TOP GLOBAL LIMITED

ANNUAL REPORT 2019



YOUR PARTNER IN SMART SOLUTIONS

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CORPORATE PROFILE

Top Global Limited ("Top Global" or the "Group") is transferred to SGX-ST Mainboard since 2012.

The Group currently focuses on the following businesses.

I. REAL ESTATE DEVELOPMENT

We offer avant-garde projects and integrated support services in the region. The Group also owns a controlling stake in an Indonesian company - PT Suryamas Dutamakmur Tbk ("Suryamas"), listed on IDX Bursa Efek Indonesia since 1995. Suryamas is in real estate development of residential and commercial properties cum township.

Together with Suryamas, the Group has completed numerous projects. These projects include The Quinn and The Maisons (R Maison and E Maison) in Singapore; Rancamaya Golf Estate, Harvest City and Royal Tajur in Indonesia.

Top Global's growth strategy is to explore joint ventures and collaborations with other real estate players in the region to expand its project and market presence.

II. PROPERTY INVESTMENT & LEASING

Going beyond its Real Estate Development business, Top Global has experience in managing a wide span of properties across the region, including but not limited to hostels, hotels, service apartments, co-living spaces, recreational facilities. The Group takes great interest and passion in injecting life into properties, believing that each property deserves its own identity and creative disposition. Furthermore, through our know-how and the use of a digital ecosystem, we help property owners optimise the true potential of their assets.

III. SMART SOLUTIONS

Top Global Smart Solutions business focuses on the hospitality industry. Our modular suite of technology solutions comes in services and applications that are seamlessly integrated, easy to implement, taking care of both front and back end operations. These solutions are targeted to help the under-served fragmented segment within the hospitality market to increase efficiency and productivity.

IV. RECREATION & RESORT

Suryamas operates an international award winning Golf course in Bogor, Jakarta. It was designed by Ted Robinson in 1993. We also run a 4-star hotel and resort there. The Group sets to bring together contemporary luxury and serenity in a stunning setting that serves a mark of distinction from other resorts. It is still one of the country's most prestigious golf and country club today.

Top Global will continue to expand our footprints in Real Estate development and Smart Solutions, aiming to become one of the leaders in these segments.

CHAIRMAN'S STATEMENT



DR LAM LEE G
Independent Non-Executive Chairman

DEAR VALUED SHAREHOLDERS,

In 2019, we witnessed a rise in social and political upheavals in the world. For example, there is the ongoing trade war between US and China which has not abated, as well as the COVID-19 crisis which is becoming a global challenge, to name a few. These macro events have increased the threat of increasingly nationalistic protectionist policies and have impacted global trade and investment. However, to make matters worse, at the end of year we saw the beginning of the tough times and conditions faced by the travel and tourism and consumer sectors and the supply chains caused by the COVID-19 crisis, and this has led to a major economic slowdown and stock market turbulences.

REAL ESTATE

In Singapore, since the additional cooling measures introduced in July 2018, the residential property market has remained resilient and overall, private property prices were up 2.1% based on Cushman & Wakefield, with the majority of the sales coming from new launches. Launch prices have remained elevated, due to the high land premium paid by developers. With the current global COVID-19 pandemic, the outlook for Singapore residential properties has remained cautious and recent government land sales have received conservative bids.

Commercial office rental growth was slowing in 2019 due to the lower market confidence brought about by the uncertainties of the US-China trade war. While co-working space operators have taken up significant spaces in the past, the pace of expansion is expected to slow down as they become more conservative in managing their cashflow so as not to end up facing similar funding issues like those faced by some of the largest global operators.

With the relatively stable business operating environment in Singapore, commercial properties here have maintained their appeal to foreign investors as they look to reach out and expand into Singapore as their regional headquarters. However, there is no firm expectation of any major relocation of multinational corporations' offices out of Hong Kong in the short term.

In Indonesia, the Group continues to focus its real estate business around the development of three projects: Rancamaya Estate, Royal Tajur and Harvest City. In Rancamaya, we have launched Phase 2 of the Amadeus cluster and the sales results have been positive. In Royal Tajur, the Group has achieved good sales for Royal Heights Tower A and Royal Heights Tower B is expected to be launched later in 2020. The Group has also worked extensively to secure major commercial facilities to support the rapidly growing community in Harvest City so as to add to the appeal and demand for the housing units there.

Based on Bank Indonesia's Indonesia Residential Property Price Index, residential pricing increased steadily in 2019. There also continues to be reports of plans for the government to move the capital away from Jakarta although any change is expected to take many years. Overall, we expect the long-term outlook on the Indonesian residential property market to be positive and will look to capitalise on opportunities that may arise from the land bank in our three developments of Rancamaya Estate, Royal Tajur and Harvest City.

SMART SOLUTIONS

In Singapore, the Group has continued to enhance its capabilities as a provider of smart hospitality solutions. In the past year, the Group added its competencies through acquisition and now has put in place a team that has experience and skill sets in the areas of Artificial Intelligence, Internet of Things, and Embedded Systems. With these technological competencies, we are thus able to provide the accompanying hardware systems needed to provide a comprehensive one-stop solution to meet the many needs of hospitality operators.

Our smart solution provides efficiency, productivity and reliability benefits to users and is further enabled by continued enhancements to our existing systems, which include our in-house property management software, self-service check-in kiosks, and smart access system. On the whole, we are focused on providing cost-effective, value-added smart solutions to the hospitality industry.

With the recent COVID-19 pandemic, many hotels have been hit not only by the reduction of inbound tourists, but also have to deal with not having their foreign workers back due to immigration controls. At the same time, in the recent Singapore Budget 2020 announcements, as part of the enhanced tax treatments for Year of Assessment 2021, an example was cited for hotels to take advantage of this lull period now to carry out upgrading work, and be better prepared for the upturn. It is with this background that now is an opportune time for Singapore hotels to consider proper smart solutions to address the multiple needs of reduced work pass quota numbers and business continuity plans to tackle sudden shortages of labour, while taking advantage of the tax incentives available.

In Indonesia, R Hotel Rancamaya Golf & Resort continues to maintain its standing as one of the top Golf Courses and Golf Hotels in Indonesia. In 2019, the hotel was once again nominated at the Annual World Golf Awards for Indonesia's best Golf Course and Golf Hotel to add to its growing list of accolades.

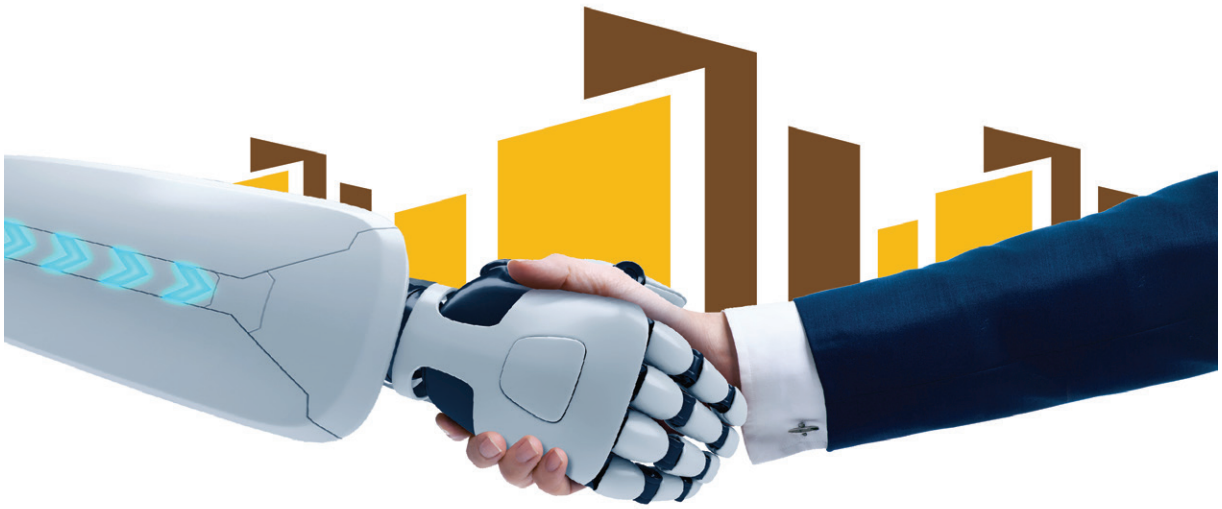
MOVING FORWARD

For the Group's hospitality solutions business, we will further increase our marketing efforts so as to promote greater brand awareness in our primary markets of Singapore and Indonesia. We are also exploring opportunities in other parts of Southeast Asia where there are a myriad of independent hotels, who need to adopt new technologies into their traditional operations model so as to remain competitive and relevant.

For the Group's real estate business, we will continue to monitor the macroeconomic conditions and paying particular attention to our primary geographical markets of Singapore and Indonesia. We will continue to explore and capitalise on the right real estate opportunities. In the meantime, the Group will continue with our developments at Rancamaya Estate, Royal Tajur and Harvest City in Indonesia. As a real estate developer, we will also continue to look for opportunities to replenish our existing land bank as more developments progress.

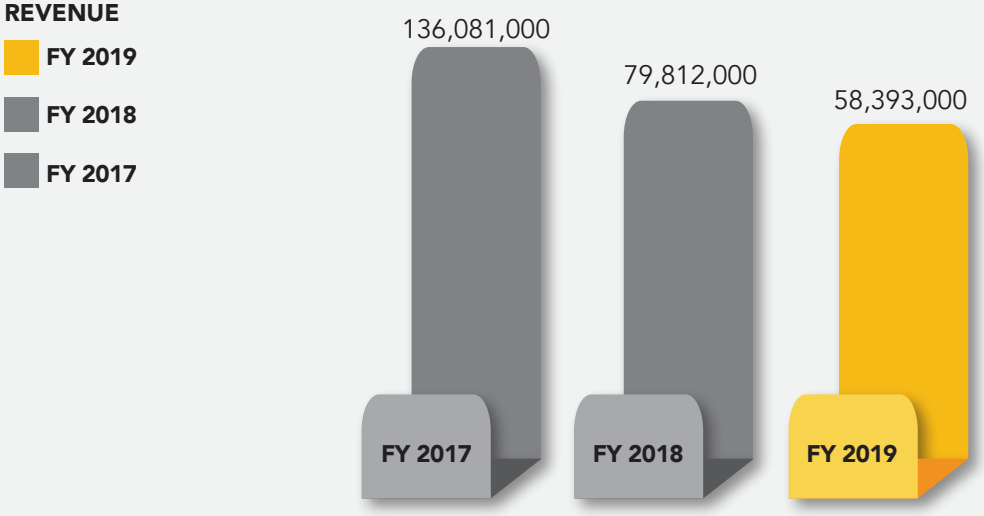
CLOSING REMARKS

In closing, I would also like to express our appreciation to the Board members for their counsel and advice; our staff for their dedicated service and contribution; and our shareholders, finance providers, business partners, customers, and associates for their strong support and commitment to Top Global.

