ANNUAL REPORT 2019

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

Contents

CHAIRMAN'S STATEMENT

"Overall, the Group has a current pipeline of seven new hotels to be opened and managed by NHJC. This will bring the total number of operating hotels under its management to 21 by the end of FY2022."

Dear Shareholders,

On behalf of the Board of Directors of IPC Corporation Ltd ("IPC" or "the Group"), I am pleased to present the annual report for the financial year ended 31 December 2019 ("FY2019").

Since the end of 2015 after the divestment of nine hotels in Japan and subsequently rewarded shareholders with a cash distribution of $1.60 per share from the proceeds in 2016, we have embarked on an asset-light hotel management business in Japan, with long-term strategies for growth targeted towards our ultimate goal of enhancing shareholder value.

Financial Review

For FY2019, the Group reported revenue of S$3.565 million compared to S$9.019 million for FY2018. The significant decline in revenue was mainly due to the one-off sale in FY2018 of the entire 24% interest in land held for development, Ju Ren Da Sha, located in Zhuhai, China for S$4.970 million. Additionally, the decline in revenue was attributed to a room upgrading program at the Group's Grand nest HOTEL zhuhai over the course of FY2019.

The Group reported other losses of S$11.760 million for FY2019. This was mainly due to the fair value loss on financial assets from the Group's preference shares investment in Nest Hotel Japan Corporation ("NHJC"). The performance of NHJC was impacted by declining tourist growth from key markets and delays in the opening of two new hotels which led to lower revenue growth projections. The fair value loss did not undermine or change the viability of NHJC's plans and business operations and its sustainability going forward.

Scaling for Future Growth

Through our ownership of preference shares in NHJC, a company incorporated in Japan primarily engaged in the business of hotel management, operation and investment, and reputed for its "Nest", "Tissage" and "Bespoke" brands, we garnered momentum in scaling our asset-light hotel management business. The "Nest Hotel" trademark and name is registered and owned by IPC, and is licensed to NHJC under a licensing agreement.

During the year, two new hotels were opened in Japan under NHJC's management. Located in Hiroshima, Nest Hotel Hiroshima Hatchobori commenced operations on 12 April 2019 with 126 rooms. This was followed by the opening of Bespoke Hotel Shinsaibashi in Osaka with 256 rooms which commenced operations on 26 April 2019. We closed the year with a total of 14 hotels managed by NHJC.

Leveraging on years of proven and sound performing track records, we continued to expand our footprint in Japan for better economies of scale. During FY2019, NHJC secured two new hotels to come under its management. This was closely followed by NHJC securing another hotel that is due for opening in FY2020.

Overall, the Group has a current pipeline of seven new hotels to be opened and managed by NHJC by the end of FY2022. This will bring the total number of operating hotels under its management to 21 by the end of FY2022.

While we are excited about the long-term growth prospects of our asset-light hotel management business in Japan, we remain cognisant of the multiple headwinds we face in the year ahead. Initially, we faced challenges such as the bilateral tensions between Japan and South Korea and the prolonged protests in Hong Kong which dampened inbound visitor growth in Japan. Furthermore, with the progressive addition of new hotels in many cities in Japan, pressure was already being felt by many hotels as average daily rates and revenue per available room declined due to rising competition. This has especially impacted hotels in Kyoto and Osaka. With the latest postponement of the 2020 Tokyo Olympics to 2021 due to the rapid spread of COVID-19 globally, the hope of a recovery for the hospitality industry is challenging and uncertain in the near term.

The outbreak of COVID-19 has had a major impact on the worldwide hospitality industry and has dampened economic growth prospects across the globe. As a result, NHJC's operations have thus been badly impacted, which would adversely affect the value of the Group's investment in NHJC.

Exploring New Markets

Beyond Japan, we plan to replicate the achievements of the Group's Nest brand across the rest of the Asia Pacific Region. The continuous new hotel rooms supply in the region as well as the headwind due to the abovementioned events have not presented opportunities for the Group to make any inroads into the Asia Pacific Region as yet.

Upgrading at Grand nest HOTEL zhuhai & Temporary Closure During the Coronavirus Outbreak

Located within the beautiful and scenic Zhuhai Tangjia Bay in China, our Grand nest HOTEL zhuhai underwent a room upgrading exercise to enhance its rooms and facilities. This exercise commenced at the start of FY2019 and is scheduled to be completed in or about Q12020. The room upgrading exercise will entail its ongoing competitiveness and sustainability against new rooms supply.

However, being located in China, a significant impact is being felt due to the COVID-19, driving the occupancy rate to all time low. Moreover, on 7 February 2020, we announced that the local government had issued directives not to permit mass gatherings and MICE activities. Coupled with the safety of the hotel's employees and with their families in mind, the Group had suspended the business operations of the Hotel and its conference facilities from 7 February to 29 February 2020. During the period, efforts were spent to disinfect the entire hotel and its facilities.

Appreciation

We would like to express our sincere appreciation and gratitude to our shareholders for their enduring belief in the long-term prospects of the company. Over the years, your unwavering support has enabled us to strive hard in attaining our vision for the Group and to ultimately enhance shareholder value.

I would also to express our appreciation to our colleagues, the management team, business partners, and associates for your hard work and dedication this past year. Finally, I would also like to thank our valued guests for their continued loyalty as we strive to service you better in the new year.

Ngiam Mia Je Patrick
Chairman & Chief Executive Officer

OPERATIONS REVIEW

During FY2019, the Group continued to scale its asset-light hotel management business.

The Group opened two new hotels in Japan under Nest Hotel Japan Corporation's ("NHJC") management.

The first hotel, located in Hiroshima, Nest Hotel Hiroshima Hatchobori commenced operations on 12 April 2019 with 126 rooms. This was followed by the opening of Bespoke Hotel Shinsaibashi in Osaka with 256 rooms which commenced operations on 26 April 2019. The Group closed the year with a total of 14 hotels managed by NHJC.

Overall, the Group has a current pipeline of seven new hotels to be opened and managed by NHJC by the end of FY2022. This will bring the total number of operating hotels under its management to 21 by the end of FY2022.

Income Statement Highlights

For FY2019, the Group reported revenue of S$3.565 million compared to S$9.019 million for FY2018. The significant decline in revenue was mainly due to the one-off sale in FY2018 of the entire 24% interest in land held for development, Ju Ren Da Sha, located in Zhuhai, China for S$4.970 million. Additionally, the decline in revenue was attributed to a room upgrading program at the Group's Grand nest HOTEL zhuhai over the course of FY2019.

In line with the decline in revenue, Gross profit decreased 78.5% ("year-on-year") to S$0.146 million compared to S$0.678 million for FY2018.

The Group reported other losses of S$11.760 million for FY2019. This was mainly due to the fair value loss on financial assets from the Group's preference shares investment in Nest Hotel Japan Corporation ("NHJC").

The following factors contributed to a lower valuation of NHJC, hence a fair value loss:

External Factor:

(a) Japan's inbound visitor growth slowed in 2019 due partly from a significant drop in South Korean tourists amid bilateral tensions. The number of South Korean visitors declined 7.6% for July and dropped further to more than 60% by November.

(b) The pace of growth has slowed down from the number of visitors from China to Japan (Nikkei Asian Review 1st Jan 2020).

Internal Factor:

There was a delay in the opening of 2 hotels from 2020 to 2021 and coupled with the external factors as mentioned, a lower revenue growth was projected by NHJC.

The valuation of NHJC for FY2019 was undertaken by the same independent international valuer from Japan who did the valuation for FY2018. The methodology and bases for the FY2019 valuation were the same as those of the FY2018 valuation. Fair value measurement was derived using the Option Pricing Models to determine the valuation of the NHJC preference shares. Part of the preference shares valuation was the equity valuation which was determined based on the income approach and market approach. Key assumptions included the projected revenue growth, discount rate, terminal growth rate, discount for lack of control, discount for lack of marketability, and market multiples of comparable companies.

Accordingly, the Group recorded a loss before tax of S$16.465 million and a loss after tax of S$16.707 million for FY2019.

Balance Sheet Highlights

The Group's cash and cash equivalent as at 31 December 2019 declined to S$7.440 million compared to S$9.974 million in the previous year. The decrease in cash and cash equivalents was mainly due to operating activities.

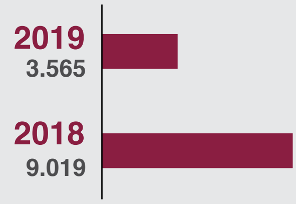
Other Operational Updates

The expected completion of the rooms upgrading program at Grand nest HOTEL zhuhai, China is scheduled to be in or about Q12020.

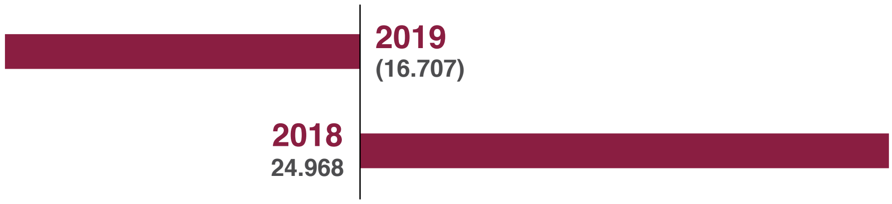
Heading into the new financial year, the Group will continue to focus on the expansion of its asset-light hotel management business as its key engine of growth.

FINANCIAL HIGHLIGHTS

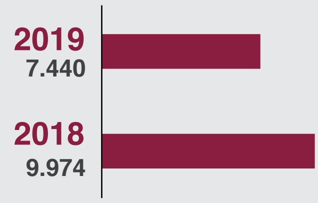
Total Sales (S$ million)



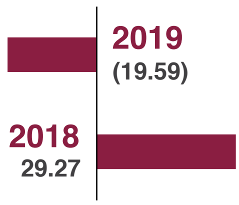
Net Profit/(Loss) After Tax Attributable To Equity Holders Of The Company (S$ million)



Cash And Cash Equivalents (S$ million)



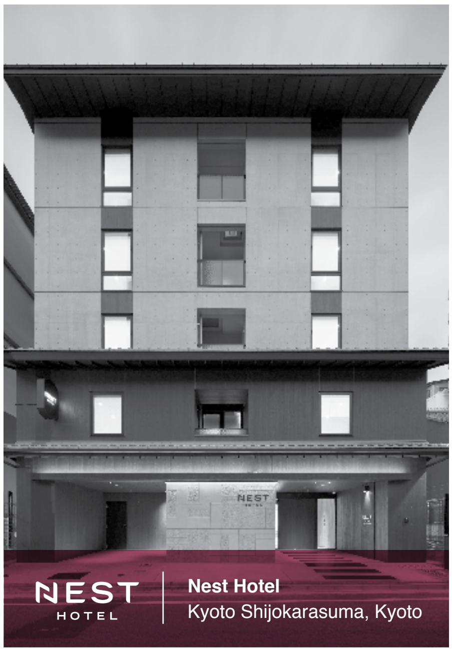
Earnings/(Losses) Per Share (S$ cents)



