The following are the expected contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

	Carrying Amount $'000	Contractual Cash Outflows $'000	----- Cash Outflows ----- Within 1 year $'000	After 1 year but Within 5 years $'000
Group				
31 December 2019				
Non-derivative Financial Liabilities				
Loans and borrowings	**781,668**	**(845,057)**	**(24,821)**	**(820,236)**
Lease liabilities	**1,472**	**(1,501)**	**(1,044)**	**(457)**
Trade and other payables*	**47,634**	**(47,634)**	**(38,113)**	**(9,521)**
	830,774	**(894,192)**	**(63,978)**	**(830,214)**
31 December 2018				
Non-derivative Financial Liabilities				
Loans and borrowings	776,619	(857,717)	(144,503)	(713,214)
Trade and other payables*	50,998	(50,998)	(43,023)	(7,975)
	827,617	(908,715)	(187,526)	(721,189)

	Carrying Amount $'000	Contractual Cash Outflows $'000	----- Cash Outflows ----- Within 1 year $'000	After 1 year but Within 5 years $'000
Company				
31 December 2019				
Non-derivative Financial Liabilities				
Loans and borrowings	**99,325**	**(109,401)**	**(4,211)**	**(105,190)**
Trade and other payables	**2,385**	**(2,385)**	**(2,385)**	**–**
Amounts due to subsidiaries	**272,511**	**(272,511)**	**(272,511)**	**–**
Recognised financial liabilities	**374,221**	**(384,297)**	**(279,107)**	**(105,190)**
Financial guarantees	**–**	**(631,205)**	**(631,205)**	**–**
	374,221	**(1,015,502)**	**(910,312)**	**(105,190)**
31 December 2018				
Non-derivative Financial Liabilities				
Loans and borrowings	119,964	(121,250)	(121,250)	–
Trade and other payables	2,741	(2,741)	(2,741)	–
Amounts due to subsidiaries	262,813	(262,813)	(262,813)	–
Recognised financial liabilities	385,518	(386,804)	(386,804)	–
Financial guarantees	–	(608,281)	(608,281)	–
	385,518	(995,085)	(995,085)	–

* Exclude provision for other long-term employee benefits, Goods and Services Tax payables and other liabilities.

The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Risk Management Policy

The Group's and the Company's exposure to changes in interest rates relates primarily to loans and borrowings, deposits placed with financial institutions and amounts due from subsidiaries. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which interest income and expense could be impacted from an adverse movement in interest rates.

Exposure to Interest Rate Risk
At the reporting date, the interest rate profile of the Group's and the Company's interest bearing financial instruments, was as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Fixed Rate Instruments				
Amounts due from subsidiaries	**–**	–	**150,705**	166,246
Loans and borrowings	**(142,731)**	(163,031)	**(100,000)**	(120,000)
	(142,731)	(163,031)	**50,705**	46,246
Variable Rate Instruments				
Deposits	**32,411**	50,349	**–**	–
Loans and borrowings	**(649,085)**	(628,139)	**–**	–
	(616,674)	(577,790)	**–**	–

Fair Value Sensitivity Analysis for Fixed Rate Instruments
The Group and the Company do not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the profit or loss.

Cash Flow Sensitivity Analysis for Variable Rate Instruments
An increase/decrease of 100 basis points in interest rates on loans and borrowings, would decrease/increase the Group's profit before tax for 2019 by approximately $6,060,000 (2018: $5,835,000). There is no effect to equity. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

Foreign currency risk
As at the reporting date, the Group is exposed to foreign currency risk on the short term deposits and investments that are denominated in Great British Pound ("GBP"), United States Dollar ("USD") and Hong Kong Dollar ("HKD").

The Company is exposed to foreign currency risk on amounts due from subsidiaries (mainly non-trade) that are denominated in HKD.

Exposure to currency risk is monitored on an ongoing basis and the Group and the Company endeavour to keep the net exposure at an acceptable level.