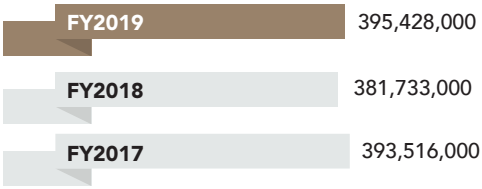


FINANCIAL HIGHLIGHTS

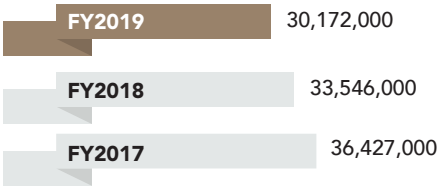
REVENUE



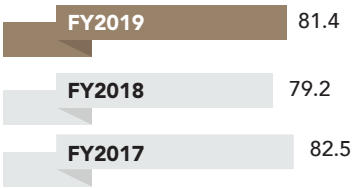
NETS ASSETS



GROSS PROFIT

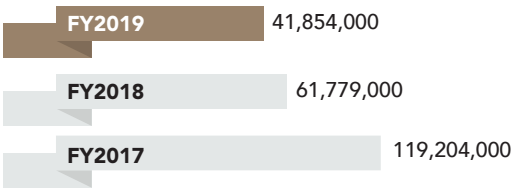


NET ASSET VALUE PER SHARE (CENTS)

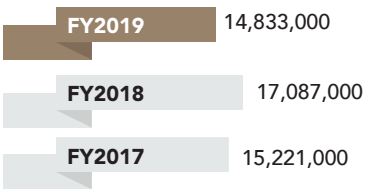


REVENUE - BREAKDOWN

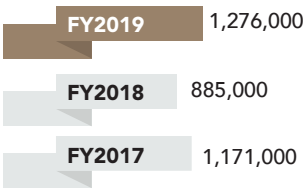
SALE OF DEVELOPMENT PROPERTIES



HOSPITALITY MANAGEMENT



PROPERTY MANAGEMENT



FINANCIAL REVIEW

TURNOVER

The Group's revenue decreased by S$21.4 million to S$58.4 million in financial year ended 31 December 2019 ("FY2019"). The drop in revenue as compared to the prior year was largely attributable to the decrease in sales of Singapore development properties amounting to S$22.0 million. In addition, our hospitality revenue declined by S$2.3 million mainly due to the lease expiry of one hostel in Singapore during the year.

The decline was partially offset by the increase in sales of development properties from its Indonesia subsidiary, PT Suryamas Dutamakmur ("Suryamas"), amounting to S$2.1 million mainly due to higher hand over of units for FY2019 from the Rancamaya Golf Estate. The Group's revenue from the property management business also improved by S$0.4 million due to acquisition of new investment properties during the year.

GROSS PROFIT

The Group's gross profit declined by S$3.4 million from FY2018 was mainly attributed to lower gross profit from Singapore's property development segment in FY2019 amounting to S$2.1 million as the Singapore development properties have been fully completed in FY2018. In addition, gross profit from the hospitality segment also worsened by S$1.5 million in FY2019 largely due to closure of one hostel in Singapore due to lease expiry. However, the decline in gross profit was partially offset by the improvement in margins in our property management segment by S$0.2 million due to the additional investment properties acquired during the year.

OTHER GAINS/(LOSSES)

Other gains/(losses) increase by S$7.0 million mainly due to the S$7.7 million gain from bargain purchase recognised on the acquisition of the six subsidiary corporations in August 2019. The absence of loss on disposal of subsidiary corporations amounting to S$1.4 million in FY2018 and the over-accrual of retention monies amounting to S$1.1 million also contributed to the increase.

The improvement in other gains/(losses) was partially offset by a decrease in fair value gain recognised on financial assets, at fair value through profit or loss ("FVPL") of S$3.5 million as compared to FY2018.

EXPENSES

Distribution and marketing expenses decreased by S$0.9 million in FY2019 mainly due to the lower sales commission in line with the decrease sale of development properties.

Administrative expenses increased by S$3.6 million mainly due to increase in employee compensation of S$2.6 million. In addition, depreciation for investment properties increased by S$1.6 million mainly arising from the acquisition of six subsidiary corporations holding 23 strata units in Thong Teck Building. This is partially being offset by lower depreciation of property, plant and equipment of S$0.1 million mainly due to the closure of one hostel in Singapore.

Finance costs increased by S$1.6 million in FY2019 primarily due to higher interest expenses incurred on bank loan drawn down for the acquisition of subsidiary corporations and increased facilities fee amounting to S$1.3 million and S$0.2 million respectively.

FINANCIAL POSITION

As at 31 December 2019, the Group is in a strong financial position with total assets amounting to S$593.1 million, an increase of S$137.5 million from 31 December 2018. The increase mainly arose due to the increase in investment properties amounting to S$170.7 million as a result of the acquisition of subsidiary corporations in August 2019. In addition, there was also an increase in carrying amount of development properties amounting to S$11.5 million mainly due to the strengthening of Indonesian Rupiah. The increase was partially offset by decrease in financial assets, at FVPL by S$14.3 million mainly due to the disposal of investments in Bossier Casino Venture. Furthermore, cash and bank balances decreased by S$24.3 million from 31 December 2018 mainly due to capital employed into the acquisition of subsidiary corporations.

The Group's total liabilities as at 31 December 2019 stood at S$197.7 million, which was S$123.8 million higher as compared to 31 December 2018. The increase was mainly attributed to the increase in bank borrowings by S$129.0 million. In addition, there was also an increase in lease liabilities amounting to S$1.0 million due to the adoption of SFRS(I) 16 which required previously off-balance sheet leases to be capitalised. The increase was partially offset by decrease in trade and other payables of S$5.5 million mainly due to repayment to suppliers and service providers.

Total shareholders' equity for the Group stood at S$261.7 million as at 31 December 2019 as compared to S$254.6 million as at 31 December 2018.

CASH FLOW

In FY2019, the Group had net cash generated from operating activities was S$1.4 million which was mainly due to tax refund received.

Net cash used in investing activities of S$149.2 million in FY2019 was mainly due to the acquisition of subsidiary corporations amounting to S$172.6 million, offset by proceeds from disposal of investment property and financial assets, at FVPL amounting to S$7.3 million and S$17.7 million respectively.

Net cash provided by financing activities of S$116.5 million for FY2019 was mainly due to draw down of borrowings to finance the acquisition of subsidiary corporations.

As a result of the aforesaid, cash and cash equivalents decreased to S$11.1 million as of 31 December 2019 from S$42.5 million as at 31 December 2018.

OPERATIONS REVIEW

REAL ESTATE DEVELOPMENT

RANCAMAYA ESTATE



Land Area	:	778 Ha
Housing	:	Mid - Range, Luxury Cluster Housing
% of Land Developed to date	:	48%
Location	:	Rancamaya, Bogor

Rancamaya Estate is a prime residential estate located about an hour's drive from Jakarta via Jogorawi Toll Road and it is surrounded by a backdrop of mountainous views of Mount Salak, Pangrango and Gede. Rancamaya Estate was awarded with the title of "The Most Preferred Landed in Bogor" award in 2017 from rumah123.com, which was held in conjunction with SWA, MARS, and Kompas magazines.

Following the promising demand for the Salvador Cluster, located within Kingsville District that covers a land area of 28 hectares, Rancamaya Estate released the first phase of Amadeus Cluster in late 2018. Amadeus is a residential cluster that is strategically located close to the integrated Kingsville Commercial Area and King's club house. Following favourable demand for the first phase, the Group has released the second phase for sales in November 2019. As of 31 December 2019, the first two phases of Amadeus cluster have obtained 92% sales of the units launched.

ROYAL TAJUR



Land Are	:	81.7 Ha*
Housing	:	Medium to high-end landed housing and low-rise apartments
% of Land Developed to date	:	11% (Phase 2)
Location	:	Tajur, Bogor

* Royal Tajur Phase I covering land area of 7.2 Hectares have been fully developed.

Royal Tajur is a leading residential housing project situated in the Central Business District of Tajur in the City of Bogor that has been awarded the "Prospective Housing in Bogor" award by Properti Indonesia in 2017 and "Green Design" award by Green Property Awards in 2018. The housing project is designed by an experienced master planner to integrate balance between residential, supporting facilities, commercial areas, mixed use and natural beauty.

The low-rise apartment – Royal Heights Tower A – which was launched in mid-2018 has achieved sales of 78% and is slated to complete construction by end of 2020. Following the great reception, Royal Heights Tower B is expected to begin marketing sales in 2020. The Group released Bradfield Cluster Phase 3 in October 2019 which consists of 43 landed units targeting specifically young couples with a more affordable price tag. As at December 2019, the Group has obtained 65% sales of the units launched.

HARVEST CITY



Land Area	:	1,050 Ha
Housing	:	Low cost and mid-range landed housing
% of Land Developed to date	:	20%
Location	:	Cibubur, Cileungsi

Harvest City is a township project located in the Cibubur-Cileungsi area, 15 kilometres east of Jarkarta. Harvest City has been envisioned as "A City of Prosperity" that will harmonise infrastructure advancements, public and social facilities, and residential and commercial developments.

With more than 6,000 households residing in the area, the Group has recently added a Supermarket and two food establishments during the year to their extensive list of existing facilities to service the rapid expansion in population. Along with these facilities, the Group has also successfully secured a contract to lease out 1.2 hectares of land to a well-known building materials supplier to construct a supermarket which will begin operation as early as 2021.

In terms of residential development, Harvest City had launched a new residential cluster – Sweet Hortensia – during second half of the year. Sweet Hortensia Cluster sits on 5.1 hectares of land and its 300 units being carefully designed to provide modern interior concepts with a tad of greenery space within the unit. The cluster has received promising take-up rate with 35% of the units being sold as at year end.

