ANNUAL REPORT 2018

Vision

To be an accomplished property developer
& hospitality group in Asia

Mission

We are committed to provide value to our
stakeholders & be socially responsible

Core Values

PLEDGE OF PARTNERSHIP

We adopt a “Partnership” approach
to achieve “win-win” in all relationships

SENSE OF RUB

Assuming RESPONSIBILITY is a SPIRIT
and conviction to all our stakeholders

Upholding an ATTITUDE of URGENCY unleashes dynamism
and relentless effort in accomplishing our mission

BELONGING is a BELIEF that will harness unity
and strength in building a Great Corporation

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CHAIRMAN'S STATEMENT

"Based on NHJC's expansion plans, 2 new hotels are scheduled to be opened within FY2019 and another 4 hotels in FY2020. This will bring the Group's total hotels to 18 under NHJC's management by end of FY2020."

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of IPC Corporation Limited ("IPC" or "The Group") for the financial year ended 31 December 2018 ("FY2018").

In FY2018, The Group sold its entire 24% stake in the land held for development, Ju Ren Da Sha, Zhuhai, China ("JU REN DA SHA") for approximately S$4.970 million. The sale resulted in The Group revenue more than doubled from S$4.070 million in FY2017 to S$9.019 million for FY2018.

Gross profit, however, declined by 15.9% to S$0.678 million compared to S$0.806 million in the previous year mainly due to the fall in the revenue of Grand nest HOTEL zhuhai, China. This was in line with the weakening of the RMB currency and the inclement weather which caused some cancellations of business conferences at the hotel.

Nevertheless, The Group's income was boosted by its other gains, mainly contributed from the fair value gain on financial assets, at fair value through profit or loss ("FVPL") which relates to The Group's preference shares investment in Nest Hotel Japan Corporation ("NHJC") offset against the write-down on the 24% interest in JU REN DA SHA. The Group recorded a profit before tax of S$25.039 million and a profit after tax of S$24.968 million for FY2018.

The net asset value per ordinary share of The Group, as at end of 2018, rose to S$1.25 from 97 cents a year ago.

CHAIRMAN'S STATEMENT

Milestones in FY2018

During the year, The Group continued to execute its asset-light strategy in hospitality management, particularly the hotel management business in Japan through NHJC, a company incorporated in Tokyo, Japan, primarily engaged in the business of hotel management, operations and investment. NHJC, in which the Group has preference shares investment, operates and manages 12 hotels in Japan under the "Nest", "Tissage" and "Bespoke" brands. Out of the 12 hotels under NHJC's management, 6 hotels commenced operations in FY2018.

The "Nest" brand and its trademark are owned by The Group, and are licensed to NHJC under a licensing agreement. The "Tissage" and "Bespoke" trademarks and names are registered and owned by NHJC.

Leveraging on the established brands and expertise in hotel management, NHJC will continue to expand its footprint in Japan. Armed with an extensive experience in hotel management with a proven track record of optimising returns, NHJC is capable to offer consultancy and advisory services with comprehensive feasibility studies and design for owners of existing hotels embarking on renewal or new hotels development.

Based on NHJC's expansion plans, 2 new hotels are scheduled to be opened within FY2019 and another 4 hotels in FY2020. This will bring the Group's total hotels to 18 under NHJC's management by end of FY2020.

Beyond Japan, The Group is looking to expand its presence across the Asia Pacific Region. As announced on 12 November 2018, the Group inked a joint venture agreement with AP ASEAN Holding Limited ("APAHL") to further its growth trajectory. In partnership with APAHL, The Group will be able to leverage on APAHL's integrated real estate service platform to facilitate its regional expansion. Backed by deep knowledge of local real estate markets in Asia, APAHL's platform specialises in areas such as asset management, property and estate management, data analytics and valuation services. Combined with IPC's strong operational execution in hotel management, this synergistic partnership will accelerate the growth of The Group's hospitality business in new high-growth markets.

Under the joint venture, IPC and NHJC will each take a 37.5% stake while APAHL, 25% in a joint venture company that is expected to be incorporated in FY2019.

Ultimately, these initiatives are in line with our long-term goal of building a sustainable income recurring business.

Separately, although Grand nest HOTEL zhuhai, China saw its business impacted by the easing of the Chinese economy, I am optimistic that the opening of the Hong Kong-Zhuhai-Macau Bridge in October 2018 would boost the tourism industry in Zhuhai in years to come.

Acknowledgements

On behalf of the Board, I would like to extend my gratitude to the Independent Directors ("IDs"), Dato' Dr Choo Yeow Ming, Mr Lien Kait Long and Mr Lee Soo Hoon Phillip, who have left the Board during FY2018. We are grateful to them for their contributions and insights during their office tenure and would like to wish them success for their future endeavours.

I would also like to take this opportunity to welcome our new IDs, Mr Lee Joo Hai and Mr Tan Sin Huat, Dennis who joined us in Q4 2018. Concurrently, our existing ID, Mr Teo Kiang Kok has also been appointed as the Lead ID. We look forward to working together with the new team to navigate The Group to greater heights.

Finally, I would like to extend my appreciation to the Board Members, management and staff for their unyielding dedication and commitment towards The Group over the years. I would also like to thank our shareholders, business associates and valued customers for their unwavering support and staunch loyalty.

NGIAM MIA JE PATRICK
Chairman & Chief Executive Officer

OPERATIONS REVIEW

The performance of FY2018 is a testament that The Group's asset-light strategy in hotel management is gaining good traction and promising.

During the period under review, the following new hotels in Japan commenced operations under the management of NHJC:

1) Nest Hotel Tokyo Hanzomon, Tokyo
2) Nest Hotel Hakata Station, Fukuoka
3) Tissage Hotel Naha by Nest, Naha
4) Nest Hotel Kyoto Shijo Karasuma, Kyoto
5) Nest Hotel Osaka Umeda, Osaka
6) Bespoke Hotel Shinjuku, Tokyo

By end of FY2020, another 6 hotels in Japan in the pipeline would be progressively added under NHJC's management.

Another key milestone in The Group's business development in FY2018 was the newly forged partnership that saw PhillipCapital Group-backed APAHL entered into a joint venture with The Group and NHJC to grow our hotel management business in the Asia-Pacific region outside of Japan.

For FY2018, The Group registered a revenue of S$9.019 million compared to S$4.070 million in the previous year. The approximately two-fold increase in sales was mainly attributed to the sales of the entire 24% interest in the land held for development in the People's Republic of China, JU REN DA SHA.

Gross profit decreased by 15.9% to S$0.678 million for the financial year under review against S$0.806 million in FY2017 due to the decrease in sales revenue contribution by Grand nest HOTEL zhuhai, China. The performance of the hotel was impacted by the weakening of the RMB currency and inclement weather that have led to the cancellations of conference reservations during the affected period.

Other gains of S$29.893 million was recorded in FY2018. This was mainly contributed by the fair value gain on financial assets, at FVPL, which related to The Group's preference shares investment in NHJC offsetting against the write-down on the 24% interest in JU REN DA SHA.

As a result of the above, the Group reported a profit before tax of S$25.039 million and a profit after tax of S$24.968 million for FY2018.

The Group's cash and cash equivalent as at 31 December 2018 increased to S$9.974 million compared to S$7.334 million in the previous year.

Going forward, The Group will continue to focus on its hospitality business and further expand it in Japan, as well as into other Asia-Pacific countries.

NEST HOTEL | **Nest Hotel**
Tokyo Hanzomon, Tokyo

NEST HOTEL | **Nest Hotel**
Hakata Station, Fukuoka

NEST HOTEL | **Nest Hotel**
Kyoto Shijo Karasuma, Kyoto

NEST HOTEL | **Nest Hotel**
Osaka Umeda, Osaka

TISSAGE HOTEL | **Tissage Hotel**
Naha by Nest, Naha

BSPK | **Bespoke Hotel**
Shinjuku, Tokyo

nest HOTEL
kumamoto, Kumamoto

nest HOTEL
sapporo odori, Sapporo

nest HOTEL
sapporo ekimae, Sapporo

nest HOTEL
naha, Okinawa

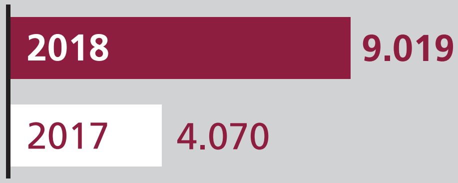
nest HOTEL
osaka shinsaibashi, Osaka

nest HOTEL
matsuyama, Matsuyama

Grand nest HOTEL
zhuhai, China

FINANCIAL HIGHLIGHTS

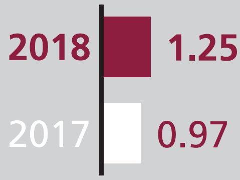
Total Sales (S$ million)



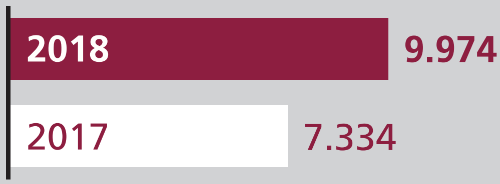
Net Profit/(Loss) After Tax Attributable To Equity Holders Of The Company
(S$ million)

Earnings/(Losses) Per Share (S$ cents)

Net Asset Value Per Ordinary Share (S$)



Cash And Cash Equivalents (S$ million)



SUSTAINABILITY POLICIES AND OBJECTIVES

The Group applies the following principles to the work we do in building a sustainable business that deliver long-term value and growth to all our stakeholders.

Guiding Principles:

- Responsible Business: Conduct business in a manner that is honest, transparent, environmentally responsive and ethical.
- Integrity: Embed integrity into our decisions so as to align with our strategic goals and benefit our stakeholders and the environment.
- Equality and Respect: Conduct business with ethical conduct, which support equality and respect.
- Focus on our People: Provide our people with opportunities to succeed, grow and give back to their communities.
- Innovation: Use dynamic thinking and innovative technology to enhance the memorable experience, while adapting and responding to the changing market and global environmental issues.
- Resource Efficiency: Reduce the negative impact of our operations.
- Sustainable Growth: Grow our operations in a sustainable manner that benefit the environment for years to come.

COMMITMENT TO OUR ENVIROMENT

We are committed to environmental protection and sustainability. We strive to minimise our properties' operational impact on the environment through resource conservation and best practices.

In delivering this commitment, we will endeavour to:

- Work diligently to minimise our waste stream and conserve natural resources, particularly through energy and water conservation.
- Value the natural and cultural heritage of our properties, allowing us to give our guests an authentically local experience.
- Comply with all applicable environmental legislation and strive to follow best environmental practices.
- Make environmental considerations an important aspect of decision-making.

COMMITMENT TO CUSTOMER PRIVACY

We are fully committed to protecting our guests' privacy and safeguarding their personal data.

In delivering this commitment:

- We provide our guests with information about the collection and use of personal data furnished by, or collected from our guests while using our websites, products and services. The main purpose for collecting guests' personal data is to allow us to provide our guest with the requested services, etc.
- We take reasonable precautions to protect the security of the personal data collected.

The Company shall publish its sustainability report by May 2019.

BOARD OF DIRECTORS

NGIAM MIA JE PATRICK

Ngiam Mia Je Patrick is the Chairman and CEO of IPC. He has served on IPC's board of directors since 16 October 1992. He is also the Chairman and co-founder of Essex Investment and its group of companies ("Essex"). Patrick, graduated in Electronics Engineering with first class honours, is an acknowledged entrepreneur in Singapore and has received many accolades. In 1990, he was awarded the inaugural KPMG High-Tech Entrepreneur Award. Other awards include the DHL & Singapore Press Holdings Singapore Business Award for Businessman of the Year in 1994 and the Chevalier De L'Ordre National Du Merite conferred by Le President De La Republique Francaise in 1996. His last re-election to the Board was on 28 April 2016.

NGIAM MIA KIAT BENJAMIN

Ngiam Mia Kiat Benjamin is the Managing Director of IPC. He has served on IPC's board of directors since 16 October 1992. He is also the co-founder of Essex. He has a Bachelor of Science in Electronics Engineering and graduated with first class honours from the University of Essex (UK).

LAUW HUI KIAN

Lauw Hui Kian is the Finance and Administration Director of IPC. She has served on IPC's board of directors since 8 May 1985. She graduated from the University of Essex (UK) with a Bachelor of Arts in Mathematical Economics with second class honours. Prior to joining IPC, she was the head of the finance department at Essex. Her last re-election to the Board was on 26 April 2018.

NGIAM MIA HAI BERNARD

Ngiam Mia Hai Bernard is the Executive Director of IPC and has served on IPC's board of directors since 8 May 1985. He graduated from the National University of Singapore with a Bachelor of Business Administration. His last re-election to the Board was on 28 April 2016.

NGIAM MIA HONG ALFRED

Ngiam Mia Hong Alfred is the Executive Director of IPC and has served on IPC's board of directors since 10 October 1991. He graduated from the University of Waterloo, Canada with a Bachelor of Mathematics in Computer Science and Statistics, Dean's Honour Roll. His last re-election to the Board was on 28 April 2015.

TEO KIANG KOK

Teo Kiang Kok is an Independent Director of IPC. He was appointed to IPC's board of directors on 12 July 2017 and is the Lead Independent Director and Chairman of Nominating Committee and Remuneration Committee. Mr Teo, a senior lawyer, was a partner of Shook Lin & Bok LLP, a firm of advocates and solicitors, from 1987 to 2011. He is currently the firm's senior consultant. He has more than 30 years of experience in legal practice. His main areas of practice are corporate finance, international finance and securities. In the course of his legal practice, Mr Teo has advised listed companies extensively on corporate law and compliance requirements. He also serves on the board of several companies listed on the Singapore Exchange. His last re-election to the Board was on 26 April 2018.

LEE JOO HAI

Lee Joo Hai is an Independent Director of IPC. He was first appointed to IPC's board of directors on 16 December 1996 and retired on 26 April 2017. He re-joined IPC's board of directors on 1 October 2018 and is the Chairman of Audit of Committee. He is a Chartered Accountant of Singapore. His experience in accounting and auditing spans more than 30 years.

TAN SIN HUAT, DENNIS

Tan Sin Huat, Dennis is an Independent Director of IPC. He was appointed to IPC's board of directors on 19 December 2018. He also serves on the boards of Chasen Holdings Limited and Renewable Energy Asia Group Ltd, both of which are listed on the SGX and Solis Holdings Ltd, which is listed on the HKSE. Mr Tan is the founder of Innospaces Consulting Pte. Ltd, a consulting firm that deals with organizational and leadership development. He is a member of the Singapore Institute of Directors since August 2007 and a founding member of Board Certified Coach, the centre for credentialing & education since 2012. He served as an Adjunct Professorship with the Nanyang Technological University, Singapore from 2008 to 2011. Mr Tan obtained a Degree of Bachelor of Arts from the National University of Singapore in June 1988 and a Master in Business Administration from the Nanyang Technological University, Singapore in December 2004. He also obtained a Graduate Diploma in Organizational Learning from the Civil Service College, Singapore in May 2003 and a Postgraduate Certificate in Executive Coaching from the University of Lancaster, United Kingdom in July 2008. Mr Tan was awarded the Singapore Armed Forces Long Service Medal (for his 25 years of service) and the 1998 National Day Parade Certificate of Appreciation from Dr. Tony Tan, Deputy Prime Minister cum Minister for Defence.

INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION / RE-APPOINTMENT

– APPENDIX 7.4.1 OF THE LISTING MANUAL OF THE SGX-ST

Name of Director	Mr Lee Joo Hai ("Mr Lee")	Mr Tan Sin Huat, Dennis ("Mr Tan")	Mr Ngiam Mia Hong Alfred ("Mr Alfred Ngiam")	Mr Ngiam Mia Kiat Benjamin ("Mr Benjamin Ngiam")
Date of Appointment	16 December 1996* *Mr Lee retired as an Independent Director of the Company on 26 April 2017. He re-joined the Company as an Independent Director on 1 October 2018.	19 December 2018	10 October 1991	16 October 1992
Date of last re-appointment (if applicable)	Not applicable	Not applicable	28 April 2015	Not applicable
Age	63	56	55	62
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Lee as Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Lee's credentials, experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Tan as Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Tan's credentials, experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Alfred Ngiam as Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Alfred Ngiam's credentials, experience and overall contribution since he was appointed as a Director of the Company.	The re-appointment of Mr Benjamin Ngiam as Managing Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Benjamin Ngiam's credentials, experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No	Executive. Mr Alfred Ngiam is the Executive Director (Business Development & IT Solutions), responsible for all aspects of the information technology solutions of the Group and engages in business development/ investment activities.	Executive. Mr Benjamin Ngiam is the Managing Director, responsible for the operations of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee.	Independent Director, a member of the Audit Committee and Remuneration Committee.	Executive Director.	Managing Director.
Professional qualifications	Member of the Institute of Singapore Chartered Accountants and Institute of Chartered Accountants in England and Wales	• Degree of Bachelor of Arts • Master in Business Administration • Graduate Diploma in Organisational Learning • Postgraduate Certificate in Executive Coaching	• Bachelor of Mathematics in Computer Science and Statistics	• Bachelor of Science in Electronics Engineering

INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION / RE-APPOINTMENT

– APPENDIX 7.4.1 OF THE LISTING MANUAL OF THE SGX-ST

Name of Director	Mr Lee Joo Hai ("Mr Lee")	Mr Tan Sin Huat, Dennis ("Mr Tan")	Mr Ngiam Mia Hong Alfred ("Mr Alfred Ngiam")	Mr Ngiam Mia Kiat Benjamin ("Mr Benjamin Ngiam")
Working experience and occupation(s) during the past 10 years	Mr Lee was a partner of BDO LLP since 1986 until his retirement from the firm in 2012.	1. Executive Director of Innospaces Consulting Pte Ltd from July 2007 to present. 2. Executive Coach affiliated to the Centre of Creative Leadership from 2005 to present. 3. Executive Coach affiliated to the Singapore Armed Forces' Centre for Leadership Development from 2007 to present. 4. Executive Director of RHT Human Capital Institute Pte Ltd from October 2015 to present. 5. Executive Director of RHT Talentchest Pte Ltd from December 2015 to present. 6. Executive Director/ CEO of P99 Holdings Ltd from August 2011 to October 2017. 7. Senior SAF Officer in the MINDEF from December 1982 to June 2007.	Executive Director of IPC Corporation Ltd since 10 October 1991.	Managing Director of IPC Corporation Ltd since 16 October 1992.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	1,683,529 shares held in IPC Corporation Ltd.	6,053,681 shares held in IPC Corporation Ltd and deemed interest in 7,558,114 shares held by Essex Investment (Singapore) Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50 of Singapore.
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	Nil	Nil	Mr Alfred Ngiam is the brother of Mr Ngiam Mia Je Patrick, Mr Benjamin Ngiam and Mr Ngiam Mia Hai Bernard, all of which are Executive Directors of the Company. Ms Lauw Hui Kian, an Executive Director of the Company, is the spouse of Mr Ngiam Mia Je Patrick. Mr Ngiam Mia Je Patrick, Mr Benjamin Ngiam and Ms Lauw Hui Kian are also the substantial shareholders of the Company.	Mr Benjamin Ngiam is the brother of Mr Ngiam Mia Je Patrick, Mr Alfred Ngiam and Mr Ngiam Mia Hai Bernard, all of which are Executive Directors of the Company. Ms Lauw Hui Kian, an Executive Director of the Company is the spouse of Mr Ngiam Mia Je Patrick. Mr Ngiam Mia Je Patrick, Mr Benjamin Ngiam and Ms Lauw Hui Kian are also the substantial shareholders of the Company.

INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION / RE-APPOINTMENT

– APPENDIX 7.4.1 OF THE LISTING MANUAL OF THE SGX-ST

Name of Director	Mr Lee Joo Hai ("Mr Lee")	Mr Tan Sin Huat, Dennis ("Mr Tan")	Mr Ngiam Mia Hong Alfred ("Mr Alfred Ngiam")	Mr Ngiam Mia Kiat Benjamin ("Mr Benjamin Ngiam")
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)				
Past (for the last 5 years)	Past Directorship: IPC Corporation Ltd	Past Directorship: P99 Holdings Ltd	Nil	Past Directorship: Nest Hotel Japan Corporation
Present	Present Directorships: • Agria Corporation (Delisted on 2 January 2017) • Agria (Singapore) Pte. Ltd. • Hyflux Ltd • Lung Kee (Bermuda) Holdings Limited • PGG Wrightson Limited • Raffles United Holdings Ltd • SinoCloud Group Limited	Present Directorships: • Chasen Holdings Ltd • Renewable Energy Asia Group Ltd • Solis Holdings Limited (listed on Hong Kong Stock Exchange) • RHT Human Capital Institute Pte Ltd • RHT Talentchest Pte Ltd • Innospaces Consulting Pte Ltd	Present Directorships: • Viaworldnet.com (Asia) Pte Ltd • App Tutti, Limited • BIZGO Holdings Limited	Present Directorships: • Essex Investment (Singapore) Pte Ltd • Essex Holdings Ltd • Zhuhai Essex Pharmaceutical Co. Ltd • Zhuhai IPC Property Development Co. Ltd • Thinsoft Pte Ltd • IPC Peripherals (Pte) Ltd • IPC Information And Communication (Pte) Ltd • IPC Singapore Pte Ltd • Essex Electronics (Singapore) Pte Ltd • e-IPC (HK) Ltd • Corex Systems (S) Pte Ltd • Corex Technology (S) Pte Ltd (In compulsory liquidation) • Hagenuk Pte Ltd • Essex Credit Pte Ltd

INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION / RE-APPOINTMENT

– APPENDIX 7.4.1 OF THE LISTING MANUAL OF THE SGX-ST

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?

(c) Whether there is any unsatisfied judgment against him?

(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?

(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?

(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?

(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

Mr Lee, Mr Tan, Mr Alfred Ngiam and Mr Benjamin Ngiam have individually given a negative disclosure on each of the above items (a) to (k).

Disclosure applicable to the appointment of Director only.

Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

Not applicable for each of Mr Lee, Mr Tan, Mr Alfred Ngiam and Mr Benjamin Ngiam as this is a re-election/re-appointment of Director.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ngiam Mia Je Patrick
Chairman & Chief Executive Officer

Ngiam Mia Kiat Benjamin
Managing Director

Lauw Hui Kian
Executive Director - Finance & Administration

Ngiam Mia Hai Bernard
Executive Director - Marketing & Corporate Communications, Business Development

Ngiam Mia Hong Alfred
Executive Director - Business Development & IT Solutions

Teo Kiang Kok
Lead Independent Director

Lee Joo Hai
Independent Director

Tan Sin Huat, Dennis
Independent Director

Audit Committee

Lee Joo Hai
(Chairman)

Teo Kiang Kok

Tan Sin Huat, Dennis

Nominating Committee

Teo Kiang Kok
(Chairman)

Lee Joo Hai

Ngiam Mia Je Patrick
(Alternate – Ngiam Mia Kiat Benjamin)

Remuneration Committee

Teo Kiang Kok
(Chairman)

Lee Joo Hai

Tan Sin Huat, Dennis

Company Secretary

Ngiam Mia Hai Bernard

Company Registration No.

198501057M

Registered Office

23 Tai Seng Drive
#06-00 Deutsche Telekom Centre
Singapore 535224
Tel: 6744 2688 Fax: 6743 0691
www.ipc.com.sg

Share Registrar's Office

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623
Tel: 65365355 Fax: 65361360

Auditors

PricewaterhouseCoopers LLP
7 Straits View
Marina One East Tower, Level 12
Singapore 018936

Audit Partner

Trillion So
Date of appointment: w.e.f. FY2014

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2018

The Board of Directors (the "Board") and Management of IPC Corporation Ltd (the "Company" or together with its subsidiaries, the "Group"), are committed to maintaining a high standard of corporate governance by adhering to the guidelines of the Code of Corporate Governance 2012 (the "Code"). In areas where the Company deviates from the Code, explanations are provided.

This report describes the Company's corporate governance processes and activities. For ease of reference, the relevant provisions of the Code under discussion are identified in italics.

With the issuance of the revised Code of Corporate Governance ("2018 Code") by the Monetary Authority of Singapore on 6 August 2018 which will take effect for annual reports covering financial years commencing from 1 January 2019, the Group will review and implement measures to comply with the 2018 Code, where appropriate, to adhere to its spirit and intent.

BOARD OF DIRECTORS

Principle 1: The Board's Conduct of Affairs

The principal functions of the Board are:

1. approving the Board policies, strategies and financial objectives of the Group and monitoring the performance of Management;
2. overseeing the processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance;
3. approving the nominations, appointments, re-appointments/re-elections of directors as well as appointment of key management personnel;
4. identifying key stakeholder groups and recognise that their perceptions affect the Company's reputation;
5. approving major funding proposals, investment and divestment proposals;
6. set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
7. considers sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
8. assuming responsibility for corporate governance.

All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in their interest of the Company.

Matters which are specifically referred to the full Board for decision are those involving a conflict of interest for substantial shareholder or director, quarterly and full-year results, acquisitions and disposals of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders.

The Board is supported by the Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC"). Each Board Committee is chaired by an independent director and a majority of the members are independent directors. The Board accepts that while these Board Committees have the delegated power to make decisions, execute actions or make recommendations in their specific areas, the ultimate responsibility rests with the Board.

The Board conducts at least 4 meetings in a year, and ad-hoc meetings are convened as and when required. The Company's constitution (the "Constitution") allows a board meeting to be conducted by way of tele-conference or other means of communication. The attendance of directors at meetings of the Board, Board Committees and shareholders, as well as the frequency of such meetings for financial year ended 31 December 2018 are disclosed below:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee		AGM	
	Number of meetings									
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ngiam Mia Je Patrick	4	4	4	4#	1	1#	1	1	1	1
Ngiam Mia Kiat Benjamin	4	4	4	4#	1	1#	1	1#	1	1
Lauw Hui Kian	4	4	4	4#	1	1#	1	1#	1	1
Ngiam Mia Hai Bernard	4	4	4	4#	1	1#	1	1#	1	1
Ngiam Mia Hong Alfred	4	4	4	4#	1	1#	1	1#	1	1
Teo Kiang Kok	4	4	4	4	1	1	1	1	1	1
Lee Joo Hai[1]	2	2	2	2	1	1	1	1	–	–
Tan Sin Huat, Dennis[1]	1	1	1	1	1	1	1	1#	–	–
Lee Soo Hoon Phillip[2]	2	2	2	2	–	–	–	–	1	1
Lien Kait Long[2]	2	2	2	2	–	–	–	–	1	1
Dato' Dr Choo Yeow Ming[2]	2	2	2	2	–	–	–	–	1	–

Notes:

1. Mr Lee Joo Hai and Mr Tan Sin Huat, Dennis were appointed as independent directors of the Company on 1 October 2018 and 19 December 2018 respectively.
2. Mr Lee Soo Hoon Phillip resigned as independent director of the Company on 1 August 2018 while Mr Lien Kait Long and Dato' Dr Choo Yeow Ming resigned as independent directors of the Company on 20 September 2018.

\# By invitation.

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2018

BOARD OF DIRECTORS (continued)

Principle 1: The Board's Conduct of Affairs *(continued)*

Directors can request explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from Management. The Chief Executive Officer ("CEO") will make the necessary arrangements for these briefings, informal discussions or explanations.

All directors are kept informed of the new updates on corporate governance processes and listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") from time to time.

For 2018, directors were briefed in areas such as updates on Listing Rules of the SGX-ST, changes to accounting standards and regulatory developments. Relevant news releases or articles issued by the SGX-ST and the Accounting and Corporate Regulatory Authority of Singapore were also circulated to the Board. Directors are also encouraged to attend relevant courses conducted by Singapore Institute of Directors, Singapore Exchange Limited, professional firms, business and financial institutions and consultants. In 2018, certain directors had attended seminars conducted by Singapore Institute of Directors, Singapore Exchange Limited or professional firms.

All directors are also updated regularly concerning any changes in the Group's policies and procedures relating to issues pertaining to governance, disclosure of interests in securities and restrictions on disclosure of price sensitive information.

Newly appointed directors will be briefed on the Group's business and governance policies. Mr Lee Joo Hai and Mr Tan Sin Huat, Dennis were appointed as independent directors of the Company on 1 October 2018 and 19 December 2018 respectively. Both of them were given an orientation, amongst others on the Group's business strategies, operations and standard operating procedures.

Principle 2: Board Composition and Guidance

The Board comprises three (3) independent directors and five (5) executive directors. This composition complies with the Code's guideline that at least one-third of the Board should be made up of independent directors. Currently, there is no alternate director appointed.

The Code also recommends that independent directors should make up at least half of the Board if the Chairman and CEO is the same person. Taking into account the specialised functions currently helmed by each of the five executive directors and a majority of the independent directors was refreshed during the financial year, the Board is of the view that its current size is adequate to provide for a diversity of views and facilitate effective decision-making. The Company had also appointed a lead independent director to ensure that no one individual represent domination in the Board's decision-making. Each of the Board members is cognizant of their role to demonstrate objectivity in their deliberations in the interest of the Company. The Board will review the need for additional independent director(s) from time to time depending on the evolvement of the Group's operations.

The independence of each director is reviewed annually by the NC. The NC is of the view that the independent directors of the Company are independent and that no individual or small group of individuals dominate the Board's decision making process. Key information regarding the directors is given in the "Board of Directors" section of the Annual Report.

The Board has determined after taking into account the views of the NC, that each independent director, namely Mr Teo Kiang Kok, Mr Lee Joo Hai and Mr Tan Sin Huat, Dennis is independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

Mr Lee Joo Hai had served on the Board for more than 9 years since his first appointment. The NC has conducted a rigorous review of his independence and determined that he has maintained his independence after considering the recommendations set out in the Code. Taking into account the views of the NC, the Board has also reviewed and considered Mr Lee Joo Hai to be independent after having determined that he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interest of the Company. Mr Lee Joo Hai has throughout his appointment, demonstrated strong independence in character and judgement in the discharge of his responsibilities as directors of the Company. He has continued to express his individual viewpoints, debated issues and objectively challenged the Management. He has sought clarification and amplification as he deemed required.

Having considered the nature and the scope of the Group's business and the number of Board Committees, the Board considers its present board size of eight (8) members appropriate. The Board comprises directors who as a group provide a balance of skills, experience and gender (1 female director on the Board) as well as core competencies in accounting, legal and business experience necessary to meet the Group's targets. More details of the directors' experience and core competencies are provided under the "Board of Directors" section in the Annual Report.

BOARD OF DIRECTORS (continued)

Principle 2: Board Composition and Guidance *(continued)*

Non-executive directors' views and opinions provide alternate perspectives to the Group's business. The non-executive directors exercise objective judgement on the Group's affairs independently from Management. Non-executive directors have reviewed the performance of Management in meeting agreed goals and objectives and monitored the reporting of the performance.

The non-executive directors are free to meet regularly without the presence of Management. The Company would make available its premises for use by non-executive directors at any time for them to meet.