Exposure to Foreign Currency Risk
The summary of quantitative data about the Group's and Company's exposure to foreign currency risk as reported to the management of the Group is as follows:

	2019			2018		
	GBP	**USD**	**HKD**	GBP	USD	HKD
Group	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000
Equity investments – designated at FVTPL	**#**	**–**	**–**	700	–	–
Debt investments – mandatorily at FVTPL	**–**	**650**	**–**	–	715	–
Equity investments – mandatorily at FVTPL	**–**	**–**	**22,283**	–	–	16,004
Deposits	**–**	**21,673**	**–**	–	21,614	–
	#	**22,323**	**22,283**	700	22,329	16,004

\# Amount less than $1,000

Company	2019 HKD $'000	2018 HKD $'000
Amounts due from subsidiaries	**25,095**	25,273

Sensitivity Analysis – Foreign Currency Risk

A reasonably possible strengthening (weakening) of the Singapore dollar, as indicated below, against the GBP, USD and HKD at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

	Group		Company	
	Profit or Loss $'000	**Equity $'000**	**Profit or Loss $'000**	**Equity $'000**
2019				
GBP (10% strengthening)	**#**	**–**	**–**	**–**
USD (10% strengthening)	**(2,232)**	**–**	**–**	**–**
HKD (10% strengthening)	**(2,228)**	**–**	**(2,510)**	**–**
GBP (10% weakening)	**#**	**–**	**–**	**–**
USD (10% weakening)	**2,232**	**–**	**–**	**–**
HKD (10% weakening)	**2,228**	**–**	**2,510**	**–**
2018				
GBP (10% strengthening)	(70)	–	–	–
USD (10% strengthening)	(2,233)	–	–	–
HKD (10% strengthening)	(1,600)	–	(2,527)	–
GBP (10% weakening)	70	–	–	–
USD (10% weakening)	2,233	–	–	–
HKD (10% weakening)	1,600	–	2,527	–

\# Amount less than $1,000

Equity Price Risk

The Group has investments in quoted equity and debt investments and is exposed to equity price risk. These investments are listed on the SGX-ST and The Stock Exchange of Hong Kong Limited.

For such investments classified as FVTPL, the impact of a 5% increase in prices of the quoted investments at the reporting date would have increased the profit or decreased the loss of the Group by $1,626,000 (2018: $838,000) before tax. An equal change in the opposite direction would have decreased the profit or increased the loss of the Group by $1,626,000 (2018: $838,000) before tax.

29 FAIR VALUE OF ASSETS AND LIABILITIES

Accounting Classification and Fair Values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. For the current year, the fair value disclosure of lease liabilities is also not required.

		Carrying Amount				Fair Value			
Group	**Note**	**Mandatorily at FVTPL $'000**	**Designated at FVTPL $'000**	**Amortised Cost $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2019									
Financial Assets Measured at Fair Value									
Equity investments – designated at FVTPL	9	–	#	–	#	–	–	#	#
Debt investments – mandatorily at FVTPL	9	650	–	–	650	650	–	–	650
Equity investments – mandatorily at FVTPL	9	32,978	–	–	32,978	31,867	1,111	–	32,978
		33,628	#	–	33,628				
Financial Assets Not Measured at Fair Value									
Pledged bank deposits	14	–	–	9,954	9,954				
Trade and other receivables@	12	–	–	2,898	2,898				
Cash and cash equivalents	14	–	–	40,405	40,405				
		–	–	53,257	53,257				
Financial Liabilities Not Measured at Fair Value									
Loans and borrowings	17	–	–	(781,668)	(781,668)	–	(807,665)	–	(807,665)
Trade and other payables*	18	–	–	(47,634)	(47,634)				
		–	–	(829,302)	(829,302)				

\# Amount less than $1,000

Group	Note	Carrying Amount Mandatorily at FVTPL $'000	Carrying Amount Designated at FVTPL $'000	Carrying Amount Amortised Cost $'000	Carrying Amount Total $'000	Fair Value Level 1 $'000	Fair Value Level 2 $'000	Fair Value Level 3 $'000	Fair Value Total $'000
31 December 2018									
Financial Assets Measured at Fair Value									
Equity investments – designated at FVTPL	9	–	700	–	700	–	–	700	700
Debt investments – mandatorily at FVTPL	9	715	–	–	715	715	–	–	715
Equity investments – mandatorily at FVTPL	9	17,258	–	–	17,258	16,040	1,218	–	17,258
		17,973	700	–	18,673				
Financial Assets Not Measured at Fair Value									
Pledged bank deposits	14	–	–	9,303	9,303				
Trade and other receivables@	12	–	–	3,670	3,670				
Cash and cash equivalents	14	–	–	50,229	50,229				
		–	–	63,202	63,202				
Financial Liabilities Not Measured at Fair Value									
Loans and borrowings	17	–	–	(776,619)	(776,619)	–	(806,646)	–	(806,646)
Trade and other payables*	18	–	–	(50,998)	(50,998)				
		–	–	(827,617)	(827,617)				

@ Exclude prepayments and others.
* Exclude provision for other long-term employee benefits, Goods and Services Tax payables and other liabilities.