RANCAMAYA GOLF & COUNTRY CLUB



Rancamaya Golf and Country Club ("RGCC") is set within the Rancamaya Estate and Its golf course is designed by the renowned golf course architect – Ted Robinson – with a spectacular volcano view of the extinct Mount Salak. RGCC has a uniquely Thai designed clubhouse with open air locker rooms, pro shop, and local Indonesian restaurant.

RGCC's revenue has recorded a 7% increase as compared to prior year in line with the increase in occupancy rates of R Hotel Rancamaya.

R HOTEL RANCAMAYA



R Hotel Rancamaya is a four-star contemporary luxury hotel situated within the premium site of Rancamaya Golf Estate. The hotel features 140 rooms, suites and villas along with 12 meeting rooms which can be combined into a grand ballroom. Since its inception in late 2014, the hotel has received numerous regional and international accolades with the most recent one being "2018 Traveler's Choice Award", which is the highest honour bestowed by TripAdvisor.

During the financial year, the hotel's revenue has recorded a 4% increase in revenue arising from increased tourist arrivals from the region and better occupancy rates.

OPERATIONS REVIEW

SMART SOLUTIONS

Technological evolution has brought about disruption and sweeping changes to the way business is conducted over the past decade. This has had the effect of revolutionising whole industries and with continued interest and funding, this trend of technological distruption is likely to continue. Likewise, Top Global has transformed from its traditional hospitality management services business to incorporate and focus more on value-adding hospitality solutions that bring about increased efficiency and decreased costs.

Top Global has launched a suite of Smart Solutions for the hospitality industry under its Ultron Techniques brand. The comprehensive solutions encompasses from self-service check-in kiosks with compatible smart access system to dynamic pricing services, and are targeted to improve efficiency.

The Group continues to invest in and develop its own proprietary Smart Solutions by leveraging on the experience as a hospitality manager. While doing so, the Group has developed, tested and implemented its Smart Solutions at the chain of 5Footway.inn hostels. After noticing significant improvement in manpower efficiency, the Group saw that these solutions are very applicable to all hospitality businesses in the region.



PROPERTY MANAGEMENT SYSTEM

Top Global owns a proprietary Property Management System ("PMS") which is a powerful and user-friendly cloud-based platform with a strong backend support that is designed for all hostels and hotels of all sizes. It is fully integrated with leading Channel Managers, Online Travel Agents, and Top Global's own Smart Solutions and features a robust and has a comprehensive reporting function.

SMART CONCIERGE (CHECK-IN AND OUT)

Top Global's Smart Concierge includes the Automated Front Desk Concierge ("AFDC") and Mobile Front Desk Concierge ("MFDC") modules that handles travel document verification, payment and room access via cards (AFDC) and mobile (MFDC). With the Smart Concierge, manpower can be redeployed to deliver better guest services and improve housekeeping standards.

SMART ACCESS SYSTEM

Top Global's Smart access System ("SaS") is an integrated access system that is connected through reader and relay to provide a seamless check-in to room access experience. It is a fuss-free and low-cost solution rides on and commands most of the electronic locks in the market. It is also capable of remote access and control by property operators so that physical presence may not be necessary.

REVENUE MANAGEMENT

Top Global provides Dynamic Pricing Services to its hospitality customers to improve their overall performance through maximising revenue and optimising occupancy rates. The services are supported bya specialised team to manage and tailor the pricing model instantaneously, reacting to changes quickly with the provision of comprehensive analytical reports for strategic decisions to be made promptly.





EVENTS IN INDONESIA

The launch of Ultron in Indonesia was met with overwhelming interest. In an effort to share the knowledge and solutions to address the complex challenges of the hospitality landscape there, the Group has decided to organise events in various cities throughout Indonesia.

The first event was launched in October 2019 at Bali. Participants invited to the event found it educational and interesting. Encouraged by the response to the event, the Group organised a second event in Yogyakarta in February 2020. Subsequent events will be held across various cities in Indonesia to promote Ultron's Smart Solutions.





BOARD OF DIRECTORS



DR LAM LEE G
Independent
Non-Executive Chairman

Dr Lam was appointed an Independent Non-Executive Director on 26 April 2010 and was re-designated as Non-Executive Independent Chairman on 2 December 2019. Currently he is Chairman of Hong Kong Cyberport Management Company Limited, and Non-Executive Chairman - Hong Kong and ASEAN Region and Chief Adviser to Macquarie Infrastructure and Real Assets Asia. He started his career in Canada at Bell-Northern Research (the R&D arm of Nortel) and in Hong Kong at Hong Kong Telecom. He later joined Singapore Technologies Telemedia (then part of Temasek Holdings) and BOC International Holdings (the international investment banking arm of the Bank of China group) where he served as Vice-Chairman and Chief Operating Officer of its investment banking division. Until late 2006, Dr Lam was President and Chief Executive Officer of Chia Tai Enterprises International (now called C.P. Lotus Corporation, then part of CP Group). Dr. Lam is a Solicitor of the High Court of Hong Kong and holds a BSc in sciences and mathematics, an MSc in systems science and an MBA from the University of Ottawa in Canada, a post-graduate diploma in public administration from Carleton University in Canada, a post-graduate diploma in English and Hong Kong Law and an LLB (Hons) in law from Manchester Metropolitan University in the UK, a LLM in law from the University of Wolverhampton in the UK, a PCLL in law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, and an MPA and a PhD from the University of Hong Kong.



MDM OEI SIU HOA
@ SUKMAWATI WIDJAJA
Executive Director

Mdm Sukmawati Widjaja was appointed Executive Chairman of Top Global Limited on 12 March 2010 and was re-designated as Executive Director on 2 December 2019. Through her illustrious career over the decades, Mdm Sukmawati co-founded the family-controlled Sinar Mas Group with her late father, Mr Eka Tjipta Widjaja and during her term as the Vice-Chairman, she was instrumental in advancement of the group's lead as one of Indonesia's top conglomerates, with interests ranging from palm oil and paper, to food and property development. She was an international figure in numerous high-profile mega projects. Over the years, she has developed pivotal business as well as personal connections worldwide. Apart from having been granted audiences with top potential leaders of the US, China, Indonesia, Singapore and other countries, she has access to the prominent business leaders in many industries internationally. Moreover, Mdm Sukmawati has extensive expertise and experience in taking qualified companies through IPOs and RTOs at the world's major exchanges and has been part of senior management in several listed companies. With her long-time passion for real estate, Mdm Sukmawati sees great potential for Top Global Limited to work together on suitable projects with the region's largest property players. Her vast connections should prove invaluable as Top Global Limited expands in Singapore, China, Indonesia, Malaysia and other countries.

BOARD OF DIRECTORS



MR HANO MAELOA
Chief Executive Officer
& Executive Director

Mr Maeloa has been an Executive Director of Top Global Limited since 27 July 2007 and was designated as Chief Executive Officer on 8 November 2010. His business management experience spans a multitude of industries that range from banking and securities & fund management to real estate and golf & country clubs, as well as shipping and food & beverages. He has accumulated a strong network of business connections throughout the Asia-Pacific region. On the investment front, he gained valuable experience at companies such as Harumdana Sekuritas, where he served as a vice-president director for five years. He has also chalked up vast experience in the shipping industry previously having served as the Chairman of Bintan Golden Shipping and Pancon Marine & Shipping Services. In the food industry, he earned his spurs at the likes of Wendy Foods in Hong Kong, where he was Managing Director. He graduated with a BSc in business administration from the University of Southern California.



MS JENNIFER CHANG SHYRE GWO
Chief Operating Officer
& Executive Director

Ms Chang was appointed Chief Operating Officer and as the Executive Director on 8 November 2010. Her task is to oversee the Group's business and operations, which includes but is not limited to business development, finance, administration, corporate secretarial, corporate governance and communications. She has more than two decades of experience in operational accounting and various corporate functions across the Asia-Pacific region. Prior to joining Top Global, Ms Chang was the Chief Executive Officer of Auric Pacific's food division. Previously, she was regional director of controlling & treasury at Kraft Foods Asia Pacific Services and finance director at GE Hydro Asia, a General Electric joint venture in Hangzhou, China. She is a member of both the Institute of Singapore Chartered Accountants and CPA Australia. Her master's in business administration was earned at Victoria University in Australia.



MR YEO CHIN TUAN DANIEL
Independent
Non-Executive Director

Mr Yeo was appointed as the Independent Non-Executive Director of Top Global Limited, as well as the chairman of its Audit and Remuneration Committees and a member of its Nominating Committee, on 26 April 2010. He has more than two decades of experience in the financial industry. He served as the Vice President of Refco Singapore in the 1980s and later became a pioneer in the Singapore futures and options market. After witnessing the birth of the Singapore International Monetary Exchange (SIMEX), he built up a distinguished track record servicing high net worth clients in foreign exchange and bullion trading. While he was a director at ING Futures & Options (S) Pte Ltd, he assisted with the acquisition of Barings (S) Pte Ltd. He has also served as an executive director at UOB International Treasury, establishing business linkages with international brokerages. Currently, he is the Chairman of R3D Global Limited, a company listed on the Australian Stock Exchange.



MS MIMI YULIANA MAELOA
Non-Executive Director

Ms Maeloa was appointed as the Non-Executive Director on 26 April 2010. Ms Maeloa has served in various positions at her family's businesses and currently works at the family office. She has notable experience in banking, investment and asset management, having worked at the Union Bank of Switzerland in Singapore, Credit Suisse First Boston Hong Kong Chase Manhattan Bank in New York, JP Morgan in Singapore and Goldman Sachs in Singapore. She graduated with a BSc in finance from the University of Southern California and holds an MBA from Woodbury University in California.

KEY MANAGEMENT

MR GOH BINGZHENG
Group Finance Director

Mr Goh Bingzheng joined Top Global Limited in September 2015 as Financial Controller overseeing the Group's finance function and was appointed the Finance Director in 2018. He is responsible for financial and accounting matters, internal control, corporate governance, treasury, corporate finance and taxation. Prior to joining Top Global Limited, he was with PricewaterhouseCoopers LLP for 7 years, providing assurance services to a wide range of companies operating in various industries such as real estate, media and transport and logistics.

