



Centurion Corporation Limited

(Incorporated in the Republic of Singapore with limited liability)

(Co. Reg. No.: 198401088W)

SGX Stock Code: OU8

SEHK Stock Code: 6090



2019 A NEW STAGE
OF GROWTH
INTERIM REPORT

CONTENTS

	<i>Page</i>
Corporate Information	1
Financial Highlights	2
Management Discussion and Analysis	3
Disclosure of Interests	9
Corporate Governance and Other Information	13
Financial Report	
Condensed Consolidated Statement of Profit or Loss	17
Condensed Consolidated Statement of Comprehensive Income	18
Condensed Consolidated Balance Sheet	19
Condensed Consolidated Statement of Changes in Equity	21
Condensed Consolidated Statement of Cash Flows	22
Notes to the Condensed Financial Statements	24

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Teo Peng Kwang
(Chief Operating Officer – Accommodation Business)

Non-Executive:

Wong Kok Hoe (Chairman)
Loh Kim Kang David
Han Seng Juan

Independent Non-Executive:

Gn Hiang Meng (Lead Independent Director)
Chandra Mohan s/o Rethnam
Owi Kek Hean
Tan Poh Hong

CHIEF EXECUTIVE OFFICER

Kong Chee Min

AUDIT COMMITTEE

Gn Hiang Meng (Chairman)
Chandra Mohan s/o Rethnam
Owi Kek Hean

NOMINATING COMMITTEE

Owi Kek Hean (Chairman)
Gn Hiang Meng
Tan Poh Hong

REMUNERATION COMMITTEE

Chandra Mohan s/o Rethnam (Chairman)
Tan Poh Hong
Wong Kok Hoe

COMPANY SECRETARIES

Hazel Chia Luang Chew
Juliana Tan Beng Hwee
Wong Tak Yee (Hong Kong Company Secretary)
(Resigned on 19 June 2019)
Cheung Yuet Fan (Hong Kong Company Secretary)
(Appointed on 19 June 2019)

REGISTERED OFFICE

45 Ubi Road 1 #05-01
Singapore 408696
Tel: (65) 6745 3288
Fax: (65) 6743 3288
Email: enquiry@centurioncorp.com.sg

STOCK CODE

Singapore: OU8
Hong Kong: 6090

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

45 Ubi Road 1 #05-01
Singapore 408696

PRINCIPAL BANKERS

United Overseas Bank Limited
Malayan Banking Berhad
DBS Bank Ltd

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 5705
57th Floor, The Center
99 Queen's Road Central
Hong Kong

SINGAPORE PRINCIPAL SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00, ASO Building
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

AUDITORS

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

AUDIT PARTNER-IN-CHARGE

Chua Chin San
(Appointed since financial year beginning
1 January 2018)

AUTHORISED REPRESENTATIVES

Wong Kok Hoe
Wong Tak Yee (Resigned on 19 June 2019)
Cheung Yuet Fan (Appointed on 19 June 2019)

COMPANY WEBSITE

www.centurioncorp.com.sg

FINANCIAL HIGHLIGHTS

Centurion Corporation Limited (the “Company”) is incorporated and domiciled in the Republic of Singapore. The ordinary shares of the Company (the “Shares”) are listed and traded on both the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and The Stock Exchange of Hong Kong Limited (the “SEHK”).

The Board (the “Board”) of Directors of the Company (the “Directors”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the second quarter (“2Q 2019”) and the six months (“1H 2019”) ended 30 June 2019, together with the relevant unaudited comparative figures for the second quarter (“2Q 2018”) and six months (“1H 2018”) ended 30 June 2018.

CONSOLIDATED RESULTS

	2Q 2019 S\$'000	2Q 2018 S\$'000	% change + / (-)	1H 2019 S\$'000	1H 2018 S\$'000	% change + / (-)
Revenue	32,907	30,374	8	64,192	60,476	6
Gross profit	24,656	22,012	12	46,994	43,567	8
Net profit after tax	11,465	11,063	4	20,558	21,552	(5)
Profit from core business operations attributable to equity holders	10,191	9,767	4	18,067	18,896	(4)
Basic earnings per share from core business operations (cents) based on weighted average number of ordinary shares	1.21	1.16		2.15	2.25	
Dividend per share (cents)	1.00	1.00		1.00	1.00	

CONDENSED CONSOLIDATED BALANCE SHEET

	Group	
	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000
Total equity	531,431	524,951
Net assets attributable to the Company’s equity holders	511,092	507,315
Net borrowings (total borrowings less cash and bank balances)	671,807	675,495
Net borrowings to total capital (borrowings plus net assets) ratio	54%	54%
Net assets per share attributable to the Company’s equity holders (cents)	60.79	60.34

MANAGEMENT DISCUSSION AND ANALYSIS

(A) (I) SECOND QUARTER REVIEW – 2Q 2019 VS 2Q 2018

The Group's revenue increased by 8% to S\$32.9 million for the quarter ended 30 June 2019 ("2Q 2019"), from S\$30.4 million in the quarter ended 30 June 2018 ("2Q 2018").

The higher revenue was mainly due to revenue contribution from the Group's newly added properties such as dwell East End Adelaide in Australia and dwell Princess Street in the United Kingdom ("UK"). Higher occupancy rates achieved on our Singapore workers accommodation has also contributed to the better revenue performance.

The Group's gross profit increased by 12% year-on-year, from S\$22.0 million in 2Q 2018 to S\$24.7 million in 2Q 2019 mainly due to the increase in revenue. The adoption of IFRS 16 Leases ("IFRS 16") which came into effect in January 2019 had improved the gross profit including certain rental expenses on operating leases being reclassified as finance expenses. On the other hand, the Group's properties in South Korea and Westlite Bukit Minyak, Penang which started operations in late February 2019 and May 2019 respectively incurred start-up losses that reduced the gross profit by about S\$0.4 million in 2Q 2019. These two properties are in the midst of ramping up its occupancy.

In line with the Group's expanded business operations, administrative expenses increased by S\$0.8 million compared to 2Q 2018.

Finance expenses increased by S\$1.3 million, mainly due to new borrowings to fund the Group's expansion. The higher expenses were also due to higher interest rates compared to the previous corresponding period, and the implementation of the IFRS 16 which resulted in the recognition of S\$0.3 million finance expenses from lease liabilities in 2Q 2019.

Share of profit of associated companies and joint venture decreased by S\$0.3 million, largely due to lower contribution from the Centurion US Student Housing Fund (the "US Fund").

Net profit after tax derived from the Group's operations was S\$11.5 million in 2Q 2019, an increase of S\$0.4 million compared to 2Q 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

(A) (II) HALF YEAR 2019 REVIEW – 1H FY2019 VS 1H FY2018

The Group registered a 6% increase in revenue, from S\$60.5 million in the six months ended 30 June 2018 (“1H 2018”) to S\$64.2 million in the six months ended 30 June 2019 (“1H 2019”).

The higher revenue was mainly attributable to revenue contribution from dwell East End Adelaide in Australia and dwell Princess Street in the UK as well as the increase in rental rates from the Group’s UK assets.

Gross profit for the Group in 1H 2019 increased by S\$3.4 million on the back of the higher revenue and adoption of IFRS 16, which have offset the increased cost of sales associated with the start-up of new operational assets.

The expanded business operations resulted in an increase of S\$1.3 million in administrative costs.

Finance expenses increased by S\$3.1 million due to new borrowings to fund the Group’s expansion, higher interest rates compared to the previous corresponding period, and the implementation of the IFRS 16 which resulted in S\$0.7 million additional finance expenses from lease liabilities.

Share of the profit of associated companies and joint venture reduced by S\$0.5 million in 1H 2019 mainly due to lower contribution from the US Fund.

The Group’s net profit of S\$20.6 million was lower by S\$1.0 million compared to 1H 2018. This was substantially due to start-up costs incurred for the new properties and higher interest expense on additional borrowings to fund the Group’s expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

(B) REVIEW OF GROUP BALANCE SHEET

The redemption of the Multicurrency Medium Term Notes ("MTN") Series 3 Notes in April 2019 and payment of dividends to equity holders of the Company led to a S\$11.1 million reduction in cash and bank balances, which stood at S\$51.8 million as at 30 June 2019. Please refer to (c) for review of the Group's cash flow statements.

Trade and other payables reduced by S\$9.7 million, largely due to settlement of the payables relating to construction costs and recognition of advance rental to the income statement.