Company	Note	Carrying Amount Amortised Cost $'000	Carrying Amount Total $'000	Fair Value Level 1 $'000	Fair Value Level 2 $'000	Fair Value Level 3 $'000	Fair Value Total $'000
31 December 2019							
Financial Assets Not Measured at Fair Value							
Trade and other receivables@	12	**6**	**6**				
Amounts due from subsidiaries (non-current)	5	**624,647**	**624,647**				
Amounts due from subsidiaries (current)	13	**350,664**	**350,664**				
Cash and cash equivalents	14	**1,085**	**1,085**				
		976,402	**976,402**				
Financial Liabilities Not Measured at Fair Value							
Amounts due to subsidiaries	13	**(272,511)**	**(272,511)**				
Loans and borrowings	17	**(99,325)**	**(99,325)**	**–**	**(104,775)**	**–**	**(104,775)**
Trade and other payables	18	**(2,385)**	**(2,385)**				
		(374,221)	**(374,221)**				
31 December 2018							
Financial Assets Not Measured at Fair Value							
Trade and other receivables@	12	6	6				
Amounts due from subsidiaries (non-current)	5	626,505	626,505				
Amounts due from subsidiaries (current)	13	385,220	385,220				
Cash and cash equivalents	14	888	888				
		1,012,619	1,012,619				
Financial Liabilities Not Measured at Fair Value							
Amounts due to subsidiaries	13	(262,813)	(262,813)				
Loans and borrowings	17	(119,964)	(119,964)	–	(121,250)	–	(121,250)
Trade and other payables	18	(2,741)	(2,741)				
		(385,518)	(385,518)				

@ Exclude prepayments and others.

Valuation Techniques and Significant Inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant inputs used.

Financial instruments measured at fair value

Type	Valuation Technique	Significant Inputs	Inter-relationship between Key Inputs and Fair Value Measurement
Group			
Equity investments – mandatorily at FVTPL	***Market Comparison Technique:*** The fair value is calculated using the net asset value of the investee entity, where the net assets comprise mainly of marketable securities traded in active markets.	Not applicable	Not applicable

Financial Instruments not measured at fair value

Type	Valuation Technique
Group and Company	
Other financial liabilities *	***Discounted Cash Flows:*** The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

* Other financial liabilities include loans and borrowings and trade and other payables.

Transfer between Level 1 and 2

There were no transfer between Level 1 and 2 in 2019 and 2018.

Level 3 Fair Values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Equity Investments – Designated at FVTPL $'000
At 1 January 2018	–
Purchases	700
At 31 December 2018	700
At 1 January 2019	**700**
Impairment loss recognised	**(677)**
Translation differences	**(23)**
At 31 December 2019	**#**

Amount less than $1,000

30 CAPITAL MANAGEMENT

The Group's primary objective in capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence, to continue to maintain the future development and growth of the business.

The Group monitors capital using a net debt equity ratio, which is adjusted net debt divided by total equity. For this purpose, adjusted net debt is defined as total loans and borrowings less pledged bank deposits and cash and cash equivalents. Total equity includes equity attributable to equity holders of the Company.

The Group also monitors capital using a net debt to equity ratio, which is defined as net debt divided by total equity.