He graduated with a Bachelor of Accountancy (Honours) from Nanyang Technological University and is a member of Institute of Singapore Chartered Accountants since 2011.

MR DAVID KHO
Chief Technology Officer
R&D and Special Projects

Mr David Kho joined Top Global Limited in July 2019 as Chief Technology Officer overseeing the Group's research and development ("R&D") function for Smart Solutions. He has close to three decades of experience in the electronics industry and specialises in providing full electronics system and product design, and development and production Solutions. Prior to joining Top Global Limited, he has accumulated a wealth of track records in extensive custom product (embedded) design, development and production experience in the field of wireless embedded telematics, Internet of Things devices and gadgets that addresses needs and provides solutions for the industrial, military and commercial markets.

He graduated with a Bachelor of Science in Electrical and Electronics Engineering from Florida Institute of Technology and also has a Masters in Computer and Digital Communication from Nanyang Technological University.

MS ROSE LING
Director of Group Administration, Sales and Collaboration

Ms Rose Ling joined Top Global Limited in May 2010 as General Administration Manager. She is responsible for the Group's Human Resource, Administration and Sales & Marketing matters. For the past two decades, Ms Ling has accumulated vast working experiences in various industry sectors, which includes, management of human resources, overseeing marketing of development properties and property management services.

She graduated with a Bachelor of Science in Management (Honours) from University of London.

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

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 guidelines of the Code of Corporate Governance 2018 ("2018 Code"), and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Manual"), the Singapore Companies Act ("Companies Act") and the disclosure guide developed by the SGX-ST in January 2015 ("Guide"), focusing on areas such as internal control, risk management, financial reporting, internal and external audits.

The Company has complied with the principles and guidelines as set out in the 2018 Code and the Listing Manual where applicable except where otherwise stated. Appropriate explanations have been provided in the relevant sections below where these are deviations from the 2018 Code and Guide.

The 2018 Code

The 2018 Code is divided into five main sections, namely:
(A) Board Matters
(B) Remuneration Matters
(C) Accountability and Audit
(D) Shareholders' Rights and Engagement
(E) Managing Stakeholders Relationships

(A) Board Matters

The Board of Directors in office at the date of this report comprises:
Dr Lam Lee G (Independent Non-Executive Chairman)
Madam Oei Siu Hoa @ Sukmawati Widjaja (Executive Director)
Mr Hano Maeloa (Chief Executive Officer and Executive Director)
Ms Jennifer Chang Shyre Gwo (Chief Operating Officer and Executive Director)
Mr Yeo Chin Tuan Daniel (Independent Non-Executive Director)
Ms Mimi Yuliana Maeloa (Non-Executive Director)

Key information on the Directors can be found on page 10 to 11 under the section on Board of Directors 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's Roles and Director's Duties

The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. The principal role of the Board is to review and decide strategic plans, key operational and financial issues, evaluate performance of the Group and supervise executive Management to achieve optimal shareholders' value.

In addition to its statutory duties, the Board's principal functions are:

- Supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction;
- Formulating and approving financial objectives of the Group and monitoring its performance such as reviewing and approving of financial results announcements and financial statements;
- Overseeing the processes for evaluating the adequacy of internal controls and risk management including the review and approval of interested person transactions;
- Assuming responsibility for corporate governance and compliance with the Companies Act (Chapter 50) of Singapore and the rules and regulations of the relevant regulatory bodies;
- Evaluating performance of the Management;
- Reviewing and approving the remuneration framework for the Directors and key executives;
- Providing entrepreneurial leadership, setting strategic objectives and ensuring the necessary human and financial resources are well in place to meet the Group's objectives;
- Establishing a prudent framework and effective controls so that risks can be assessed and managed, which include the safeguarding of shareholders' interests and the Group's assets; and
- Setting the Group's values and standards, including ethical standards, and ensuring that obligations to the shareholders are understood and met.

The Company has in place practices to address potential conflicts of interest. All Directors are required to notify the Company promptly of all conflicts of interest as soon as it is practicable after the relevant facts have been come to his/her knowledge as well as when required and refresh the required declaration annually. Directors are required to recuse themselves from all deliberations/voting in relation to the matters which he/she has a conflict of interest in, unless the Board is of the opinion that the participation of the conflicted Director is of the best interest to the Company. Nonetheless, he/she is abstain from voting in relation to the conflict-related matters.

Directors' Training and Orientation

Newly appointed Directors would be briefed by the Chief Executive Officer ("CEO") of the Company on the Group's business and corporate governance policies and practices. Familiarisation sessions include visits to project sites. The Company provides a formal letter to each new Director upon his appointment, setting out clearly the Director's duties and obligations. All newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore will attend the training at the Singapore Institute of Directors or any other relevant courses.

Directors are kept informed of changes to regulatory requirements from time to time by the Company Secretary. Board members are encouraged to keep themselves updated especially on their relevant professional, statutory, and regulatory requirements and guidelines to enhance their discharge of their duties and responsibilities as Directors.

To keep pace with new laws, regulations, changing commercial risks and financial reporting standards, all Directors attend specifically tailored training conducted by professionals annually. Directors are also encouraged to attend, at the Group's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations and provided with updates and/or briefings from time to time by internal or external auditors and the Company Secretary in areas such as Directors' duties and responsibilities, corporate governance practices, risk management matters and changes in financial reporting standards. The Company Secretary will bring to Directors' attention, information on seminars that may be of relevance or use to them.

Briefings, updates and trainings for the Directors in FY2019 include:

- the external auditor, Nexia TS Public Accounting Corporation, provided briefings to the Board on changes or amendments to accounting standards during meetings;
- the Directors are regularly briefed by the Executive Director, CEO and Chief Operating Officer ("COO") on the business activities of the Group; and
- the Company Secretary briefed the Board on the regulatory updates such as changes to Corporate Governance Code and SGX-ST Listing Rules.

Matters Requiring Board Approval

- corporate policies, strategies and objectives of the Company;
- annual budgets;
- quarterly, half yearly and full year announcements;
- annual report and accounts;
- convening of shareholders' meeting;
- material acquisitions, investments and disposal of assets;
- corporate strategic direction, strategies and action plan;
- transactions or investments involving any conflict of interest relating to a substantial shareholder or a Director;
- financial restructuring and share issuance, dividends and other returns to shareholders; and
- issuance of policies and key business initiatives.

There has been no change to the Group's internal guidelines which had been approved by the Board for material transactions and investments by the Company and Group, with limits for different levels of approving authorities, categories of expenditures and investments.

Delegation to Board Committees

The Board has delegated certain functions to various board committees, namely the Nominating Committee ("NC"), Remuneration Committee ("RC") and Audit Committee ("AC") (collectively, the "Board Committees"). Each of the various Board Committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various Board Committees have the 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.

Attendance of Board and Board Committees

The Board meets on a quarterly basis and as warranted by particular circumstances. Four (4) Board meetings were held in FY2019, of all were the regular quarterly meetings. Telephonic attendance and conference via audio-visual communication at Board and Board Committees meetings are allowed under the Company's Articles of Association ("Articles").

The attendance of the Directors at Board and Board Committees meetings, as well as the frequency of such meetings held in FY2019 is as follows:

	Board Meeting		AC Meeting		NC Meeting		RC Meeting	
Name of Director	**No of Meetings held**	**No of Meetings Attended**	**No of Meetings held**	**No of Meetings Attended**	**No of Meetings held**	**No of Meetings Attended**	**No of Meetings held**	**No of Meetings Attended**
Dr Lam Lee G	4	4	4	4	1	1	1	1
Madam Oei Siu Hoa @ Sukmawati Widjaja	4	3	–	–	–	–	–	–
Mr Hano Maeloa	4	4	–	–	–	–	–	–
Ms Jennifer Chang Shyre Gwo	4	4	–	–	–	–	–	–
Mr Yeo Chin Tuan Daniel	4	3	4	3	1	1	1	1
Ms Mimi Yuliana Maeloa	4	4	4	4	1	1	1	1

Access to Information

All the Directors have independent access to the Company's Management. Any information needed to enable the Directors to make sound decisions have been duly provided by the Management. In addition, the Board receives quarterly updates to the financial results and projections at each Board meeting to enable them to understand and oversee the Group's operational and financial performance. Board papers prepared for each meeting were usually circulated at least four days before each meeting to provide the Directors sufficient time to review and consider the matters to be discussed.

Independent Professional Advice/Company Secretary

The Directors have separate and independent access to the Management and Company Secretary at all times.

Individually or collectively, in order to execute their duties, Directors can obtain independent professional advice at the Company's expense where required. The appointments of such independent professional advisors are subject to approval of the Board.

The appointment and removal of the company secretary are 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.

The Board currently comprises six members – one Independent Non-Executive Chairman, one Independent Non-Executive Director, three Executive Directors and one Non-Executive Director.

The Company's Independent Non-Executive Chairman is Dr Lam Lee G while the Independent Non-Executive Director is Mr Yeo Chin Tuan Daniel. The Executive Directors are Madam Oei Siu Hoa @ Sukmawati Widjaja, Mr Hano Maeloa who is the CEO and Ms Jennifer Chang Shyre Gwo who is the COO. The Non-Executive Director is Ms Mimi Yuliana Maeloa.

With the Chairman being an Independent Director and having half of the Board comprising of non-executive Directors, the Board is capable of exercising objective judgement in manging the Company's affairs.

In addition, Dr Lam Lee G who is the Independent Non-Executive Chairman of the Company has allowed himself to be made available to shareholders if they have concerns relating to matters that contact through the CEO or COO has failed to resolve or where such contact is inappropriate, as well as at the Company's general meetings.

Board Diversity

The Board has the requisite mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. Each Director has been appointed based on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business. The current Board composition provides a diversity of skills, experience, gender and knowledge to the Company.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors. The NC is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and knowledge for the Board to be effective. Key information of the Board members' qualifications and experience are presented in pages 10 to 11 of this Annual Report.

Independence Assessment of Directors

The independence of each Independent Non-Executive Director is reviewed annually by the NC. The NC applies the 2018 Code's definition of "Independent" in their review of Directors' independence. The NC is of the view that the two Independent Non-Executive Directors are independent in accordance with the 2018 Code.