As a result of the new IFRS 16, investment properties increased by S\$40.2 million. Correspondingly, the total lease liabilities balance of S\$39.2 million was recorded as at 30 June 2019.

During the quarter, the Group reduced its interest rate risk on borrowings through the purchase of an interest rate swap, which was recognised as S\$1.1 million of derivative financial instruments as at 30 June 2019.

Borrowings & Gearing

As at 30 June 2019, the Group had net current liabilities of S\$10.6 million. The Group currently has sufficient cash resources and banking facilities available of S\$118.5 million to meet its current liabilities.

The Group's net gearing ratio was 54% which remain the same as at 31 December 2018. The Group's developmental and acquired operating assets are primarily funded through bank borrowings, which has an average remaining maturity profile of 8 years. The Group finances its long term assets with long term bank debt with regular principal repayments.

The Group's balance sheet remained healthy with S\$51.8 million in cash and bank balances as at 30 June 2019.

As at 30 June 2019, the carrying amounts of the Group's cash and bank balances and borrowings are denominated in the below currencies:-

	SGD S\$'000	GBP S\$'000	AUD S\$'000	MYR S\$'000	USD S\$'000	KRW S\$'000	Other S\$'000	Total S\$'000
As at 30 June 2019								
Cash and bank balances	35,998	5,684	6,079	1,852	890	243	1,072	51,818
Borrowings	537,523	97,383	63,189	25,482	—	48	—	723,625
As at 31 December 2018								
Cash and bank balances	48,723	5,018	2,585	2,966	1,453	1,598	559	62,902
Borrowings	551,860	100,449	59,038	27,034	—	16	—	738,397

* Gearing ratio is our net debt divided by total capital. Net debt is calculated as borrowings less cash and bank balances. Total capital is calculated as borrowings less cash and bank balances.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The Group operates in Singapore, Malaysia, United Kingdom, Australia, South Korea and the United States of America.

Currency risk arises within the entities in the Group when transactions are denominated in foreign currencies such as Great Britain Pound (“GBP”), Malaysian Ringgit (“MYR”), Australian Dollar (“AUD”), South Korean Won (“KRW”), United States Dollar (“USD”) and Hong Kong Dollar (“HKD”). In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Exposures to foreign currency risks are managed as far as possible by natural hedges and monitoring to ensure the exposure is minimised.

INTEREST RATE EXPOSURE

The Group manages its interest rate exposure with a focus on reducing the Group’s overall cost of debt and exposure to changes in interest rates. When considered appropriate after taking into consideration the hedging premium, the Group may purchase derivatives such as interest rate swaps to manage its interest rate exposure. The Group’s main interest rate exposure relates to Singapore Dollar, Great Britain Pound, Australian Dollar and Malaysian Ringgit borrowings.

As at 30 June 2019, approximately 78% of the Group’s total bank borrowings and other debts were at floating rates and the remaining 22% were at fixed rates (31 December 2018: 86% floating; 14% fixed).

(C) REVIEW OF GROUP STATEMENT OF CASH FLOWS

In 1H 2019, the Group generated a positive cash flow of S\$27.4 million from operating activities.

Net cash used in investing activities amounted to S\$0.7 million, mainly due to the development of RMIT Village, which was offset with dividends received from an associated company.

The Group recorded net cash used in financing activities of S\$37.6 million following the redemption of the MTN Series 3 Notes, the issue of the MTN Series 4 Notes, repayment of borrowings as well as interest and dividends paid during the period.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of S\$10.9 million in 1H 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OUTLOOK

Accommodation Business

As at 30 June 2019, the Group operated a diversified portfolio of 31 operational purpose-built workers and student accommodation assets ("PBWA" and "PBSA", respectively) comprising approximately 63,052 beds across Singapore, Malaysia, Australia, South Korea, the United Kingdom ("UK") and United States ("US").

Workers accommodation

As at 30 June 2019, Centurion had a total of 26,100 beds across four operating workers accommodation assets in Singapore, with a high average occupancy rate of 96.9% for 1H 2019.

In its Budget 2019¹, the Singapore government indicated that it has kept the foreign workers quota in the construction, marine, processing and manufacturing sectors unchanged. Furthermore, the Ministry of Manpower has announced that as at December 2018, the population of Non-Domestic Foreign Workers with work permits (excluding Foreign Domestic Workers) stood at 718,800, as compared to 718,400 from the year before². The Group expects demand from the PBWA sector to remain stable.

In Singapore, Centurion has secured a 10-year lease, with an option to renew for another 5 years, for Westlite Juniper (fka Juniper Lodge), which will add approximately 1,900 beds to the PBWA portfolio. Westlite Juniper is located at Mandai Estate and is within walking distance to Westlite Mandai. Westlite Juniper is expected to commence operations from September 2019.

In April 2019, Centurion announced a proposed reconstruction of an existing block in Westlite Toh Guan, which has obtained outline permission from the Urban Redevelopment Authority (URA). This reconstruction will add an industrial training centre, and serve to enhance the property's service offer and occupancy stability. Following approval from the various governmental authorities, Centurion will apply to URA for a written permission and seek approval from the Singapore Land Authority (SLA) for an extension of the use of the existing lease for PBWA use from 2032 to 2057.

In Malaysia, Centurion operated approximately 30,700 beds across seven workers accommodation assets during the quarter. The assets, which are well-located in key manufacturing hubs, enjoyed an average occupancy of 90.2% for 1H 2019 excluding Westlite Bukit Minyak. The Group expects occupancy for Westlite Bukit Minyak to gradually ramp up over the course of 2019, following the fitting out works completed in 1Q 2019.

The demand for PBWA in Malaysia is expected to be driven by the government's moves to ensure proper housing for foreign workers. This is evidenced in the passing of the Worker's Minimum Standards of Housing and Amenities (Amendment) Bill 2019 in July 2019, which aims to expand the minimum standard of housing and provision of basic facilities for workers in all sectors.

In 2Q 2019, Centurion has leased an adjacent block in Westlite Pasir Gudang from Tenaga Nasional Berhad (TNB) on a 9-year lease term, adding approximately 400 beds. Centurion also commenced development for three dormitory blocks on an existing parcel of land at Tampoi. This project, named Tampoi II is expected to add approximately 3,600 beds and complete construction in 3Q 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Student accommodation

The Group had a student portfolio of approximately 6,252 beds across 20 operational assets in the US, UK, Australia, Singapore and South Korea as at 30 June 2019.

In the UK, the Group achieved a healthy average occupancy of 90.3% for 1H 2019. Despite wider uncertainties surrounding Brexit, an increase in acquisitions of PBSA assets in the UK by global investors as well as an uptick in the development pipeline underscores the resilience of the sector. According to the Universities and Colleges Admissions Service, there was a record number of applicants from outside the European Union who have applied to study in the UK as at 30 June 2019, an increase of 8% from the previous year³. Demand from international students is also expected to remain strong, with the UK Department of Education setting the goal of attracting the number of international students from the current approximately 460,000 enrolled to 600,000 by 2030⁴.

In Australia, RMIT Village in Melbourne has achieved a stable average occupancy of 81.3% for 2Q 2019. This includes 43 beds which were completed in 2Q 2019 under the Asset Enhancement Programme. For the newly completed development of dwell East End Adelaide, it has achieved an average occupancy of 82.1% in 2Q 2019.

Australia remains the premier destination for international students. Statistics from Australia's Department of Education shows that Australia continued to experience growth in international student population, with 361,161 international students in the Higher Education segment as at May 2019, a 13% increase from 2018⁵.

In South Korea, occupancy for dwell Dongdaemun is expected to ramp up progressively over the course of 2019. In the US, the Group's six PBSA assets continued to record healthy average occupancy rates.

In Singapore, dwell Selegie achieved an average occupancy of 87.3% for 1H 2019.

The positive supply-demand dynamics within the student accommodation segment and the anti-cyclical resilience of this accommodation asset class point towards a healthy outlook for the Group's strategically-located student accommodation assets.

Growth strategy

The Group remains on track to continue growing its specialised accommodation business globally. It has both portfolio growth and asset light strategies in place, with the former involving selective acquisitions, developments and asset enhancement programmes. The latter seeks to achieve scalable growth through joint ventures, as well as the establishment and provision of investment, asset and property management services.

While the Group remains focused on niche accommodation assets within the PBSA and PBWA sectors which generate stable and recurring income streams, it will also consider opportunities to invest in new specialised accommodation types.