Principle 3: Roles of Chairman and CEO

The positions of Chairman and CEO are held by one person, Mr Ngiam Mia Je Patrick, who is an executive director. The Chairman and CEO is the most senior executive in the Company and bears executive responsibility for the Company's business, as well as for the workings of the Board.

The Chairman's roles include:

- leading the Board to ensure the effectiveness on all aspects of its role;
- setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issue;
- promoting a culture of openness and debate at the Board;
- ensuring that the directors receive complete, adequate and timely information;
- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of non-executive directors in particular; and
- promoting high standards of corporate governance.

The Company believes that the independent directors have demonstrated high commitments in their roles as directors and have ensured that there is a good balance of power and authority. Although the roles and responsibilities of the Chairman and the CEO are vested in Mr Ngiam Mia Je Patrick, the current composition of the Board is able to make objective and prudent judgement of the Group's corporate affairs. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or small group of individuals exercising any considerable concentration of power or influence. Taking cognisance of the non-separation of the roles of the Chairman and the CEO, the Board had appointed Mr Teo Kiang Kok as lead independent director.

The lead independent director would be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman and the CEO or the Finance Director (or equivalent) has failed to resolve or is inappropriate.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfil its responsibilities, Management provides Board members with regular updates of the financial position of the Company. Monthly reports and quarterly reports of the Company's financial performance are provided to the executive directors and the Board respectively. However, sensitive matters may be tabled or discussed at Board meetings without any board papers distributed. Analytical reports on the Company are forwarded to the directors on an on-going basis. The directors have also been provided with the telephone numbers and e-mail particulars of the Company's senior management and company secretary to facilitate access.

Should directors, whether as a group or individually, need independent professional advice, the company secretary will, upon direction by the Board, appoint a suitable professional advisor to render the advice. The cost of such professional advice will be borne by the Company.

The company secretary or his representative attends all Board meetings and is responsible for ensuring that Board procedures are followed. The company secretary also periodically updates the Board on relevant regulatory changes affecting the Company. It is the responsibility of the company secretary and Management to ensure that the Company complies with all statutory and regulatory requirements.

The appointment and the removal of the company secretary is subject to the approval of the Board.

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2018

BOARD COMMITTEES

Nominating Committee ("NC")

Principle 4: Board Membership

There are three (3) members in the NC, a majority of whom are independent directors. The Chairman of the NC, Mr Teo Kiang Kong, is an independent director who is neither a 10% shareholder nor directly associated with a 10% shareholder of the Company.

The members are:

Mr Teo Kiang Kok	(Chairman)
Mr Lee Joo Hai	
Mr Ngiam Mia Je Patrick	(Alternate - Mr Ngiam Mia Kiat Benjamin)

The NC's principal functions are:

1. identifying candidates and reviewing all nominations for the appointment or re-appointment of members of the Board for the purpose of proposing such nominations to the Board for its approval;
2. assessing nominees or candidates for appointment or re-election to the Board, determining whether or not such nominee has the requisite qualifications;
3. deciding how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;
4. assessing the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board;
5. determining annually whether or not a director is independent;
6. assessing the abilities and the adequacy of directors with multiple board representations in carrying out their duties;
7. reviewing board succession plans for directors, in particular, the Chairman and the CEO; and
8. reviewing training and professional development program for the Board.

In the selection and nomination for new directors, the NC taps on the directors' resources for recommendations of potential candidates. External resources may also be sought to source for potential candidates, where necessary. The potential candidates will go through a shortlisting process and thereafter, interviews are set up with the shortlisted candidates for the NC to assess them before a decision is made. In addition, through the NC, the Board ensures that the appointed directors possess core competencies like business experience, knowledge of accounts, audit, finance, legal and background understanding of the industry. The Board, on the recommendation of the NC, appoints new directors. Such new directors must submit themselves for re-election at the next AGM of the Company in accordance with Article 89 of the Company's Constitution. Article 90 of the Company's Constitution requires one-third of the Board to retire by rotation at every AGM.

The NC, in recommending the nomination of any director for re-election, considers the contribution of the director, which includes his qualification, experience, and area of expertise, time and effort devoted to the Group's affairs, attendance and participation at Board and Board Committee meetings.

The NC has recommended the nomination of directors retiring under Article 89 of the Company's Constitution, namely Mr Lee Joo Hai and Mr Tan Sin Huat, Dennis for re-election at the forthcoming AGM of the Company. Mr Lee Joo Hai and Mr Tan Sin Huat, Dennis are not related to any directors or 10% shareholders of the Company.

The NC has also recommended the nomination of director retiring by rotation under Article 90 of the Company's Constitution for re-election at the forthcoming AGM of the Company, namely Mr Ngiam Mia Hong Alfred.

The NC has recommended the nomination of Mr Ngiam Mia Kiat Benjamin for re-appointment at the forthcoming AGM of the Company pursuant to Rule 720(5) of the Listing Manual of the SGX-ST, which requires that all directors, including executive directors, to submit themselves for re-nomination and re-appointment at least once every three years with effect from 1 January 2019.

Each member of the NC shall abstain from voting on any resolutions and/or participating in deliberations of his own re-election.

Information regarding the directors nominated for re-election/re-appointment, including the information required under Appendix 7.4.1 of the Listing Rules is given in the "Board of Directors" section.

BOARD COMMITTEES (continued)

Nominating Committee ("NC") *(continued)*

Principle 4: Board Membership *(continued)*

Although the directors have other listed company board representations and principal commitments, the NC has determined, during the annual assessment of the Board's performance, that the directors have devoted sufficient time and attention to their role as directors and to the affairs of the Group. The NC is of the view that such appointments will not affect the directors' ability to carry out their duties as directors of the Company and therefore, it would not be necessary to prescribe a maximum number of listed company board representations a director may hold. The Board concurs with the view of the NC.

The NC has reviewed and satisfied that all the directors have been adequately carrying out their duties as a director of the Company.

Principle 5: Board Performance

The NC has conducted a Board Performance Evaluation exercise to assess the effectiveness of the Board for financial year ended 31 December 2018. The performance criteria include an evaluation of the size and composition of the Board, Board accountability, Board process, guidance to and communication with Management and standard of conduct. The performance criteria will not be changed from year to year unless circumstances deem it necessary for any of the criteria to be changed and the onus should be on the Board to justify the decision. The NC believes it is more appropriate to assess the Board as a whole, rather than assessing individual directors, bearing in mind that each member of the Board contributes in different ways to the effectiveness of the Board.

The NC assessed the Board's performance and is of the view that the performance of the Board as a whole for financial year ended 31 December 2018 was satisfactory. Mr Lee Joo Hai and Mr Tan Sin Huat, Dennis were excluded from the Board Performance Evaluation exercise as they were only recently appointed on 1 October 2018 and 19 December 2018 respectively.

Currently, the Board does not assess the performance of the Board Committees. The Board is of the view that given the current Board's size, cohesiveness of the Board members and attendance of directors at Board Committees' meetings, there is no value-add in having assessments of the Board Committees.

Principle 10: Accountability

The Board is responsible to provide a balanced and understandable assessment of the Company's performance, position and prospects which extends to interim and other price sensitive public reports, and report to regulators (if applicable).

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Rules of the SGX-ST.

To ensure the Board fulfils its responsibilities, Management is accountable to the Board by providing with the necessary updates in relation to the performance of the Company as well as the financial information for the discharge of its duties. Management provides the Board with information as the Board may require from time to time.

Audit Committee ("AC")

Principle 12: Audit Committee

The AC comprises three (3) members, all of whom are independent directors. The members of the AC, collectively, have expertise and extensive experience in accounting, business, financial management and legal. The Board is of the view that the AC members are qualified to discharge the AC's functions. No former partner or director of the Company's existing auditing firm is a member of the AC.

The members are:

Mr Lee Joo Hai (Chairman)
Mr Teo Kiang Kok
Mr Tan Sin Huat, Dennis

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2018

BOARD COMMITTEES (continued)

Audit Committee ("AC") *(continued)*

Principle 12: Audit Committee *(continued)*

The AC met on a quarterly basis for the year ended 31 December 2018 and performed the following main functions:

1. recommended to the Board the nomination of external auditor, approved the remuneration of the external auditor, and reviewed the scope and results of the audit, and its cost-effectiveness;

2. reviewed with Management, external auditor and together with the internal auditor (where necessary), significant financial risks or exposures that exist and assesses the steps Management has taken to minimise such risks to the Group;

3. reviewed with Management, other significant risks and exposures that exist and assesses the steps Management has taken to minimise such risks to the Group;

4. reviewed the following:

    - the Group's quarterly and annual financial statements and related footnotes, and the integrity of financial reporting of the Group including accounting principles for recommendation to the Board for approval;
    - the external auditor's audit of the annual financial statements and reports thereon;
    - the internal audit plan;
    - the adequacy of the Group's system of accounting controls;
    - the assistance given by Management to external auditor;
    - any related significant findings and recommendations of the external auditor together with Management's responses thereto;
    - any significant changes required in the external auditor's audit plan, any serious difficulties or disputes with Management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit;
    - the significant financial reporting issues and judgements for ensuring the integrity of the financial statements of the Group and announcements relating to the Group's financial performance; and
    - the effectiveness of the Group's internal audit function.

5. reviewed with Management and reported to the Board annually the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance, and information technology systems and practices;

6. reviewed interested person transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;

7. reviewed legal and regulatory matters that may have a material impact on the financial statements;

8. met once with the external auditor without the presence of Management; and

9. reported actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate.

In the review of the financial statements for the financial year ended 31 December 2018, the AC has discussed with the Management and the external auditor on significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the members of the Company under "Key Audit Matters". Following the review, the AC is satisfied that those matters, including the impairment assessment of property-related assets and the valuation of unquoted equity financial assets designated at FVPL, have been properly dealt with and recommended the Board to approve the financial statements. The Board has approved the financial statements on 30 January 2019.

The AC has the power to conduct or authorise investigations into any matters within its terms of reference and has full access to, and co-operation from Management, and full discretion to invite any director and executive officer to attend its meetings. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

The aggregate amount of fees paid to external auditor amounted to $146,000 for audit services and $4,800 for non-audit services. The Company has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to the appointment of auditing firm for the financial year ended 31 December 2018.

The AC has conducted an annual review of all non-audit services provided by the external auditor in respect of financial year ended 31 December 2018 and is satisfied that the nature and extent of such services do not affect the independence of the external audit. Accordingly, it has recommended the re-appointment of PricewaterhouseCoopers LLP as external auditor of the Company at the forthcoming AGM.

BOARD COMMITTEES (continued)

Audit Committee ("AC") *(continued)*

Principle 12: Audit Committee *(continued)*

Should any material non-compliance and internal control weaknesses noted by the Company's external auditor, PricewaterhouseCoopers LLP in the course of the statutory audit, they will be reported to the AC along with the external auditor's recommendations.

Before the release of the Group's quarterly and full-year results, the AC meets to review the results announcement together with the external auditor prior to its recommendations to the Board for approval.

Any change and issue to accounting standards that may have a direct impact on the financial statements that were raised by the external auditor would be communicated to the AC to keep the AC abreast of such changes.

The Company has in place a whistle-blowing policy. The whistle-blowing policy serves to encourage and provide a channel where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. There were no whistle-blowing letters received during the year and until the date of this report.

Accountability and Audit

Principle 11: Risk Management and Internal Controls

The Company currently does not have a risk management committee. However, Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

The Company has established four sets of Standard Operating Procedures ("SOP") which are linked to the nature of the business to enhance its internal control systems. The four sets of SOP are (i) Investment Evaluation Risk and Operation Control Measures for Property Investment and Property Development Projects, (ii) IT Disaster Recovery Plan, (iii) Quoted/Unquoted Equity - Fund Investment and (iv) Finance and Operational Internal Controls.

In order to obtain assurance that the Group's risks are managed adequately and effectively, the AC and the Board have reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them. The AC and the Board are satisfied that there are adequate internal controls in the Group. The AC and the Board expect the risks assessment process to be a continuing process.

The Board has obtained assurance from the CEO and Finance Director for the period under review:

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

Based on the internal controls established and maintained by the Company, work performed by the external auditor and reviews performed by Management, the AC as well as the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, information technology controls, risk management systems and compliance risk were adequate and effective.

Principle 13: Internal Audit

The Company has outsourced its internal audit function. The internal audit will be performed as and when necessary. The internal auditor reports primarily to the Chairman of the AC. The internal auditor plans its internal audit schedule in consultation with but independent of Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC reviews the activities of the internal auditor, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified. The AC will also review the adequacy and effectiveness of the internal audit function.

The AC approves the hiring, removal, evaluation and compensation of the accounting/auditing firm to which the internal audit function is outsourced. The internal auditor has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC reviews the internal audit plans and ensures that the internal audit has been carried out effectively.

The internal auditor has adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2018

BOARD COMMITTEES (continued)

Accountability and Audit *(continued)*

Principle 13: Internal Audit *(continued)*

As part of the annual statutory audit of the financial statements, the external auditor also reports to the AC on any material weaknesses in the Group's internal controls and provides recommendation on other significant matters such as risks management which may have come to their attention during the course of the audit.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The RC comprises three (3) members, all of whom are independent directors.

The members are:

Mr Teo Kiang Kok (Chairman)
Mr Lee Joo Hai
Mr Tan Sin Huat, Dennis

The RC possesses general knowledge in the field of remuneration and will seek external professional advice, if necessary. The RC's principal responsibilities are to review and recommend to the Board, a framework of remuneration and to determine specific remuneration packages and terms of employment for each of the executive directors and key management personnel to ensure that the remuneration packages are competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully. Each member of the RC shall abstain from discussions and voting on any resolutions in respect of the assessment of his own remuneration.

In setting remuneration packages for the executive directors and key management personnel, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals. The terms of the service contracts of the executive directors and key management personnel, including termination clauses, are not overly generous.

The executive directors' remuneration packages include a variable component which is performance related and other benefits.

The executive directors' service contracts had been renewed for a period of 5 years till 10 April 2021.

For competitive reasons and due to sensitivity, the Company is not disclosing the remuneration of each individual director. The Company is of the view that the disclosure in bands of S$250,000 would provide a good overview and is informative of the remuneration of the executive directors, who are also the key management personnel. The disclosure by respective bands of remuneration for the financial year ended 31 December 2018 is provided as follows:

	Profit sharing %	Remuneration %	Director's fee %
S$250,000 to S$499,999			
- Ngiam Mia Je Patrick	30	70	–
- Ngiam Mia Kiat Benjamin	39	61	–
- Lauw Hui Kian	36	64	–
- Ngiam Mia Hai Bernard	36	64	–
- Ngiam Mia Hong Alfred	36	64	–
Below S$250,000			
- Teo Kiang Kok	–	–	100
- Lee Joo Hai[1]	–	–	100
- Tan Sin Huat, Dennis[1]	–	–	100
- Lee Soo Hoon Phillip[2]	–	–	100
- Lien Kait Long[2]	–	–	100
- Dato' Dr Choo Yeow Ming[2]	–	–	100

Notes:
1. Mr Lee Joo Hai and Mr Tan Sin Huat, Dennis were appointed as independent directors of the Company on 1 October 2018 and 19 December 2018 respectively.
2. Mr Lee Soo Hoon Phillip resigned as independent director of the Company on 1 August 2018 while Mr Lien Kait Long and Dato' Dr Choo Yeow Ming resigned as independent directors of the Company on 20 September 2018.

BOARD COMMITTEES (continued)

Remuneration Committee ("RC") *(continued)*

Principle 7: Procedures for Developing Remuneration Policies *(continued)*
Principle 8: Level and Mix of Remuneration *(continued)*
Principle 9: Disclosure on Remuneration *(continued)*

The Company does not have any other key management personnel apart from executive directors and hence, no disclosure was made on remuneration of key management personnel for the financial year ended 31 December 2018. Aside from the directors disclosed above, the Company has no employee who is an immediate family member of a director or the CEO and whose remuneration exceeds S$50,000 for the financial year ended 31 December 2018.