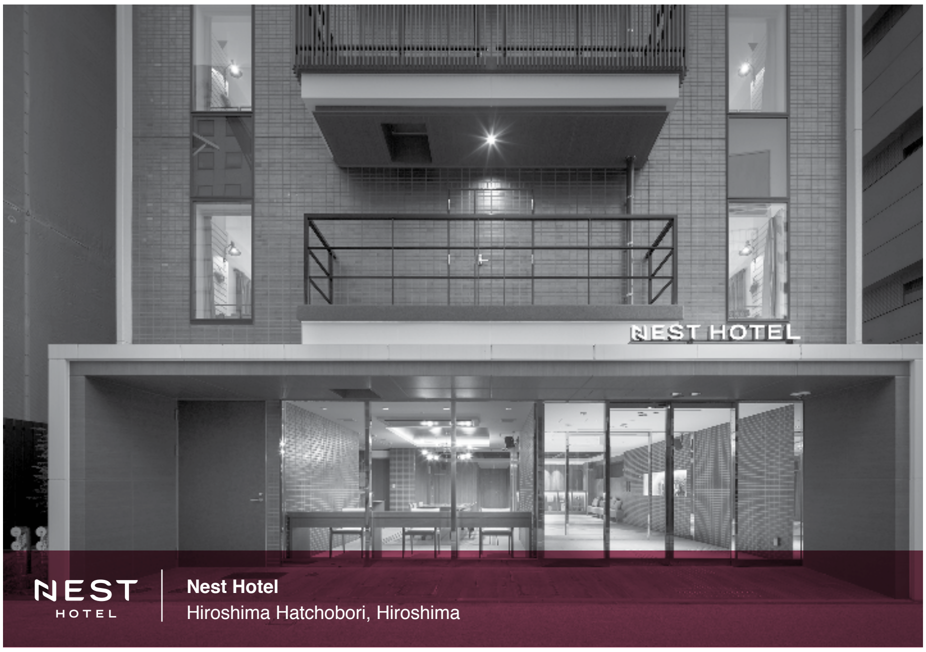
Net Asset Value Per Ordinary Share (S$)

Nest Hotel
Tokyo Hanzomon, Tokyo

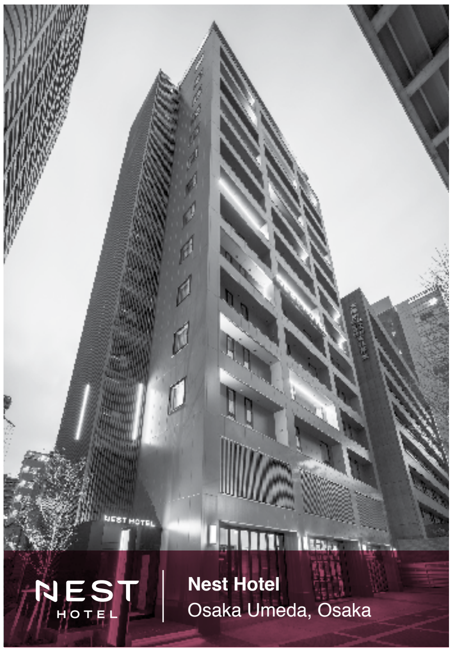
Nest Hotel
Hakata Station, Fukuoka



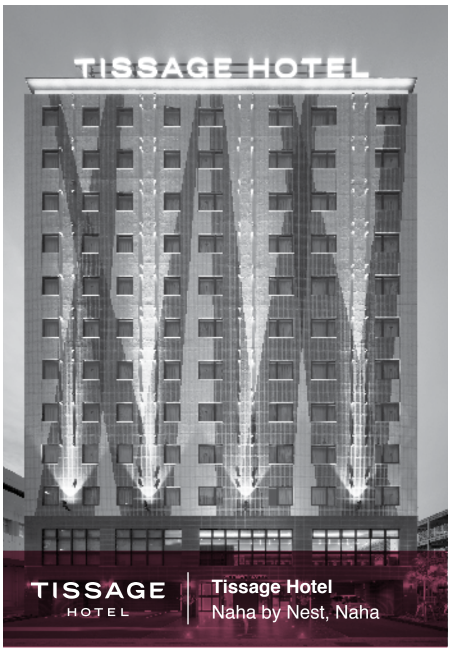
Nest Hotel
Kyoto Shijokarasuma, Kyoto



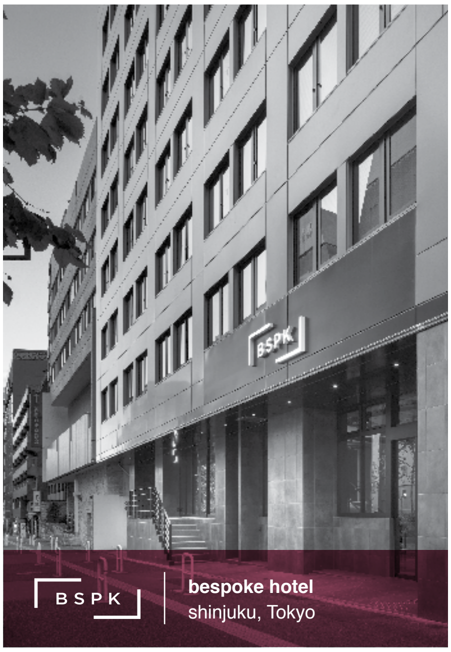
Nest Hotel
Hiroshima Hatchobori, Hiroshima



Nest Hotel
Osaka Umeda, Osaka



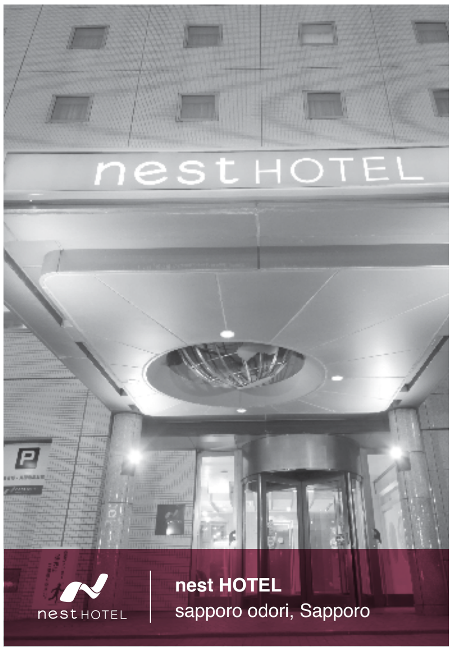
Tissage Hotel
Naha by Nest, Naha



bespoke hotel
shinjuku, Tokyo

bespoke hotel
shinsaibashi, Osaka

nest HOTEL
kumamoto, Kumamoto



nest HOTEL
sapporo odori, Sapporo

nest HOTEL
naha, Okinawa

nest HOTEL
sapporo ekimae, Sapporo

nest HOTEL
osaka shinsaibashi, Osaka

nest HOTEL
matsuyama, Matsuyama

Grand nest HOTEL
zhuhai, China

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 ENVIRONMENT

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 2020.

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). His last re-election to the Board was on 26 April 2019.

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 26 April 2019.

TEO KIANG KOK

Teo Kiang Kok is an Independent Director of IPC. He was first appointed to IPC's board of directors on 20 May 1993 and resigned on 3 January 1999. He re-joined IPC's board of directors on 12 July 2017 and is the Lead Independent Director and Chairman of Nominating 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 Committee. He is a Chartered Accountant of Singapore and serves on the board of companies listed in Singapore, New Zealand and Hong Kong. His experience in accounting and auditing spans more than 30 years. His last re-election to the Board was on 26 April 2019.

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 and is the Chairman of Remuneration Committee. He also has served on the boards of companies listed in Singapore and Hong Kong for the last 12 years. Mr Tan is the founder of Innospaces Consulting Pte. Ltd, a consulting firm that deals with organizational and leadership development. He coaches and trains leaders locally and internationally. 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 has provided leadership in the Public and private sectors for more than 30 years. years. His last re-election to the Board was on 26 April 2019.

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 Ngiam Mia Je Patrick (“Mr Patrick Ngiam”)	Mr Ngiam Mia Hai Bernard (“Mr Bernard Ngiam”)
Date of Appointment	16 October 1992	8 May 1985
Date of last re-appointment (if applicable)	28 April 2016	28 April 2016
Age	65	59
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Patrick Ngiam as Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Patrick Ngiam’s credentials, experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Bernard Ngiam as Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Bernard 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	Executive. Mr Patrick Ngiam is the Executive Chairman and Chief Executive Officer, responsible for the overall management of the Group.	Executive. Mr Bernard Ngiam is the Executive Director (Marketing & Corporate Communications, Business Development), responsible for all aspects of the marketing and corporate communications of the Group engages in business development/investment activities.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer	Executive Director
Professional qualifications	Bachelor of Electronics Engineering (First Class Honours)	Bachelor of Business Administration
Working experience and occupation(s) during the past 10 years	Executive Director of IPC Corporation Ltd since 16 October 1992.	Executive Director of IPC Corporation Ltd since 8 May 1985.
Shareholding interest in the listed issuer and its subsidiaries	4,313,981 shares held in IPC Corporation Ltd. 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 and 3,659,779 shares held by Ms Lauw Hui Kian.	1,721,029 shares held in IPC Corporation Ltd.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Patrick Ngiam is the brother of Mr Bernard Ngiam, Mr Ngiam Mia Kiat Benjamin and Mr Ngiam Mia Hong Alfred. Mr Patrick Ngiam is also the spouse of Ms Lauw Hui Kian. Mr Patrick Ngiam, Mr Bernard Ngiam, Ms Lauw Hui Kian, Mr Benjamin Ngiam and Mr Alfred Ngiam are Executive Directors of the Company. Mr Patrick Ngiam, Mr Benjamin Ngiam and Ms Lauw Hui Kian are also the substantial shareholders of the Company.	Mr Bernard Ngiam is the brother of Mr Patrick Ngiam, Mr Ngiam Mia Kiat Benjamin and Mr Ngiam Mia Hong Alfred. Mr Bernard Ngiam is also the brother-in-law of Ms Lauw Hui Kian, spouse of Mr Ngiam Mia Je Patrick. Mr Patrick Ngiam, Mr Bernard Ngiam, Ms Lauw Hui Kian, Mr Benjamin Ngiam and Mr Alfred Ngiam are Executive Directors of the Company. Mr Patrick Ngiam, 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 Ngiam Mia Je Patrick ("Mr Patrick Ngiam")	Mr Ngiam Mia Hai Bernard ("Mr Bernard Ngiam")
Conflict of interest (including any competing business)	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
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: • Thinsoft Pte Ltd	Nil
Present	Present Directorships: • Corex Systems (S) Pte Ltd • Dynatech Ventures Pte Ltd • Essex Credit Pte Ltd • Essex Investment (Singapore) Pte Ltd • Essex Holdings Ltd • Essex Electronics (Singapore) Pte Ltd • Essex Bio-Technology Ltd • Essex Bio-Investment Ltd • Essex Bio-Pharmacy Ltd • Hagenuk (Pte) Ltd • IPC Peripherals (Pte) Ltd • IPC Information And Communication (Pte) Ltd • IPC Singapore Pte Ltd • Wilton Resources Holdings Pte Ltd • Wilton Resources Corporation Limited • Zhuhai Essex Bio-Pharmaceutical Company Ltd • IPC Property Development (Zhuhai) Ltd • Zhuhai Costa Del Sol Grand nest HOTEL Management Co. Ltd • IPC-AP Hospitality Pte. Ltd. • Essex Healthtech Investment Limited • UNO Medical Group Limited • UNO Medical (Zhuhai) Company Ltd • Zhuhai Essex Technology Development Company Ltd	Present Directorships: • IPC Singapore Pte Ltd • IPC-AP Hospitality Pte. Ltd. • e-ipc (HK) Ltd • Essex Credit Pte Ltd • App Tutti, Limited • Bizgo Holdings Limited (formerly known as Ezcloud 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 Patrick Ngiam and Mr Bernard Ngiam have individually given a negative disclosure on each of the above items (a) to (k).