Remark:

1. Source: MOM Budget 2019 Highlights, 5 March 2019
2. Source: Ministry of Manpower – Foreign workforce numbers
3. Source: Universities and Colleges Admissions Service, 11 July 2019
4. Source: ICEF Monitor, 20 March 2019
5. Source: Australian Government Department of Education, May 2019

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S ("CEO") INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Under Section 164 of the Companies Act (Cap 50) of Singapore

- (a) According to the register of directors' shareholdings, none of the Directors holding office as at 30 June 2019 had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct Interest		Deemed Interest	
	at 30.6.2019	at 11.2019	at 30.6.2019	at 11.2019
Centurion Corporation Limited				
<u>(No. of ordinary shares)</u>				
Gn Hiang Meng	-	-	247,500	247,500
Loh Kim Kang David ⁽ⁱ⁾	32,536,950	29,485,150	445,956,126	445,956,126
Han Seng Juan	28,327,300	27,674,500	453,703,626	453,703,626
Teo Peng Kwang ⁽ⁱⁱ⁾	63,723,330	63,723,330	-	-
Kong Chee Min (CEO) ⁽ⁱⁱⁱ⁾	172,905	172,905	-	-
Ultimate Holding Corporation - Centurion Global Ltd				
<u>(No. of ordinary shares)</u>				
Loh Kim Kang David	8,086	8,086	-	-
Han Seng Juan	8,086	8,086	-	-
Immediate Holding Corporation - Centurion Properties Pte Ltd				
<u>(No. of ordinary shares)</u>				
Loh Kim Kang David	-	-	10,000,000	10,000,000
Han Seng Juan	-	-	10,000,000	10,000,000

- (i) As at 30 June 2019, Loh Kim Kang David also has a direct interest in the Fixed Rate Notes due 2022 issued by the Company for an aggregate principal amount of S\$1,000,000 (as at 1 January 2019: Nil).
- (ii) As at 30 June 2019, Teo Peng Kwang also has a direct interest in the Fixed Rate Notes due 2022 issued by the Company for an aggregate principal amount of S\$2,000,000 (as at 1 January 2019: Direct interest in fixed rate notes due 2020 issued by the Company for an aggregate principal amount of S\$2,000,000, which was disposed of in February 2019 pursuant to an exchange offer exercise).
- (iii) As at 30 June 2019, Kong Chee Min also has a direct interest in the Fixed Rate Notes due 2022 issued by the Company for an aggregate principal amount of S\$1,000,000 (as at 1 January 2019: Direct interest in fixed rate notes due 2020 issued by the Company for an aggregate principal amount of S\$500,000, which was disposed of in February 2019 pursuant to an exchange offer exercise).
- (b) Loh Kim Kang David and Han Seng Juan, who by virtue of their individual interest of not less than 20% of the issued share capital of the Company, are deemed to have an interest in the shares of the subsidiaries held by the Company.

DISCLOSURE OF INTERESTS

Under Section 352 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (“SFO”)

As at 30 June 2019, the interests and short positions of the Directors and CEO of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the SEHK pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, otherwise have been notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Rules Governing the Listing of Securities on the SEHK (the “HK Listing Rules”), are as follows:

Long positions in the Shares and underlying shares and debentures of the Company

	Capacity/Nature of interest	Direct Interest		Capacity/Nature of interest	Deemed Interest		Total Interest	
		No. of Shares	% ⁽²⁾		No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Loh Kim Kang David ⁽ⁱ⁾	Beneficial owner	32,536,950 ^{(L)(4)}	3.87	Interest of controlled corporation	445,756,126 ^{(L)(3)}	53.02	478,493,076 ^{(L)(10)}	56.91
				Interest of spouse	200,000 ^{(L)(5)}	0.02		
Han Seng Juan	Beneficial owner	28,327,300 ^{(L)(7)}	3.37	Interest of controlled corporation	445,756,126 ^{(L)(6)}	53.02	482,030,926 ^{(L)(11)}	57.33
				Interest of spouse	7,947,500 ^{(L)(8)}	0.94		
Gn Hiang Meng	-	-	-	Interest of spouse	247,500 ^{(L)(9)}	0.03	247,500 ^(L)	0.03
Teo Peng Kwang ⁽ⁱⁱ⁾	Beneficial owner	63,723,330 ^{(L)(12)}	7.58	-	-	-	63,723,330 ^(L)	7.58
Kong Chee Min (CEO) ⁽ⁱⁱⁱ⁾	Beneficial owner	172,905 ^(L)	0.02	-	-	-	172,905 ^(L)	0.02

(i) As at 30 June 2019, Loh Kim Kang David (“Mr Loh”) also has a direct interest in the Fixed Rate Notes due 2022 issued by the Company for an aggregate principal amount of S\$1,000,000 (as at 1 January 2019: Nil).

(ii) As at 30 June 2019, Teo Peng Kwang also has a direct interest in the Fixed Rate Notes due 2022 issued by the Company for an aggregate principal amount of S\$2,000,000 (as at 1 January 2019: Direct interest in fixed rate notes due 2020 issued by the Company for an aggregate principal amount of S\$2,000,000, which was disposed of in February 2019 pursuant to an exchange offer exercise).

(iii) As at 30 June 2019, Kong Chee Min also has a direct interest in the Fixed Rate Notes due 2022 issued by the Company for an aggregate principal amount of S\$1,000,000 (as at 1 January 2019: Direct interest in fixed rate notes due 2020 issued by the Company for an aggregate principal amount of S\$500,000, which was disposed of in February 2019 pursuant to an exchange offer exercise).

DISCLOSURE OF INTERESTS

Notes:

- (1) The letter "L" denotes the person's long position in the relevant Shares.
- (2) Based on 840,778,624 issued Shares as at 30 June 2019.
- (3) Mr Loh holds a 50% shareholding interest in Centurion Global Ltd ("Centurion Global"). Centurion Properties Pte Ltd ("Centurion Properties") is a wholly-owned subsidiary of Centurion Global. Mr Loh is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties.
- (4) Of 32,536,950 Shares held by Mr Loh, 16,716,750 Shares are registered in the name of UOB Kay Hian Private Limited, 1,500,000 Shares are registered in the name of Raffles Nominees (Pte.) Limited, 10,124,000 Shares are registered in the name of CGS-CIMB Securities (Singapore) Pte Ltd, 2,936,000 Shares are registered in the name of CGS-CIMB Securities (Hong Kong) Limited, 409,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited and 851,200 Shares are registered in his own name.
- (5) Mr Loh also has a deemed interest in 200,000 Shares held by his spouse, Wong Wan Pei.
- (6) Han Seng Juan ("Mr Han") holds a 50% shareholding interest in Centurion Global. Mr Han is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties, a wholly-owned subsidiary of Centurion Global.
- (7) Of the 28,327,300 Shares held by Mr Han, 5,898,400 Shares are registered in the name of Citibank Nominees Singapore Pte Ltd, 685,500 Shares are registered in the name of UOB Kay Hian Private Limited, 3,239,000 Shares are registered in the name of Kim Eng Securities (Hong Kong) Limited, 9,026,000 Shares are registered in the name of UBS Securities (Hong Kong) Limited, 402,300 Shares are registered in the name of Oversea-Chinese Bank Nominees Pte Ltd, 1,273,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited, 3,063,500 Shares are registered in the name of Maybank Kim Eng Securities Pte Ltd and 4,739,600 Shares are registered in his own name.
- (8) Mr Han also has a deemed interest in 7,947,500 Shares held by his spouse, Kang Lee Cheng Susanna.
- (9) Gn Hiang Meng has a deemed interest in 247,500 Shares held by his spouse, Loo Bee Hoon.
- (10) Of these Shares, 30,185,750 Shares held by Mr Loh and 445,000,000 Shares held by Centurion Properties as his deemed interest have been pledged to independent third party financial institution(s).
- (11) Of these Shares, 11,248,000 Shares held by Mr Han and 445,000,000 Shares held by Centurion Properties as his deemed interest have been pledged to independent third party financial institution(s).
- (12) Of the 63,723,330 Shares held by Teo Peng Kwang, 40,270,164 Shares are registered in the name of DBS Bank Ltd, 16,000,000 Shares are registered in the name of Deutsche Bank AG, 7,356,916 Shares are registered in the name of UOB Kay Hian Private Limited and 96,250 Shares are registered in the name of United Overseas Bank Nominees Pte Ltd.