Only non-executive directors are paid directors' fees and the fees are subject to the approval of the shareholders at the Company's AGM. The proposed fees are determined after considering factors such as effort, time spent and contribution from the non-executive directors as well as in accordance with the market practice. No director is involved in deciding his own remuneration.

The Company adopts a remuneration policy for staff 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 variable bonus that is linked to the performance of the Company and the individual's performance. The Company currently does not have any share option or long-term incentive scheme in place.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company. The executive directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the executive directors in the event of such breach of fiduciary duties. The RC will when appropriate, review the need to adopt such provisions.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company's results announcements are disseminated through SGXNET, news releases and the Company's website. All information on the Company's new initiatives are first disseminated via SGXNET followed by a news release (whenever deemed necessary), which is also available on the Company's website at www.ipc.com.sg.

The Company is aware of its obligations to shareholders in providing information regarding any changes in the Group's business which would likely to materially affect the price or value of the Company's shares.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously at such meetings. Results and annual reports are announced or issued within the mandatory period and are available on the Company's website. The Company does not practise selective disclosure.

The Company has an investor relations team who communicates with its investors and attends to their queries. All shareholders of the Company receive the annual reports and/or circulars for its general meeting. The notice of shareholders' meetings is also advertised in a daily newspaper and is made available on the SGXNET. At the AGM, shareholders are given the opportunity to air their views and ask directors (including the Chairman of AC, NC and RC who would be present at the AGM) and/or Management questions regarding the Company. The external auditor is also invited to attend the AGM to assist the directors in addressing any queries relating to the conduct of the audit and the preparation and content of the auditor's report.

Pursuant to the Company's Constitution, a poll may be demanded by the Chairman of the general meeting, or by at least two members, or member(s) representing not less than one-tenth of the total voting rights of all members having the rights to vote at a meeting. The Company will be conducting poll voting for all resolutions proposed at the forthcoming AGM for greater transparency in the voting process in accordance with the Listing Manual of SGX-ST. An independent scrutineer is appointed to count and validate the votes cast at the general meetings. The total number of votes cast for or against each resolution will be announced at the general meetings. The detailed voting results will also be announced to SGX-ST via SGXNET on the same day after the conclusion of the general meetings.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. The minutes of the general meetings are available to shareholders upon their written request.

If any shareholder is unable to attend a shareholder's meeting, he/she is allowed to appoint up to two (2) proxies to vote in his/her behalf at the meeting through proxy form(s) which are sent together with the annual reports or circulars (as the case may be).

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2018

***SHAREHOLDER RIGHTS AND RESPONSIBILITIES** (continued)*

***Principle 14: Shareholder Rights** (continued)*
***Principle 15: Communication with Shareholders** (continued)*
***Principle 16: Conduct of Shareholder Meetings** (continued)*

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The Company does not have a formal dividend policy. The form, frequency and amount of any proposed dividend will take into consideration the Group's operating results, financial position, working capital requirements and any other relevant considerations as the Board may deem appropriate.

For financial year ended 31 December 2018, no dividend has been proposed by the Board. The Company is preserving its cash resources to pursue strategic business opportunities.

Dealing in Securities

The Company has adopted a code of conduct to provide guidance to its officers with regard to dealings in Company's securities which states that its directors and officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year or one month before the announcement of the Company's results for the financial year and ending on the date of the announcement of the results, and at any time they are in possession of unpublished material price sensitive information. In addition, the directors, officers and employees of the Group are discouraged from dealing in the Company's securities on short-term considerations. The Company confirms that it has adhered to its code of conduct pursuant to Rule 1207(19) of the Listing Manual of the SGX-ST on Dealings in Securities.

Interested Person Transactions

The Company has procedures for review and approval of any transactions with interested persons within the definition of Chapter 9 of the Listing Manual of the SGX-ST. There were no interested person transactions during the financial year which exceed the threshold limits set out under Chapter 9 of the Listing Manual of the SGX-ST and no announcement or shareholders' approval was, therefore, required.

Material Contracts

No material contracts were entered between the Company or any of its subsidiaries with any directors or controlling shareholders during the financial year ended 31 December 2018.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 31 to 78 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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.

Directors

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

Mr Ngiam Mia Je Patrick
Mr Ngiam Mia Kiat Benjamin
Ms Lauw Hui Kian
Mr Ngiam Mia Hai Bernard
Mr Ngiam Mia Hong Alfred
Mr Teo Kiang Kok
Mr Lee Joo Hai (appointed on 1 October 2018)
Mr Tan Sin Huat, Dennis (appointed on 19 December 2018)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2018	**At 1.1.2018**	**At 31.12.2018**	**At 1.1.2018**
IPC Corporation Ltd				
(No. of ordinary shares)				
Ngiam Mia Je Patrick	4,313,981	1,063,981	11,217,893	8,717,893
Ngiam Mia Kiat Benjamin	6,053,681	1,053,681	7,558,114	7,558,114
Lauw Hui Kian	3,659,779	1,159,779	11,872,095	8,622,095
Ngiam Mia Hai Bernard	1,721,029	1,096,029	–	–
Ngiam Mia Hong Alfred	1,683,529	1,058,529	–	–

(b) According to the register of directors' shareholdings, no director holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted.

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

Share options

No options were granted during the financial year.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

Audit Committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Mr Lee Joo Hai	(Chairman – appointed on 1 October 2018)
Mr Teo Kiang Kok	
Mr Tan Sin Huat, Dennis	(appointed on 19 December 2018)

All members of the AC are non-executive and independent directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. In performing those functions, the AC reviewed:

- the scope and the results of internal audit procedures (if any);
- the audit plan of the Company's independent auditor and any recommendations on internal controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group.

The AC has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for reappointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

Ngiam Mia Je Patrick	Ngiam Mia Kiat Benjamin
Chairman	Director

30 January 2019

INDEPENDENT AUDITOR'S REPORT

To the members of IPC Corporation Ltd

Report on the Audit of the Financial Statements

Opinion

In our opinion, the accompanying consolidated financial statements of IPC Corporation Ltd (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore 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 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2018;
- the statements of financial position of the Group and of the Company as at 31 December 2018;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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 for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To the members of IPC Corporation Ltd (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of property-related assets The Group's property-related assets and their respective carrying amounts as at 31 December 2018 are as follows: i. Properties developed for sale, $19.0 million (Note 13) ii. Properties held for sale, $3.1 million (Note 14) iii. Prepaid leasehold properties, $19.7 million (Note 21) iv. Property, plant and equipment, $27.9 million (Note 23) These assets accounted for more than 50% of the total assets of the Group. The Group engaged independent valuers to perform valuations to determine the realisable value and/or fair values of these assets as at year end, to determine whether any write-down or impairment is required. Given the significant level of judgement surrounding the underlying key assumptions and estimates used in the valuation, this was an area of focus for us. Further disclosures relating to these properties are included in Note 3 (a) - Critical accounting estimates, assumptions and judgements	We assessed the competency and objectivity of the independent valuers engaged by the Group. With the involvement of our valuation specialists, • we evaluated and assessed the appropriateness of the methodology adopted by the valuers in estimating the net realisable values and fair values of the assets; • we had discussions with the valuers to obtain an understanding of the data used as inputs to the valuation models; and • we assessed the reasonableness of the key assumptions and estimates used, especially on the discount rate used, and the adjustments made to prices of similar properties in recent sales transactions. Management concluded that none of the properties required an impairment or write-down to be recorded. The evidence we obtained from performing our procedures indicated that management's assumptions and estimates used in the valuation of the properties were reasonable.
Valuation of unquoted equity financial assets designated at FVPL The Group has an investment in convertible preference shares in Nest HOTEL Japan Corporation ("NHJC") that is classified as an investment at fair value through profit or loss ("FVPL") under SFRS(I) 9 Financial Instruments, with a carrying amount of $34.6 million as at 31 December 2018. The fair value gain recognised in the profit or loss amounted to $31.4 million. For the purpose of estimating the fair value as at 31 December 2018, the Group engaged independent valuers to perform valuation on the preference shares. Given that 2018 is the first year that the investment will be carried at fair value, and the level of judgement involved and the sensitivity surrounding the underlying key assumptions and estimates used in the valuation, we consider this to be an area of audit focus. The disclosures relating to the investment are included in Note 3(b) - Critical accounting estimates, assumptions and judgements, Note 16 – Financial assets, FVPL and Note 31 – Financial risk management.	We assessed the competency and objectivity of the independent valuers engaged by the Group. With the involvement of our valuation specialists, • we evaluated and assessed the appropriateness of the methodology and valuation techniques applied; • we assessed the reasonableness of the key assumptions and estimates used, such as the discount on lack of control, marketability, and projected growth, risk-adjusted discount rate, terminal growth rate, projected revenue growth and market multiples, among others, taking into consideration NHJC management's plans and expectations of market developments as well as our understanding of the industry trends for hotel management; and • we analysed the sensitivity of the key assumptions and estimates by assessing the impact of their changes to the fair value estimated. We also focused on the adequacy of the disclosures made in the financial statements. The evidence we obtained from performing our procedures indicated that management's assumptions and estimates used in the valuation of the investment were reasonable.

INDEPENDENT AUDITOR'S REPORT

To the members of IPC Corporation Ltd (continued)

Other Information

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

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

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

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

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of IPC Corporation Ltd (continued)

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 30 January 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Sales	4	**9,019**	4,070
Cost of sales		**(8,341)**	(3,264)
Gross profit/(loss)		**678**	806
Other income	7	**607**	634
Other gains/(losses), net	8	**29,893**	(861)
Expenses			
- Distribution and marketing		**(318)**	(321)
- Administrative		**(5,222)**	(4,357)
- Finance		**(579)**	(669)
- Other		**(20)**	–
		(6,139)	(5,347)
Profit/(loss) before income tax		**25,039**	(4,768)
Income tax credit/(expense)	9	**(71)**	–
Total profit/(loss)		**24,968**	(4,768)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value gains/(losses) – debt investments		**–**	2
- Disposal		**–**	18
Financial assets, at FVOCI			
- Fair value gains/(losses) – debt investments		**(42)**	–
Currency translation differences arising from consolidation			
- Gains/(losses)		**(1,721)**	(1,950)
Items that will not be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
- Fair value gains/(losses) – equity investments		**(2,396)**	–
Other comprehensive income/(loss), net of tax		**(4,159)**	(1,930)
Total comprehensive income/(loss)		**20,809**	(6,698)
Earnings/(losses) per share for profit/(loss) attributable to equity holders of the Company			
(cents per share)			
- Basic	10	**29.27**	(5.59)
- Diluted	10	**29.27**	(5.59)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

Group	Note	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
ASSETS				
Current assets				
Cash and cash equivalents	11	**9,974**	7,334	10,619
Trade and other receivables	12	**590**	831	566
Tax recoverable		**612**	627	643
Properties developed for sale	13	**18,958**	19,535	20,080
Properties held for sale	14	**3,071**	3,145	3,225
Other assets		**37**	40	40
		33,242	31,512	35,173
Non-current assets				
Financial assets, available-for-sale	15	**–**	3,890	5,524
Financial assets, at FVPL	16	**34,551**	–	–
Financial assets, at FVOCI	17	**1,320**	–	–
Prepayment		**94**	7	2
Investments in associated companies	19	**–**	–	–
Prepaid leasehold properties	21	**19,719**	20,913	22,202
Land held for development	22	**–**	6,422	6,422
Property, plant and equipment	23	**28,881**	30,737	32,897
Other assets		**1**	1	90
		84,566	61,970	67,137
Total assets		**117,808**	93,482	102,310
LIABILITIES				
Current liabilities				
Trade and other payables	24	**2,824**	1,963	1,988
Current income tax liabilities		**319**	327	335
Borrowings	25	**3,774**	3,255	7,511
		6,917	5,545	9,834
Non-current liabilities				
Borrowings	25	**4,368**	5,287	3,128
		4,368	5,287	3,128
Total liabilities		**11,285**	10,832	12,962
NET ASSETS		**106,523**	82,650	89,348
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	26	**33,190**	33,190	33,190
Currency translation reserve		**(3,671)**	(1,950)	–
Fair value reserve	27	**(2,388)**	50	30
Retained earnings	28	**79,392**	51,360	56,128
Total equity		**106,523**	82,650	89,348

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018 (continued)

Company	Note	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
ASSETS				
Current assets				
Cash and cash equivalents	11	**5,996**	3,735	5,598
Trade and other receivables	12	**158**	2,218	190
		6,154	5,953	5,788
Non-current assets				
Financial assets, available-for-sale	15	–	1,024	2,586
Financial assets, at FVPL	16	**34,551**	–	–
Financial assets, at FVOCI	17	**896**	–	–
Other receivables	18	**57,907**	57,203	60,563
Investments in associated companies	19	–	–	–
Investments in subsidiaries	20	**36,155**	36,155	36,155
Land held for development	22	–	6,422	6,422
Property, plant and equipment	23	**990**	1,146	1,303
		130,499	101,950	107,029
Total assets		**136,653**	107,903	112,817
LIABILITIES				
Current liabilities				
Trade and other payables	24	**949**	151	150
		949	151	150
Total liabilities		**949**	151	150
NET ASSETS		**135,704**	107,752	112,667
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	26	**33,190**	33,190	33,190
Fair value reserve	27	**8**	50	30
Retained earnings	28	**102,506**	74,512	79,447
Total equity		**135,704**	107,752	112,667

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

		Attributable to equity holders of the Company				
	Note	Share capital	Currency translation reserve	Fair value reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
2018						
As at 31 December 2017		**33,190**	**(1,950)**	**50**	**51,360**	**82,650**
Adoption of SFRS(I) 9	2.2(b)	–	–	–	3,064	3,064
As at 1 January 2018		**33,190**	**(1,950)**	**50**	**54,424**	**85,714**
Profit/(loss) for the year		–	–	–	24,968	24,968
Other comprehensive income/ (loss) for the year		–	(1,721)	(2,438)	–	(4,159)
Total comprehensive income/ (loss) for the year		–	(1,721)	(2,438)	24,968	20,809
As at 31 December 2018		**33,190**	**(3,671)**	**(2,388)**	**79,392**	**106,523**
2017						
As at December 2016		**33,190**	**(1,798)**	**30**	**57,926**	**89,348**
Adoption of SFRS(I) 1	2.2(b)	–	1,798	–	(1,798)	–
As at 1 January 2017		**33,190**	–	**30**	**56,128**	**89,348**
Profit/(loss) for the year		–	–	–	(4,768)	(4,768)
Other comprehensive income/ (loss) for the year		–	(1,950)	20	–	(1,930)
Total comprehensive income/ (loss) for the year		–	(1,950)	20	(4,768)	(6,698)
As at 31 December 2017		**33,190**	**(1,950)**	**50**	**51,360**	**82,650**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Total profit/(loss)		**24,968**	(4,768)
Adjustments for			
- Income tax expense/(credit)		**71**	–
- Amortisation of prepaid leasehold properties	21	**473**	475
- Depreciation of property, plant and equipment	23	**1,539**	1,421
- Unrealised currency translation losses/(gains)		**(71)**	778
- Gain on disposal of financial assets, available-for-sale		**–**	(91)
- Loss on disposal of other assets		**–**	20
- Write-down on land held for development		**1,452**	–
- Fair value loss/(gain) on financial assets, at FVPL		**(31,340)**	–
- Write-off of other receivables		**19**	–
- Interest income		**(143)**	(166)
- Interest expense		**579**	669
		(2,453)	(1,662)
Change in working capital			
- Other asset		**3**	(21)
- Properties		**5,066**	–
- Trade and other receivables		**165**	(257)
- Trade and other payables		**861**	(25)
Cash generated from/(used in) operations		**3,642**	(1,965)
Interest received		**113**	153
Income tax paid, net		**(71)**	–
Net cash provided by/(used in) operating activities		**3,684**	(1,812)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(360)**	(49)
Proceeds from disposal of other assets		**–**	90
Proceeds from disposal of financial assets, available-for-sale		**–**	1,389
Net cash provided by/(used in) investing activities		**(360)**	1,430
Cash flows from financing activities			
Interest paid		**(579)**	(669)
Proceeds from borrowings		**3,652**	5,492
Repayment of borrowings		**(3,855)**	(7,322)
Net cash provided by/(used in) financing activities		**(782)**	(2,499)
Net increase/(decrease) in cash and cash equivalents		**2,542**	(2,881)
Cash and cash equivalents at beginning of financial year	11	**7,334**	10,619
Effects of currency translation on cash and cash equivalents		**98**	(404)
Cash and cash equivalents at end of financial year	11	**9,974**	7,334

Reconciliation of liabilities arising from financing activities

	1 January 2018 $'000	Principal and interest payments $'000	Acquisition $'000	Non-cash changes $'000		31 December 2018 $'000
				Interest expense	Foreign exchange movement	
Bank borrowings	8,542	(4,434)	3,652	579	(197)	8,142

	1 January 2017 $'000	Principal and interest payments $'000	Acquisition $'000	Non-cash changes $'000		31 December 2017 $'000
				Interest expense	Foreign exchange movement	
Bank borrowings	10,639	(7,991)	5,492	669	(267)	8,542

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

IPC Corporation Ltd (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 23 Tai Seng Drive, #06-00, Singapore 535224.