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

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

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 Patrick Ngiam and Mr Bernard Ngiam as this is a re-election or 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
Tan Sin Huat, Dennis
(Chairman)

Lee Joo Hai

Teo Kiang Kok

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
Magdelene Chua
Date of appointment: w.e.f. FY2019

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

The Board of Directors (the "Board") is committed in ensuring that the highest standards of corporate governance are practised throughout IPC Corporation Ltd (the "Company") and its subsidiaries (the "Group"), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

The Monetary Authority of Singapore ("MAS") issued the revised Code of Corporate Governance 2018 (the "Code") on 6 August 2018 effective for Annual Report covering financial years beginning on or after 1 January 2019.

This report describes the Group's corporate governance practices and structures that were in place during the financial year ended 31 December 2019 ("FY2019"), with specific reference to the principles and provisions of the Code, and as applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Singapore Companies Act.

The Board confirms the Group has adhered to all principles set out in the Code as set out below. In areas where the Group deviates from the provisions of the Code, explanations are provided.

This Corporate Governance Report is divided into five main sections, namely:
(A) Board Matters
(B) Remuneration Matters
(C) Accountability and Audit
(D) Shareholder Rights and Engagement
(E) Managing Stakeholder Relationships

(A) BOARD MATTERS

The Board of Directors as at the report date comprises:

Mr Ngiam Mia Je Patrick (Chairman and Chief Executive Officer)
Mr Ngiam Mia Kiat Benjamin (Managing Director)
Ms Lauw Hui Kian (Executive Director)
Mr Ngiam Mia Hai Bernard (Executive Director)
Mr Ngiam Mia Hong Alfred (Executive Director)
Mr Teo Kiang Kok (Lead Independent Director)
Mr Lee Joo Hai (Independent Director)
Mr Tan Sin Huat, Dennis (Independent Director)

A description of the background of each director is presented in the "Board of Directors" section of this annual report.

The Board's Conduct Of Affairs

Principle 1: *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

The Board objectively makes decisions in the best interests of the Group for long-term performance and success of the Group. The Board has clear policies and procedures for dealing with conflicts of interest. Where the director faces a conflict of interest, he or she discloses and recuses himself or herself from meetings and decisions involving the issue.

Matters requiring board approval has been clearly communicated to Management in writing and is set out further in this report, including those matters involving a conflict of interest for substantial shareholder or director, quarterly and full-year results, major acquisitions and disposals of assets, acquisitions and disposals of assets outside the ordinary course of business, corporate or financial restructuring and share issuances, dividends and other returns to shareholders.

The Board has delegated specific responsibilities to three Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") which are formed with clear written terms and reference setting out the compositions, authorities and duties. Information on each of the three Committees is set out further in this report. The Board accepts that while these Board Committees have the delegated authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Company conducts an orientation programme for new directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices. The Company also ensures that for any director who has had no prior experience as a director of a listed company to undergo mandatory training pursuant to Listing Rule 201(5)(a) in the roles and responsibilities of a listed company director.

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

(A) BOARD MATTERS *(continued)*

The Board's Conduct Of Affairs *(continued)*

For FY2019, 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 2019, 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.

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 FY 2019 are disclosed below:

	Board of Directors			Audit Committee			Remuneration Committee			Nominating Committee			AGM		
	Number of meetings														
Name	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended
Ngiam Mia Je Patrick	C	4	4	-	4	4#	-	1	1#	M	1	1	C	1	1
Ngiam Mia Kiat Benjamin	M	4	4	-	4	4#	-	1	1#	M	1	1#	M	1	1
Lauw Hui Kian	M	4	4	-	4	4#	-	1	1#	-	1	1#	M	1	1
Ngiam Mia Hai Bernard	M	4	4	-	4	4#	-	1	1#	-	1	1#	M	1	1
Ngiam Mia Hong Alfred	M	4	4	-	4	4#	-	1	1#	-	1	1#	M	1	1
Teo Kiang Kok	M	4	4	M	4	4	M	1	1	C	1	1	M	1	1
Lee Joo Hai	M	4	4	C	4	4	M	1	1	M	1	1	M	1	1
Tan Sin Huat, Dennis	M	4	4	M	4	4	C	1	1	-	1	1#	M	1	1

Notes:

 # - By invitation

C – Chairman as at the report date

M – Member as at the report date

Complete and adequate information for decision making were provided to the Board timely. 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.

Access to Management

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.

Access to external advisors

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.

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

(A) BOARD MATTERS *(continued)*

The Board's Conduct Of Affairs *(continued)*

Access to the Company Secretary

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.

The Board have separate and independent access to Management and the Company Secretary.The appointment and the removal of the Company Secretary is subject to the approval of the Board.

Board Composition and Guidance

Principle 2: *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

Board Composition and Independent Directors

The Board comprises three (3) independent directors and five (5) executive directors. The independent directors comprise more than one-third of the Board. Currently, there is no alternate director appointed.

The NC and the Board are cognisant of the Code's recommendation for independent directors to make up a majority of the Board where the Chairman is not independent. Although the Company falls short of the required number of IDs, the Board ensures that decisions at Board level are thoroughly deliberated and made in the best interest of the Company. The NC and Board also take into account the appointment of lead independent director, refreshed of Independent Directors during FY2018 and specialised functions currently helmed by each of the five executive directors, the Board is of the view that its current size is adequate to provide for a diversity of views and facilitate effective decision-making. Each of the Board members is cognizant of their roles to demonstrate objectivity in their deliberations in the interest of the Company. The appointment of lead independent director ensures that no one individual represent domination in the Board's decision-making. 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 and Mr Teo Kiang Kok had served on the Board for more than 9 years since their first appointment on 16 December 1996 and 20 May 1993 respectively. The NC has conducted a rigorous review of their independence and determined that he has maintained their 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 and Mr Teo Kiang Kok to be independent after having determined that they have no relationship with the Company, its related corporations, its 5% 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 and Mr Teo Kiang Kok have throughout their appointment, demonstrated strong independence in character and judgement in the discharge of their responsibilities as directors of the Company. They have continued to express individual viewpoints, debated issues and objectively challenged the Management. They have sought clarification and amplification as they 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 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.

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.

Lead by the lead independent director, the non-executive directors are free to meet regularly without the presence of Management and provide feedback to the Board Chairman as appropriate. The Company would make available its premises for use by non-executive directors at any time for them to meet.

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

(A) BOARD MATTERS *(continued)*

Chairman and Chief Executive Officer

Principle 3*: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

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.

Lead Independent Director

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.

Board Membership

Principle 4*: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.*

There are three (3) members in the NC, a majority of whom, including the NC Chairman, are independent directors.

The members are:

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

Roles and Responsibilities of the Nominating Committee

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;

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

(A) BOARD MATTERS *(continued)*

Board Membership *(continued)*

Roles and Responsibilities of the Nominating Committee *(continued)*

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.

With the Code effective for FY2019, the NC has besides undertaking the above activities, considered and adopted where appropriate the below:

a. reviewed the NC's terms of reference;
b. putting in place formal procedures in evaluating the performance of the Board Committees and individual directors besides the current practice of evaluating the Board only and informal assessment of each individual directors; and
c. reviewed the succession planning for the Chairman and CEO.

Selection, Appointment and Re-appointment of Directors

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 where required.

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 by rotation under Article 90 of the Company's Constitution for re-election at the forthcoming AGM of the Company, namely Mr Ngiam Mia Hai Bernard and Mr Ngiam Mia Je Patrick.

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.

Independence of Directors

The NC is also responsible for determining annually, the independence of directors. In doing so, the NC takes into account the circumstances set forth in the Code and any other salient factors. Following its annual review, the NC has endorsed the following independence status of the directors:

<u>Independent</u>

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

Multiple directorships

The information on each director's listed company directorships and other principal commitments is presented in the "Board of Directors" and "Directors' Statement" section of this annual report.

Sufficient Time and Attention by Directors

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.

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

(A) BOARD MATTERS *(continued)*

Board Performance

Principle 5*: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

Assessing Board Performance

The NC has conducted a Board Performance Evaluation exercise to assess the effectiveness of the Board and individual directors for financial year ended 31 December 2019. The performance criteria include an evaluation of the size and composition of the Board, Board accountability, Board process, guidance to and communication with Management, standard of conduct, attendance at meetings and other self-assessment criteria. 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 assessed the Board's performance and is of the view that the performance of the Board as a whole for FY2019 was satisfactory. No external facilitator was used in the evaluation process.

Board Committees performance evaluation were done on informal basis together with the individual director assessment. The latter was evaluated based on Meeting Attendance, Meeting Preparation, Board Participation, Committee Work, Integrity, Availability for Consultation, Business and Finance Knowledge, Industry Knowledge and Awareness, Long-Range Planning Contribution, Chemistry with other Director and Degree of Commitment and Attention. The NC has recommended the adoption of formal evaluation forms for the Board Committees and the Board has accepted the NC's recommendation for the Board Committees' evaluation to be conducted for financial year ending 31 December 2020.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6*: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

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

The members are:
Mr Tan Sin Huat, Dennis (Chairman)
Mr Teo Kiang Kok
Mr Lee Joo Hai

The RC possesses general knowledge in the field of remuneration and will seek external professional advice, if necessary.

Roles and Responsibilities of the Remuneration Committee

The RC's principal responsibilities are to review and recommend to the Board, a framework of remuneration for the Board and key management personnel and to determine specific remuneration packages and terms of employment for each 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. There were no remuneration consultants engaged by the Company in FY2019.

Level and Mix of Remuneration

Principle 7*: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

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 to ensure it is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for long term. 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 which aim to align with the interest of shareholders and other stakeholders and promoted the long-term success of the Company.

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

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

(B) REMUNERATION MATTERS *(continued)*

Disclosure on Remuneration

Principle 8*: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

For 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 FY2019 is provided as follows:

	Profit sharing %	Remuneration %	Director's fee %
S$250,000 to S$499,999			
- Ngiam Mia Je Patrick	-	100	-
- Ngiam Mia Kiat Benjamin	-	100	-
- Lauw Hui Kian	-	100	-
- Ngiam Mia Hai Bernard	-	100	-
- Ngiam Mia Hong Alfred	-	100	-
Below S$250,000			
- Teo Kiang Kok	-	-	100
- Lee Joo Hai	-	-	100
- Tan Sin Huat, Dennis	-	-	100

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 FY2019. Aside from the directors disclosed above, the Company has no employee who is a substantial shareholder of the Company or is an immediate family member of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 for FY2019.

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 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.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9*: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

The Company currently does not have a Board Risk 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.

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

(C) ACCOUNTABILITY AND AUDIT *(continued)*

Risk Management and Internal Controls *(continued)*

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.

For FY2019, the Board has obtained assurance from:

(a) the CEO and Finance Director 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) the CEO and other key management personnel who are responsible, that the Group's risk management systems and internal control systems are adequate 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 Board, with the concurrence of the AC, are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems were adequate and effective.

Audit Committee

Principle 10*: The Board has an Audit Committee which discharges its duties objectively.*

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 objectively. 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

Roles and Responsibilities of the Audit Committee

The AC met on a quarterly basis for FY 2019 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 and internal report;
   - 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.

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

(C) ACCOUNTABILITY AND AUDIT *(continued)*

Audit Committee *(continued)*

Roles and Responsibilities of the Audit Committee *(continued)*

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.