Save as disclosed above, as at 30 June 2019, none of the Directors or CEO of the Company or their respective associates had registered an interest or short position in the Shares or underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he had taken or deemed to have under such provisions of the SFO) or was required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, the persons or entities who have interests or short positions in the Shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Long position in the Shares

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Centurion Properties Pte Ltd ⁽²⁾	445,756,126	53.02	-	-	445,756,126	53.02
Centurion Global Ltd ⁽³⁾	-	-	445,756,126	53.02	445,756,126	53.02
Loh Kim Kang David ⁽⁴⁾	32,536,950	3.87	445,956,126	53.04	478,493,076	56.91
Han Seng Juan ⁽⁵⁾	28,327,300	3.37	453,703,626	53.96	482,030,926	57.33
Teo Peng Kwang ⁽⁶⁾	63,723,330	7.58	-	-	63,723,330	7.58

Notes:

- (1) Based on 840,778,624 issued Shares as at 30 June 2019.
- (2) Of the 445,756,126 Shares held by Centurion Properties Pte Ltd ("Centurion Properties"), 310,000,000 Shares are registered in the name of DB Nominees (S) Pte Ltd, 135,000,000 Shares are registered in the name of DBSN Services Pte Ltd and 756,126 Shares are registered in its own name.
- (3) Centurion Properties is a wholly-owned subsidiary of Centurion Global Ltd ("Centurion Global"). Centurion Global is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties.
- (4) Loh Kim Kang David ("Mr Loh") holds a 50% shareholding interest in Centurion Global. Mr Loh is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties, a wholly-owned subsidiary of Centurion Global. Mr Loh also has a deemed interest in 200,000 Shares held by his spouse, Wong Wan Pei.

Of the 32,536,950 Shares held by Mr Loh, 16,716,750 Shares are registered in the name of UOB Kay Hian Private Limited, 1,500,000 Shares are registered in the name of Raffles Nominees (Pte.) Limited, 10,124,000 Shares are registered in the name of CGS-CIMB Securities (Singapore) Pte Ltd, 2,936,000 Shares are registered in the name of CGS-CIMB Securities (Hong Kong) Limited, 409,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited and 851,200 Shares are registered in his own name.

30,185,750 Shares held by Mr Loh and 445,000,000 Shares held by Centurion Properties as his deemed interest have been pledged to independent third party financial institution(s).
- (5) Han Seng Juan ("Mr Han") holds a 50% shareholding interest in Centurion Global. Mr Han is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties, a wholly-owned subsidiary of Centurion Global. Mr Han also has a deemed interest in 7,947,500 Shares held by his spouse, Kang Lee Cheng Susanna, which are registered in the name of DB Nominees (S) Pte Ltd.

Of the 28,327,300 Shares held by Mr Han, 5,898,400 Shares are registered in the name of Citibank Nominees Singapore Pte Ltd, 685,500 Shares are registered in the name of UOB Kay Hian Private Limited, 3,239,000 Shares are registered in the name of Kim Eng Securities (Hong Kong) Limited, 9,026,000 Shares are registered in the name of UBS Securities (Hong Kong) Limited, 402,300 Shares are registered in the name of Oversea-Chinese Bank Nominees Pte Ltd, 1,273,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited, 3,063,500 Shares are registered in the name of Maybank Kim Eng Securities Pte Ltd and 4,739,600 Shares are registered in his own name.

11,248,000 Shares held by Mr Han and 445,000,000 Shares held by Centurion Properties as his deemed interest have been pledged to independent third party financial institution(s).
- (6) Of the 63,723,330 Shares held by Teo Peng Kwang, 40,270,164 Shares are registered in the name of DBS Bank Ltd, 16,000,000 Shares are registered in the name of Deutsche Bank AG, 7,356,916 Shares are registered in the name of UOB Kay Hian Private Limited and 96,250 Shares are registered in the name of United Overseas Bank Nominees Pte Ltd.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, there were 371 (30 June 2018: 350) employees in the Group. Total employee benefits expenses of the Group (including Directors' fee) for the six months ended 30 June 2019 were approximately S\$10,622,000 (1H 2018: S\$9,475,000). Staff remuneration packages are determined based on each employee's qualifications, experience, position and seniority.

The Group also provides other staff benefits including medical and Group Personal Accident insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and the Group's results of operations.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, redemption or sale of listed securities of the Company during the six months ended 30 June 2019.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in the interim report, there was no material acquisition and significant investments held for the six months ended 30 June 2019.

MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisition and disposal for the six months ended 30 June 2019.

SHARE CAPITAL

Details of the Company's issued share capital during the period are set out in Note 20 to the interim report. There were no movements in the Company's issued share capital during the period.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this interim report, the Company has maintained the prescribed minimum percentage of public float from 1 January 2019 to 30 June 2019 under the HK Listing Rules.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises three Independent Non-Executive Directors, as follows:

Gn Hiang Meng (Chairman)
Chandra Mohan s/o Rethnam
Owi Kek Hean

The Audit Committee has reviewed the Group's unaudited interim report for the six months ended 30 June 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

The Company has adopted the principles and practices of corporate governance in line with the recommendations of the Singapore Code of Corporate Governance 2012 (the “2012 Code”) and the applicable code provisions of the Corporate Governance Code (the “HK CG Code”) as set out in Appendix 14 to the HK Listing Rules.

In the event of any conflict between the 2012 Code and HK CG Code, the Company will comply with the more stringent requirements. Throughout the six months ended 30 June 2019, the Company has complied with the applicable provisions in the 2012 Code and HK CG Code, except those appropriately justified and disclosed.

As disclosed in the section titled “Corporate Governance” in the Company’s 2018 Annual Report, the Monetary Authority of Singapore has on 6 August 2018 issued the revised Code of Corporate Governance (“2018 Code”). The 2018 Code replaces the 2012 Code and is applicable to the Company’s Annual Reports covering the financial years commencing from 1 January 2019. The Company will review and report its corporate governance practices in line with the 2018 Code in the next Annual Report.

COMPLIANCE WITH SGX-ST LISTING MANUAL AND HONG KONG MODEL CODE

In compliance with Rule 1207(19) of the Listing Manual (the “Listing Manual”) of SGX-ST and the Model Code as set out in Appendix 10 to the HK Listing Rules, the Company has adopted the Code of Best Practices on Securities Transactions by the Company and its Directors and Officers as its code for securities transactions by its Directors and Officers pursuant to the Listing Manual of the SGX-ST and the Model Code’s best practices on dealings in securities. In furtherance, specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2019.

The Company, the Directors and its Officers are not allowed to deal in the Company’s securities at all times whilst in possession of unpublished price sensitive information and during the periods commencing:

- (a) 30 days immediately preceding the publication date of the announcement of the Company’s quarterly results or half-year results of a financial year or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; and
- (b) 60 days immediately preceding the publication date of the announcement of the Company’s full-year results or, if shorter, the period from the end of a financial year and up to the publication date of the results.

Directors, officers and employees have also been directed to refrain from dealing in the Company’s securities on short-term considerations.

The Directors, Management and officers of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information of the Company and they are not to deal in the Company’s securities on short-term considerations.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGES OF INFORMATION OF DIRECTORS

Changes of information of Directors which is required to be disclosed pursuant to Rule 13.51B (1) of the HK Listing Rules since the date of the 2018 Annual Report are set out below:

- (a) Mr. Loh Kim Kang David is the brother-in-law of Mr. Bin Hee Din, Tony (former senior management of the Company). Mr. Bin Hee Din, Tony has resigned as Managing Director, Accommodation Business of the Company with effect from 1 July 2019.
- (b) Ms. Tan Poh Hong has been appointed as an independent non-executive director of VICOM Ltd., a company which shares are listed on the Main Board of SGX-ST (SGX: V01), since 25 April 2019.

INTERIM DIVIDEND

The Board has declared an interim dividend of 1.0 Singapore cent (2018: 1.0 Singapore cent) per Share amounting to a total of S\$8,408,000 (2018: S\$8,408,000) for the six months ended 30 June 2019. The interim dividend will be paid on 12 September 2019.

Shareholders in Hong Kong will receive the above-mentioned interim dividend in HKD equivalent of HKD5.64* cents per Share.

* Exchange rate used SGD1 = HKD5.64 as at 13 August 2019.