	2019 $'000	**2018 $'000**
Gross loans and borrowings	**791,816**	791,170
Pledged bank deposits	**(9,954)**	(9,303)
Cash and cash equivalents	**(40,405)**	(50,229)
Net debt	**741,457**	731,638
Total equity	**2,615,461**	2,528,465
Net debt to equity ratio	**0.28**	0.29

The Company seeks shareholders' approval annually to renew its share purchase mandate which authorises the Directors of the Company to make purchases of the Company's shares on the market subject to terms and conditions stated in the share purchase mandate. There were no changes in the Group's approach to capital management during the financial year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

31 RELATED PARTIES

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

	2019 $'000	2018 $'000
Group		
Rental income and management fee from key management personnel	**474**	467
Contract services provided to key management personnel	**103**	197
Company		
Interest expense allocated to subsidiaries	**4,460**	5,919

Key Management Personnel Remuneration

Key management personnel remuneration is as follows:

	2019 $'000	2018 $'000
Group		
Short-term employee benefits	**18,426**	17,649
Post-employment benefits	**113**	116
Other long-term employee benefits	**130**	57
	18,669	17,822

32 SEGMENT REPORTING

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different operating and marketing strategies. For each of the strategic business units, the Company's Board of Directors reviews internal management reports on at least a quarterly basis.

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

- *Property investment* – includes investments in investment properties
- *Property development and construction* – sale of residential units and development of properties
- *Property management* – provides maintenance and management services

Other operations include investment holding, investment trading and dormant companies. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2019 or 2018.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly current tax and deferred tax expense, current tax assets and liabilities, and deferred tax assets and liabilities. Segment revenue, expense and results include transfers between business segments. These transfers are eliminated on consolidation.

Information about Reportable Segments
Business Segments

Group	Property Investment $'000	Property Development and Construction $'000	Property Management $'000	Other Operations $'000	Total $'000
2019					
External revenue	**74,389**	**36,379**	**2,101**	**376**	**113,245**
Inter-segment revenue	**583**	**2,260**	**1,212**	**2,300**	**6,355**
Finance income	**110**	**60**	**–**	**844**	**1,014**
Finance expense	**(25,298)**	**(3,631)**	**–**	**(1,567)**	**(30,496)**
Reportable segment profit/(loss) before tax	**115,684**	**8,340**	**(279)**	**(3,963)**	**119,782**
Other material non-cash items:					
– Depreciation and amortisation	**(5,234)**	**(580)**	**(18)**	**(1,293)**	**(7,125)**
– Gain on revaluation of investment properties	**103,190**	**–**	**–**	**–**	**103,190**
– Impairment loss on trade receivables, net	**(95)**	**75**	**–**	**–**	**(20)**
– Impairment loss on other assets	**(2)**	**–**	**–**	**–**	**(2)**
– Changes in fair value of other investments at fair value through profit or loss	**–**	**–**	**–**	**3,538**	**3,538**
Reportable segment assets	**3,207,522**	**186,915**	**706**	**73,107**	**3,468,250**
Capital expenditure:					
– Investment properties	**2,409**	**–**	**–**	**–**	**2,409**
– Development properties	**–**	**1,579**	**–**	**–**	**1,579**
– Property, plant and equipment	**849**	**1,421**	**6**	**1**	**2,277**
– Right-of-use assets	**–**	**–**	**–**	**129**	**129**
Reportable segment liabilities	**644,454**	**119,351**	**547**	**80,215**	**844,567**
2018					
External revenue	65,377	63,799	1,911	40	131,127
Inter-segment revenue	429	5,215	2,113	1,788	9,545
Finance income	143	70	–	1,295	1,508
Finance expense	(23,644)	(3,823)	–	(854)	(28,321)
Reportable segment profit/(loss) before tax	261,491	22,445	(169)	(10,161)	273,606
Other material non-cash items:					
– Depreciation and amortisation	(4,635)	(451)	(15)	(242)	(5,343)
– Gain on revaluation of investment properties	253,120	–	–	–	253,120
– Impairment loss on trade receivables, net	(128)	(75)	(11)	–	(214)
– Impairment loss written back on other assets	40	–	–	–	40
– Changes in fair value of other investments at fair value through profit or loss	–	–	–	(3,472)	(3,472)
Reportable segment assets	3,106,656	205,461	902	65,633	3,378,652
Capital expenditure:					
– Investment properties	9,292	–	–	–	9,292
– Property, plant and equipment	1,717	17	2	3	1,739
Reportable segment liabilities	637,728	137,748	869	65,372	841,717

Reconciliations of Reportable Segment Revenue, Profit or Loss, Assets and Liabilities and Other Material Items