Independence of external auditors

In the review of the financial statements for FY2019, 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 fair value through profit or loss ("FVPL"), have been properly dealt with and recommended the Board to approve the financial statements. The Board has approved the financial statements on 3 February 2020.

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 $171,000 (2018: $176,000) for audit services and $12,300 (2018: $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 2019.

The AC has conducted an annual review of all non-audit services provided by the external auditor in respect of FY2019 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.

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.

Commentary on Adequacy of the Group's Internal Controls

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 and the Board, with the concurrence of the AC, opined that the internal audit function is independent, effective and adequately resourced.

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.

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

(C) ACCOUNTABILITY AND AUDIT *(continued)*

Audit Committee *(continued)*

Whistle Blowing

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.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11*: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

The Company's results announcements are disseminated through SGXNET, news releases (whenever deemed necessary) 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 shareholders are encouraged to attend the Company's general meetings, the notice of shareholders' meetings is also advertised in a daily newspaper and is made available on the SGXNET. At the AGM, all Directors (including the Chairman of AC, NC and RC) are normally present to address shareholders' views and questions regarding the Company. All the Directors attended the AGM held in FY2019. A record of the Directors' attendance at the AGM can be found in the records of their attendance of meetings set out on page 16 of this Annual Report. 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 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).

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.

Dividend policy

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 FY2019, no dividend has been proposed by the Board. The Company is preserving its cash resources to pursue strategic business opportunities.

Engagement with Shareholders

Principle 12*: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2019

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT *(continued)*

Engagement with Shareholders *(continued)*

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Results and annual reports are announced or issued within the mandatory period via SGXNET.

The Group has a dedicated investor relations team which communicates with its shareholders and attends to their queries or concerns. The team also manages the dissemination of corporate information to public, institutional investors and public shareholders, and acts as a liaison point for such entities and parties. The Company does not have an investor relations policy in place. Shareholders can avail themselves of email feedback that goes directly to the Group's investor relations team. Material information is published on SGXNET and on the Company's website www.ipc.com.sg.

Over the past financial year, the Group met with investors during the Annual/Extraordinary General Meetings. In these meetings, matters pertaining to business strategy, prospects, operational and financial performance were shared by the Board.

Following recent amendments to the listing rules of SGX-ST Listing Manual ("Amended Listing Rules") which took effect from 7 February 2020, the Company had ceased quarterly reporting ("QR") with effect from 13 February 2020. The Company has been practicing timely release of announcements and providing voluntary updates to shareholders and will continue to comply with its continuing disclosure obligations to keep shareholders updated when appropriate. In view of the cessation of QR, the Company would be releasing its half-yearly results ended 30 June and full year ended 31 December from 2020 onwards, in accordance with the Amended Listing Rules.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13*: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Board recognises the interests of other parties such as shareholders, guests, colleagues, and local community are essential as part of value creation for the Group. The Group has in place a process to identify the major stakeholders, their needs and effective communication channels to engage these stakeholders.

The Group's key focus areas during the reporting period are responsible business, customer privacy and environment such as energy, water and waste.

The Group engages with the key stakeholders through various means. Details of the areas of focus, methods of engagement and stakeholders' response can be found in our Sustainability Report 2019 which will be available on the corporate website www.ipc.com.sg by end of May 2020.

Stakeholders can also reach out to the Company through email feedback found on our corporate website www.ipc.com.sg or sustainability report.

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 2019.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

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 33 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 2019 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
Mr Tan Sin Huat, Dennis

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 31.12.2019	At 1.1.2019	At 31.12.2019	At 1.1.2019
IPC Corporation Ltd				
(No. of ordinary shares)				
Ngiam Mia Je Patrick	**4,313,981**	4,313,981	**11,217,893**	11,217,893
Ngiam Mia Kiat Benjamin	**6,053,681**	6,053,681	**7,558,114**	7,558,114
Lauw Hui Kian	**3,659,779**	3,659,779	**11,872,095**	11,872,095
Ngiam Mia Hai Bernard	**1,721,029**	1,721,029	**-**	-
Ngiam Mia Hong Alfred	**1,683,529**	1,683,529	**-**	-

(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 2020 were the same as those as at 31 December 2019.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

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.

Audit Committee

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

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

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 2019 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 re-appointment 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
Chairman

Ngiam Mia Kiat Benjamin
Director

3 February 2020

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 2019, 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 2019;
- the statements of financial position of the Group and of the Company as at 31 December 2019;
- 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.

INDEPENDENT AUDITOR'S REPORT

To the members of IPC Corporation Ltd (continued)

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 2019. 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.

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Impairment assessment of property-related assets The Group's property-related assets are mainly in China, with carrying amounts as at 31 December 2019 as follows: i. Properties developed for sale, $18.3 million (Note 13) ii. Properties held for sale, $3.0 million (Note 14) iii. Prepaid leasehold land, $18.5 million (Note 19) iv. Property, plant and equipment, $25.9 million (Note 20(c)) These assets accounted for more than 50% of the total assets of the Group. The Group has engaged an independent valuer 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.	Our audit procedures included the following: • Assessed the competency and objectivity of the valuer engaged by the Group; • Evaluated and assessed the appropriateness of the valuation methodologies applied; • Held discussions with the valuer to obtain an understanding of the data used as inputs to the valuation models; • Assessed the reasonableness of the key inputs, assumptions and estimates used; and • Reviewed the adequacy and appropriateness of the disclosures made in the financial statements. Management concluded that none of the properties required an impairment loss 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.

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

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 $22.9 million (Note 15) as at 31 December 2019. The fair value loss recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2019 amounted to $11.6 million (Note 8).
 	
For the purpose of estimating the fair value as at 31 December 2019, the Group has engaged an independent valuer to perform a valuation on these convertible preference shares.
 	
Given 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 15 – Financial assets, FVPL and Note 29 – Financial risk management.
	Our audit procedures included the following:
	
	• We assessed the competency and objectivity of the independent valuer 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 and marketability, 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 and the appropriateness 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 express any form of assurance conclusion thereon.

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

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

When we read the 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 SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

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 Magdelene Chua.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 3 February 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	**2019**	2018
		$'000	$'000
Sales	4	**3,565**	9,019
Cost of sales	5	**(3,419)**	(8,341)
Gross profit/(loss)		**146**	678
Other income	7	**682**	607
Other gains/(losses), net	8	**(11,760)**	29,893
Expenses			
- Distribution and marketing	5	**(342)**	(318)
- Administrative	5	**(4,603)**	(5,222)
- Finance	5	**(588)**	(579)
- Other	5	**-**	(20)
		(5,533)	(6,139)
Profit/(loss) before income tax		**(16,465)**	25,039
Income tax credit/(expense)	9(a)	**(242)**	(71)
Total profit/(loss)		**(16,707)**	24,968
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
- Fair value gains/(losses) – debt investments		**-**	(42)
- Reclassification upon redemption		**(8)**	-
Currency translation differences arising from consolidation			
- Gains/(losses)		**(1,937)**	(1,721)
Items that will not be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
- Fair value gains/(losses) – equity investments		**39**	(2,396)
Other comprehensive income/(loss), net of tax		**(1,906)**	(4,159)
Total comprehensive income/(loss)		**(18,613)**	20,809
Earnings/(losses) per share for profit/(loss) attributable to equity holders of the Company			
(cents per share)			
- Basic	10	**(19.59)**	29.27
- Diluted	10	**(19.59)**	29.27

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group		Company	
		2019	2018	**2019**	2018
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**7,440**	9,974	**3,339**	5,996
Trade and other receivables	12	**643**	590	**155**	158
Tax recoverable	9(c)	**-**	612	**-**	-
Properties developed for sale	13	**18,349**	18,958	**-**	-
Properties held for sale	14	**2,986**	3,071	**-**	-
Other assets		**39**	37	**-**	-
		29,457	33,242	**3,494**	6,154
Non-current assets					
Financial assets, at FVPL	15	**22,920**	34,551	**22,920**	34,551
Financial assets, at FVOCI	16	**463**	1,320	**-**	896
Prepayment		**73**	95	**-**	-
Investments in associated companies	17	**-**	-	**-**	-
Investments in subsidiaries	18	**-**	-	**87,411**	94,062
Prepaid leasehold land	19	**18,457**	19,719	**-**	-
Property, plant and equipment	20	**27,393**	28,881	**1,438**	990
		69,306	84,566	**111,769**	130,499
Total assets		**98,763**	117,808	**115,263**	136,653
LIABILITIES					
Current liabilities					
Trade and other payables	22	**2,153**	2,824	**200**	949
Current income tax liabilities	9(b)	**11**	319	**-**	-
Borrowings	23	**1,051**	3,774	**277**	-
		3,215	6,917	**477**	949
Non-current liabilities					
Borrowings	23	**7,638**	4,368	**301**	-
		7,638	4,368	**301**	-
Total liabilities		**10,853**	11,285	**778**	949
NET ASSETS		**87,910**	106,523	**114,485**	135,704
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	**33,190**	33,190	**33,190**	33,190
Currency translation reserve		**(5,608)**	(3,671)	**-**	-
Fair value reserve	25	**(2,357)**	(2,388)	**-**	8
Retained earnings	26	**62,685**	79,392	**81,295**	102,506
Total equity		**87,910**	106,523	**114,485**	135,704

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

		Attributable to equity holders of the Company				
	Note	Share capital	Currency translation reserve	Fair value reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
2019						
As at 1 January 2019		**33,190**	**(3,671)**	**(2,388)**	**79,392**	**106,523**
Profit/(loss) for the year		-	-	-	(16,707)	(16,707)
Total comprehensive income/ (loss) for the year		-	(1,937)	31	-	(1,906)
Total comprehensive income/ (loss) for the year		-	(1,937)	31	(16,707)	(18,613)
As at 31 December 2019		**33,190**	**(5,608)**	**(2,357)**	**62,685**	**87,910**
2018						
As at 31 December 2017		**33,190**	**(1,950)**	**50**	**51,360**	**82,650**
Adoption of SFRS(I) 9		-	-	-	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**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	2019	2018
		$'000	$'000
Cash flows from operating activities			
Total profit/(loss)		**(16,707)**	24,968
Adjustments for			
- Income tax expense/(credit)		**242**	71
- Amortisation of prepaid leasehold land	19	**454**	473
- Depreciation of property, plant and equipment	20	**1,792**	1,539
- Unrealised currency translation losses/(gains)		**198**	(71)
- Gain on redemption of financial assets, at FVOCI		**(62)**	-
- Write-down on land held for development		**-**	1,452
- Fair value loss/(gain) on financial assets, at FVPL		**11,631**	(31,340)
- Write-off of other receivables		**1**	19
- Interest income		**(139)**	(143)
- Interest expense		**588**	579
		(2,002)	(2,453)
Change in working capital			
- Other assets		**(2)**	3
- Properties		**37**	5,066
- Trade and other receivables		**(32)**	165
- Trade and other payables		**(608)**	861
Cash generated from/(used in) operations		**(2,607)**	3,642
Interest received		**139**	113
Income tax paid, net		**-**	(71)
Net cash provided by/(used in) operating activities		**(2,468)**	3,684
Cash flows from investing activities			
Purchases of property, plant and equipment		**(167)**	(360)
Redemption of financial assets, at FVOCI		**877**	-
Net cash provided by/(used in) investing activities		**710**	(360)
Cash flows from financing activities			
Interest paid		**(588)**	(579)
Proceeds from borrowings		**3,948**	3,652
Repayment of borrowings		**(3,751)**	(3,855)
Principal payment of lease liabilities		**(305)**	-
Net cash provided by/(used in) financing activities		**(696)**	(782)
Net increase/(decrease) in cash and cash equivalents		**(2,454)**	2,542
Cash and cash equivalents at beginning of financial year	11	**9,974**	7,334
Effects of currency translation on cash and cash equivalents		**(80)**	98
Cash and cash equivalents at end of financial year	11	**7,440**	9,974

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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 Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 Leases:

Adoption of SFRS(I) 16 Leases

(a) When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statements of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.17.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

(i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

(ii) On a lease-by-lease basis, the Group has:

a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
b) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
c) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
d) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.2 Interpretations and amendments to published standards effective in 2019 *(continued)*

Adoption of SFRS(I) 16 Leases *(continued)*

(a) When the Group is the lessee (continued)

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its ROU assets (except for ROU assets which are leasehold properties) at a carrying amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

There will be no deferred tax effect arising from the adoption of SFRS(I) 16 on date of transition as the Group elected to apply the initial recognition exemption.