BOOK CLOSURE DATE

For shareholders in Singapore

The Share Transfer Books and the Register of Members of the Company will be closed on 29 August 2019 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00, ASO Building, Singapore 048544, up to 5:00 pm on 28 August 2019 will be registered to determine shareholders' entitlements to the interim dividend.

Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with the Company's ordinary shares at 5:00 pm on 28 August 2019 will be entitled to the interim dividend.

For shareholders in Hong Kong

The Hong Kong branch share register will be closed on 29 August 2019 for the purpose of determining the shareholders' entitlements to the interim dividend. In order to qualify for the interim dividend for shareholders whose names appear on the Hong Kong branch share register, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 pm on 28 August 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The consolidated financial results for the six months ended 30 June 2019 of the Group have not been audited or reviewed by the auditors of the Company.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the six months ended 30 June 2019.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

By Order of the Board of Directors of
Centurion Corporation Limited
Wong Kok Hoe
Non-executive Chairman

23 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	For the six months ended 30 June	
		2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Revenue	4	64,192	60,476
Cost of sales		(17,198)	(16,909)
Gross profit		46,994	43,567
Other income and gains	5,6	657	571
Expenses			
- Distribution expenses		(556)	(530)
- Administrative expenses		(11,171)	(9,920)
- Finance expenses	7	(14,468)	(11,328)
Share of profit of associated companies and joint venture		2,900	3,380
Profit before income tax		24,356	25,740
Income tax expense	8	(3,798)	(4,188)
Total profit		20,558	21,552
Profit attributable to:			
Equity holders of the Company		18,067	18,896
Non-controlling interests		2,491	2,656
		20,558	21,552
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share (cents)	9(a)	2.15	2.25
Diluted earnings per share (cents)	9(b)	2.15	2.25

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Group	
	For the six months ended	
	30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Total profit	20,558	21,552
Other comprehensive income/(loss):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Financial assets at fair value through other comprehensive income:		
- Fair value gains/(losses)	329	(242)
- Reclassification	150	-
Cash flow hedges		
- Fair value losses	(1,118)	-
Share of other comprehensive (losses)/gains of associated companies and joint venture	(578)	838
Currency translation losses arising from consolidation	(4,453)	(1,456)
Other comprehensive loss, net of tax	(5,670)	(860)
Total comprehensive income	14,888	20,692
Total comprehensive income attributable to:		
Equity holders of the Company	12,387	18,036
Non-controlling interests	2,501	2,656
	14,888	20,692

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

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2019

	Note	Group	
		30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
ASSETS			
Current assets			
Cash and bank balances	10	51,818	62,902
Trade and other receivables	11	8,270	11,972
Inventories		86	88
Other assets		4,073	4,120
Financial assets, at fair value through other comprehensive income		9,623	9,322
		73,870	88,404
Assets held for sale	12	5,553	5,586
		79,423	93,990
Non-current assets			
Other assets		598	598
Financial assets, at fair value through profit or loss		379	383
Investments in associated companies	13	114,482	116,699
Investment in a joint venture	14	4,363	4,604
Investment properties	15	1,137,377	1,097,191
Property, plant and equipment	16	7,364	8,275
		1,264,563	1,227,750
Total assets		1,343,986	1,321,740
LIABILITIES			
Current liabilities			
Trade and other payables	17	32,176	41,901
Current income tax liabilities		7,936	8,018
Borrowings	18	46,069	42,994
Lease liabilities	19	3,715	-
Other liabilities		84	-
		89,980	92,913
Non-current liabilities			
Derivative financial instruments		1,082	-
Borrowings	18	677,556	695,403
Other liabilities		343	356
Deferred income tax liabilities		8,090	8,117
Lease liabilities	19	35,504	-
		722,575	703,876
Total liabilities		812,555	796,789
NET ASSETS		531,431	524,951

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2019

	Note	Group	
		30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	20	142,242	142,242
Other reserves		(38,418)	(32,536)
Retained profits		407,268	397,609
		511,092	507,315
Non-controlling interests		20,339	17,636
Total equity		531,431	524,951

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	← Attributable to equity holders of the Company →			Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
		Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000			
For the six months ended 30 June 2019 (unaudited)							
Beginning of financial period							
		142,242	(32,536)	397,609	507,315	17,636	524,951
Profit for the period		-	-	18,067	18,067	2,491	20,558
Other comprehensive loss for the period		-	(5,680)	-	(5,680)	10	(5,670)
Total comprehensive income for the period		-	(5,680)	18,067	12,387	2,501	14,888
Dividends relating to 2018 paid	21	-	-	(8,408)	(8,408)	-	(8,408)
Acquisition of additional shares in a subsidiary from non-controlling interest		-	(202)	-	(202)	202	-
Total transactions with owners, recognised directly in equity		-	(202)	(8,408)	(8,610)	202	(8,408)
End of financial period		142,242	(38,418)	407,268	511,092	20,339	531,431
For the six months ended 30 June 2018 (unaudited)							
Beginning of financial period							
		142,242	(18,617)	339,302	462,927	12,806	475,733
Profit for the period		-	-	18,896	18,896	2,656	21,552
Other comprehensive loss for the period		-	(860)	-	(860)	-	(860)
Total comprehensive income for the period		-	(860)	18,896	18,036	2,656	20,692
Dividends relating to 2017 paid	21	-	-	(12,611)	(12,611)	-	(12,611)
Total transactions with owners, recognised directly in equity		-	-	(12,611)	(12,611)	-	(12,611)
End of financial period		142,242	(19,477)	345,587	468,352	15,462	483,814

The accompanying notes form an integral part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

Note	For the six months ended 30 June	
	2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Cash flows from operating activities		
Total profit	20,558	21,552
Adjustments for:		
- Income tax expense	3,798	4,188
- Depreciation and amortisation	1,451	1,605
- Allowance for impairment of trade and other receivables	52	24
- Net loss on disposal of property, plant and equipment	57	12
- Interest income	(631)	(508)
- Dividend income	-	(55)
- Finance expenses	14,468	11,328
- Share of profit of associated companies and joint venture	(2,900)	(3,380)
- Reclassification adjustment from fair value reserve to profit or loss	150	-
- Unrealised currency translation differences	(65)	47
Operating cash flow before working capital changes	36,938	34,813
Change in working capital		
- Inventories	2	(7)
- Trade and other receivables	3,665	6,435
- Other assets	49	(1,109)
- Trade and other payables	(9,484)	(8,269)
Cash generated from operations	31,170	31,863
Income tax paid	(3,805)	(4,621)
Net cash provided by operating activities	27,365	27,242
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	92	26
Additions to investment properties	(5,369)	(19,983)
Purchases of property, plant and equipment	(727)	(438)
Interest received	582	508
Dividends received	-	55
Dividends received from associated companies	4,744	1,723
Short-term bank deposits released/(charged) as security to bank	18	(7)
Deposits paid for acquisition of investment property	-	(4,209)
Other deposits refunded	-	1,560
Net cash used in investing activities	(660)	(20,765)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	For the six months ended 30 June	
		2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Cash flows from financing activities			
Proceeds from borrowings		44,470	25,105
Repayment of borrowings		(57,277)	(23,817)
Interest paid on borrowings		(13,309)	(12,047)
Dividends paid to equity holders of the company		(8,408)	(12,611)
Cash provided by non-controlling interests		300	-
Repayment of loan from associated company		(861)	(1,723)
Interest paid on lease liabilities		(689)	-
Repayment of principal portion of lease liabilities		(1,799)	-
Net cash used in financing activities		(37,573)	(25,093)
Net decrease in cash and cash equivalents held		(10,868)	(18,616)
Cash and cash equivalents			
Beginning of financial period		61,358	73,191
Effects of currency translation on cash and cash equivalents		(224)	(243)
End of financial period	10	50,266	54,332

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

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

1 GENERAL INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore and is dual listed on both the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and The Stock Exchange of Hong Kong Limited (the “SEHK”). The address of its registered office is 45 Ubi Road 1, #05-01, Singapore 408696.

The principal activities of the Company include investment holding and provision of management services.

The financial statements are presented in thousands of Singapore Dollars (S\$’000) unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim financial report contains condensed consolidated financial statements comprising of the balance sheet as at 30 June 2019 and 31 December 2018, statement of profit or loss, statement of comprehensive income, statement of cashflow and statement of changes in equity for the six months ended 30 June 2019 and 30 June 2018, and selected explanatory notes.

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Accounting Standard (“IAS”) 34, “Interim financial reporting” and the applicable disclosure requirement set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and International Financial Reporting Standards (“IFRSs”).