Group	2019 $'000	2018 $'000
Revenue		
Total revenue for reportable segments	**116,924**	138,844
Revenue for other operations	**2,676**	1,828
Elimination of inter-segment revenue	**(6,355)**	(9,545)
	113,245	131,127
Profit or loss		
Total profit for reportable segments	**123,745**	283,767
Loss for other operations	**(3,963)**	(10,161)
	119,782	273,606
Assets		
Total assets for reportable segments	**3,395,143**	3,313,019
Assets for other operations	**73,107**	65,633
Deferred tax assets	**970**	1,079
Current tax assets	**445**	215
	3,469,665	3,379,946
Liabilities		
Total liabilities for reportable segments	**764,352**	776,345
Liabilities for other operations	**80,215**	65,372
Deferred tax liabilities	**257**	408
Current tax liabilities	**9,380**	9,356
	854,204	851,481

Other Material Items

Group	Reportable Segments $'000	Other Operations $'000	Total $'000
2019			
Finance income	**170**	**844**	**1,014**
Finance expense	**(28,929)**	**(1,567)**	**(30,496)**
Depreciation and amortisation	**(5,832)**	**(1,293)**	**(7,125)**
Gain on revaluation of investment properties	**103,190**	**–**	**103,190**
Impairment loss on trade receivables, net	**(20)**	**–**	**(20)**
Impairment loss on other assets	**(2)**	**–**	**(2)**
Changes in fair value of other investments at fair value through profit or loss	**–**	**3,538**	**3,538**
Capital expenditure:			
– Investment properties	**2,409**	**–**	**2,409**
– Development properties	**1,579**	**–**	**1,579**
– Property, plant and equipment	**2,276**	**1**	**2,277**
– Right-of-use assets	**–**	**129**	**129**
2018			
Finance income	213	1,295	1,508
Finance expense	(27,467)	(854)	(28,321)
Depreciation and amortisation	(5,101)	(242)	(5,343)
Gain on revaluation of investment properties	253,120	–	253,120
Impairment loss on trade receivables, net	(214)	–	(214)
Impairment loss written back on other assets	40	–	40
Changes in fair value of other investments at fair value through profit or loss	–	(3,472)	(3,472)
Capital expenditure:			
– Investment properties	9,292	–	9,292
– Property, plant and equipment	1,736	3	1,739

Geographical Segments

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

Group	Singapore $'000	Hong Kong $'000	Total $'000
2019			
External revenue	**104,673**	**8,572**	**113,245**
Non-current assets^	**2,650,896**	**548,313**	**3,199,209**
2018			
External revenue	126,399	4,728	131,127
Non-current assets^	2,526,812	568,029	3,094,841

^ Non-current assets consist of property, plant and equipment, right-of-use assets, associate and joint venture, investment properties and other assets (club membership).

33 LEASES

Leases as Lessee (SFRS(I) 16)

The Group leases an office space and warehouse for a period of 3 years and 2 years respectively, and does not include contingent rentals. Previously, the lease was classified as operating leases under SFRS(I) 1-17.

The Group also leases staff accommodation space and office equipment with contract terms of less than one year to five years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use Assets

	Office Space and Warehouse 2019 $'000
Balance at 1 January	**2,294**
Depreciation for the year	**(964)**
Additions	**129**
Translation differences	**(11)**
Balance at 31 December	**1,448**

Amounts Recognised in Profit or Loss

	$'000
2019 – Lease under SFRS(I) 16	
Interest on lease liabilities	**47**
Expenses relating to short-term leases	**169**
Expenses relating to leases of low-value assets	**118**
2018 – Operating lease under SFRS(I) 1-17	
Lease expense	1,209

Amounts Recognised in Statement of Cash Flows

	2019 $'000
Total cash outflow for leases	**(950)**

Leases as Lessor

The Group leases out its investment and development properties. All leases are classified as operating leases from a lessor perspective.