(iii) For leases previously classified as finance leases, the carrying amount of the leased assets as at 1 January 2019 are determined as the carrying amount of the ROU assets.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

	Increase/(decrease)
	$'000
Property, plant and equipment	883
Borrowings	883

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the statements of financial position as at 1 January 2019 are as follows:

	$'000
Operating lease commitments disclosed as at 31 December 2018	39
Less: Short-term leases	(15)
Less: Low-value leases	(24)
Add: Non-cancellable operating leases with lease terms commencing prior to 1 January 2019, committed during the year	900
Less: Discounting effects using weighted average incremental borrowing rate of 2.685%	(17)
Lease liabilities recognised as at 1 January 2019	883

(b) When the Group is a lessor

There are no material changes to accounting by the Group as a lessor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.3 Revenue recognition

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.

(d) Interest income

Interest income from financial assets at amortised cost and FVOCI 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.4 Group accounting *(continued)*

(a) Subsidiaries (continued)

(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.

(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 and joint ventures

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%.

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

Investments in associated companies and joint ventures 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 and joint ventures 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 and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.4 Group accounting *(continued)*

(c) Associated companies and joint ventures (continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associates' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income.

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

When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture, 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 or joint venture 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 or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies or joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company or joint venture 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, associated companies and joint ventures in the separate financial statements of the Company is as included in Note 2.10.

2.5 Property, plant and equipment

(a) Measurement

(i) Buildings and improvements

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 2.8).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.5 Property, plant and equipment *(continued)*

(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
Buildings	34 - 62 years
Leasehold office building	3 years
Building 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”.

2.6 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.

2.7 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.

2.8 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 construction.

2.9 Prepaid leasehold land

Prepaid leasehold land are land 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.

2.10 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.11 Impairment of non-financial assets

Property, plant and equipment and prepaid leasehold land

Right-of-use assets

Investments in subsidiaries, associated companies and joint ventures

The above assets 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 inflows 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.

2.12 Financial assets

(a) 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.

At subsequent measurement

(i) Debt instruments

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.12 Financial assets *(continued)*

(a) Classification and measurement (continued)

At subsequent measurement *(continued)*

(i) Debt instruments (continued)

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".

(b) 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 29 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.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.12 Financial assets *(continued)*

(c) Recognition and derecognition (continued)

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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 Leases

(a) The accounting policy for leases before 1 January 2019 are as follows:

(i) When the Group and the Company are the lessee:

The Group and the Company lease 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.

Contingent rents, if any, are recognised as an expense in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.17 Leases *(continued)*

(a) The accounting policy for leases before 1 January 2019 are as follows: *(continued)*

(ii) 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, if any, are recognised as income in profit or loss when earned.

(b) The accounting policy for leases from 1 January 2019 are as follows:

(i) When the Group and the Company are the lessee:

At the inception of the contract, the Group and the Company assess if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group and the Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group and the Company shall use its incremental borrowing rate.

Lease payments would typically include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables.

For contract that contain both lease and non-lease components, the Group and the Company allocate the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group and the Company have elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There are changes in the Group's and Company's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.17 Leases *(continued)*

(b) The accounting policy for leases from 1 January 2019 are as follows: *(continued)*

(i) When the Group and the Company are the lessee: (continued)

- Short term and low value leases

The Group and the Company have elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group and the Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

There is no variable lease payment for the financial year.

(ii) When the Group is the lessor:

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16.

2.18 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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 and the Company are 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.19 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.

2.20 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.

2.21 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.

(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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.21 Currency translation *(continued)*

(c) Translation of Group entities' financial statements (continued)

(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.

2.22 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.

2.23 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.

2.24 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.

2.25 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 land, and property, plant and equipment. The carrying amount of these assets are disclosed in Note 13, Note 14, Note 19 and Note 20 to the financial statements respectively.

The Group has engaged an independent valuer to perform valuations to determine the realisable value of properties developed for sale and properties held for sale and recoverable amounts of the prepaid leasehold land and certain buildings and improvements classified within property, plant and equipment as at the financial year end, to determine whether any write-down or impairment was required as at 31 December 2019.

The realisable value and recoverable amounts were determined using an average of the direct comparison method and income method. The judgement and estimates involved the comparison of recently transacted sales of similar properties and estimating net operating income from rental discounted by an appropriate capitalisation rate. Based on the valuations, the management concluded that no write-down or impairment was required as at 31 December 2019.

(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 2019, NHJC manages 14 hotels in different locations in Japan. The carrying amount of this investment is disclosed in Note 15 to the financial statements.

The Group has engaged an independent valuer to perform valuation on the investment as at 31 December 2019. Certain key assumptions and estimates are highly sensitive, and they have been disclosed accordingly in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. Revenue

	Group	
	2019	2018
	$'000	$'000
Sale of properties developed for sale	**43**	114
Sale of land held for development	**-**	4,970
Hotel-related revenue		
- Hotel room revenue	**2,532**	3,030
- Sale of food and beverages	**792**	719
- Conference room revenue	**151**	149
- Rendering of services	**47**	37
Total sales	**3,565**	9,019

All the revenue were originated in China and are recognised at a point in time.

In the previous financial year, the revenue from the sale of land held for development was related to the disposal of the Group's and the Company's 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.

5. Expenses by nature

	Group	
	2019	2018
	$'000	$'000
Amortisation of prepaid leasehold land (Note 19)	**454**	473
Changes in properties and land held for development	**37**	5,066
Depreciation of property, plant and equipment (Note 20)	**1,792**	1,539
Employee compensation (Note 6)	**3,195**	3,958
Hotel and catering supplies	**869**	784
Insurance	**104**	98
Interest expense	**588**	579
Maintenance	**300**	233
Professional fees	**406**	313
Property and miscellaneous taxes	**89**	135
Rental expense on operating lease	**22**	235
Transportation	**185**	159

6. Employee compensation

	Group	
	2019	2018
	$'000	$'000
Wages and salaries	**2,981**	3,737
Employer's contribution to defined contribution plans, including Central Provident Fund	**214**	221
	3,195	3,958

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7. Other income

	Group	
	2019	2018
	$'000	$'000
Interest income from financial assets, at amortised cost	**117**	76
Interest income from financial assets, at FVOCI	**22**	67
Rental income (on operating leases)	**486**	419
Others	**57**	45
	682	607

8. Other gains/(losses), net

	Group	
	2019	2018
	$'000	$'000
Fair value gain/(loss) on financial assets, at FVPL (Note 15)	**(11,631)**	31,340
Currency translation gains/(losses) – net	**(198)**	24
Gain on redemption of financial assets, at FVOCI	**62**	-
Reclassification from OCI upon redemption of financial assets, at FVOCI	**8**	-
Write-down of land held for development	**-**	(1,452)
Write-off of other receivables (Note 12)	**(1)**	(19)
	(11,760)	29,893

9. Income taxes

(a) Income tax expense/(credit)

	Group	
	2019	2018
	$'000	$'000
Tax expense/(credit) attributable to profit is made up of:		
Profit/(loss) from current financial year:		
Foreign taxes		
- Land appreciation tax expenses	**11**	26
Under/(over) provision in prior financial years:		
- Current income tax	**-**	45
- Foreign taxes	**(319)**	-
- Accrued sales tax	**(62)**	-
Written-off of tax recoverable	**612**	-
	242	71

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. Income taxes *(continued)*

(a) Income tax expense/(credit) *(continued)*

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

	Group	
	2019	2018
	$'000	$'000
Profit/(loss) before tax	**(16,465)**	25,039
Tax calculated at tax rate of 17% (2018: 17%)	**(2,799)**	4,257
Effects of		
- different tax rates in other countries	**(153)**	(126)
- utilisation of previously unrecognised tax losses	**(53)**	(59)
- expenses not deductible for tax purposes	**2,729**	1,269
- income not subject to tax	**(23)**	(5,784)
- land appreciation tax expenses	**11**	26
- deferred tax assets not recognised	**299**	443
- tax recoverable written-off	**612**	-
- under/(over) provision of income tax in prior financial years	**(381)**	45
Tax expense/(credit)	**242**	71

The Group has unutilised tax losses of approximately $13.2 million (2018: $14.6 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 $8.7 million (2018: $10.2 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 and in determining the recoverability at tax recoverable. 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.

During the year, certain tax provisions for income taxes and tax recoverable of a foreign subsidiary have been reversed and written-off as the subsidiary currently do not have tax profit to utilise the tax recoverable, and certain tax provisions are no longer deemed required due to the finalisation of tax positions.

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 2019 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 2019 would be approximately $74.6 million (2018: $76.3 million), which comprises Development and Expansion Incentive tax losses of $8.4 million (2018: $8.4 million) and unutilised tax losses of $66.2 million (2018: $67.9 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. Income taxes *(continued)*

(b) Movement in current income tax liabilities

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of the financial year	**319**	327	**-**	-
Currency translation differences	**-**	(8)	**-**	(45)
Income tax paid	**-**	(71)	**-**	-
Tax expense/(credit)	**11**	26	**-**	-
Under/(over) provision in prior financial years	**(319)**	45	**-**	45
End of the financial year	**11**	319	**-**	-

(c) Movement in tax recoverable

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of the financial year	**612**	627	**-**	-
Written-off during the year	**(612)**	-	**-**	-
Currency translation differences	**-**	(15)	**-**	-
End of the financial year	**-**	612	**-**	-

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	
	2019	2018
Profit/(loss) attributable to equity holders of the Company ($'000)	**(16,707)**	24,968
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)	**(19.59)**	29.27

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	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**1,832**	1,381	**593**	249
Short-term bank deposits	**5,608**	8,593	**2,746**	5,747
	7,440	9,974	**3,339**	5,996

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12. Trade and other receivables - current

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**174**	132	**19**	36
Other receivables	**1**	19	**1**	19
Deposits	**186**	172	**136**	122
Prepayments	**283**	286	**-**	-
	644	609	**156**	177
Less: Write-off of other receivables (Note 8)	**(1)**	(19)	**(1)**	(19)
	643	590	**155**	158

13. Properties developed for sale

	Group	
	2019	2018
	$'000	$'000
Land cost	**7,496**	7,774
Development expenditure	**10,853**	11,184
	18,349	18,958

The properties developed for sale recognised as an expense and included in "cost of sales" amounted to $0.04 million (2018: $0.09 million).