For the purpose of SFRS(I)s, financial statements that have been prepared in accordance and complied with IFRS are deemed to have also complied with SFRS(I)s. SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are referred to collectively as “IFRS” in these financial statements, unless specified otherwise.

The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2018 annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2018.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

In the current interim period, the Group has applied, for the first time, the following new and revised IFRSs for the preparation of the Group's unaudited condensed consolidated financial statements:

IFRS 16	Leases
IAS 28	Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

The adoption of the new and revised IFRSs in the current interim period has had no material impact on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these consolidated financial statements other than as disclosed in Note 2.3.

2.2 Impact of standards issued but not yet effective

The following are the new standards and amendments to standards that are relevant to the Group, which have been published but are not yet effective for the financial period and which the Group has not early adopted:

		Effective for annual periods beginning on or after
IFRS 3	Amendments to IFRS 3: Definition of a Business	1 January 2020
IAS1, IAS 8	Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020

2.3 New accounting standards and accounting changes

2.3.1 IFRS 16 Leases

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard.

The Group leases certain investment properties and property, plant and equipment. Rental contracts are typically made for fixed periods of 6 to 23 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New accounting standards and accounting changes (Continued)

2.3.1 IFRS 16 Leases (Continued)

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the group's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.411%.

	2019 S\$'000
Operating lease commitments disclosed as at 31 December 2018	82,928
Discounted using the Group's incremental borrowing rate of 3.411%	(11,122)
(Less) : operating leases committed but not yet commenced	(34,257)
(Less) : short-term leases recognised on a straight line basis as expense	(1,078)
(Less) : low-value leases recognised on a straight-line basis as expense	(69)
Add : adjustments relating to changes in the index or rate affecting variable payments	39
Add : adjustments as a result of a different treatment of extension and termination options	4,416
Lease liability recognised as at 1 January 2019	<u>40,857</u>

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. Investment properties increased by S\$40,857,000 on 1 January 2019.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New accounting standards and accounting changes (Continued)

2.3.1 IFRS 16 Leases (Continued)

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- no reassessment on whether a contract is, or contains a lease, if the contract was entered into before 1 January 2019
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New accounting standards and accounting changes (Continued)

2.3.1 IFRS 16 Leases (Continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Variable lease payments

Estimation uncertainty arising from variable lease payments

Some leases contain variable payment terms that are linked to sales generated from rented premises. A 10% increase in sales generated from the rented premises with such variable lease contracts would increase total lease payments by approximately 10%.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New accounting standards and accounting changes (Continued)

2.3.1 IFRS 16 Leases (Continued)

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgments 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.

Valuation of investment properties

As at 30 June 2019, the carrying value of the Group's investment properties of S\$1,137,377,000 accounted for 85% of the Group's total assets. The Group, in reliance on independent professional valuers, applies estimates, assumptions and judgements in the determination of fair values for investment properties. The valuation forms the basis for the carrying amounts of the investment properties held directly by the Group in the consolidated financial statements. There is significant judgement in key inputs used in the valuation. These key inputs include discount rate, rental rate, market value of comparable property and capitalisation rate, and are dependent on the nature of each investment property and the prevailing market conditions.

In addition, the investment properties held by the Group's associated companies and joint venture affect the carrying value of the Group's investment in associated companies and joint venture as well as its share of results of associated companies and joint venture. As at 30 June 2019, the carrying value of the Group's investment in associated companies and joint venture accounted for using the equity method of accounting amounted to S\$114,482,000 (31 Dec 2018: S\$116,699,000) (Note 13) and S\$4,363,000 (31 Dec 2018: S\$4,604,000) (Note 14) respectively. The Group's share of results recognised in profit or loss and other comprehensive income are affected by the significant estimates and assumptions in the determination of the fair value of its investment properties held by the associated companies (Note 13) and joint venture (Note 14). The valuation techniques and processes applied for these investment properties are aligned with the Group policy.

The Group, in reliance on independent professional valuers, applies estimates, assumptions and judgments in the determination of fair values for investment properties. The valuation forms the basis for the carrying amounts in the consolidated financial statements. No fair valuation was conducted by the independent valuers on the Group's investment properties as at 30 June 2019 as the Group's annual valuation exercises are performed at the end of each financial year.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

4 REVENUE

	Group	
	For the six months ended	
	30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Rental income from investment properties	59,522	56,119
Revenue from contracts with customers (IFRS 15)		
Other revenue from accommodations business	2,970	2,461
Sale of optical storage media	593	857
Management services	1,107	1,039
	4,670	4,357
	64,192	60,476

5 OTHER INCOME

	Group	
	For the six months ended	
	30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Rental income	-	7
Interest income	631	508
Dividend income	-	55
	631	570

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

6 OTHER GAINS

	Group	
	For the six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Currency exchange loss – net	(3)	(99)
Net loss on disposal of plant and equipment	(57)	(12)
Government grants	59	108
Others	27	4
	26	1

7 FINANCE EXPENSES

	Group	
	For the six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Interest expense:		
- bank borrowings	12,936	10,853
- finance lease liabilities	690	1
- associated company	720	641
- non-controlling interests	118	90
- interest rate swap	4	-
Less: Borrowing costs capitalised in investment properties	-	(257)
Finance expenses recognised in profit or loss	14,468	11,328

Borrowing costs on general financing were capitalised at a rate of nil% (six months ended 30 June 2018: 0.04%).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

8 INCOME TAXES

	Group	
	For the six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Tax expense attribute to the profit is made up of:		
- Profit for the financial period		
Current income tax		
- Singapore	2,332	2,656
- Foreign	1,488	1,521
	3,820	4,177
Deferred income tax	(43)	(56)
	3,777	4,121
- (Over)/under provision in prior financial periods		
Current income tax	(78)	10
Deferred income tax	99	57
	3,798	4,188

9 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
Net profit attributable to equity holders of the Company (S\$'000)	18,067	18,896
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	840,779	840,779
Basic earnings per share (cents)	2.15	2.25

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

The basic and diluted earnings per share are the same, as the Company has no dilutive potential ordinary shares.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

10 CASH AND BANK BALANCES

	Group	
	30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
Cash at bank and on hand	20,833	18,615
Short-term bank deposits	30,985	44,287
	51,818	62,902

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprised the following:

	Group For the six months ended 30 June	
	2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Cash and bank balances (as above)	51,818	56,960
Less: Short-term bank deposits charged as security to bank	(1,388)	(2,628)
Less: Restricted cash in relation to provision of bank guarantee	(164)	-
Cash and cash equivalents per consolidated statement of cash flows	50,266	54,332

As at 30 June 2019, short-term bank deposits of the Group amounting to S\$1,388,000 (30 June 2018: S\$2,628,000) were charged as security to banks as a guarantee in relation to bank facilities.

The reconciliation of liabilities arising from financing activities as at 31 December 2018 and 30 June 2019 are as follows:

	31 Dec 2018 S\$'000	Cash flows S\$'000	Non-cash items S\$'000	Interest expense S\$'000	Currency translation differences S\$'000	30 Jun 2019 S\$'000 (unaudited)
Bank borrowings and finance						
lease liabilities (Note 18)	603,040	12,786	-	-	(2,187)	613,639
Notes payable (Note 18)	84,712	(25,593)	-	366	-	59,485
Loan from non-controlling interests (Note 18)	6,517	300	-	-	(18)	6,799
Loan from associated company (Note 18)	43,189	(861)	-	-	-	42,328
Interest payable (Note 18)	939	(949)	-	1,384	-	1,374
Accrued interest expense	591	(12,360)	-	12,718	-	949
	738,988	(26,677)	-	14,468	(2,205)	724,574

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

11 TRADE AND OTHER RECEIVABLES

The majority of the Group's sales are on cash terms. The remaining amounts are with credit terms of 30 to 60 days and which are mostly covered by customers' rental deposits. At balance sheet dates, the ageing analysis of the trade receivables based on invoice date is as follows:

	Group	
	30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
Up to 3 months	2,458	2,892
3 to 6 months	167	302
Over 6 months	730	672
	3,355	3,866
Less: Cumulative allowance for impairment	(820)	(781)
	2,535	3,085

12 ASSETS HELD FOR SALE

	Group	
	30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
Details of the assets classified as held-for-sale are as follows:		
Beginning of financial period/year	5,586	6,801
Currency translation differences	(33)	(152)
Transferred from investment properties (Note 15)	-	(1,780)
Net fair value gains recognised in profit or loss	-	717
End of financial period/year	5,553	5,586

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

13 INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
Beginning of financial period/year	116,699	112,810
Acquisition of interest in an associated company	-	1,257
Currency translation differences	(361)	791
Share of profit	2,922	7,014
Share of other comprehensive loss	(36)	-
Dividends received	(4,744)	(5,245)
Share of loss in excess of investment in an associated company	2	72
End of financial period/year	<u>114,482</u>	<u>116,699</u>

There are no contingent liabilities relating to the Group's interests in the associated companies.