The principal activities of the Company are investment holding, property investment and property development.

The principal activities of its subsidiary companies are investment holding, property investment and property development, investing and reselling properties, property consulting, hospitality services and sale and distribution of telecommunication products.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I).

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening statement of financial position has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017.

(ii) Short-term exemption on adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 Financial Instruments: Disclosure to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity and statement of financial position reported in accordance with SFRS to SFRS(I)

	Reported under SFRS	Effects of applying SFRS(I) 1	Reported under SFRS(I)
	$'000	$'000	$'000
As at 1 January 2017			
Currency translation reserve	(1,798)	1,798	–
Retained earnings	57,926	(1,798)	56,128

	As at 31 Dec 2017 reported under SFRS	Effects of applying SFRS(I) 1	Effects of applying SFRS(I) 9	As at 1 Jan 2018 reported under SFRS(I)
	$'000	$'000	$'000	$'000
Financial assets, available-for-sale	3,890	–	(3,890)	–
Financial assets, at FVPL	–	–	3,211	3,211
Financial assets, at FVOCI	–	–	3,743	3,743
Currency translation reserve	(3,748)	1,798	–	(1,950)
Retained earnings	53,158	(1,798)	3,064	54,424

(c) There were no material impact to the Group's statement of comprehensive income and statement of cash flows arising from the transition from SFRS to SFRS(I).

Explanatory notes to reconciliations:
The effects of transition to SFRS(I) mainly arises from the optional exemptions provided for under SFRS(I) 1 and the adoption of SFRS(I) 9 *Financial Instruments.*

A. Optional exemptions

As disclosed in Note 2.2(a), the Group has applied certain exemptions in preparing this first set of financial statements in accordance with SFRS(I). The exemptions that resulted in adjustments to the previously issued SFRS financial statements are as follows:

A1. Cumulative translation differences

As disclosed in Note 2.2(a)(i), the Group has elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to SFRS(I) on 1 January 2017. As a result, currency translation reserve and retained earnings as at 1 January 2017 was increased/reduced by $1,798,000 respectively.

B. Adoption of SFRS(I) 9

As disclosed in Note 2.2(a)(ii), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017.

At the same time, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 2.13.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

B. Adoption of SFRS(I) 9 (continued)

(i) Reclassification of certain equity investments from available-for-sale to FVPL

Investments in certain equity instruments amounting to $147,000 were reclassified from the "financial assets, available-for-sale" to "financial assets, at FVPL" as the Group did not make the irrevocable election at initial recognition that would otherwise be measured at "FVOCI". These equity instruments that do not have a quoted price in an active market for an identical instrument, and hence is measured at fair value at the date of initial application in accordance to the transition requirement. The difference between the previous carrying amount and the fair value is recognised in the opening retained earnings as at 1 January 2018.

(ii) Reclassification of certain equity investments from available-for-sale to FVOCI

The Group has elected to recognise changes in the fair value of certain equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income. As a result, assets amounting to $2,821,000 were reclassified from "financial assets, available-for-sale" to "financial assets, at FVOCI" on 1 January 2018.

(iii) Available-for-sale debt instruments reclassified as FVOCI

Debt investments amounting to $922,000 as at 1 January 2018 previously classified as "available for sale" were reclassified as "FVOCI". The Company's business model on these assets is to collect contractual cash flows and sell these assets. The contractual cash flows of these investments consist solely of payments of principal and interest.

(iv) Impairment of financial assets

The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables recognised under SFRS(I) 15;
- debt instruments measured at FVOCI; and
- loans to related parties and other receivables at amortised cost.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 2.13 and Note 31(b).

(d) Reconciliation of the Company's equity reported in accordance with SFRS to SFRS(I)

The Company's opening statement of financial position was prepared as at 1 January 2017, which was the Company's date of transition to SFRS(I). There were no material impact to the Company's balances on adoption of SFRS(I), except for the effects arising from the application of SFRS(I) 9, as follows.

C. Classification and measurement of financial assets

For financial assets held by the Company on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under the SFRS(I) 9. Material reclassifications resulting from management's assessment are as follows:

	Balance as at 31 Dec 2017 - before adoption of SFRS(I) 9 $'000	Reclassify investments from AFS to FVPL $'000	Reclassify investments from AFS to FVOCI $'000	Fair value impact previously measured at cost $'000	Balance as at 1 Jan 2018 - after adoption of SFRS(I) 9 $'000
Financial assets, available-for-sale	1,024	(102)	(922)	–	–
Financial assets, at FVPL	–	102	–	3,064	3,166
Financial assets, at FVOCI	–	–	922	–	922
Retained earnings	74,512	–	–	3,064	77,576

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

C. Classification and measurement of financial assets (continued)

(i) Reclassification of equity investments from available-for-sale to FVPL

Investments in equity instruments amounting to $102,000 were reclassified from the "financial assets, available-for-sale" to "financial assets, at FVPL" as the Company did not make the irrevocable election at initial recognition that would otherwise be measured at "FVOCI". These equity instruments that do not have a quoted price in an active market for an identical instrument, and hence is measured at fair value at the date of initial application in accordance to the transition requirement. The difference between the previous carrying amount and the fair value is recognised in the opening retained earnings as at 1 January 2018.

(ii) Reclassification of available-for-sale debt investments to FVOCI

Debt investments amounting to $922,000 as at 1 January 2018 previously classified as "available for sale" were reclassified as "FVOCI". The Company's business model on these assets is to collect contractual cash flows and sell these assets. The contractual cash flows of these investments consist solely of payments of principal and interest.

(iii) Impairment of financial assets

The Company has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables recognised under SFRS(I) 15; and
- debt investments carried at FVOCI.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 2.13 and Note 31(b).

2.3 Revenue recognition

Prior to 1 January 2018, revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured.

From 1 January 2018 onwards, the revenue recognition criteria for each of the Group's activities are as follows:

(a) Sale of developed properties

Revenue from sale of development properties is recognised upon completion / delivery to buyers and there is no unfulfilled obligation that could affect the buyers' acceptance of the properties (i.e. at a point in time).

(b) Hotel-related revenue

Revenue from hotel room is recognised on a daily basis (i.e. at a point in time), commencing at the time of checking in of guests.

Revenue from the sale of food and beverages is recognised when products are delivered to the customers (i.e. at a point in time), the customer accepted the products and collectability of the related receivables is reasonably stated.

Revenue from conference room is recognised on a daily basis (i.e. at a point in time), commencing at the time when conference room is first used by guests.

(c) Rendering of services

Revenue from rendering of services is recognised when the services are rendered (i.e. at a point in time), the customer have accepted the service provided and the collectability of the related receivables is reasonably assured.

2. Significant accounting policies (continued)

2.3 Revenue recognition (continued)

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(f) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(g) *Membership fee*

Membership fee is recognised on a straight-line basis over the membership term.

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investment.

Dividends received or receivable from the associated companies are recognised as reduction of the carrying amount of the investment.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of these profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated companies (continued)

(iii) Disposals

Investments in associated companies are derecognised when the Group losses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

The accounting policy on investments in subsidiaries and associated companies in the separate financial statements of the Company is as included in Note 2.11.

2.5 Property, plant and equipment

(a) Measurement

(i) Buildings

Buildings are initially recognised at cost. Buildings are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (Note 2.9).

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold buildings	34 – 62 years
Leasehold improvements	5 – 20 years
Furniture, fixtures and fittings	1 – 20 years
Office equipment	3 – 5 years
Motor vehicles	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses".

2. Significant accounting policies (continued)

2.6 Land held for development

Land held for development includes the costs for obtaining the right to occupy and use land, certain fees for altering the intended use of land and resettlement costs, and are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.7 Properties developed for sale

Properties developed for sale are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.8 Properties held for sale

Properties held for sale are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under constructions.

2.10 Prepaid leasehold properties

Prepaid leasehold properties are properties under operating leases where substantially all risks and rewards incidental to ownership are retained by the lessor. They are carried initially at cost and subsequently amortised on a straight-line basis over the lease periods of 34 to 62 years.

2.11 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.12 Impairment of non-financial assets
Property, plant and equipment
Prepaid leasehold properties
Investments in subsidiaries and associated companies

Property, plant and equipment, prepaid leasehold properties and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2. Significant accounting policies (continued)

2.13 Financial assets

The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statements of financial position, except for loans to certain subsidiaries included within non-current other receivables, which in substance form part of the Company's net investment in a subsidiary ("quasi-equity loans"), and have been accounted for in accordance with Note 2.11.

(ii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of reporting period.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

For financial assets, available-for-sale that are subsequently carried at fair value, changes in the fair values are recognised in other comprehensive income and accumulated in the fair value reserve.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Unquoted equity investments which have no market prices and whose fair value cannot be reliably measured are carried at cost less accumulated impairment losses in the Group's statement of financial position.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt investments (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences, if any, are recognised in profit or loss and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity investments (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

The accounting for financial assets before 1 January 2018 under FRS 39 are as follows: *(continued)*

(e) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

In addition to the objective evidence of impairment described in Note 2.13(e)(i), a significant or prolonged decline in the fair value of an equity investment below its cost and the disappearance of an active trading market for the investment are objective evidence that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is recognised to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity investments are not reversed through profit or loss in subsequent periods.

The accounting for financial assets from 1 January 2018 under SFRS(I) 9 are as follows:

(f) Classification and measurement

The Group classifies its financial assets in the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

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

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

The accounting for financial assets from 1 January 2018 under SFRS(I) 9 are as follows: (continued)

(f) Classification and measurement (continued)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and listed debt investments.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "other income - interest income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for certain equity securities which are not held for trading. The Group has elected to recognise changes in fair value of these equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(g) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

The accounting for financial assets from 1 January 2018 under SFRS(I) 9 are as follows: (continued)

(h) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained earnings along with the amount previously recognised in other comprehensive income relating to that asset.

2.14 Offsetting of financial instruments

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

2.15 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period in which they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.16 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.17 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Where appropriate quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

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For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

2.18 Operating lease

(a) *When the Group is the lessee:*

The Group leases office space and residential space under operating leases from non-related parties.

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

(b) *When the Group is the lessor:*

The Group leases commercial properties under operating leases to non-related parties.

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

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

Contingent rents are recognised as income in profit or loss when earned.

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probably that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities, except for investment properties. Investment properties measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Significant accounting policies (continued)

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.21 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) Employee leave entitlement

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

2.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation.

All foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of comprehensive income within "other gains/(losses), net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. Significant accounting policies (continued)

2.22 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment assessment of property-related assets

The Group has properties developed for sale, properties held for sale, prepaid leasehold properties, and property, plant and equipment. The carrying amount of these assets are disclosed in Note 13, Note 14, Note 21 and Note 23 to the financial statements respectively.

Given the significant level of judgement involved, the Group engaged independent valuers to perform valuations to determine the realisable value and/or fair values of these assets as at the financial year end, to determine whether any write-down or impairment is required. Based on the valuations, the management concluded that no write-down or impairment was required as at 31 December 2018.

(b) Valuation of unquoted equity designated as financial asset, at FVPL

The Group has an investment in convertible preferred shares in Nest HOTEL Japan Corporation ("NHJC"), a company incorporated in Japan and primarily engaged in hotel management and operation. As at 31 December 2018, NHJC manages 12 hotels in different locations in Japan. The carrying amount of this investment is disclosed in Note 16 to the financial statements.

3. Critical accounting estimates, assumptions and judgements (continued)

(b) *Valuation of unquoted equity designated as financial asset, at FVPL (continued)*

Effective from 1 January 2018, the Group has adopted SFRS(I) 9 *Financial Instruments*. The new standard classifies such an investment as fair value through profit or loss ("FVPL") and the investment must be measured at fair value.

Given the level of judgement involved, the Group engaged independent valuers to perform valuation on the investment as at 31 December 2018. Certain key assumptions and estimates are highly sensitive, and they have been disclosed accordingly in Note 31 to the financial statements.

4. Revenue

	Group	
	2018	2017
	$'000	$'000
Sale of properties developed for sale	**114**	–
Sale of land held for development (Note 22)	**4,970**	–
Hotel-related revenue		
- Hotel room revenue	**3,030**	3,234
- Sale of food and beverages	**719**	678
- Conference room revenue	**149**	129
- Rendering of services	**37**	29
Total sales	**9,019**	4,070

All the sales are in China and recognised at a point in time.

5. Expenses by nature

	Group	
	2018	2017
	$'000	$'000
Amortisation of prepaid leasehold properties (Note 21)	**473**	475
Changes in properties and land held for development	**5,066**	–
Depreciation of property, plant and equipment (Note 23)	**1,539**	1,421
Employee compensation (Note 6)	**3,958**	3,271
Hotel and catering supplies	**784**	758
Insurance	**98**	101
Interest expense	**579**	669
Maintenance	**233**	222
Professional fees	**313**	297
Property and miscellaneous taxes	**135**	126
Rental expense on operating lease	**235**	255
Transportation	**159**	159

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6. Employee compensation

	Group	
	2018	2017
	$'000	$'000
Wages and salaries	**3,737**	3,048
Employer's contribution to defined contribution plans including Central Provident Fund	**221**	223
	3,958	3,271

7. Other income

	Group	
	2018	2017
	$'000	$'000
Interest income from financial assets, at amortised cost	**76**	41
Interest income from financial assets, at FVOCI	**67**	125
Rental income (on operating leases)	**419**	411
Other	**45**	57
	607	634

8. Other gains/(losses), net

	Group	
	2018	2017
	$'000	$'000
Gain on disposal of financial assets, available-for-sale	**–**	91
Loss on disposal of other assets	**–**	(20)
Currency translation gains/(losses) - net	**24**	(932)
Write-down of land held for development (Note 22)	**(1,452)**	–
Fair value gain/(loss) on financial assets, at FVPL (Note 16)	**31,340**	–
Write-off of other receivables (Note 12)	**(19)**	–
	29,893	(861)

9. Income taxes

	Group	
	2018	2017
	$'000	$'000
Tax expense/(credit) attributable to profit is made up of:		
Profit/(loss) from current financial year:		
Foreign taxes		
- Current income tax	**26**	–
Under/(over) provision in prior financial years:		
- Current income tax	**45**	–
	71	–

9. Income taxes (continued)

The tax on Group's results before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2018	2017
	$'000	$'000
Profit/(loss) before tax	**25,039**	(4,768)
Tax calculated at tax rate of 17% (2017: 17%)	**4,257**	(811)
Effects of		
- different tax rates in other countries	**(126)**	(97)
- utilisation of previously unrecognised tax losses	**42**	(67)
- expenses not deductible for tax purposes	**1,169**	1,050
- income not subject to tax	**(5,350)**	–
- deferred tax assets not recognised	**538**	455
- under/(over) provision of income tax in prior financial years	**45**	–
- difference in accounting treatment in other countries	**(504)**	(530)
Tax expense/(credit)	**71**	–

The Group has unutilised tax losses of approximately $15.4 million (2017: $13.3 million) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Tax losses incurred by subsidiaries of $10.9 million (2017: $8.8 million) can be carried forward for a period of up to five years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

The Group is subjected to income taxes and other types of taxes in different jurisdictions. In determining the tax liabilities, management is required to estimate the deductibility of certain expenses and the taxability of income ("uncertain tax positions") in each jurisdiction.