As at 31 December 2019, 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	2,131	2,131	100%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. Properties held for sale

	Group	
	2019	2018
	$'000	$'000
Properties held for sale	**2,986**	3,071

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, at FVPL

	Group and Company	
	2019	2018
	$'000	$'000
Financial assets, at FVPL	**22,920**	34,551

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

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**34,551**	-	**34,551**	-
Reclassification at 1 January 2018 from financial assets, available-for-sale	**-**	147	**-**	102
Fair value recognised at 1 January 2018 upon transition to SFRS(I) 9	**-**	3,064	**-**	3,064
	34,551	3,211	**34,551**	3,166
Fair value gain/(loss)recognised in profit or loss (Note 8)	**(11,631)**	31,340*	**(11,631)**	31,385
End of financial year	**22,920**	34,551	**22,920**	34,551

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

Financial assets, at FVPL are analysed as follows:

	2019	2018
	$'000	$'000
<u>Group and Company</u>		
Unquoted investments		
- equity investments - Asia Pacific	**22,920**	34,551

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15. Financial assets, at FVPL *(continued)*

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.

16. Financial assets, at FVOCI

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Financial assets, at FVOCI	**463**	1,320	**-**	896

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

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**1,320**	-	**896**	-
Reclassification at 1 January 2018 from financial assets, available-for-sale	**-**	3,743	**-**	922
Redemption				
- Cost	**(807)**	-	**(807)**	-
- Fair value reserve (Note 25)	**(8)**	-	**(8)**	-
Currency translation differences	**(81)**	15	**(81)**	16
Fair value gain/(loss) recognised in other comprehensive income (Note 25)	**39**	(2,438)	**-**	(42)
End of financial year	**463**	1,320	**-**	896

Financial assets, at FVPL are analysed as follows:

	2019	2018
	$'000	$'000
Group		
Quoted investments		
- bond funds - Europe	**-**	896
- equity investment - United States	**463**	424
	463	1,320
Company		
Quoted investments		
- bond funds - Europe	**-**	896

The equity 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 $463,000 (2018: $424,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

17. Investments in associated companies

	Group	
	2019	2018
	$'000	$'000
Beginning and end of the financial year	**-**	-

	Company	
	2019	2018
	$'000	$'000
Equity investment at cost		
Beginning and end of the financial year	**500**	500
Accumulated impairment losses		
Beginning and end of the financial year	**500**	500
Net carrying amount	**-**	-
The summarised financial information of associated companies are as follows:		
- Liabilities	**12,455**	12,454
- Net profit/(loss)	**(1)**	(1)

During the financial year, the Group has not recognised its share of loss of associated companies amounting to $535 (2018: $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 $6,727,427 (2018: $6,726,892) at the end of the reporting period.

Details of significant associated companies are provided in Note 35.

18. Investments in subsidiaries

	Company	
	2019	2018
	$'000	$'000
Equity investment at cost		
Cost	**38,287**	38,287
Loans to subsidiaries	**59,008**	59,229
	97,295	97,516
Less: Accumulated impairment	**(9,884)**	(3,454)
	87,411	94,062

The loans to subsidiaries 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.

During the year, the Company has provided impairment in the investments in the subsidiaries located in China, amounting to $6,430,000 (2018: $1,322,000) as the estimated fair values of net assets of the subsidiaries are lower than the carrying amounts of investments as at 31 December 2019. The fair values of the net assets were estimated using the net assets of the subsidiaries, adjusted to include the fair values of the property-related assets of the subsidiaries. The valuation techniques in estimating the fair values of the property-related assets are disclosed in Note 3 (a). The fair value measurements are categorised within Level 3 of the fair value hierarchy.

Details of all subsidiaries are listed in Note 35.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

19. Prepaid leasehold land

	Group	
	2019	2018
	$'000	$'000
Prepaid leasehold land	**18,457**	19,719

The movement of the prepaid leasehold land are as follows:

	Group	
	2019	2018
	$'000	$'000
Beginning of financial year	**19,719**	20,913
Currency translation differences	**(808)**	(721)
Amortisation recognised in profit or loss (Note 5)	**(454)**	(473)
End of financial year	**18,457**	19,719

Bank borrowings are secured on prepaid leasehold land of the Group with carrying amounts of $15,179,000 (2018: $19,719,000) (Note 23).

The prepaid leasehold land are right-of-use of assets acquired under leasing arrangements. Details of such leased assets are disclosed in Note 21(a).

20. Property, plant and equipment

	Buildings and improvements	**Leasehold office building**	**Furniture, fixtures and fittings**	**Motor vehicles**	**Office equipment**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group						
2019						
Cost						
Beginning of financial year	32,382	-	1,374	1,827	910	36,493
Adoption of SFRS(I) 16 (Note 2.2)	-	883	-	-	-	883
	32,382	883	1,374	1,827	910	37,376
Currency translation differences	(899)	-	(29)	(7)	(22)	(957)
Additions	100	-	32	-	35	167
End of financial year	31,583	883	1,377	1,820	923	36,586
Accumulated depreciation						
Beginning of financial year	4,993	-	1,057	796	766	7,612
Currency translation differences	(164)	-	(21)	(6)	(20)	(211)
Depreciation charge (Note 5)	1,182	278	78	171	83	1,792
End of financial year	6,011	278	1,114	961	829	9,193
Net book value						
End of financial year	**25,572**	**605**	**263**	**859**	**94**	**27,393**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

20. Property, plant and equipment *(continued)*

	Buildings and improvements	Leasehold office building	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Total
	$'000	**$'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**

	Leasehold office building	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Company					
2019					
Cost					
Beginning of financial year	-	343	1,564	123	2,030
Adoption of SFRS(I) 16 (Note 2.2)	883	-	-	-	883
End of financial year	883	343	1,564	123	2,913
Accumulated depreciation					
Beginning of financial year	-	343	574	123	1,040
Depreciation charge	278	-	157	-	435
End of financial year	278	343	731	123	1,475
Net book value					
End of financial year	**605**	**-**	**833**	**-**	**1,438**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

20. Property, plant and equipment *(continued)*

	Leasehold office building	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'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**

(a) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21(a).

(b) Bank borrowings are secured on buildings of the Group with carrying amount of $20,556,000 (2018: $27,389,000) (Note 23).

(c) The carrying amount of the property, plant and equipment located in China, excluding motor vehicles, amounted to $25,929,000 (2018: $27,850,000).

21. Leases

The Group and Company as a lessee

Nature of the Group's and Company's leasing activities

Prepaid leasehold land

The Group has made an upfront payment to secure the right-of-use of leasehold land, which had been developed into hotel, shophouses and clubhouse. The right-of-use of the leasehold land are recognised in Note 19.

Property

The Group and the Company lease office space, and the Group hostel units from non-related parties under non-cancellable operating lease agreements, for the purpose of back office operations and staff accommodation respectively.

(a) Carrying amounts

ROU assets classification

	31.12.2019	1.1.2019
	$'000	$'000
Group		
Prepaid leasehold land	**18,457**	19,719
Property, plant and equipment		
- Leasehold office building	**605**	883
Company		
Property, plant and equipment		
- Leasehold office building	**605**	883

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

21. Leases *(continued)*

The Group and Company as a lessee *(continued)*

(b) Depreciation charge during the year

	2019 $'000
<u>**Group and Company**</u>	
Property, plant and equipment	
- Leasehold office building	278

(c) Amortisation charge during the year

	2019 $'000
<u>**Group**</u>	
Prepaid leasehold land	454

(d) Lease expense not capitalised in lease liabilities

	2019 $'000
<u>**Group**</u>	
Lease expense – short-term leases	22

(e) Total cash outflow for all the leases in 2019 was $327,000.

(f) There was no addition of ROU assets during the financial year 2019.

(g) Future cash outflow which are not capitalised in lease liabilities

Extension options

The lease for office building contain extension period, for which the related lease payments had not been included in lease liabilities as the Group and Company is not reasonably certain to exercise these extension option. The Group and the Company negotiate extension options to optimise operational flexibility in terms of managing the assets used in the Group's and the Company's operations. The extension option is exercisable by the Group and the Company and not by the lessor.

The Group and Company as a lessor

<u>Nature of the Group's leasing activities - the Group as a lessor</u>

The Group has leased out kindergarten and residential carpark under properties developed for sale and shophouses under property, plant and equipment to non-related parties for fixed monthly lease payments. These leases are classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from the leases of the Group as a lessor recognised during the financial year 2019 was $486,000 (2018: $419,000) as disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

21. Leases *(continued)*

The Group and Company as a lessor *(continued)*

Nature of the Group's leasing activities - the Group as a lessor *(continued)*

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	Group	
	31.12.2019	1.1.2019
	$'000	$'000
Not later than one year	**428**	487
Between one and two years	**393**	491
Between two and three years	**374**	425
Between three and four years	**333**	391
Between four and five years	**324**	277
Later than five years	**1,039**	1,349
Total undiscounted lease payment	**2,891**	3,420

22. Trade and other payables

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade payables to				
- Non-related parties	**222**	187	**-**	-
- Associated companies	**663**	663	**-**	-
- Subsidiaries	**-**	-	**16**	17
	885	850	**16**	17
Deposits received	**294**	236	**-**	-
Accrued operating expenses	**974**	1,738	**184**	932
	2,153	2,824	**200**	949

Transactions with associated companies and subsidiaries were made on normal commercial terms and conditions.

23. Borrowings

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Current				
- Bank borrowings (secured)	**774**	3,774	**-**	-
- Lease liabilities	**277**	-	**277**	-
	1,051	3,774	**277**	-
Non-current				
- Bank borrowings (secured)	**7,337**	4,368	**-**	-
- Lease liabilities	**301**	-	**301**	-
	7,638	4,368	**301**	-
	8,689	8,142	**578**	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

23. Borrowings *(continued)*

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

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Less than 1 year	**1,051**	3,774	**277**	-
1 - 5 years	**7,638**	4,368	**301**	-
	8,689	8,142	**578**	-

(a) Security granted

Borrowings of $8,111,000 (2018: $8,142,000) are secured by pledge of certain prepaid leasehold land (Note 19) and certain buildings (Note 20) in Zhuhai, China.

(b) Fair value of non-current borrowings

	2019	2018
	$'000	$'000
Group		
Bank borrowings	**7,371**	4,356

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 as follows:

	2019	2018
	$'000	$'000
Group		
Bank borrowings	**7.00%**	7.11%

(c) Reconciliation of liabilities arising from financing activities

	1 January 2019 $'000	Principal and interest payments $'000	Proceeds from borrowings $'000	Non-cash changes $'000			31 December 2019 $'000
				Adoption of SFRS(I) 16	Interest expense	Foreign exchange movement	
Bank borrowings	8,142	(4,339)	3,948	-	588	(228)	8,111
Lease liabilities	-	(305)	-	883	-	-	578

	1 January 2018 $'000	Principal and interest payments $'000	Proceeds from borrowings $'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

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For the financial year ended 31 December 2019

24. Share capital

	No. of ordinary shares	Amount
	Issued share capital	Share capital
	'000	$'000
Company		
2019		
Beginning and end of financial year	**85,292**	**33,190**
2018		
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.

25. Fair value reserve

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**(2,388)**	50	**8**	50
Fair value gain/(loss) on financial assets, at FVOCI (Note 16)	**39**	(2,438)	**-**	(42)
Reclassification upon redemption of financial asset, at FVOCI (Note 16)	**(8)**	-	**(8)**	-
End of financial year	**(2,357)**	(2,388)	**-**	8

26. Retained earnings

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

27. 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	
	2019	2018
	$'000	$'000
Guarantee given to banks for mortgage facilities granted to IPC Zhuhai's properties	**64**	73

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

28. Commitments

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

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

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	Group 2018 $'000
Not later than one year	15
Between one and five years	24
	39

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statements of financial position as at 31 December 2019, except for short-term and low value leases.