14 INVESTMENT IN A JOINT VENTURE

	Group	
	30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
Beginning of financial period/year	4,604	-
Acquisition of interest in a joint venture	-	5,066
Currency translation differences	(219)	(19)
Share of loss	(22)	(443)
End of financial period/year	<u>4,363</u>	<u>4,604</u>

There are no contingent liabilities relating to the Group's interests in the joint venture.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

15 INVESTMENT PROPERTIES

	Group	
	30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
Beginning of financial period/year	1,097,191	952,345
Currency translation differences	(6,545)	(21,243)
Additions to investment properties	5,398	116,503
Right-of-use assets recognised	41,333	-
Over provision of construction costs	-	(30)
Net fair value gains recognised in profit or loss	-	47,836
Transferred to assets held for sale (Note 12)	-	1,780
End of financial period/year	<u>1,137,377</u>	<u>1,097,191</u>

Investment properties are leased to non-related parties under operating leases (Note 22(b)).

Certain investment properties and assets held for sale are pledged as security for the bank facilities extended to subsidiaries (Note 18(a)). The carrying values of these investment properties and assets held for sale amounted to approximately S\$1,093,749,000 (31 Dec 2018: S\$1,094,800,000).

16 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the additions and disposals of the Group's property, plant and equipment amounted to S\$716,000 and S\$149,000 respectively.

At the balance sheet date, the net book value of property, plant and equipment of the Group under finance lease agreements amounted to S\$nil (Note 18(c)).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

17 TRADE AND OTHER PAYABLES

At 30 June 2019, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	Group	
	30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
Up to 3 months	1,397	3,562
3 to 6 months	230	51
Over 6 months	432	624
	2,059	4,237

18 BORROWINGS

	Group	
	30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
<i>Current</i>		
Bank borrowings (Note (a))	43,834	42,046
Loan from an associated company (Note (d))	861	-
Finance lease liabilities (Note(c))	-	9
Interest payable	1,374	939
	46,069	42,994
<i>Non-current</i>		
Bank borrowings (Note (a))	569,805	560,985
Loan from non-controlling interests (Note (e))	6,799	6,517
Loan from an associated company (Note (d))	41,467	43,189
Notes payables (Note (b))	60,000	85,000
Less: Transaction costs	(515)	(288)
	59,485	84,712
	677,556	695,403
Total borrowings	723,625	738,397

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

18 BORROWINGS (CONTINUED)

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

	Group	
	30 Jun 2019	31 Dec 2018
	S\$'000	S\$'000
	(unaudited)	
- not later than one year	46,069	42,994
- between one to five years	430,642	426,881
- after five years	246,914	268,522
	723,625	738,397

At balance sheet date, the Group's bank borrowings were repayable as follows:

	Group	
	30 Jun 2019	31 Dec 2018
	S\$'000	S\$'000
	(unaudited)	
Within one year	43,834	42,046
Between one and two years	47,139	87,003
Between two and five years	294,646	228,182
After five years	228,020	245,800
	613,639	603,031

At balance sheet date, the Group's other loans were repayable as follows:

	Group	
	30 Jun 2019	31 Dec 2018
	S\$'000	S\$'000
	(unaudited)	
Within one year	2,235	948
Between one and two years	5,975	88,581
Between two and five years	82,882	23,115
After five years	18,894	22,722
	109,986	135,366

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

18 BORROWINGS (CONTINUED)

(a) Bank borrowings

The interest on the bank borrowings are calculated based on their floating rates. Interest exposure for floating rate borrowings of S\$96,417,000 (31 December 2018: Nil) is managed with interest rate swap. The carrying amounts of the non-current borrowings approximated their fair values.

Total borrowings include secured liabilities of S\$613,639,000 (31 December 2018: S\$603,039,000) for the Group. These borrowings are secured over certain bank deposits, investment properties (Note 15) and assets held for sale (Note 12).

(b) Notes payables

The MTN Programme was established on 6 September 2013 and updated on 7 October 2016 to a S\$750,000,000 Multicurrency Debt Issuance programme.

On 7 January 2019, the Company issued an Exchange Offer invitation ("Invitation"), offering the holders of its outstanding S\$85,000,000 fixed rate notes due 2020 comprised in Series 003 (the "Existing Notes") to exchange any and all outstanding Existing Notes for a like principal amount of fixed rate notes due 2022 to be issued pursuant to its S\$750,000,000 Multicurrency Debt Issuance programme (the "Programme").

On 1 February 2019, the Company issued S\$56,000,000 fixed rate notes due 2022 (the "Series 004 Notes") under the Programme, comprising S\$48,750,000 in aggregate principal amount issued pursuant to the Invitation and S\$7,250,000 in aggregate principal amount of additional notes.

The Series 004 Notes will bear interest as follows:

- (i) for the period from, and including 1 February 2019 to, but excluding, 1 February 2021: 5.5% per annum; and
- (ii) so long as the Series 004 Notes are not redeemed, for the period from, and including, 1 February 2021: 8.0% per annum payable semi-annually in arrear.

Unless previously redeemed or purchased and cancelled, the Series 004 Notes shall mature on 1 February 2022.

On 7 March 2019, the Company issued S\$4,000,000 fixed rate notes due 2022 comprised in Series 004 Tranche 002 (the "Series 004 Tranche 002 Notes") under the Programme. The Series 004 Tranche 002 Notes are consolidated and form a single series with the Series 004 Notes issued on 1 February 2019 and accordingly, the aggregate principal amount of notes comprised in Series 004 is S\$60,000,000.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

18 BORROWINGS (CONTINUED)

(b) Notes payables (Continued)

The net proceeds arising from the Series 004 Notes (after deducting for issue expenses) has been fully utilised to redeem Series 003 Notes. On 12 April 2019, the Group has fully redeemed S\$85,000,000 Series 003 Notes due 2020.

As at 30 June 2019, the Group is in compliance with all relevant financial covenants and the borrowings have been classified and presented appropriately based on the agreed terms.

(c) Finance lease liabilities

The finance lease liabilities are secured on certain property, plant and equipment purchased under finance leases of the Group. The carrying amounts of the finance lease liabilities approximated their fair values.

(d) Loan from an associated company

The loan from an associated company is unsecured with fixed repayment terms.

The interest on the loan from an associated company is calculated based on the floating rates. The carrying amounts of the non-current borrowings approximated their fair values.

(e) Loan from non-controlling interests

The loan from non-controlling interests is unsecured with no fixed terms of repayment and repayment has been agreed to not be within the next twelve months. The interest on the loan is calculated based on the floating rates, except for part of the loan from non-controlling interest amounting to S\$430,000 (31 December 2018: S\$147,000) which is calculated based on fixed rates. The carrying amounts of the non-current borrowings approximated their fair values.

(f) Fair value of current and non-current borrowings

	Group	
	30 Jun 2019 S\$'000 (unaudited)	31 Dec 2018 S\$'000
Notes payables	<u>60,000</u>	<u>83,411</u>

The fair values are within Level 2 of the fair value hierarchy. The fair values of the notes payables are based on indicative mid-market prices obtained from the bank.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

19 LEASES

	Group 30 Jun 2019 S\$'000 (unaudited)
(i) Amounts recognised in the balance sheet	
Right-of-use assets	
Investment properties	<u>41,175</u>
Lease liabilities	
Current	3,715
Non-current	<u>35,504</u>
	<u>39,219</u>

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to lease:

	Group 30 Jun 2019 S\$'000 (unaudited)
Interest expense	<u>689</u>

The total cash outflow for period ended 30 June 2019 was S\$2,488,000.