Certain judgement is required in determining uncertain tax position during the estimation of the provision for income taxes. There are still a number of years of assessment of certain companies in the Group as well as certain transactions and calculations for which the ultimate taxes determination is uncertain during the ordinary course of business. The Group recognises the income tax liabilities based on estimates of whether the additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax, deferred income tax provision and unutilised tax losses in the period in which such determination is made.

In 2018, the Company received notices from Inland Revenue Authority of Singapore ("IRAS") regarding tax matters relating to years of assessment (YA) 2013 to 2016 for which discussions are on-going with the IRAS. The impact of this matter is the adjustment to the available unutilised tax losses that can be carried forward. Accordingly, the unutilised tax losses as at 31 December 2017 disclosed above have been represented to reflect the effect of this matter. Should IRAS agree with the Company's position on this matter, the tax losses of the Group as at 31 December 2018 would be approximately $69.9 million (2017: $68.1 million), which comprises Development and Expansion Incentive tax losses of $8.4 million (2017: $8.4 million) and unutilised tax losses of $61.5 million (2017: $59.7 million) that are available for offset against future taxable profits of the companies in which the losses arose, subject to conditions, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

10. Earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Total`	
	2018	2017
Profit/(loss) attributable to equity holders of the Company ($'000)	**24,968**	(4,768)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**85,292**	85,292
Basic earnings/(losses) per share (cents per share)	**29.27**	(5.59)

The basic earnings/(losses) per share are the same as the diluted earnings/(losses) per share as there are no dilutive potential ordinary shares.

11. Cash and cash equivalents

	Group			Company		
	31.12.18	31.12.17	1.1.17	**31.12.18**	31.12.17	1.1.17
	$'000	$'000	$'000	**$'000**	$'000	$'000
Cash at bank and on hand	**1,381**	1,505	2,774	**249**	674	663
Short-term bank deposits	**8,593**	5,829	7,845	**5,747**	3,061	4,935
	9,974	7,334	10,619	**5,996**	3,735	5,598

12. Trade and other receivables - current

	Group			Company		
	31.12.18	31.12.17	1.1.17	**31.12.18**	31.12.17	1.1.17
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade receivables						
- Non-related parties	**132**	236	217	**36**	35	68
Other receivables	**19**	–	–	**19**	–	–
Loan to non-related party	**–**	150	–	**–**	150	–
Deposits	**172**	172	172	**122**	122	122
Prepayments	**286**	273	177	**–**	–	–
Loan to a subsidiary	**–**	–	–	**–**	1,911	–
	609	831	566	**177**	2,218	190
Less: Write-off of other receivables (Note 8)	**(19)**	–	–	**(19)**	–	–
	590	831	566	**158**	2,218	190

Upon maturity of the loan to a subsidiary in October 2018, the loan has been reclassified as a quasi-equity loan as further disclosed in Note 18.

The loan to non-related party was unsecured with interest bearing at 6% per annum and repayment was made during the financial year ended 31 December 2018.

13. Properties developed for sale

	Group		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Land cost	**7,774**	8,054	8,305
Development expenditure	**11,184**	11,481	11,775
	18,958	19,535	20,080

As at 31 December 2018, the Group's properties developed for sale are held by IPC Property Development (Zhuhai) Ltd, a wholly-owned subsidiary of the Company which is incorporated in the People's Republic of China.

The details of the Group's properties developed for sale are as follows:

Name of property	Location	Type of development	Site area sq.m.	Gross floor area held-for-sale sq.m.	Attributable interest
Xu Ri Wan Hua Yuan Kindergarten	Tang Jia Tang Qi Lu, Zhuhai, China	Commercial	**1,038**	2,727	100%
Xu Ri Wan Hua Yuan	1-3 Zu Tuan, Zhuhai, China	Residential car park	**2,597**	2,597	100%
Xu Ri Wan Hua Yuan	4-5 Zu Tuan, Zhuhai, China	Residential car park	**2,144**	2,144	100%

14. Properties held for sale

	Group		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Properties held for sale	**3,071**	3,145	3,225

The details of the Group's properties held for sale are as follows:

Name of property	Location	Type of development	Site area sq.m.	Gross floor area held-for-sale sq.m.	Attributable interest
Yi Neng Guo Ji Guang Chang	Foshan Shi, Nan Hai Qu Gui Cheng, China	Commercial	**1,218**	1,218	100%

15. Financial assets, available-for-sale

	Group			Company		
	31.12.18	31.12.17	1.1.17	**31.12.18**	31.12.17	1.1.17
	$'000	$'000	$'000	**$'000**	$'000	$'000
Financial assets, available-for-sale	–	3,890	5,524	–	1,024	2,586

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For the financial year ended 31 December 2018

15. Financial assets, available-for-sale (continued)

The movement of the financial assets, available-for-sale are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**3,890**	5,524	**1,024**	2,586
Reclassification at 1 January 2018*	**(3,890)**	–	**(1,024)**	–
Currency translation differences	–	(147)	–	(75)
Fair value gain/(loss) recognised in other comprehensive income (Note 27)	–	2	–	2
Disposals	–	(1,489)	–	(1,489)
End of financial year	–	3,890	–	1,024

* See Note 2.2 for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

Financial assets, available-for-sale were analysed as follows:

	Group		Company	
	31.12.17	1.1.17	31.12.17	1.1.17
	$'000	$'000	$'000	$'000
Quoted investments				
- equity investments - Asia Pacific	45	45	–	–
- bond funds - Europe	922	2,484	922	2,484
Unquoted investments				
- equity investments - United States	2,821	2,893	–	–
- equity investments - Asia Pacific	102	102	102	102
	3,890	5,524	1,024	2,586

The Group held unquoted equity investments that were not traded in an active market as at 31 December 2017 amounting to $2.923 million.

There was no active market for the unquoted equity investments and management was of the view that the fair value of these investments could not be estimated within a reasonable range and the probabilities of the various estimates could not be reasonably assessed. Accordingly management believed the fair values of the unquoted equity investments could not be reliably measured and hence, they were carried at cost as at 31 December 2017.

16. Financial assets, at FVPL

	Group			Company		
	31.12.18	31.12.17	1.1.17	**31.12.18**	31.12.17	1.1.17
	$'000	$'000	$'000	**$'000**	$'000	$'000
Financial assets, at FVPL	**34,551**	–	–	**34,551**	–	–

16. Financial assets, at FVPL (continued)

The movement of the financial assets, at FVPL are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**–**	–	**–**	–
Reclassification at 1 January 2018 from financial assets, available-for-sale (Note 2.2)	**147**	–	**102**	–
Fair value recognised at 1 January 2018 upon transition (Note 2.2)	**3,064**	–	**3,064**	–
	3,211	–	**3,166**	–
Fair value gain/(loss) recognised in profit or loss (Note 8)	**31,340***	–	**31,385**	–
End of financial year	**34,551**	–	**34,551**	–

*comprise $31,385,000 fair value gain relating to unquoted investment in Asia Pacific, and $45,000 fair value loss relating to quoted investment in Asia Pacific.

Financial assets, at FVPL are analysed as follows:

	31.12.18	1.1.18
	$'000	$'000
Group		
Quoted investments		
- equity investments - Asia Pacific	**–**	45
Unquoted investments		
- equity investments - Asia Pacific	**34,551**	3,166
	34,551	3,211
Company		
Unquoted investments		
- equity investments - Asia Pacific	**34,551**	3,166

The instruments are all mandatorily measured at fair value through profit or loss.

The unquoted investments in Asia Pacific included Convertible Preference Shares ("CPS") in Nest HOTEL Japan Corporation ("NHJC"). These CPS do not have any voting rights. On 12 November 2018, a shareholders agreement was entered into with NHJC and the ordinary shareholders of NHJC which stipulated that the CPS will be automatically converted into ordinary shares on 31 July 2050. If converted, the CPS will accord the Company with 80% of the total ordinary share capital of NHJC. On 29 January 2019, a new shareholders agreement was entered into to set 1 January 2022 as the date when the Company has the exercisable right to convert the CPS into ordinary shares.

17. Financial assets, at FVOCI

	Group			Company		
	31.12.18	31.12.17	1.1.17	**31.12.18**	31.12.17	1.1.17
	$'000	$'000	$'000	**$'000**	$'000	$'000
Financial assets, at FVOCI	**1,320**	–	–	**896**	–	–

17. Financial assets, at FVOCI (continued)

The movement of the financial assets, at FVOCI are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**–**	–	**–**	–
Reclassification at 1 January 2018 from financial assets, available-for-sale (Note 2.2)	**3,743**	–	**922**	–
Currency translation differences	**15**	–	**16**	–
Fair value gain/(loss) recognised in other comprehensive income (Note 27)	**(2,438)**	–	**(42)**	–
End of financial year	**1,320**	–	**896**	–

Financial assets, at FVOCI are analysed as follows:

	31.12.18	1.1.18
	$'000	$'000
Group		
Quoted investments		
- bond funds - Europe	**896**	922
- equity investments - United States	**424**	–
Unquoted investments		
- equity investments - United States	**–**	2,821
	1,320	3,743
Company		
Quoted investments		
- bond funds - Europe	**896**	922

The 2017 unquoted equity investment in United States became a quoted investment during the financial year ended 31 December 2018.

This investment has been designated to be measured at FVOCI. The Group deemed that this is a strategic investment as the investment is in a different business segment of running a mobile, cloud-based operating system that brings data, users and systems together into the user's phone, of which the Group has long term plan to hold this investment and hence it is not held for trading. The fair value of the investment at the end of the reporting period is $424,000.

18. Other receivables - non-current

	Company		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Other receivables			
- Loans to subsidiaries	**57,907**	57,203	60,563

The loans to subsidiaries amounting to $57,907,000 (2017: $57,143,000) are treated as a long-term source of additional capital and financing within the Group. Accordingly, they are managed centrally and deemed to be quasi-equity loans representing the Company's net investments in the subsidiaries.

19. Investments in associated companies

	Group		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Balance as at the reporting period	**–**	–	–

	Company		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Equity investment at cost			
Balance as at the reporting period	**500**	500	500
Accumulated impairment losses			
Balance as at the reporting period	**500**	500	500
Net carrying amount	**–**	–	–
The summarised financial information of associated companies are as follows:			
- Liabilities	**12,454**	12,453	12,452
- Net profit/(loss)	**(1)**	(1)	(1)

During the financial year, the Group has not recognised its share of loss of associated companies amounting to $535 (2017: $535) because the Group's cumulative share of losses exceeds its interests in those entities and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to $6,726,892 (2017: $6,726,357) at the end of the reporting period.

Details of significant associated companies are provided in Note 36.

20. Investments in subsidiaries

	Company		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Balance as at the reporting period	**36,155**	36,155	36,155

Details of all subsidiaries are listed in Note 36.

21. Prepaid leasehold properties

	Group		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Prepaid leasehold properties	**19,719**	20,913	22,202

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21. Prepaid leasehold properties (continued)

The movement of the prepaid leasehold properties are as follows:

	Group	
	2018	2017
	$'000	$'000
Beginning of financial year	**20,913**	22,202
Currency translation differences	**(721)**	(814)
Amortisation recognised in profit or loss (Note 5)	**(473)**	(475)
End of financial year	**19,719**	20,913

Bank borrowings are secured on prepaid leasehold properties of the Group with carrying amounts of $19,719,000 (2017: $20,913,000) (Note 25).

22. Land held for development

	Group and Company		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Land held for development	**–**	6,422	6,422

The movement of the land held for development are as follows:

	Group and Company	
	2018	2017
	$'000	$'000
Beginning of financial year	**6,422**	6,422
Write-down (Note 8)	**(1,452)**	–
Disposal	**(4,970)**	–
End of financial year	**–**	6,422

On 18 October 2018, the Group and the Company disposed its 24% interest in its land held for development, Ju Ren Da Sha, located at Xiang Zhou Yin Hua Lu, Zhuhai, China to a third party.

23. Property, plant and equipment

	Group			Company		
	31.12.18	31.12.17	1.1.17	**31.12.18**	31.12.17	1.1.17
	$'000	$'000	$'000	**$'000**	$'000	$'000
Property, plant and equipment	**28,881**	30,737	32,897	**990**	1,146	1,303

23. Property, plant and equipment (continued)

The movement of the property, plant and equipment are as follows:

	Leasehold buildings and improvements	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Total
	$'000	$'000	$'000	$'000	$'000
Group					
2018					
Cost					
Beginning of financial year	32,832	1,385	1,833	915	36,965
Currency translation differences	(782)	(25)	(6)	(19)	(832)
Additions	332	14	–	14	360
End of financial year	32,382	1,374	1,827	910	36,493
Accumulated depreciation					
Beginning of financial year	3,935	983	623	687	6,228
Currency translation differences	(118)	(17)	(5)	(15)	(155)
Depreciation charge (Note 5)	1,176	91	178	94	1,539
End of financial year	4,993	1,057	796	766	7,612
Net book value					
End of financial year	**27,389**	**317**	**1,031**	**144**	**28,881**
2017					
Cost					
Beginning of financial year	33,671	1,368	1,840	929	37,808
Currency translation differences	(839)	(26)	(7)	(20)	(892)
Additions	–	43	–	6	49
End of financial year	32,832	1,385	1,833	915	36,965
Accumulated depreciation					
Beginning of financial year	2,940	919	446	606	4,911
Currency translation differences	(73)	(14)	(5)	(12)	(104)
Depreciation charge (Note 5)	1,068	78	182	93	1,421
End of financial year	3,935	983	623	687	6,228
Net book value					
End of financial year	**28,897**	**402**	**1,210**	**228**	**30,737**

Bank borrowings are secured on leasehold buildings of the Group with carrying amount of $27,389,000 (2017: $28,897,000) (Note 25).