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

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

As at 31 December 2018, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables, are as follows:

	Group 2018 $'000
Not later than one year	487
Between one and five years	1,578
Later than five years	1,349
	3,414

On 1 January 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease payments from the operating leases to be received after 31 December 2019 is disclosed in Note 21.

29. 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").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management *(continued)*

(a) Market risk *(continued)*

(i) Currency risk (continued)

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") and United States Dollar ("USD"). Consequently, transactions are subjected to the fluctuation of foreign currencies.

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 on the net financial assets/(liabilities) (excluding equity instruments) based on the information provided to key management is as follows:

	SGD	USD	RMB	HKD	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2019						
Financial assets						
Cash and cash equivalents	1,283	4,471	1,181	412	93	7,440
Trade and other receivables	206	-	154	-	-	360
	1,489	4,471	1,335	412	93	7,800
Financial liabilities						
Borrowings	578	-	8,111	-	-	8,689
Trade and other payables	879	-	1,154	120	-	2,153
	1,457	-	9,265	120	-	10,842
Net financial assets/(liabilities)	**32**	**4,471**	**(7,930)**	**292**	**93**	**(3,042)**
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(32)	-	7,930	118	-	8,016
Currency exposure of net financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**-**	**4,471**	**-**	**410**	**93**	**4,974**
At 31 December 2018						
Financial assets						
Cash and cash equivalents and financial assets, at FVOCI	5,219	4,429	1,068	67	87	10,870
Trade and other receivables	198	13	95	-	-	306
	5,417	4,442	1,163	67	87	11,176
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)	**3,789**	**4,442**	**(8,054)**	**(54)**	**87**	**210**
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(3,789)	-	8,054	119	-	4,384
Currency exposure of net financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**-**	**4,442**	**-**	**65**	**87**	**4,594**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management *(continued)*

(a) Market risk *(continued)*

(i) Currency risk (continued)

The Company's currency exposure on the net financial assets/(liabilities) (excluding equity instruments) based on the information provided to key management is as follows:

	SGD	USD	HKD	Others	Total
	$'000	$'000	$'000	$'000	$'000
At 31 December 2019					
Financial assets					
Cash and cash equivalents	448	2,387	411	93	3,339
Trade and other receivables	155	-	-	-	155
	603	2,387	411	93	3,494
Financial liabilities					
Borrowings	578	-	-	-	578
Trade and other payables	200	-	-	-	200
	778	-	-	-	778
Net financial assets/(liabilities)	**(175)**	**2,387**	**411**	**93**	**2,716**
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	175	-	-	-	175
Currency exposure of net financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	**-**	**2,387**	**411**	**93**	**2,891**
At 31 December 2018					
Financial assets					
Cash and cash equivalents and financial assets, at FVOCI	4,389	2,351	65	87	6,892
Trade and other receivables	145	13	-	-	158
	4,534	2,364	65	87	7,050
Financial liabilities					
Trade and other payables	949	-	-	-	949
	949	-	-	-	949
Net financial assets/(liabilities)	**3,585**	**2,364**	**65**	**87**	**6,101**
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(3,585)	-	-	-	(3,585)
Currency exposure of net financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	**-**	**2,364**	**65**	**87**	**2,516**

If the USD, RMB and HKD strengthen against the SGD by 1% (2018: 3%), 3% (2018: 1%), and 1% (2018: 4%) respectively with all other variables being held constant, the effects arising from the net financial assets/ (liabilities) (excluding equity instruments) that are exposed to currency risk will be as follows:

	2019		2018	
	Increase/(decrease)			
	Loss before tax	**Other comprehensive loss**	Profit before tax	Other comprehensive loss
	$'000	**$'000**	$'000	$'000
Group				
USD against SGD	**(45)**	**-**	133	-
RMB against SGD	**-**	**238**	-	81
HKD against SGD	**(4)**	**1**	3	5

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management *(continued)*

a) Market risk *(continued)*

(i) Currency risk (continued)

	2019		2018	
	Increase/(decrease)			
	Loss before tax	**Other comprehensive loss**	Profit before tax	Other comprehensive loss
	$'000	**$'000**	$'000	$'000
Company				
USD against SGD	**(24)**	**-**	71	-
HKD against SGD	**(4)**	**-**	3	-

The weakening of USD, RMB and HKD against the SGD by 1% (2018: 3%), 3% (2018: 1%) and 1% (2018: 4%) 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 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, at FVPL or at FVOCI. These financial assets are either listed or non-listed. 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 29(e).

If prices for bond funds in listed Europe and equity investments listed in United States increased by 5% in financial year 2018 and 11% (2018: 7%) respectively with all other variables including tax rate being held constant, the effect on other comprehensive loss will be:

	Decrease/(Increase)	
	2019	2018
	$'000	$'000
Group		
Bond funds listed in Europe	**-**	45
Equity investments listed in United States	**51**	30
Company		
Bond funds listed in Europe	**-**	45

A 5% in financial year 2018 and 11% (2018: 7%) 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 and Company's fixed deposits exposed to changes in interest rates on which effective hedges have not been entered into are denominated in SGD and USD. The Group's borrowings exposed to changes in interest rates on which effective hedges have not been entered into are denominated in RMB.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management *(continued)*

(a) Market risk *(continued)*

(iii) Cash flow and fair value interest rate risks (continued)

At 31 December 2019, if interest rate has increased/decreased by 0.5% (2018: 0.5%) with all other variables being held constant, the Group's loss before tax (2018: profit before tax) will be higher/lower by $13,000 (2018: higher/lower by $2,000).

The Company's loss before tax (2018: profit before tax) will be lower/higher by $14,000 (2018: higher/lower by $29,000).

Financial assets, at FVPL, financial assets 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 of the Group arises from cash and cash equivalents, credit exposures to customers, and investment in debt instrument. 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.

Trade receivables mainly comprise individual and 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 the Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

As the Group and the Company do not hold collateral, 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.

(i) Cash and cash equivalents

The Group and the Company held cash and cash equivalents, as disclosed in Note 11, with banks which are considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(ii) Trade and other receivables

The Group and the Company use 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 consider 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management *(continued)*

(b) Credit risk *(continued)*

(ii) Trade and other receivables (continued)

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 consider 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 2019 by using provision matrix is insignificant.

(iii) Financial assets, at FVOCI

As disclosed in Note 16, 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. The bond has been redeemed during the year.

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 2019 is insignificant.

(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 2019				
Trade and other payables	**2,153**	**-**	**-**	**-**
Lease liabilities	**277**	**301**	**-**	**-**
Borrowings (excluding lease liabilities)	**1,291**	**4,579**	**3,514**	**-**
At 31 December 2018				
Trade and other payables	2,824	-	-	-
Borrowings	4,069	1,063	3,680	-
Company				
At 31 December 2019				
Trade and other payables	**200**	**-**	**-**	**-**
Lease liabilities	**277**	**301**	**-**	**-**
At 31 December 2018				
Trade and other payables	949	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. 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	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group				
31 December 2019				
Assets				
Financial assets, at FVPL				
- Equity investments	**-**	**-**	**22,920**	**22,920**
Financial assets, at FVOCI				
- Equity investments	**463**	**-**	**-**	**463**
Total assets	**463**	**-**	**22,920**	**23,383**
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
Company				
31 December 2019				
Assets				
Financial assets, at FVPL				
- Equity investments	**-**	**-**	**22,920**	**22,920**
Total assets	**-**	**-**	**22,920**	**22,920**
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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management *(continued)*

(e) Fair value measurements *(continued)*

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of the reporting period. There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The unquoted equity investment in Asia Pacific that is not traded in an active market was classified as Level 3. The fair value of this investment is determined by using valuation techniques. The Group engaged an independent valuer to determine the fair value as at 31 December 2019. The overall valuation approach used by the independent valuer was to first estimate the underlying equity value of the underlying entity using income and market approach, which will then be the input to the option-pricing model used to derive the value of the investment. The independent valuer also used assumptions that are based on market conditions existing at the end of reporting date. As the valuation techniques for this instrument is based on significant unobservable inputs, such instrument is classified as Level 3.

The Singapore's quoted equity investment was classified as Level 3 as the trading of the investment continue to be suspended during the financial year 2019. A fair value loss has been recognised on the investment during the previous financial year as the investment is in a net liability position. There is no change in this Level 3 instrument.

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

The following table presents the changes of the unquoted equity investment designated as financial assets, at FVPL in Level 3 instruments:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of the financial year	**34,551**	45	**34,551**	-
Financial assets previously recognised at cost	**-**	102	**-**	102
Difference between carrying amount and fair value previously measured at cost as at 1 January 2018	**-**	3,064	**-**	3,064
Fair value gain/(loss) through profit or loss	**(11,631)**	31,340	**(11,631)**	31,385
End of the financial year	**22,920**	34,551	**22,920**	34,551

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management *(continued)*

(e) Fair value measurements *(continued)*

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

Description	Fair value at 31.12.2019 $'000	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity on loss/profit before tax ("LBT/PBT")
Financial assets, at FVPL - Equity investment in Asia Pacific	22,920	Discount rate	7.4% (2018: 6.5%)	The higher the discount rate, the lower the fair value	Increase/decrease by 1%, LBT would increase/decrease by $2 million (2018: PBT would decrease/ increase by $5.7 million)
		Terminal growth rate	0.7% (2018: 1%)	The higher the terminal growth rate, the higher the fair value	Increase/decrease by 1%, LBT would decrease/increase by $1.9 million (2018: PBT would increase/ decrease by $5.6 million)
		Discount on lack of control and marketability ("discount")	40% (2018: 40%)	The higher the discount, the lower the fair value	Increase/decrease by 5%, LBT would increase/decrease by $2.0 million (2018: PBT would decrease/ increase by $2.9 million)
		Revenue growth rate	2.1%-18.4% (2018: 15% – 40%)	The higher the revenue growth rate, the higher the fair value	Increase/decrease by 3%, LBT would decrease/increase by $1.6 million (2018: PBT would increase/ decrease by $2.3 million)
		Market multiple	11.4x – 13.4x (2018: 13.2x – 15.2x)	The higher the market multiple, the higher the fair value	Increase/decrease by 1.5 multiple, LBT would decrease/ increase by $1.7 million (2018: PBT would increase/decrease by $1.9 million

(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 Notes 15 and 16 to the financial statements, except for the following:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Financial assets, at amortised cost	**7,800**	10,278	**3,494**	6,154
Financial liabilities, at amortised cost	**10,842**	10,966	**778**	949

30. 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	
	2019	2018
	$'000	$'000
Rental income received from a related party*	**12**	12
Administration fee received from a related party*	**5**	5

* Related party refers to a company outside of the Group, but with common directors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

30. Related party transactions *(continued)*

(b) Key management personnel compensation:

Key management personnel compensation is as follows:

	Group 2019 $'000	Group 2018 $'000
Wages and salaries	**1,576**	2,329
Employer's contribution to defined contribution plans, including Central Provident Fund	**39**	41
	1,615	2,370

31. 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" relates to rendering of hotel management services. Business under "Investment" relates to investment in convertible preference shares in Nest HOTEL Japan Corporation ("NHJC"). Other services included within Singapore include investments held for trading and investments held for strategic purposes which are included in the "Other" column.