Independent Directors Servicing beyond Nine Years

As at the end of FY2019, Dr Lam Lee G and Mr Yeo Chin Tuan Daniel have served on the Board beyond nine years from the date of their first appointment. The Board has subjected their independence to a rigorous review by all the other fellow Directors, and agreed that Dr Lam Lee G and Mr Yeo Chin Tuan Daniel had participated, deliberated and always expressed their views independently and objectively, before deciding if they should continue to be considered independent directors. The NC further noted that there were no relationships or circumstances which affected or likely to affect their independence or the discharge of their responsibilities as independent director.

The Board has affirmed their independence status and resolved that Dr Lam Lee G and Mr Yeo Chin Tuan Daniel continue to be considered independent Directors, notwithstanding they have served beyond nine years from the date of their first appointment. The Independent Non-Executive Directors have also confirmed their independence in accordance with the 2018 Code.

The recent changes in SGX Listing Rules, which will come into effect from 1 January 2022, require the re-appointment of independent Directors who have served the Board beyond nine years from the date of their first appointment to be subjected to a two-tier shareholders voting and independent Directors to make up a majority of the Board where the Chairman is not independent.

In view of the above changes, the NC has proposed to apply the transitional provision while they seek suitable candidates to refresh the Board for those independent Directors who have served more than nine years and had executed a reconstitution of the Board on 2 December 2019 to redesignate Dr Lam Lee G as the Chairman of the Board.

The Board is able to exercise objective judgment independently from the Management and no individual or small group of individuals dominate the decisions of the Board.

Meeting in the Absence of the Management

As and when required, the Independent Non-Executive Chairman, Independent Non-Executive Director and Non-Executive Director will hold a meeting without the presence of Management and Executive Directors, in order to facilitate a more effective check on the Management and/or the Executive Directors. The Independent Non-Executive Chairman, Independent Non-Executive Director and Non-Executive Director had met once without the presence of Management and Executive Directors in FY2019.

None of the Independent Non-Executive Directors of the Company have been appointed as Director of the Company's principal subsidiaries. The Board and the Management are of the view that the current Board structures in the principal subsidiaries are already well organised and constituted. The Board and the Management will, from time to time, renew the Board structures of the principal subsidiaries and will make an appropriate corporate decision to consider the appointment of the Independent Non-Executive Director to Board of the Company's principal subsidiaries.

Every year, the NC conducts its review of the composition of the Board, which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences, met with the requirement of the Group. The NC has reviewed and is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.

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.

Chairman and Chief Executive Officer

On 2 December 2019, following a review of the board composition by the NC, Dr Lam Lee G was re-designated as Independent Non-Executive Chairman while Mr Hano Maeloa continues to retain the role of CEO. The Independent Non-Executive Chairman and CEO are not related. There is a clear division of responsibilities between the Independent Non-Executive Chairman and the CEO to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision-making.

The Independent Non-Executive Chairman is responsible for the workings of the Board, ensuring the integrity and effectiveness of its governance process. The Independent Non-Executive Chairman ensures that Board meetings are held as and when necessary and set the meeting agenda in consultation with the CEO, COO and Executive Director. The Independent Non-Executive Chairman, with the assistance of the CEO, the COO and Company Secretary, ensures Board members are provided with adequate and timely information. The Independent Non-Executive Chairman assists to ensure procedures are introduced to comply with the Company's guidelines on corporate governance. The CEO is responsible for the business and operational decisions of the Group.

The Board is satisfied that there is sufficient transparency and accountability in view of the distinction of responsibilities. The Board is also of the view that there is a sufficiently strong independent element on the Board which enables the exercise of judgement with regards to the corporate affairs of the Group.

Lead Independent Non-Executive Director

In view of the changes in the Board Composition on 2 December 2019, Dr Lam Lee G who has been re-designated as Independent Non-Executive Chairman, will assume the role of Lead Independent Non-Executive Director of the Company pursuant to the recommendation in Guideline 3.3 of the 2018 Code. The Board is of the view that there the Independent Non-Executive Chairman should by virtue of being independent be clear from any conflict of interest in most cases. Where a situation arises that the Independent Non-Executive Chairman be conflicted, the other Independent Non-Executive Director shall assume the role of Lead Independent Non-Executive Director to ensure that shareholders' rights are protected. The Lead Independent Non-Executive Director of the Company is available to shareholders where they have concerns, which contact through the normal channels of the Executive Chairman and the CEO had failed to resolve or for which such contact 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.

Nominating Committee ("NC")

The NC consists of two Independent Non-Executive Directors and one Non-Executive Director. The members of the NC are as follows:

Dr Lam Lee G (Chairman)
Mr Yeo Chin Tuan Daniel
Ms Mimi Yuliana Maeloa

The NC is regulated by its terms of reference and its key functions include:

- recommending to the Board on all Board and Board Committees appointments;
- developing a process for evaluation of the performance of the Board, each of its Board Committees and individual Director;
- recommending to the Board on the re-appointment or re-nomination of incumbent Directors, having regard to the respective Director's contributions and performance;
- determining annually whether or not a Director is independent;
- in situations where a Director has multiple board representations, to review whether the Director is able to carry out his/her duties as Director adequately;
- reviewing and making recommendations to the Board on the training and professional development programmes for the Board; and
- recommending to the Board the review of Board's succession plans for Directors, in particular, the Chairman, and for the CEO

During the financial year under the review, the NC together with the Management had arranged for the Board members to attend various training programmes and seminars to ensure that the Board members were constantly updated and equipped with the necessary and relevant skills, knowledge and competencies to cope with the increasingly complex operation of the Group in order to discharge their duties effectively.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;
- Geographical location of Directors;
- Size and composition of the Board;
- Nature and scope of the Group's operations and size; and
- Capacity, complexity and expectations of the other listed directorships and principle commitments held.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2019.

The NC has reviewed that Dr Lam Lee G, with multiple board representations and other principal commitments, has been able to dedicate sufficient time and attention to the affairs of the Company such that he was able to discharge his duties as Director and subsequently, Chairman of the Company in FY2019.

Selecting, Appointment and Re-appointment of Directors

The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills and experience to complement and strengthen the Board. In its search and selection process for new Directors, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates. The NC would meet and appraise the nominees to ensure that the candidates possess relevant experience and calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group. New Directors are appointed by the Board by way of a Board resolution, upon the NC's recommendation. In accordance with the Company's Articles, these new Directors who are appointed by the Board are subject to re-election by shareholders at the next annual general meeting ("AGM") after their appointment.

The Company's Articles also provides that at least one-third of the remaining Directors be subject to re-election by rotation at each AGM. For the avoidance of doubt, each Director shall retire at least once every three (3) years. This will enable all shareholders to exercise their rights in selecting all Board members. In relation to the re-election of incumbent Directors, the NC would assess the performance of the Director in accordance with the performance criteria set by the Board and also consider the current needs of the Board. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-election of the incumbent Director to the Board for consideration and approval.

The NC has recommended the following Directors to retire pursuant to Article 106 of the Company's Articles, being eligible and having consented, be re-elected at the forthcoming AGM:

Name of Director	**Appointment**	**Date appointed**
Dr Lam Lee G	Independent Non-Executive Chairman	26 April 2010
Ms Jennifer Chang Shyre Gwo	Chief Operating Officer and Executive Director	8 November 2010

Information on other principal commitments of the Directors is set out in the "Board of Directors" section of this Annual Report. The date of initial appointment and last re-election of each director to the Board together with his/her directorships in other listed companies, both current and those held over in the preceding three years, are set out below:

Name of Director	**Date of first appointment to the Board**	**Date of last re-election as Director**	**Current directorships in listed companies**	**Past directorships in listed companies (preceding three years)**
Madam Oei Siu Hoa @ Sukmawati Widjaja	12 March 2010	26 April 2018	N.A.	N.A.
Mr Hano Maeloa	27 July 2007	26 April 2018	N.A.	China Medical (International) Group Limited
Ms Jennifer Chang Shyre Gwo	8 November 2010	12 April 2017	N.A.	China Medical (International) Group Limited
Mr Yeo Chin Tuan, Daniel	26 April 2010	30 April 2019	R3D Global Limited	China Medical (International) Group Limited

Name of Director	Date of first appointment to the Board	Date of last re-election as Director	Current directorships in listed companies	Past directorships in listed companies (preceding three years)
Dr Lam Lee G	26 April 2010	12 April 2017	Adamas Finance Asia Limited	Asia-Pacific Strategic Investments Limited
			Aurum Pacific (China) Group Limited	China Medical (International) Group Limited
			AustChina Holdings Limited	Glorious Sun Enterprises Limited
			China LNG Group Limited	Heng Fai Enterprises Limited
			China Real Estate Grp Limited	Hsin Chong Group Holdings Limited
			China Shandong Hi-Speed Financial Group Limited	Hua Long Jin Kong Company Limited
			CSI Properties Limited	Imagi International Holdings Limited
			Elife Holdings Limited	Mingyuan Medicare Development Company Limited
			Greenland Hong Kong Holdings Limited	Roma Group Limited
			Haitong Securities Company Limited	Rowsley Limited
			Hang Pin Living Technology Company Limited	Ruifeng Petroleum Chemical Holdings Ltd
			Huarong Investment Stock Corporation Limited	UDL Holdings Limited
			JCG Investment Holdings Limited	Vietnam Equity Holding
			Kidsland International Holdings Limited	Xi'an Haitiantian Holdings Company Limited
			Mei Ah Entertainment Group Limited	
			Mingfa Group (International) Company Limited	

Name of Director	Date of first appointment to the Board	Date of last re-election as Director	Current directorships in listed companies	Past directorships in listed companies (preceding three years)
			National Arts Entertainment and Culture Group Ltd. Singapore eDevelopment Ltd Sunwah International Limited Sunwah Kingsway Capital Holdings Limited Thomson Medical Group Limited Tianda Pharmaceuticals Limited TMC Life Sciences Berhad Vongroup Limited	
Ms Mimi Yuliana Maeloa	26 April 2010	30 April 2019	N.A.	N.A.

The Company currently does not have any alternate directors.

Sufficient Time and Attention by Directors

The Group has guidelines in place to address the competing time commitments faced by Directors serving on multiple boards and the Board has determined a general guideline that the maximum number of listed company board representations which any Director may hold is five (5). Any exceptions to this guideline are specifically approved by the NC, giving regard to whether the particular Director would still be able to devote sufficient time and attention to the affairs of the Group, taking into consideration the Director's number of listed company board representations and his or her other principal commitments.