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23. Property, plant and equipment (continued)

	Furniture, fixtures and fittings $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Company				
2018				
Cost				
Beginning and end of financial year	343	1,564	123	2,030
Accumulated depreciation				
Beginning of financial year	343	418	123	884
Depreciation charge	–	156	–	156
End of financial year	343	574	123	1,040
Net book value				
End of financial year	**–**	**990**	**–**	**990**
2017				
Cost				
Beginning and end of financial year	343	1,564	123	2,030
Accumulated depreciation				
Beginning of financial year	343	261	123	727
Depreciation charge	–	157	–	157
End of financial year	343	418	123	884
Net book value				
End of financial year	**–**	**1,146**	**–**	**1,146**

24. Trade and other payables

	Group			Company		
	31.12.18	31.12.17	1.1.17	**31.12.18**	31.12.17	1.1.17
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade payables to						
- Non-related parties	**187**	164	174	–	–	–
- Associated companies	**663**	663	663	–	–	–
- Subsidiaries	–	–	–	**17**	24	24
	850	827	837	**17**	24	24
Deposits received	**236**	223	237	–	–	–
Accrued operating expenses	**1,738**	913	914	**932**	127	126
	2,824	1,963	1,988	**949**	151	150

25. Borrowings

	Group		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Current			
- Bank borrowings (secured)	**3,774**	3,255	7,511
Non-current			
- Bank borrowings (secured)	**4,368**	5,287	3,128
	8,142	8,542	10,639

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the end of the reporting date are as follows:

	Group	
	2018	2017
	$'000	$'000
Less than 1 year	**3,774**	3,255
1 - 5 years	**4,368**	5,287

(a) Security granted

Borrowings of $8,142,000 (2017: $8,542,000) are secured by pledge of prepaid leasehold properties (Note 21) and leasehold buildings (Note 23) in Zhuhai, China.

(b) Fair value of non-current borrowings

	Group	
	2018	2017
	$'000	$'000
Bank borrowings	**4,356**	5,281

The fair value above is within Level 2 of the fair value hierarchy and is determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at end of reporting period which the directors expect to be available to the Group as follows:

	Group	
	2018	2017
	$'000	$'000
Bank borrowings	**7.11%**	7.11%

26. Share capital

	No. of ordinary shares	Amount
	Issued share capital	Share capital
	'000	$'000
Company		
2018		
Beginning and end of financial year	**85,292**	**33,190**
2017		
Beginning and end of financial year	85,292	33,190

All issued shares are fully paid.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

27. Fair value reserve

	Group			Company		
	31.12.18	31.12.17	1.1.17	**31.12.18**	31.12.17	1.1.17
	$'000	$'000	$'000	**$'000**	$'000	$'000
Fair value reserve	**(2,388)**	50	30	**8**	50	30

The movement of the fair value reserve are as follow:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**50**	30	**50**	30
Fair value gain on financial assets, available-for-sale (Note 15)	–	2	–	2
Fair value gain/(loss) on financial assets, at FVOCI (Note 17)	**(2,438)**	–	**(42)**	–
Disposal	–	18	–	18
End of financial year	**(2,388)**	50	**8**	50

28. Retained earnings

All retained earnings of the Group and the Company are distributable.

29. Contingencies

Contingent liabilities - Group

IPC Property Development (Zhuhai) Ltd ("IPC Zhuhai"), a wholly-owned subsidiary of the Company, is the developer of residential and commercial projects. It is customary for financial institutions in China to require the developers to provide counter-guarantees for mortgage loans extended to buyers of the developers' properties.

Under the counter-guarantee provided by IPC Zhuhai to financial institutions in China, any default on the mortgage loan by the mortgagee will require IPC Zhuhai to pay to the financial institutions the balance amount unrecovered from proceeds of the property sold and other legal recovering proceedings against the mortgagee.

These guarantees will be released upon the issuance of the real estate ownership certificate to buyers and issuance of certificate of mortgage register for real estate ownership to the banks for mortgaged loans entered after 1 January 2005. For mortgage loans entered before 1 January 2005, the guarantees will be released upon the settlement of mortgaged loans between the banks and buyers.

	Group		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Guarantee given to banks for mortgage facilities granted to IPC Zhuhai's properties	**73**	130	165

30. Commitments

(a) Operating lease commitments - where the Group is a lessee

The Group and Company leases office space and hostels units from non-related parties under non-cancellable operating lease agreements. These leases have varying terms and renewal rights.

30. Commitments (continued)

(a) Operating lease commitments - where the Group is a lessee (continued)

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group	
	2018	2017
	$'000	$'000
Not later than one year	**15**	237
Between one and five years	**24**	40
	39	277

(b) Operating lease commitments - where the Group is a lessor

The Group leased out kindergarten and shophouses to non-related parties under non-cancellable operating leases. The lessees are required to pay a fixed monthly amount over the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of reporting period but not recognised as receivables, are as follows:

	Group	
	2018	2017
	$'000	$'000
Not later than one year	**487**	389
Between one and five years	**1,578**	1,141
Later than five years	**1,349**	527
	3,414	2,057

31. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits are established in accordance with the objectives and underlying principles approved by the Board of Directors.

The finance personnel measure the exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by key management.

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia, with dominant operations in Singapore and the People's Republic of China. Entities in the Group regularly transact in the currencies other than their respective functional currencies ("foreign currencies") such as the Singapore Dollar ("SGD") and Chinese Yuan or Renminbi ("RMB").

Currency risk arises when transactions are denominated in foreign currencies.

The Group does not enter into any arrangements or contracts to manage its foreign currency risk arising from cash flows from anticipated transactions and financial arrangements denominated in foreign currencies, primarily the RMB, Hong Kong Dollar ("HKD"), United States Dollar ("USD") and Japanese Yen ("JPY"). Consequently, transactions are subjected to the fluctuation of foreign currencies.

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For the financial year ended 31 December 2018

31. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in the People's Republic of China are managed primarily by borrowings and operating cash flows denominated in RMB and HKD, which mitigate currency exposure arising from the subsidiaries' net assets.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	RMB $'000	HKD $'000	JPY $'000	Others $'000	Total $'000
At 31 December 2018							
Financial assets							
Cash and cash equivalents and financial assets, at FVPL and at FVOCI	5,219	4,853	1,068	67	34,575	63	45,845
Trade and other receivables	196	13	95	–	–	–	304
	5,415	4,866	1,163	67	34,575	63	46,149
Financial liabilities							
Borrowings	–	–	8,142	–	–	–	8,142
Trade and other payables	1,628	–	1,075	121	–	–	2,824
	1,628	–	9,217	121	–	–	10,966
Net financial assets/(liabilities)	**3,787**	**4,866**	**(8,054)**	**(54)**	**34,575**	**63**	**35,183**
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(3,787)	–	8,054	119	–	–	4,386
Currency exposure	**–**	**4,866**	**–**	**65**	**34,575**	**63**	**39,569**
At 31 December 2017							
Financial assets							
Cash and cash equivalents and financial assets, available-for-sale	982	5,933	763	498	15	65	8,256
Trade and other receivables	344	12	202	–	–	–	558
	1,326	5,945	965	498	15	65	8,814
Financial liabilities							
Borrowings	–	–	8,542	–	–	–	8,542
Trade and other payables	822	–	1,022	119	–	–	1,963
	822	–	9,564	119	–	–	10,505
Net financial assets/(liabilities)	**504**	**5,945**	**(8,599)**	**379**	**15**	**65**	**(1,691)**
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(504)	–	8,599	117	–	–	8,212
Currency exposure	**–**	**5,945**	**–**	**496**	**15**	**65**	**6,521**

31. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD	USD	RMB	HKD	JPY	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2018							
Financial assets							
Cash and cash equivalents and financial assets, at FVPL and at FVOCI	4,389	2,351	–	65	34,575	63	41,443
Trade and other receivables	145	13	55,914	1,993	–	–	58,065
	4,534	2,364	55,914	2,058	34,575	63	99,508
Financial liabilities							
Trade and other payables	949	–	–	–	–	–	949
	949	–	–	–	–	–	949
Net financial assets/(liabilities)	**3,585**	**2,364**	**55,914**	**2,058**	**34,575**	**63**	**98,559**
Net financial liabilities/(assets) denominated in the Company's functional currencies	(3,585)	–	–	–	–	–	(3,585)
Currency exposure	**–**	**2,364**	**55,914**	**2,058**	**34,575**	**63**	**94,974**
At 31 December 2017							
Cash and cash equivalents and financial assets, available-for-sale	152	3,929	–	496	15	65	4,657
Trade and other receivables	388	12	57,143	1,878	–	–	59,421
	540	3,941	57,143	2,374	15	65	64,078
Financial liabilities							
Trade and other payables	151	–	–	–	–	–	151
	151	–	–	–	–	–	151
Net financial assets/(liabilities)	**389**	**3,941**	**57,143**	**2,374**	**15**	**65**	**63,927**
Net financial liabilities/(assets) denominated in the Company's functional currencies	(389)	–	–	–	–	–	(389)
Currency exposure	**–**	**3,941**	**57,143**	**2,374**	**15**	**65**	**63,538**

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For the financial year ended 31 December 2018

31. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, RMB, HKD and JPY strengthen against the SGD by 3% (2017: 1%), 1% (2017: 2%), 4% (2017: 1%) and 2% (2017: 1%) respectively with all other variables being held constant, the effects arising from the net financial assets/(liabilities) position will be as follows:

	2018		2017	
	Increase/(decrease)			
	Profit before tax $'000	**Other comprehensive loss $'000**	Loss before tax $'000	Other comprehensive loss $'000
Group				
USD against SGD	**146**	**–**	(59)	–
RMB against SGD	**–**	**81**	–	172
HKD against SGD	**3**	**5**	(5)	1
JPY against SGD	**692**	**–**	–	–
Company				
USD against SGD	**71**	**–**	(39)	–
RMB against SGD	**559**	**–**	(1,143)	–
HKD against SGD	**82**	**–**	(24)	–
JPY against SGD	**692**	**–**	–	–

The weakening of USD, RMB, HKD and JPY against the SGD by 3% (2017: 1%), 1% (2017: 2%), 4% (2017: 1%) and 2% (2017: 1%) respectively had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(ii) Price risk

The Group is exposed to equity investments, bond funds and debt investments price risks arising from the investments held by the Group which are classified in the statements of financial position as financial assets, available-for-sale, at FVPL or at FVOCI. These financial assets are either listed or non-listed. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board of Directors.

The quoted equity investment listed in Singapore which continues to be suspended are not analysed for price risk sensitivity.

The equity investment in Asia Pacific which is unquoted and its inputs of the fair value measurement are not fully based on observable data, is analysed for price risk sensitivity in Note 31(e).

31. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

If prices for bond funds in listed Europe and equity investments listed in United States increased by 5% (2017: 1%) and 7% (2017: Not applicable) respectively with all other variables including tax rate being held constant, the effect on other comprehensive loss will be:

	Decrease/(Increase)	
	2018	2017
	$'000	$'000
Group		
Bond funds listed in Europe	**45**	9
Equity investments listed in United States	**30**	–
Company		
Bond funds listed in Europe	**45**	9

A 5% (2017: 1%) and 7% (2017: Not applicable) weakening in bond funds in listed Europe and equity investments listed in United States respectively would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant. This assumes that the decrease does not give rise to impairment.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to changes in interest rates is mainly attributable to its fixed deposits and certain borrowings.

The Group's fixed deposits and borrowings exposed to changes in interest rates on which effective hedges have not been entered into are denominated in SGD, USD and RMB. At 31 December 2018, if SGD, USD and RMB interest rate has increased/decreased by 0.5% (2017: 0.5%), 0.5% (2017: 0.5%) and 0.5% (2017: 0.5%) respectively with all other variables being held constant, profit before tax (2017: loss before tax) will be higher/lower by $25,000 (2017: lower/higher by $4,000), higher/lower by $17,000 (2017: lower/ higher by $25,000) and lower/higher by $41,000 (2017: higher/lower $43,000) respectively.

Financial assets, available-for-sale, at FVPL or at FVOCI and other financial assets and liabilities do not have material interest rate risk.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation resulting in financial loss to the Group.

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers. For banks and financial institutions, deposits are placed with regulated banks. For credit exposures to customers, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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31. Financial risk management (continued)

(b) Credit risk (continued)

All trade receivables are mainly from hotel corporate customers. For the corporate customer trade receivables, the finance personnel will perform credit reviews on new customers before acceptance and an annual review for existing customers. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The finance personnel will set credit limits (amount and period) by individual counterparty and groups of related counterparties which are required to be within the limits set by the Management. Compliance with credit limits are monitored regularly by credit controllers and exceptions beyond a certain threshold are discussed with the Management.

The individual hotel customers are required to settle all transactions in cash or using credit cards issued by reputable financial institutions. Accordingly the credit risks on these customer are insignificant.

The Group's and Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

Cash and cash equivalents and trade and other receivables are subject to immaterial credit loss under SFRS(I) 9.

(i) Trade and other receivables

The Group and the Company uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group and the Company considers historical loss rates for each category of customers or debtors and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers or debtors to settle the receivables.

Trade and other receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Company. The Group and the Company considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's and the Company's credit risk exposure in relation to trade and other receivables under SFRS(I) 9 as at 31 December 2018 by using provision matrix is immaterial.

(ii) Financial assets, at FVOCI

As disclosed in Notes 17, debt financial assets, at FVOCI comprise listed bonds. These are considered "low credit risk" as listed bonds are of investment grade credit rating with at least one major rating agency.

Hence, the loss allowance recognised on these assets are measured at the 12-month expected credit losses. The Group's and the Company's credit risk exposure in relation to Financial assets, at FVOCI under SFRS(I) 9 as at 31 December 2018 is immaterial.

Previous accounting policy for impairment of trade receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments.

31. Financial risk management (continued)

(b) Credit risk (continued)

Previous accounting policy for impairment of trade receivables (continued)

(i) Financial assets that were neither past due nor impaired

Bank deposits that were neither past due nor impaired were mainly deposits with banks and financial institutions which were regulated by local monetary authorities. Trade and other receivables that were neither past due nor impaired were substantially companies or individuals with a good collection track record with the Group.

(ii) Financial assets that were past due and/or impaired

There was no other class of financial assets that was past due and/or impaired except for trade and other receivables.

The Group's and the Company's credit risk exposure in relation to trade and other receivables past due but not impaired under SFRS 39 as at 31 December 2017 and 1 January 2017 were as follows:

	Group		Company	
	31.12.17	1.1.17	31.12.17	1.1.17
	$'000	$'000	$'000	$'000
Past due < 3 months	190	174	–	–
Past due 3 to 6 months	4	–	–	–
Past due over 6 months	1	9	–	–
	195	183	–	–

There were no trade and other receivables individually determined to be impaired.

(c) Liquidity risk

The Group and Company manages its liquidity risk by maintaining sufficient cash and cash equivalents deemed adequate by management to finance their normal operating commitments and to mitigate the effects of fluctuations in cash flows. The Group and Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and fixed deposits as disclosed in Note 11.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 Years	Over 5 years
	$'000	$'000	$'000	$'000
Group				
At 31 December 2018				
Trade and other payables	**2,824**	**–**	**–**	**–**
Borrowings	**4,069**	**1,063**	**3,680**	**–**
At 31 December 2017				
Trade and other payables	1,963	–	–	–
Borrowings	3,641	1,116	4,858	–
Company				
At 31 December 2018				
Trade and other payables	**949**	–	–	–
At 31 December 2017				
Trade and other payables	151	–	–	–

31. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. Management monitors capital based on shareholders' equity.

The Group is not subject to any externally imposed capital requirement.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2018				
Assets				
Financial assets, at FVPL				
- Equity investments	**–**	**–**	**34,551**	**34,551**
Financial assets, at FVOCI				
- Equity investments	**424**	**–**	**–**	**424**
- Bond funds	**896**	**–**	**–**	**896**
Total assets	**1,320**	**–**	**34,551**	**35,871**
31 December 2017				
Assets				
Financial assets, available-for-sale				
- Equity investments	–	–	45	45
- Bond funds	922	–	–	922
Total assets	922	–	45	967
Company				
31 December 2018				
Assets				
Financial assets, at FVPL				
- Equity investments	**–**	**–**	**34,551**	**34,551**
Financial assets, at FVOCI				
- Bond funds	**896**	**–**	**–**	**896**
Total assets	**896**	**–**	**34,551**	**35,447**
31 December 2017				
Assets				
Financial assets, available-for-sale				
- Bond funds	922	–	–	922
Total assets	922	–	–	922

31. Financial risk management (continued)

(e) Fair value measurements (continued)

The fair value of financial instruments traded in active markets (such as trading and available-for-sale investments) is determined based on quoted current bid prices at the end of the reporting period. These instruments are included in Level 1.