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

	Properties	Hotel management	Investment	Other	Total
	People's Republic of China	People's Republic of China	Japan	Singapore	
	$'000	$'000	$'000	$'000	$'000
Group					
2019					
Revenue and other income					
- external sales	43	3,522	-	-	3,565
- other income	477	45	-	160	682
- inter-segment income	256	-	-	-	256
	776	3,567	-	160	4,503
Cost of revenue and operating expenses	(296)	(3,257)	-	(3,153)	(6,706)
Inter-segment expense	-	(256)	-	-	(256)
Depreciation and amortisation	(1,663)	(427)	-	(156)	(2,246)
Other gains/(losses), net	-	(45)	(11,631)	(84)	(11,760)
Profit/(loss) before income tax	(1,183)	(418)	(11,631)	(3,233)	(16,465)
Total assets	63,324	4,151	22,920	8,368	98,763
Total assets include:					
Additions to:					
- property, plant and equipment	105	62	-	-	167
Total liabilities	8,505	759	-	1,578	10,842

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. Segment information *(continued)*

	Properties	Hotel management	Investment	Other	Total
	People's Republic of China	People's Republic of China	Japan	Singapore	
	$'000	$'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)	31,340	103	29,893
Profit/(loss) before income tax	(2,742)	47	31,340	(3,606)	25,039
Total assets	66,486	4,733	34,551	11,426	117,196
Total assets include:					
Additions to:					
- property, plant and equipment	-	360	-	-	360
Total liabilities	8,554	646	-	1,766	10,966

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

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

	Group	
	2019	2018
	$'000	$'000
Segment assets for reportable segments	**98,763**	117,196
Other segment assets		
Unallocated:		
- Tax recoverable	**-**	612
	98,763	117,808

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

	Group	
	2019	2018
	$'000	$'000
Segment liabilities for reportable segments	**10,842**	10,966
Other segment assets		
Unallocated:		
- Current income tax liabilities	**11**	319
	10,853	11,285

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. Segment information *(continued)*

Revenue from major products and services

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

	Group	
	2019	2018
	$'000	$'000
Properties	**43**	5,084
Hotel management	**3,522**	3,935
	3,565	9,019

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	
	2019	2018
	$'000	$'000
People's Republic of China	**3,565**	9,019

	Group Non-current assets	
	2019	2018
	$'000	$'000
Singapore	**1,438**	990
People's Republic of China	**44,485**	47,705
	45,923	48,695

Changes in accounting policy

(i) The adoption of the new leasing standard resulted in the recognition of ROU assets and lease liabilities, which increased segment assets and liabilities as at 31 December 2019 by $605,000 and $578,000 respectively.

(ii) The recognition of ROU assets and lease liabilities on the statements of financial position resulted in an increase in depreciation in the consolidated statement of comprehensive income in the current year by $278,000.

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items above is not entirely comparable to the information disclosed for the prior year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. New or revised accounting standards and interpretations

Amendments to SFRS(I) 3 *Business Combination* (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

33. Comparative amounts

Certain comparative amounts have been reclassified for consistency with the presentation of the 2019 consolidated financial statements. The reclassification has no material impact to the Group.

34. 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 3 February 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

35. Listing of all companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2019 %	2018 %
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 a subsidiary				
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
Joint venture company held by the Company				
IPC-AP Hospitality Pte Ltd[(c), (e)]	Hotel management company (Dormant)	Singapore	**37.5**	-

(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.

(e) Incorporated on 11 April 2019. The joint venture company remains dormant as at 31 December 2019.

SHAREHOLDERS' INFORMATION

As at 19 March 2020

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	8,011	35.34	351,045	0.41
100 – 1,000	12,001	52.95	3,604,830	4.23
1,001 – 10,000	2,315	10.21	7,008,043	8.22
10,001 – 1,000,000	324	1.43	16,802,877	19.70
1,000,001 AND ABOVE	15	0.07	57,525,090	67.44
TOTAL	**22,666**	**100.00**	**85,291,885**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	15,426,980	18.09
2	ESSEX INVESTMENT (S) PTE LTD	7,558,114	8.86
3	RAFFLES NOMINEES (PTE.) LIMITED	6,027,150	7.07
4	CITIBANK NOMINEES SINGAPORE PTE LTD	5,308,623	6.22
5	OCBC SECURITIES PRIVATE LIMITED	4,467,441	5.24
6	MORPH INVESTMENTS LTD	3,869,300	4.54
7	RHB SECURITIES SINGAPORE PTE. LTD.	3,505,000	4.11
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,578,883	3.02
9	LIM CHIN CHOO @ELIZABETH LIM	2,071,600	2.43
10	BOON KIA HENG JUSTIN (WEN JIAQING)	1,280,000	1.50
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	696,727	0.82
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	**60,599,267**	**71.07**

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 2019

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 Thursday, 30 April 2020 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 2019 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect the following Directors of the Company retiring pursuant to Article 90 of the Company's Constitution:

   Mr Ngiam Mia Je Patrick **(Resolution 2)**

   [See Explanatory Note (i)]

   Mr Ngiam Mia Hai Bernard **(Resolution 3)**

   [See Explanatory Note (ii)]

3. To approve the payment of Directors' fees of S$155,000.00 for the year ended 31 December 2019 (previous year: S$162,500.00).

   (Resolution 4)

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

   (Resolution 5)

5. 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:

6. **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);

NOTICE OF ANNUAL GENERAL MEETING

For the financial year ended 31 December 2019

AS SPECIAL BUSINESS *(continued)*

6. **Authority to issue new shares** *(continued)*

(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, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of Listing Manual; 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 (iii)] **(Resolution 6)**

By Order of the Board

Ngiam Mia Hai Bernard

Secretary

Singapore, 14 April 2020

Measures to Minimise Risk of COVID-19

All persons attending the AGM will be required to undergo a temperature check, sign a health declaration form and provide contact details in case contact tracing is needed.

To minimise contact between persons, we will not be providing any drink or food after the AGM.

Individuals who are unwell, under quarantine order, or have been placed on Stay-at-Home Notice, or have recent travel history to countries under Singapore or World Health Organisation ("WHO") travel advisories in the last 14 days, or who display any of the following symptoms will not be admitted to the AGM:

- Fever
- Cough
- Headache/body ache
- Runny nose
- Shortness of breath
- Tiredness/fatigue
- Sore throat

To ensure that the Company is able to comply with the guidelines from Ministry of Health and relevant authorities, shareholders are strongly encouraged to pre-register their attendance by 23 April 2020 at our website: www.ipc.com.sg. Shareholders may also submit their questions, if any during the pre-registration. The Company will address the substantial queries received from shareholders during the AGM. Minutes of AGM including responses from the Board of Directors and Management to substantial queries and relevant comments will be published on the Company's website.

Depending on the situation of COVID-19 which is fluid and evolving, the venue and date of the AGM may be subjected to changes, inclusive of the mode in which the AGM will be conducted.

Please refer to the Company's website and release of announcement via SGX for updates on the AGM.

We seek your kind understanding and cooperation.

NOTICE OF ANNUAL GENERAL MEETING

For the financial year ended 31 December 2019

Explanatory Notes:

(i) Mr Ngiam Mia Je Patrick will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Company. Detailed information on Mr Patrick Ngiam Mia Je required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report.

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

(iii) The Ordinary Resolution 6 proposed in item 6 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 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)

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.

PROXY FORM

(Please see notes overleaf before completing this 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 30 April 2020 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to abstain, 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)**	**Abstain(1)**
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2019			
2	Re-election of Mr Patrick Ngiam Mia Je as a Director			
3	Re-election of Mr Bernard Ngiam Mia Hai as a Director			
4	Approval of Directors' fees amounting to S$155,000.00			
5	Re-appointment of PricewaterhouseCoopers LLP as Auditors			
6	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 _____________ 2020

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.

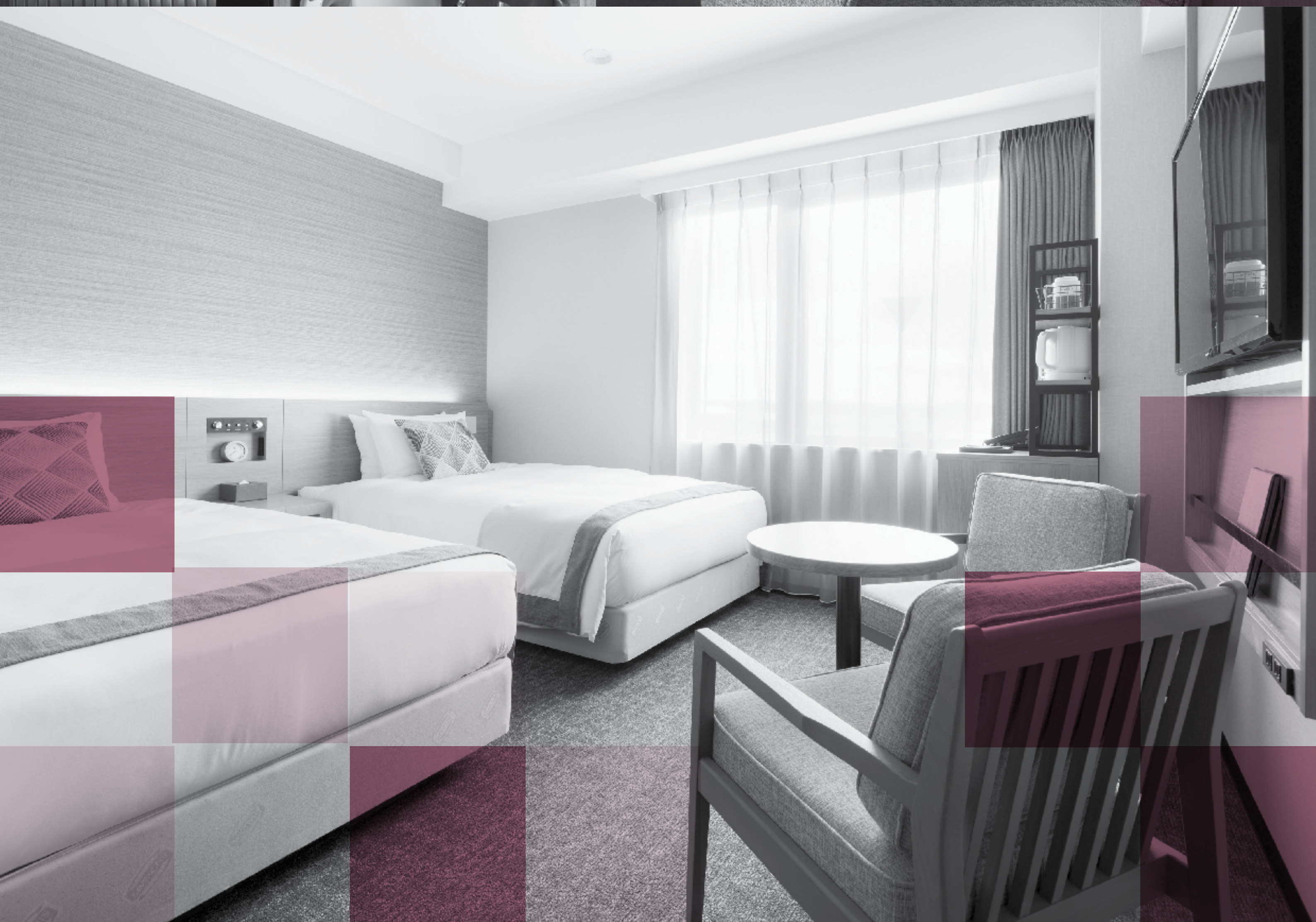
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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 14 April 2020.

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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