Notwithstanding that Dr Lam Lee G currently has directorships in more than 5 listed companies (including the Company), the NC is of the view that, Dr Lam Lee G has the capability and ability to undertake other obligations or commitments together with serving on the Board effectively. Such number of board representations enables the Director to widen his experience as a board member and at the same time, addresses competing time commitments faced by the Director who serves on multiple boards. The NC is satisfied that sufficient time and attention has been given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2019.

Succession Planning for Directors, in particular, the Chairman and for the CEO

Succession planning is an important part of the governance process. The NC will review the board succession plans for Directors, in particular, the Chairman and the CEO and make recommendations to the Board with regards to any adjustments that are deemed necessary.

Board Performance
Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Assessing Board Performance

The 2018 Code states that there should be a formal assessment of the effectiveness of the Board as a whole and its Board Committees and the contributions by each Director to the effectiveness of the Board. The 2018 Code further recommends that the NC proposes effective criteria to evaluate how the Board should be evaluated.

The table below sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board:

Board and Board Committees	Individual Directors
1. Size and composition 2. Access to information 3. Board processes 4. Strategic planning 5. Board accountability 6. Risk management 7. Succession planning	1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence (if applicable) 5. Overall effectiveness 6. Attendance at Board and Board Committee meetings

The NC continued with the existing internal guidelines adopted in the previous year which include an annual board assessment checklist that was being completed by all members of the Board individually, and a group checklist prepared jointly by the members of the NC to evaluate the performance of the Board, its Board committees and each individual Director. All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance.

No external facilitator was used in the evaluation process.

The NC is satisfied that the current size and composition of the Board provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The Board has met its performance objectives in FY2019.

(B) Remuneration Matters

Procedures for Developing Remuneration Policies
Principle 6: There should be 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 should be involved in deciding his own remuneration.

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.

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.

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel.

Remuneration Committee

The RC comprises three members, the majority of whom are independent. All members of the RC are non-executive and the members of the RC are as follows:

Mr Yeo Chin Tuan Daniel (Chairman)
Dr Lam Lee G
Ms Mimi Yuliana Maeloa

Remuneration Matters

The RC is regulated by its terms of reference and its key functions include:

- review and recommend an appropriate remuneration framework/package for the Directors and key management personnel, and service contract terms to the Directors and key management personnel to ensure that it can attract, retain and motivate individuals of the right caliber to manage the business of the Group;
- make recommendations to the Board on specific remuneration packages for each Executive Director, the CEO, key management personnel of the Group and any relative of a director and/or substantial shareholder who is employed in a managerial position by the Company;
- review all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;
- review periodically the appropriateness and relevance of certain aspects of remuneration policies and practices including incentive payments where applicable, variable bonuses, the options to be issued under the share option scheme, the awards to be granted under the share plan and other benefits-in-kind;
- oversee the administration of the employees' share option scheme and performance share plan; and
- review of termination clauses in the contracts of service for the executive directors and key management personnel (in the case of termination) to ensure termination clauses are fair and reasonable.

No Director or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations. No remuneration consultants were engaged in FY2019. The RC may obtain expert professional advice on remuneration matters, if required, at the expense of the Company.

The RC reviews and recommends to the Board on the specific remuneration package which comprises a fixed component and a variable component for the Executive Directors and key management personnel. The fixed and variable components are in the form of a base salary and variable bonus that are linked to the performance of the Company and individual. There are appropriate and meaningful measures in place for the purpose of assessing the performance of Executive Directors and key management personnel. In determining remuneration packages of Executive Directors and key management personnel, the RC will ensure that Directors and key management personnel are adequately but not excessively rewarded. The RC will consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contributions to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

The RC had reviewed and is satisfied that the performance conditions used (e.g. leadership qualities, people development skills and commitment, etc.) to determine the Executive Directors and key management personnel entitlement under the short-term and long-term incentive schemes have been met in FY2019.

In reviewing and recommending the remuneration of Independent Non-Executive Chairman, Independent Non-Executive Director and Non-Executive Director, the RC will consider, in consultation with the Board, the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the particular Director. The RC will ensure that the Independent Non-Executive Chairman, Independent Non-Executive Director and Non-Executive Director are not over compensated to the extent that their independence may be compromised.

During FY2019, the RC did not require the services of an external remuneration consultant. Nevertheless, the RC has explicit authority to investigate any matter within its terms of reference and to seek external advice should such need arise, at the Company's expense.

Level and Mix of Remuneration

The Company adopted the objectives as recommended by the 2018 Code to determine the framework and levels of remuneration for Directors and key management personnel so as to ensure that it is competitive and sufficient to attract, retain and motivate the individuals who possess the required experience and expertise to run the Group successfully, without being excessive.

In addition to the above, the Company ensures that performance-related remuneration system was implemented to ensure that the interests of the shareholders are aligned with the Executive Directors and key management personnel and in order to promote the long-term success of the Company.

Each Executive Director has a service agreement with the Company. The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of 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 has reviewed and is satisfied that the performance conditions were met for FY2019.

The Independent Non-Executive Chairman and Independent Non-Executive Director have not entered into service agreements with the Company.

Directors' Remuneration

Name of Director	Salary %	Bonus %	Fees %	Fringe Benefits %	Allowances %	Total %
S$2,250,000 to S$2,500,000						
Madam Oei Siu Hoa @ Sukmawati Widjaja	46	51	2	1	–	100
S$1,750,000 to S$2,000,000						
Mr Hano Maeloa	51	42	2	5	–	100
S$750,000 to S$1,000,000						
Ms Jennifer Chang Shyre Gwo	50	42	5	–	3	100
Below S$250,000						
Dr Lam Lee G	–	–	100	–	–	100
Mr Yeo Chin Tuan Daniel	–	–	100	–	–	100
Ms Mimi Yuliana Maeloa	–	–	100	–	–	100

The Executive Directors and Non-Executive Directors receive directors' fees, in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board Committees. The directors' fees are recommended by the Board for shareholders' approval at the AGM.

Remuneration of Top 3 Key Management Personnel (who are not Directors or the CEO)

Name of Employee	Salary %	Bonus %	Fees %	Fringe Benefits %	Allowances %	Total %
Below S$250,000						
Mr Goh Bingzheng	70	22	–	–	8	100
Mr David Kho Oon Chian	91	–	–	–	9	100
Ms Ling Ngiik Kee, Rose	68	22	–	–	10	100

As at end of FY2019, there were 3 key management personnel in the Company (who are not Directors or the CEO).

There were no share options/awards granted to the Directors and the top 3 key management personnel in FY2019.

There were no termination, retirement or post-employment benefits granted to Directors, the CEO, the COO and key management personnel other than the standard contractual notice period termination payment in lieu of service.

The Company has decided not to fully disclose the remuneration paid to each Director and the aggregate remuneration paid to the top 3 key management personnel having regard to the highly competitive human resource environment and the confidential nature of staff remuneration matters, so as to ensure the Company's competitive advantage in the retention of its key management team.

Mr Kenneth Lian is the husband of Madam Oei Siu Hoa @ Sukmawati Widjaja, and is the Business Development Director of the Company. The remuneration of Mr Kenneth Lian was between S$150,000 to S$200,000 in FY2019. Except for the above, there was no employee of the Group who was an immediate family member of a Director or the CEO whose remuneration exceeded S$100,000 in FY2019.

Share Option Scheme Committee

The Company has a share option scheme in place. The Share Option Scheme Committee is responsible for the administration of the "Top Global Share Option Scheme 2011" (the "Scheme"), in accordance with the rules of the Scheme. The Share Option Scheme Committee is made up of the members of the RC, namely Mr Yeo Chin Tuan Daniel, Dr Lam Lee G and Ms Mimi Yuliana Maeloa.

Please refer to the Directors' Statement in this Annual Report for further details of the Scheme.

(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.

Audit Committee
Principle 10: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Accountability

The Board understands its accountability to shareholders on the Group's position, performance and progress. The Board will update shareholders on the operations and financial position of the Group through quarterly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance, position and prospects.

The Management provides the Board on a quarterly basis, financial reports and other information on the Group's performance, financial position and prospects for their effective monitoring and decision-making.

Risk Management and Processes

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to controls and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board. Currently, the Company does not have a risk management committee.

Internal Controls

The Board is responsible for the overall internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and assets are safeguarded. Regular evaluations are performed to ensure that internal controls are adequate to meet the Group's requirements.

Relying on the reports from the internal and external auditors, the AC carried out assessment of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

The Board has received assurances from the CEO and COO:

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

Based on the various management controls in place, the reports from the internal and external auditors, reviews conducted by the Management, the Board with the concurrence of the AC, is of the opinion that the internal controls addressing financial, operational, compliance and information technology risk and the risk management systems maintained by the Group are adequate and effective in FY2019.

The Board also notes that all internal control systems and risk managements systems contain inherent limitations and no system of internal controls or risk management system could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

As the Group continues to grow the business, the Board will continue to review and take appropriate steps to strengthen the Group's overall system of internal controls and risk management systems.

Audit Committee

The AC of the Company is made up of three Board members, the majority of whom are Independent Non-Executive Directors. All members of the AC are non-executive and members of the AC are as follows:

Yeo Chin Tuan Daniel (Chairman)
Dr Lam Lee G
Ms Mimi Yuliana Maeloa

The Board considers Mr Yeo Chin Tuan Daniel, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Dr Lam Lee G and Ms Mimi Yuliana Maeloa of the AC has relevant experience in corporate finance.

Further details on the key information and profile of the AC members, including academic and professional qualifications, are presented under the Director's Profiles' sections of this annual report.

The members of the AC collectively have strong accounting and related financial management expertise and experiences and are appropriately qualified to discharge their responsibilities.