The unquoted equity investments were carried at cost in accordance to Note 2.13(d) as at 31 December 2017 which the fair value could not be reliably measured.

The equity investment in United States was classified as Level 1 subsequently as the equity investment was listed in United States during the financial year 2018.

The equity investment in Asia Pacific was classified as Level 3 subsequently. The fair value of this investment that is not traded in an active market is determined by using valuation techniques. The Group engaged an independent valuer to determine the fair value as at 31 December 2018. The independent valuer used a variety of methods and used assumptions that are based on market conditions existing at the end of reporting date. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The Singapore's quoted equity investment was classified as Level 3 as the trading of the quoted equity investment continue to be suspended during the financial year 2018. A fair value loss has been recognised on the investment during the year as the investment is in a net liability position as at year end.

The following table presents the changes of equity investments designated as financial assets, at FVPL (2017: available-for-sale) in Level 3 instruments:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Beginning of the financial year	**45**	45	**–**	–
Financial assets previously recognised at cost	**102**	–	**102**	–
Difference between carrying amount and fair value previously measured at cost as at 1 January 2018 (Note 2.2)	**3,064**	–	**3,064**	–
Fair value gain/(loss) through profit or loss	**31,340**	–	**31,385**	–
End of the financial year	**34,551**	45	**34,551**	–

Valuation techniques and inputs used in Level 3 fair value measurements, and the sensitivity of the inputs with all variables including tax rate being held constant:

Description	Fair value at 31 December 2018 $'000	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity on profit after tax ("PAT")
Financial assets, at FVPL - Equity investments in Asia Pacific	34,551	Discount rate	6.0% – 7.0%	The higher the discount rate, the lower the fair value	Increase/decrease by 0.5%, PAT would decrease/ increase by $3.4 million
		Terminal growth rate	0.5% – 1.5%	The higher the terminal growth rate, the higher the fair value	Increase/decrease by 0.5%. PAT would increase/ decrease by $2.8 million
		Discount on lack of control, marketability and projected growth ("discount")	10% – 47%	The higher the discount, the lower the fair value	Increase/decrease by 5%, PAT would decrease/ increase by $2.9 million
		Revenue growth rate	15% – 40%	The higher the revenue growth rate, the higher the fair value	Increase/decrease by 2%, PAT would increase/ decrease by $1.5 million
		Market multiple	13.2x – 15.2x	The higher the market multiple, the higher the fair value	Increase/decrease by 1 multiple, PAT would increase/decrease by $1.3 million

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

31. Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and in Note 15, 16 and 17 to the financial statements, except for the following:

	Group			Company		
	31.12.18	31.12.17	1.1.17	**31.12.18**	31.12.17	1.1.17
	$'000	$'000	$'000	**$'000**	$'000	$'000
Financial assets, at amortised cost	**10,278**	–	–	**6,154**	–	–
Loans and receivables	**–**	7,892	11,008	**–**	6,013	7,779
Financial liabilities at amortised cost	**10,966**	10,505	12,627	**949**	151	150

32. Related party transactions

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

(a) Sales and purchases of goods and services

	Group	
	2018	2017
	$'000	$'000
Rental income received from a related party*	**12**	72
Administration fee received from a related party*	**5**	10

* Related party refers to a company with common directors.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2018	2017
	$'000	$'000
Wages and salaries	**2,329**	1,642
Employer's contribution to defined contribution plans, including Central Provident Fund	**41**	39
	2,370	1,681

33. Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") that are used to make strategic decisions. The CODM comprises the Chief Executive Officer, the Managing Director and the Administration and Finance Director.

The CODM considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in two primary geographic areas namely People's Republic of China and Singapore. All the geographic areas are engaged primarily in the property related business, which includes properties and income producing assets.

Business under "Properties" relate to property development, investing and reselling of properties. Business under "Hotel management" relate to rendering of hotel management services. Other services included within Singapore include investments held for trading and investments held for strategic purposes. The results of these operations are included in the "Other" column.

33. Segment information (continued)

The segment information provided to the CODM for the reportable segments is as follows:

	Properties	Hotel management	Other	
	People's Republic of China	People's Republic of China	Singapore	Total
	$'000	$'000	$'000	$'000
Group				
2018				
Revenue and other income				
- external sales	5,084	3,935	–	9,019
- other income	409	26	172	607
- inter-segment income	260	–	–	260
	5,753	3,961	172	9,886
Cost of revenue and operating expenses	(5,608)	(3,135)	(3,725)	(12,468)
Inter-segment expense	–	(260)	–	(260)
Depreciation and amortisation	(1,435)	(421)	(156)	(2,012)
Other gains/(losses), net	(1,452)	(98)	31,443	29,893
Profit/(loss) before income tax	(2,742)	47	27,734	25,039
Total assets	66,486	4,733	45,977	117,196
Total assets include:				
Additions to:				
- property, plant and equipment	–	360	–	360
2017				
Revenue and other income				
- external sales	–	4,070	–	4,070
- other income	343	23	268	634
- inter-segment income	247	–	–	247
	590	4,093	268	4,951
Cost of revenue and operating expenses	(554)	(3,163)	(2,998)	(6,715)
Inter-segment expense	–	(247)	–	(247)
Depreciation and amortisation	(1,442)	(297)	(157)	(1,896)
Other gains/(losses), net	–	124	(985)	(861)
Profit/(loss) before income tax	(1,406)	510	(3,872)	(4,768)
Total assets	69,622	4,847	18,386	92,855
Total assets include:				
Additions to:				
- property, plant and equipment	1	48	–	49

The CODM assesses the performance of the operating segments based on a measure of profit/(loss) before tax.

33. Segment information (continued)

Reportable segments' assets are reconciled to total assets as follows:

	Group	
	2018	2017
	$'000	$'000
Segment assets for reportable segments	**117,196**	92,855
Other segment assets		
Unallocated:		
- Tax recoverable	**612**	627
	117,808	93,482

Revenue from major products and services

Revenue from external customers are derived mainly from the sale of properties and hotel management.

	Group	
	2018	2017
	$'000	$'000
Properties	**5,084**	–
Hotel management	**3,935**	4,070
	9,019	4,070

Geographical information

The Group's business segments operate in two main geographic areas:

- Singapore - the Group is headquartered in Singapore and has operations in Singapore. The operations in this area are principally investments held for trading and investments held for strategic purposes.

- People's Republic of China - the operations in this area are principally property investment, property development and hotel management.

	Group Sales	
	2018	2017
	$'000	$'000
People's Republic of China	**9,019**	4,070

	Group Non-current assets		
	31.12.18	31.12.17	1.1.17
	$'000	$'000	$'000
Singapore	**36,861**	11,458	13,339
People's Republic of China	**47,705**	50,512	53,798
	84,566	61,970	67,137

34. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 December 2018, the Group has non-cancellable operating lease commitments of $39,000 (Note 30(a)), of which the lease period is less than a year.

The Group's activities as a lessee and as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required in the next financial year onwards.

(b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and;

v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions as disclosed in Note 9 on the adoption of the interpretation on 1 January 2019.

35. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of IPC Corporation Ltd on 30 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

36. Listing of all companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2018 %	2017 %
Subsidiaries held by the Company				
Corex Technology (S) Pte Ltd[c], [d]	Compulsory liquidation	Singapore	**100**	100
Corex Systems (S) Pte Ltd[a], [c]	Assembly of electronic components and trading of electronic products (Dormant)	Singapore	**100**	100
e-ipc (HK) Ltd[c]	Investment holding (Dormant)	Hong Kong	**100**	100
Essex Electronics (Singapore) Pte Ltd[a], [c]	Sales and distribution of telecommunication products	Singapore	**100**	100
IPC Corporation (Korea) Ltd[c]	Sales and distribution of computers and related products (Dormant)	Korea	**92**	92
IPC Information and Communication (Pte) Ltd[a], [c]	Provision of commercial value added network services (Dormant)	Singapore	**100**	100
IPC Peripherals (Pte) Ltd[a]	Sales and distribution of computer system boards and peripheral products	Singapore	**100**	100
IPC Singapore Pte Ltd[a], [c]	Investment holding (Dormant)	Singapore	**100**	100
IPC Property Development (Zhuhai) Ltd[a]	Investment holding and property development	People's Republic of China	**100**	100
Zhuhai Costa Del Sol Grand nest HOTEL Management Co. Ltd[a], [b]	Club and hotel management company	People's Republic of China	**75**	75
Associated company held by the subsidiaries				
Zhuhai Costa Del Sol Grand nest HOTEL Management Co. Ltd[a], [b]	Club and hotel management company	People's Republic of China	**25**	25
Associated company held by the Company				
Hagenuk (Pte) Ltd[a], [c]	Sales and distribution of telecommunication products (Dormant)	Singapore	**50**	50

(a) Audited by PricewaterhouseCoopers LLP, Singapore.
(b) Effective holding by the Group is 100%.
(c) Immaterial to the Group.
(d) In the process of liquidation.

SHAREHOLDERS' INFORMATION

As at 18 March 2019

Number of equity securities	:	85,291,885
Class of equity securities	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares and subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO.OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	8,042	35.01	352,567	0.41
100 – 1,000	12,189	53.06	3,671,950	4.31
1,001 – 10,000	2,395	10.43	7,266,480	8.52
10,001 – 1,000,000	331	1.44	17,271,190	20.25
1,000,001 AND ABOVE	15	0.06	56,729,698	66.51
TOTAL	**22,972**	**100.00**	**85,291,885**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	15,015,592	17.60
2	ESSEX INVESTMENT (S) PTE LTD	7,558,114	8.86
3	RAFFLES NOMINEES (PTE.) LIMITED	6,032,900	7.07
4	CITIBANK NOMINEES SINGAPORE PTE LTD	5,388,623	6.32
5	OCBC SECURITIES PRIVATE LIMITED	4,107,471	4.82
6	MORPH INVESTMENTS LTD	3,869,300	4.54
7	KGI SECURITIES (SINGAPORE) PTE. LTD.	3,505,625	4.11
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,505,374	2.94
9	LIM CHIN CHOO @ELIZABETH LIM	2,054,700	2.41
10	BOON KIA HENG JUSTIN (WEN JIAQING)	1,260,000	1.48
11	LAUW HUI KIAN	1,159,779	1.36
12	NGIAM MIA HAI BERNARD	1,096,029	1.29
13	NGIAM MIA JE PATRICK	1,063,981	1.25
14	NGIAM MIA HONG ALFRED	1,058,529	1.24
15	NGIAM MIA KIAT BENJAMIN	1,053,681	1.24
16	CHIN KIAN FONG	769,000	0.90
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	760,444	0.89
18	TAN ENG KEE	586,750	0.69
19	DB NOMINEES (SINGAPORE) PTE LTD	520,000	0.61
20	LIM BAK	501,700	0.59
	TOTAL	**59,867,592**	**70.21**

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Approximately 70.70% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Essex Investment (Singapore) Pte Ltd ("Essex")	7,558,114	8.86	–	–
Ngiam Mia Je Patrick[1]	4,313,981	5.06	11,217,893	13.15
Ngiam Mia Kiat Benjamin[2]	6,053,681	7.10	7,558,114	8.86
Lauw Hui Kian[3]	3,659,779	4.29	11,872,095	13.92

Notes:

1 Deemed interest in 7,558,114 shares held by Essex by virtue of Section 7 of the Companies Act and 3,659,779 shares held by Ms Lauw Hui Kian. A total of 3,250,000 shares held by Mr Ngiam Mia Je Patrick are registered in the name of Raffles Nominees (Pte.) Limited.

2 Deemed interest in 7,558,114 shares held by Essex by virtue of Section 7 of the Companies Act. A total of 5,000,000 shares held by Mr Ngiam Mia Kiat Benjamin are registered in the name of DBS Nominees (Private) Limited.

3 Deemed interest in 7,558,114 shares held by Essex by virtue of Section 7 of the Companies Act and 4,313,981 shares held by Mr Ngiam Mia Je Patrick. A total of 2,500,000 shares held by Ms Lauw Hui Kian are registered in the name of Raffles Nominees (Pte.) Limited.

NOTICE OF ANNUAL GENERAL MEETING

For the financial year ended 31 December 2018

NOTICE IS HEREBY GIVEN that the Annual General Meeting of IPC Corporation Ltd ("the Company") will be held at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 on Friday, 26 April 2019 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2018 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect the following Directors of the Company retiring pursuant to Article 89 of the Company's Constitution:

   Mr Lee Joo Hai **(Resolution 2)**
   Mr Tan Sin Huat, Dennis **(Resolution 3)**

   [See Explanatory Note (i)]

3. To re-elect Mr Ngiam Mia Hong Alfred retiring pursuant to Article 90 of the Company's Constitution.

   [See Explanatory Note (ii)]

   (Resolution 4)

4. To re-appoint Mr Ngiam Mia Kiat Benjamin pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

   [See Explanatory Note (iii)]

   (Resolution 5)

5. To approve the payment of Directors' fees of S$162,500.00 for the year ended 31 December 2018 (previous year: S$168,750.00).

   (Resolution 6)

6. To re-appoint PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 7)

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. **Authority to issue new shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

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

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

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 8)

By Order of the Board

Ngiam Mia Hai Bernard
Secretary

Singapore, 10 April 2019

NOTICE OF ANNUAL GENERAL MEETING

For the financial year ended 31 December 2018

Explanatory Notes:

(i) Mr Lee Joo Hai will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of Nominating Committee and Remuneration Committee and will be considered independent. Detailed information on Mr Lee required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report.

Mr Tan Sin Huat, Dennis will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee and will be considered independent. Detailed information on Mr Tan required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report.

(ii) Mr Alfred Ngiam will, upon re-election as a Director of the Company, remain as the Executive Director of the Company. Detailed information on Mr Alfred Ngiam required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report.

(iii) Mr Benjamin Ngiam will, upon re-appointment as a Director of the Company, remain as the Managing Director of the Company. Detailed information on Mr Benjamin Ngiam required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report.

(iv) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting (the "Meeting").

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

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

3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

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

IPC CORPORATION LTD
Company Registration No.198501057M
(Incorporated in Singapore with limited liability)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We, ______________________________ (Name)

______________________________ (NRIC/Passport Number/Company Registration Number)

of ______________________________ (Address)

being a member/members of IPC Corporation Ltd (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 26 April 2019 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Number of Votes For(1)	Number of Votes Against(1)
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2018		
2	Re-election of Mr Lee Joo Hai as a Director		
3	Re-election of Mr Tan Sin Huat, Dennis as a Director		
4	Re-election of Mr Ngiam Mia Hong Alfred as a Director		
5	Re-appointment of Mr Ngiam Mia Kiat Benjamin as a Director		
6	Approval of Directors' fees amounting to S$162,500.00		
7	Re-appointment of PricewaterhouseCoopers LLP as Auditors		
8	Authority to issue new shares		

(1) If you wish to exercise all your votes "For" or "Against", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _______ day of ____________ 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member of the Company appoints more than one proxy, that member shall specify the proportion of his/her shareholding to be represented by each proxy and if the proportion is not specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding of that member and the second named proxy shall be deemed to be an alternate to the first named proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2019.

General:

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

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