Operating Leases

The Group leases out its investment and development properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 7 sets out information about the operating leases of investment properties.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	$'000
2019 – Operating leases under SFRS(I) 16	
Less than one year	**52,455**
One to two years	**37,131**
Two to three years	**24,827**
Three to four years	**14,975**
Four to five years	**13,168**
More than five years	**108,000**
Total	**250,556**
2018 – Operating leases under SFRS(I) 1-17	
Less than one year	55,370
Between one year to five years	93,063
More than five years	120,039
Total	268,472

34 COMMITMENTS

As at 31 December, the Group's capital commitments outstanding but not provided for in the consolidated financial statements were as follows:

Group	2019 $'000	2018 $'000
Contracted for:		
– construction cost of investment properties	**754**	1,568
– improvement works to investment and development properties	**907**	3,854
	1,661	5,422

35 NON-CURRENT ASSET HELD FOR SALE

Group	2019 $'000	2018 $'000
Investment property	**–**	1,720

On 22 November 2018, a third party had exercised an option to purchase an investment property offered by the Group for a consideration of $1,725,000. The sale was subsequently completed on 1 February 2019.

36 CHANGES IN INTEREST IN SUBSIDIARIES

Share Buyback Offer by a Subsidiary

During the year, the Group's subsidiary, Hong Fok Land International Limited ("HFLIL") announced a proposed offer to buyback (the "Share Buyback Offer") all of the 1,492,410,986 outstanding ordinary shares in its issued share capital (the "HFLIL Shares") at a price of HK$0.55 for each HFLIL share.

As at 31 December 2018, the Company has an interest in 631,724,993 HFLIL Shares representing approximately 42.33% in HFLIL (the "Relevant HFLIL Shares"), held through its wholly owned subsidiaries, Hong Fok Corporation (Cayman) Limited, Hong Fok Corporation (H.K.) Limited and Hong Fok Enterprises Limited (collectively, the "HFC Subsidiaries").

The HFC Subsidiaries had undertaken not to accept the Share Buyback Offer in respect of any of the Relevant HFLIL Shares.

On 14 June 2019, the Share Buyback Offer was completed and HFLIL received valid acceptances in respect of 41,730,585 HFLIL Shares (the "Buyback Shares") at a price of HK$0.55 for each HFLIL Share pursuant to the Share Buyback Offer. All HFLIL Shares bought back by HFLIL has been cancelled.

Arising from the above transaction, the Group's effective interest in HFLIL increased from 42.33% to 43.54%. The Group recognised a decrease in NCI of approximately $10,222,000, a decrease in capital reserves of approximately $293,000 and an increase in retained profit of approximately $5,455,000 as a result of the above changes.

The following summarises the effect of the changes in the Group's ownership interests in HFLIL:

Group	Hong Fok Land International Limited $'000
2019	
Group's ownership interest at 1 January	**474,913**
Adjustment on initial application of SFRS(I)16	**(6)**
Effect of increase in Group's ownership interest	**5,162**
Share of comprehensive income	**(4)**
Group's ownership interest at 31 December	**480,065**

37 SUBSEQUENT EVENTS

Share Buyback by the Company

Subsequent to year end and as of 27 March 2020 the Company has made purchases of 5,539,200 ordinary shares in the capital of the Company ("Shares") representing approximately 0.64% of the total number of issued Shares (excluding treasury shares) at a total consideration of approximately $3,042,000, including directly attributable transaction costs.

As a result, the total treasury shares held by the Group and Company increased as follows:

	Group		Company	
	No. of Shares '000	$'000	No. of Shares '000	$'000
At 31 December 2019	189,085	111,183	11,496	10,133
Share buyback	5,539	3,042	5,539	3,042
At 27 March 2020	194,624	114,225	17,035	13,175

COVID-19 Outbreak

Subsequent to 31 December 2019, a new virus (COVID-19) emerged and infections started to occur around the globe. Subsequently, on 11 March 2020, the World Health Organisation declared it a pandemic and national governments have implemented a range of policies and actions to combat it. The outbreak of COVID-19 has resulted in quarantines, supply chain disruptions, lower consumer demand, significant reduction in tourists travels and general market uncertainty which caused market volatility.

Until the date of approval of the financial statements, the operations of YOTEL Singapore Orchard Road is negatively impacted, and the pace of sale of our residential units of Concourse Skyline will likely be slower.

On 27 March 2020, the Group drawn down $150,000,000 bank loans for working capital purpose and to take on any investment opportunities that might arise.