(iii) The Group's leasing activities and how these are accounting for

The Group leases certain investment properties. Rental contracts are typically made for fixed periods of 6 to 23 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

20 SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Group Amount	
	Issued share capital '000	Treasury shares '000	Share capital S\$'000	Treasury shares S\$'000
2019				
Beginning and end of financial period (unaudited)	840,779	-	142,242	-

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

On 1 August 2011, the Company completed the acquisition of Westlite Dormitory (Toh Guan) Pte Ltd (then known as Centurion Dormitory (Westlite) Pte Ltd) ("Transaction"). The acquisition was accounted for as a reverse acquisition in accordance with IFRS 3 Business Combinations. Consequently, the Group's share capital amount differs from that of the Company. More information on the Transaction and the accounting can be found in the Company's published financial statements for the financial year ended 31 December 2011.

21 DIVIDENDS

	Group	
	30 Jun 2019 S\$'000 (unaudited)	30 Jun 2018 S\$'000 (unaudited)
Ordinary dividends paid		
Final exempt dividend paid in respect of the previous financial year of 1.0 cent (2018: final and special exempt dividend paid in respect of the previous financial year of 1.5 cents) per share	8,408	12,611

At the Board Meeting on 13 August 2019, an interim dividend of SGD1.0 cent (2018: SGD1.0 cent) per share amounting to a total of S\$8,408,000 (2018: S\$8,408,000) had been declared.

Shareholders in Hong Kong will receive the interim dividend in HKD equivalent of HKD5.64* cents per share.

* Exchange rate used SGD1 = HKD5.64 as at 13 August 2019.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

22 COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies (Note 13), are as follows:

	Group	
	For the six months ended 30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Property, plant and equipment	22	589
Investment properties	9,610	96,052

(b) Operating lease income commitments – where the group is a lessor

Operating lease income commitments are mainly for the investment properties of the Group. The lease rental income terms are negotiated for an average term of 12 months.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	30 Jun 2019	31 Dec 2018
	S\$'000	S\$'000
	(unaudited)	
Not later than one year	64,231	73,769
Between one and five years	9,628	17,719
Later than five years	7,335	9,870
	81,194	101,358

(c) Corporate guarantees

The Group has provided corporate guarantees in favour of financial institutions in respect of facilities granted to associated companies and a joint venture amounting to S\$78,391,000 (31 Dec 2018: S\$80,524,000). As at 30 June 2019, the amount of the guaranteed loans drawn down by associated companies and a joint venture amounted to S\$77,984,000 (31 Dec 2018: S\$79,026,000).

As at 30 June 2019, the fair value of the corporate guarantee was insignificant.

Except for the corporate guarantees disclosed above, the Group did not have any other contingent liabilities as at end of current and prior financial periods.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

23 RELATED PARTY TRANSACTIONS

In addition to 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	
	For the six months ended	
	30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Services provided to immediate holding corporation	45	72
Services provided to associated companies	1,136	1,054
Rental charged by associated company	531	-
Purchases from a company which a director has an interest	6	32
Interest charged by associated company	720	640

(b) Key management personal compensation

The key management personal compensation is as follows:

	Group	
	For the six months ended	
	30 June	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Wages and salaries	2,254	2,377
Employer's contribution to defined contribution plan, including Central Provident Fund	78	83
	2,332	2,460

Included in above, total compensation to directors of the Company amounted to S\$636,000 (30 June 2018: S\$353,000).

24 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Senior Management that are used to make strategic decisions. The Senior Management comprises the Group Chief Executive Officer, the Group Chief Financial Officer, and the Executive Director.

The Senior Management manages and monitors the business in three business segments namely, the provision of dormitory accommodation and services for workers ("Workers accommodation"), provision of accommodation and services for students ("Student accommodation") and manufacture and sale of optical discs and related data storage products ("Others").

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

24 SEGMENT INFORMATION (CONTINUED)

The results of the respective countries within the Student accommodation and Workers accommodation business segments are aggregated into a single operating segment respectively as they share similar economic characteristics.

The segment information provided to the Senior Management for the reportable segments for six months ended 30 June 2019 is as follows:

	Workers accommodation S\$'000	Student accommodation S\$'000	Others S\$'000	Total S\$'000
Six months ended 30 June 2019: (unaudited)				
Sales:				
Sales to external parties	40,479	22,992	721	64,192
Timing of revenue recognition in relation to revenue from contracts with customers				
– Point in time	2,129	841	593	3,563
– Over time	339	768	-	1,107
	2,468	1,609	593	4,670
Segment results	25,273	9,825	195	35,293
Finance expense	(9,490)	(4,977)	(1)	(14,468)
Interest income				631
Share of profit/(loss) of associated companies and joint venture	2,614	364	(78)	2,900
Profit before tax				24,356
Income tax expense				(3,798)
Net profit				20,558
Segment assets	694,930	482,916	6,687	1,184,533
Short-term bank deposits				30,985
Financial assets, at fair value through other comprehensive income				9,623
Investments in associated companies				114,482
Investment in a joint venture				4,363
Consolidated total assets				1,343,986
Segment liabilities	50,083	22,099	722	72,904
Borrowings	463,628	259,997	-	723,625
Current income tax liabilities				7,936
Deferred income tax liabilities				8,090
Consolidated total liabilities				812,555
Other segment items:				
Capital expenditure	1,530	4,585	-	6,115
Depreciation	931	502	18	1,451

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

24 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Senior Management for the reportable segments for the six months ended 30 June 2018 is as follows:

	Workers accommodation S\$'000	Student accommodation S\$'000	Others S\$'000	Total S\$'000
Six months ended 30 June 2018: (unaudited)				
Sales:				
Sales to external parties	40,351	19,154	971	60,476
Timing of revenue recognition in relation to revenue from contracts with customers				
- Point in time	1,509	952	857	3,318
- Over time	341	698	-	1,039
	1,850	1,650	857	4,357
Segment results	25,158	7,572	395	33,125
Finance expense	(7,550)	(3,778)	-	(11,328)
Interest income				508
Dividend income				55
Share of profit/(loss) of associated companies	2,640	753	(13)	3,380
Profit before tax				25,740
Income tax expense				(4,188)
Net profit				21,552
Year ended 31 December 2018				
Segment assets	668,193	471,938	6,697	1,146,828
Short-term bank deposits				44,287
Financial assets, at fair value through other comprehensive income				9,322
Investments in associated companies				116,699
Investment in a joint venture				4,604
Consolidated total assets				1,321,740
Segment liabilities	25,547	15,901	809	42,257
Borrowings	469,210	269,179	8	738,397
Current income tax liabilities				8,018
Deferred income tax liabilities				8,117
Consolidated total liabilities				796,789
Other segment items:				
Capital expenditure	14,296	104,758	1	119,055
Depreciation	1,926	1,124	36	3,086

Segment assets consist primarily of property, plant and equipment, investment property, intangible assets, inventories, receivables, other current assets and operating cash, and exclude deferred tax assets, investments in associated companies and joint venture, Financial assets, at fair value through other comprehensive income and short-term bank deposits. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and bank borrowings. Capital expenditure comprises additions to property, plant and equipment and investment properties.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2019 and 31 December 2018 on a recurring basis:

Fair value measurements

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000
As at 30 June 2019 (unaudited)			
Assets			
Financial assets, at fair value through other comprehensive income	9,623	-	-
Financial assets, at fair value through profit or loss	-	-	379
Liabilities			
Derivative financial instruments	-	1,082	-
As at 31 December 2018			
Financial assets, at fair value through other comprehensive income	9,322	-	-
Financial assets, at fair value through profit or loss	-	-	383

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximated their carrying amount.

The Group estimates the fair value of its unquoted investment classified as financial assets at fair value through profit or loss based on its share of the investee companies' net asset value ("NAV"), which is a significant unobservable input. NAV is determined by reference to the attributable net assets of the Group's investee companies based on the latest available financial information, adjusted, where applicable, for valuations of the underlying investment properties held by the investee companies determined by external, independent and qualified valuers.

Management of the Group reviews the appropriateness of the methodologies used to determine NAV, and also evaluates the appropriateness and reliability of the inputs used in the determination of NAV.

The financial assets at fair value through profit or loss are classified under Level 3 of the fair value hierarchy.

There were no transfers between the levels of the fair value hierarchy in the six months ended 30 June 2019. There were also no changes made to any of the valuation techniques applied as of 31 December 2018.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category

The carrying amount of the different categories of the financial instruments are as disclosed on the face of the balance sheet to the financial statements, except for the following:

	Group	
	30 Jun 2019	31 Dec 2018
	S\$'000	S\$'000
	(unaudited)	
Financial assets at amortised cost	63,450	77,947
Financial liabilities at amortised cost	752,067	772,836