The AC is regulated by its terms of reference and its key functions include:

- review the audit plans of the Company's external auditors, including the results of the auditors' review and audit report, the Management letter and Management's response and evaluation of the Company's system of internal controls;
- review the quarterly and annual financial statements of the Group focusing in particular, on significant financial reporting issues and judgements, key audit matters, any significant adjustments, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards stock exchange and statutory/regulatory requirements before submission to the Board for approval;
- review any formal announcements relating to the Company's financial performance;
- discuss problems and concerns, if any, arising from the audits, in consultation with the external auditors and internal auditors where necessary and to meet the external auditors and internal auditors without the presence of the Management, at least annually;
- review the assistance and cooperation given by the Management to the external auditors;
- review annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors;
- review the internal audit function and ensure coordination between external auditors and internal auditors and the Management;
- review the adequacy of the Company's internal controls;
- review the scope and results of the internal audit procedures including the effectiveness of the internal audit functions and ensure that the said functions are adequately resourced;
- review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and the Management's response;
- review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions;
- review any potential conflict of interest;
- report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- review interested person transactions, falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- recommend to the Board the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- undertake generally such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time.

Apart from the above functions, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he/she is interested.

The AC has full access to and cooperation of the Management, external auditors and internal auditors. It also has the discretion to invite any Director and executive officer to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

The external auditors provides regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and their corresponding impact on the financial statements, if any.

The Company's external auditors, Nexia TS Public Accounting Corporation had carried out their duties in the course of their statutory audit, and considered the internal controls that are relevant to the Company's preparation of financial statements. Any internal control weaknesses noted during their audit, including the external auditors' recommendations to address such non-compliance and weakness, would be reported to the AC.

The Management would then follow-up on the external auditors' recommendations as part of Management's role in the review of the Company's internal control systems. The Management together with the Board has reviewed all the audit reports and findings from the external auditors. In addition, the AC has reviewed the Company's system of internal controls, including financial, operational and compliance records, risk management policies and systems established by Management during the year and is satisfied that the overall system of controls is adequate.

The AC has met with the external and internal auditors once without the presence of Management in FY2019.

During the financial year under review, the AC reviewed and approved the internal and external audit plans and financial results.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the non-audit work carried out by the external auditors based on value for-money consideration. During the year under review, the aggregate amount of audit fees paid to the external auditors amounted to S$284,631. The non-audit services rendered by external auditors in FY2019 were S$5,000. The AC had reviewed the audited services provided by the external auditors and was satisfied that the nature and extent of such services would not prejudice the independence of the external auditors.

The AC has recommended and the Board has approved the nomination for re-appointment of Nexia TS Public Accounting Corporation as external auditors of the Company at the forthcoming AGM.

Nexia TS Public Accounting Corporation has been appointed to audit the accounts of the Company and its Singapore-incorporated subsidiaries. The Company does not have any significant associated company. The Group has appointed different auditors for its overseas subsidiaries. One of the Company's subsidiaries, PT Suryamas Dutamakmur Tbk is listed on the Indonesia Stock Exchange. The Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to the external auditors.

Whistle-Blowing Policy

Whistle-blowing policy and procedures are put in place to provide the Group's employees and external parties who have dealings with the Group with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other impropriety in the workplace, and for the independent investigation of any reported incidents and appropriate follow up action. The Company's employees and external parties who have dealings with the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters by reporting to the Whistleblowing Committee of the Group. The contact information of the Whistleblowing Committee is set out in its corporate website at www.topglobal.com.sg.

Internal Audit

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company's assets. The Company has engaged a professional firm, BDO LLP, as well as leveraged on internal resources for its internal audit functions of the Group to perform the review and test of controls of its processes. Mr Soegi Harto is an Indonesian citizen and graduated from the University of Tarumanagara in Jakarta in 1991. He started his career at Siddharta & Siddharta Public Accountant Office, and then held various positions at PT Indocement Tunggal Perkasa, PT Asuransi Sinar Mas, PT Simas Life, PT Kalibesar Raya Utama, and PT Asuransi Chiyoda Indonesia. He has served as head of the internal audit unit for the Group's Indonesian subsidiaries since December 2009.

The appointed internal auditor reports directly to the AC and is responsible for (i) assessing the reliability, adequacy and effectiveness of the system of internal controls are in place to protect the fund and assets of the Group to ensure control procedures are complied with, (ii) assessing the operations of the business processes under review are conducted efficiently and effectively and (iii) identifying and recommending improvement to internal control procedures, where required.

The internal auditor plans its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditor, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

The AC is of the opinion that the internal audit firm and internal audit unit are adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and adequately resourced with qualified personnel to discharge its responsibilities effectively, and has appropriate standing within the Company, given, *inter alia*, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC. The AC has reviewed the internal audit reports and based on the controls in place and is satisfied that the internal audit functions have been adequately carried out.

(D) Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings
Principle 11: The Company treat 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

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

Shareholder Rights

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to all major developments that will or expect to have an impact on the Company and/or the Group.

The Group strongly encourages shareholder participation during the AGM which is held in a central location in Singapore, to stay informed of the Company's goals and strategies and to ensure a high level of accountability by the Management. Shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance and other business related matters.

The Company's Articles allow any shareholder to approve not more than two proxies during his/her absence, to attend and vote on his/her behalf at the general meetings. In addition, pursuant to Section 181(6) of the Companies Act, a shareholder who is a custodial institution or relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote in his/her behalf, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two proxies, the number and class of shares to be presented by each proxy must be stated. This allows shareholders who hold shares through corporations to attend and participate in the AGM as proxies.

Resolutions requiring shareholders' approval are tabled separately for adoption at the Company's general meetings unless they are closely related and are more appropriately tabled together. Reasons and implication of why resolutions are bundled will be set out in the circulars sent out.

Communication with Shareholders

In line with the Company's obligations for continuing disclosure, the Board's policy is for shareholders to be informed of all major developments and transactions that impact the Company and/or the Group.

The Company does not practice selective disclosure. Information is disseminated to shareholders on a transparent and timely basis. All price-sensitive information and financial results announcements are publicly released via SGXNET. Quarterly and full year results as well as the annual reports are announced or issued within the mandatory period.

Shareholders' meetings are the main forum for communication with the Shareholders. Annual reports and circular, including the notices of meetings are dispatched to all shareholders within the stipulated time before the meeting. The notices of meetings are also published in the newspapers and announced via SGXNET. Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.topglobal.com.sg.

The Company has a team of investor relations ("IR") personnel who focus on facilitating the communications with all stakeholders on a regular basis, to attend to their queries or concerns and to keep the investors public apprised of the Group's corporate developments and financial performance.

To enable shareholders to contact the Company easily, the contact details of the IR team are set out on the Company's website at www.topglobal.com.sg. The IR personnel have procedures in place for following up and responding to stakeholders queries.

Shareholder Meetings

Shareholders are encouraged to attend the general meetings of the Company as this is the principal forum for any dialogue they may have with the Directors and Management of the Company. Separate resolutions on each distinct issue are tabled during the general meeting.

The Company's Articles allow for absentia voting. To facilitate participation by the shareholders, the Company's Articles allow any member of the Company who is unable to attend the general meetings to appoint up to two proxies to attend and vote on his/her behalf, other than a relevant intermediary (as defined in the Section 181(6) of the Companies Act) to attend and vote on their behalf. A relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the general meetings.

At the Company's general meetings, shareholders are given the opportunity to voice their views and ask Directors and/or Management questions regarding the Company and/or the Group. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The external auditors are also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

Minutes of the general meetings which include relevant comments and queries from shareholders relating to the agenda of the general meetings together with responses from the Board and Management are prepared and made available on the Company's corporate website as soon as practicable.

All resolutions are put to vote by poll, and their detailed results including the total number and percentage of votes cast for and against each resolution will be announced via SGXNET after the conclusion of the general meeting. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meetings. All minutes of general meetings will be made available to shareholders upon their request.

General Meetings in FY2019

The attendance of Directors at general meetings is as follows:

	Dr Lam Lee G	Madam Sukmawati @ Oei Siu Hoa	Mr Hano Maeloa	Ms Jennifer Chang Shyre Gwo	Mr Yeo Chin Tuan Daniel	Ms Mimi Yuliana Maeloa
Annual General Meeting - 30 April 2019	1	–	1	1	–	1
Extraordinary General Meeting – 29 November 2019	–	–	–	1	–	–

The external auditors are also present to assist the directors in addressing queries from the shareholders on the conduct of audit and the preparation and content of the auditors' report.

Dividend Policy

The Group currently does not have a fixed dividend policy. The Directors will review, *inter alia*, the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and make appropriate recommendations to the Board on dividend declaration. The Board has not declared dividends for FY2019 as the Directors had deemed it more appropriate to retain the cash in the Group to expand the Group's business.

(E) Managing Stakeholders 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 Group has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve product and service quality, as well as to ensure sustainable business growth.

The stakeholders have been identified as those who are impacted by the Group's businesses and those who are able to impact the Group's businesses. The stakeholders groups which have been identified through an assessment of their significance to the Group's businesses are, namely, customers, suppliers, employees, investors, regulators and community.

The Group has in place a process to assess the environmental, social and governance issues which are important to these stakeholders. The details of the identification of stakeholders and material issues, as well as, the key areas of focus in relation to managing stakeholders relationships are detailed in the Sustainability Report.

The Company will publish Sustainability Report 2019 by 31 May 2020.

All material information on the performance and development of the Group is disclosed in a timely, accurate and comprehensive manner through SGXNET, press releases and the Company's website. The Company does not practice selective disclosure of material information. All materials on the quarterly, half-yearly and full year financial results are available on the Company's website – www.topglobal.com.sg.

Material Contracts

There were no material contracts entered into by the Group involving the interest of the CEO, any Director or controlling shareholder of the Company, either still subsisting as at FY2019, or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions ("IPT")

The Company has established internal control policy to ensure that transactions with interested persons are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. All IPTs are recorded in an IPT register and subject to quarterly review by the AC.

The Company does not have a general mandate for IPTs. During FY2019, the Group sold an investment property located at 31 Tomlinson Rd, Tomlinson Heights, Singapore 247855, to Ms Mimi Yuliana Maeloa, for a consideration of $7,275,000. The AC has reviewed the terms and conditions of the transaction and has approved the sale. The Board and AC are of the view that the terms of the sale are fair and reasonable and are not prejudicial to the interests of the Company and its minority shareholders.

Dealing in Securities

Pursuant to Rule 1207(19) of the Listing Manual, the Company has adopted the internal code of best practices on dealings in the Company's securities by the Company, its Directors and officers of the Group. Under the said code, the Company, its Directors and all officers of the Group are not allowed to deal in the Company's shares while in possession of price-sensitive information and during the period commencing two weeks before the announcement of the Company and Group's quarterly results and one month before the announcement of the Company and Group's yearly results and ending on the date of the announcement of the relevant results. In addition, the Company, its Directors and officers of the Group are advised not to deal in the Company's securities for short term considerations and are expected to observe the insider trading laws at all times even when dealing in Company's securities within the permitted trading periods.