STATEMENT OF SHAREHOLDINGS

AS AT 20 MARCH 2020

No. of Shares (excluding Treasury Shares[1] and Subsidiary Holdings[2])	:	859,115,940 Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 Vote Per Share
No. of Treasury Shares[1]	:	11,496,200 (1.34%)
No. of Subsidiary Holdings[2]	:	Nil (0%)

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	121	2.37	4,775	0.00
100 – 1,000	269	5.26	127,355	0.01
1,001 – 10,000	2,527	49.44	14,008,952	1.63
10,001 – 1,000,000	2,148	42.03	108,480,792	12.63
1,000,001 and above	46	0.90	736,494,066	85.73
	5,111	100.00	859,115,940	100.00

TOP TWENTY SHAREHOLDERS[1]

	Name of Shareholder	No. of Shares	%
1	Hong Fok Land Holding Limited	177,589,632	20.67
2	Cheong Kim Pong	99,164,099	11.54
3	P.C. Cheong Pte Ltd	95,429,584	11.11
4	Cheong Sim Eng	46,241,328	5.38
5	HSBC (Singapore) Nominees Pte Ltd	40,720,664	4.74
6	Citibank Nominees Singapore Pte Ltd	34,525,246	4.02
7	United Overseas Bank Nominees Pte Ltd	34,349,278	4.00
8	Maybank Kim Eng Securities Pte Ltd	22,362,896	2.60
9	Goodyear Realty Co Pte Ltd	16,885,758	1.97
10	Cheong Lay Kheng	14,233,000	1.66
11	OCBC Securities Private Ltd	13,493,836	1.57
12	Raffles Nominees (Pte) Limited	13,382,605	1.56
13	DBS Nominees Pte Ltd	13,286,105	1.55
14	UOB Kay Hian Pte Ltd	12,736,678	1.48
15	Cheong Pin Chuan	11,272,078	1.31
16	Morph Investments Ltd	10,890,000	1.27
17	Khoo Poh Koon	9,014,391	1.05
18	Corporate Development Limited	8,113,776	0.94
19	Cheong Puay Kheng	7,643,400	0.89
20	Cheong Chay Khong	4,415,790	0.51
		685,750,144	79.82

Based on the information available to the Company, as at 20 March 2020, approximately 28.15% of the issued ordinary shares of the Company (excluding treasury shares) are held in the hands of the public. Hence, Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with

1 As per The Central Depository (Pte) Limited's report.
2 The term "*Subsidiary Holdings*" shall have the same meaning ascribed to it in the Listing Manual, and is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

STATEMENT OF SHAREHOLDINGS

AS AT 20 MARCH 2020

SUBSTANTIAL SHAREHOLDERS[3]

		No. of Shares	
Name of Substantial Shareholder		Shareholdings in which Substantial Shareholder has a Direct/Beneficial Interest	Shareholdings in which Substantial Shareholder is Deemed to have an Interest
1	Goodyear Realty Co Pte Ltd	44,485,758	–
2	P.C. Cheong Pte Ltd	96,089,584	–
3	Cheong Sim Eng	114,619,756	53,659,778[(a)]
4	Cheong Pin Chuan	20,052,528	150,323,053[(b)]
5	Cheong Kim Pong	99,824,099	44,485,758[(c)]
6	Hong Fok Land Holding Limited	177,589,632[(d)]	–

(a) This represents Cheong Sim Eng's deemed interest in the issued ordinary shares in the capital of the Company ("Shares") held by his wife, Corporate Development Limited ("CDL") and Goodyear Realty Co Pte Ltd ("Goodyear").

(b) This represents Cheong Pin Chuan's deemed interest in the Shares held by his wife, P.C. Cheong Pte Ltd, CDL and Goodyear.

(c) This represents Cheong Kim Pong's deemed interest in the Shares held by Goodyear.

(d) Hong Fok Land Holding Limited ("HF Land") is wholly owned indirectly by Hong Fok Land International Limited (incorporated in Bermuda) via Hong Fok Land Asia Limited, Hong Fok Land Investment Limited and Wellow Investment Limited. The aforesaid companies are deemed to have an interest in the Shares held by HF Land.

3 Based on the Register of Substantial Shareholders kept pursuant to Section 137C of the Securities and Future Act.

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