Code of Business Conduct

The Company has a Code of Business Conduct which all employees are required to observe and comply with for the purpose of maintaining high standards of integrity, professionalism, and business conduct.

Treasury Shares

There were 514,200 treasury shares held by the Company as at 31 December 2019.

The directors present their statement to the members together with the audited financial statements of the Group and statement of changes in equity of the Company 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 and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 49 to 173 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 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:

Dr Lam Lee G
Madam Oei Siu Hoa @ Sukmawati Widjaja
Mr Hano Maeloa
Ms Jennifer Chang Shyre Gwo
Mr Yeo Chin Tuan Daniel
Ms Mimi Yuliana Maeloa

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, except for options to take up unissued shares under the Top Global Share Option Scheme 2011 as disclosed in the "Share options" in this statement.

Directors' interests in shares or debentures

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 name of director		Holdings in which director is deemed to have an interest	
	At 01.01.2019	At 31.12.2019	At 01.01.2019	At 31.12.2019
Company				
(No. of ordinary shares)				
Madam Oei Siu Hoa @ Sukmawati Widjaja	–	–	248,759,810	248,759,810
Mr Hano Maeloa	600,000	600,000	–	–
Ms Jennifer Chang Shyre Gwo	78,000	78,000	–	–

Directors' interests in shares or debentures (Continued)

According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests to subscribe for ordinary shares of the Company granted pursuant to the Top Global Share Option Scheme 2011 as set out on page 2 under "Share options" in this statement.

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.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Madam Oei Siu Hoa @ Sukmawati Widjaja is deemed to have an interest in the shares of all the Company's subsidiary corporations as at 31 December 2019.

Share options

(a) Options to take up unissued shares

During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

(b) Unissued shares under option

Top Global Share Option Scheme 2011 (the "ESOS 2011")

The ESOS 2011 was approved by the shareholders of the Company at an Extraordinary General Meeting held on 28 March 2011 to replace the Top Global Share Option Scheme 2001 which expired on 7 June 2011 and remains in force at the discretion of the Share Scheme Committee, subject to a maximum period of ten (10) years.

Under the rules of the ESOS 2011, all directors and employees of the Company are eligible to participate in the ESOS 2011. Controlling shareholders or their associates are also eligible to participate in the ESOS 2011 subject to the approval of independent shareholders in the form of separate resolutions for each participant. Further, independent shareholders' approval is also required in the form of separate resolutions for each grant of options and the terms thereof, to each participant who is a controlling shareholder or his associate.

The Share Scheme Committee is charged with the administration of the ESOS 2011 in accordance with the rules of the ESOS 2011. The Share Scheme Committee administering the ESOS 2011 comprises the directors, Mr Yeo Chin Tuan Daniel (Chairman), Dr Lam Lee G and Ms Mimi Yuliana Maeloa.

None of the directors in the Share Scheme Committee participated in any deliberation or decision in respect of options granted to himself.

The number of options to be offered to a participant shall be determined at the discretion of the Share Scheme Committee provided that:

(a) the total number of shares which may be offered to any participant during the entire operation of the ESOS 2011 (including adjustments under the rules) shall not exceed 15% of the shares in respect of which the Company may grant options;

Share options (Continued)

(b) Unissued shares under option (Continued)

Top Global Share Option Scheme 2011 (the "ESOS 2011") (Continued)

(b) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the ESOS 2011 (including adjustments under the rules) shall not exceed 25% of the shares in respect of which the Company may grant options; and

(c) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the ESOS 2011 shall not exceed 10% of the shares in respect of which the Company may grant options.

The exercise price for each share in respect of which an option is exercisable shall be determined by the Share Scheme Committee at its absolute discretion and fixed by the Share Scheme Committee at:

(i) a price (the "Market Price") equal to the average of the last dealt prices for a share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the period of five (5) consecutive market days immediately prior to the relevant offer date and rounded up to the nearest whole cent in the event of fractional prices; and

(ii) a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price.

Options granted to a participant not holding a salaried office or employment in the Group shall be exercised before the fifth (5th) anniversary of the relevant offer date, failing which all the unexercised options shall immediately lapse and become null and void.

Details of the unissued shares under options granted pursuant to the ESOS 2011 and options outstanding as at 31 December 2019 are as follows:

		Number of options to subscribe for ordinary shares of the Company			
Type of share Option	**Date of grant**	**Balance as at 1.1.2019**	**Balance as at 31.12.2019**	**Exercise price per share**	**Exercise period**
Executive - Directors and employees	5 April 2011	3,365,400[1]	3,365,400[1]	$1.20[1]	5.4.2013 to 4.4.2021
	20 April 2011	800,000[1]	800,000[1]	$1.20[1]	20.4.2013 to 19.4.2021
		4,165,400[1]	4,165,400[1]		

Share options (Continued)

(b) Unissued shares under option (Continued)

Top Global Share Option Scheme 2011 (the "ESOS 2011") (Continued)

The information on directors of the Company participating in the ESOS 2011 is as follows:

	Number of unissued ordinary shares of the Company under option			
Name of director	**Aggregate granted since commencement of the ESOS 2011 to 31.12.2019**	**Aggregate cancellation of options since commencement of the ESOS 2011 to 31.12.2019**	**Effect of share consolidation**	**Aggregate outstanding as at 31.12.2019**
Madam Oei Siu Hoa @ Sukmawati Widjaja	400,000,000	(231,730,000)	(166,587,300)	1,682,700[(1)]
Mr Hano Maeloa	400,000,000	(231,730,000)	(166,587,300)	1,682,700[(1)]
Ms Jennifer Chang Shyre Gwo	80,000,000	–	(79,200,000)	800,000[(1)]

(1) Number of share options and exercise price have been adjusted pursuant to the share consolidation exercise which took place on 1 October 2015.

Since the commencement of the ESOS 2011 till the end of the financial year:

- With the exception of Madam Oei Siu Hoa @ Sukmawati Widjaja and Mr Hano Maeloa who each received approximately 6.2% of the total share options available under the ESOS 2011, none of the eligible employees and directors received 5% or more of the total share options available under the ESOS 2011.

- No options have been granted at a discount.

There were no options granted during the financial year to subscribe for unissued shares of the Company or any corporations in the Group. There were no options granted to the director or employee of the parent company and its subsidiary corporations as the Company does not have a parent company.

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Yeo Chin Tuan Daniel (Chairman)
Dr Lam Lee G
Ms Mimi Yuliana Maeloa

All members of the Audit Committee were non-executive directors. Except for Ms Mimi Yuliana Maeloa, all members were independent.

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

(i) the scope and the results of internal audit procedures with the internal auditor;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the statement of financial position and the statement of changes in equity 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 and the statement of changes in equity of the Company and the consolidated financial statements of the Group;

(iv) the co-operation and assistance given by the Company's management to the independent auditor;

(v) the reappointment of the independent auditor of the Company; and

(vi) interested person transactions.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Oei Siu Hoa @ Sukmawati Widjaja
Director

Hano Maeloa
Director

1 April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOP GLOBAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Top Global Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 173.

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

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. 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 Matters (Continued)

Key audit matter	How our audit addressed the matter
Revenue Recognition (Refer to Note 2.2 and Note 23 to the financial statements) Revenue is recognised when control over the development properties had been transferred to the customers, either over time or at a point in time, depending on the contractual terms and the legal environment of the jurisdictions where the development properties are located in. The Group's revenue from the sales of development properties recognised at a point in time represented approximately 66% of the Group's total revenue. We focus on this area as revenue from the sales of development properties recognised at a point in time requires assessment of: (1) whether the Group has an enforceable right to payment for performance completed to date as this involves judgement in determining the enforceability of the right to payment under the contracts entered with customers; and (2) when the development property is delivered to the customer as the timing of the revenue recognition involves judgement on whether the Group has transferred the significant risk and rewards of ownerships in the development properties to the customers and whether the Group has substantial continuing involvement with the development properties.	We performed procedures to understand, evaluate and validate relevant key controls put in place by management over the revenue recognition on development properties. We reviewed the contractual terms of the contracts entered into with customers to determine management's judgement and assessment whether: ● performance obligations are satisfied either over time or at a point in time; ● the Group has an enforceable right to payment under the legal environment of the jurisdiction; ● the Group has transferred the significant risk and rewards of ownership of the development properties; and ● the Group has substantial continuous involvement over the development properties. We performed test of details to check that revenue is appropriately recognised during and especially as at the end of the financial year against the underlying contracts including the sales and purchase contracts with customers and the legally binding handover documents signed by all relevant parties which demonstrated that the control of the development properties have been properly transferred at the respective point of sale.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the matter
Business Combination (Refer to Note 2.4 and Note 36 to the financial statements) During the financial year ended 31 December 2019, the Group through its wholly-owned subsidiary corporations, acquired 80% of I Industries Pte. Ltd. and 100% of 6 entities as detailed in Note 36(a). SFRS (I) 3 Business Combinations requires the Group to recognise the acquirees' identifiable assets acquired and liabilities and contingent liabilities assumed at their fair values at the date of acquisition. Any difference between the cost of the business combination and the Group's interest in the net fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed at the acquisition date is recorded either as goodwill or a gain from bargain purchase. Significant judgement is applied in the identification of any intangible assets acquired and contingent liabilities assumed in the acquisitions. Significant assumptions and estimates are also used in the determination of the fair values of the identified assets acquired and liabilities assumed in the acquisitions. Thus, we considered this area to be a key audit matter. As a result of the acquisition accounting, the Group has recognised a goodwill of S$501,257 arising from the acquisition of I Industries Pte. Ltd. and a gain from bargain purchase of S$7,717,953 arising from the acquisition of 6 entities.	We reviewed the sales and purchase agreement to check that the acquisitions are accounted for at the correct effective date of the transaction. We have discussed with management on the purchase price allocation ("PPA") exercise and engaged our valuation specialists to assist in the review of the PPA, including the following: ● Assessed the competence, capabilities and objectivity of the management's expert. ● Evaluated the reasonableness of the key assumptions in arriving the fair value adjustments and the valuation method used by management and management's expert. ● Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the matter
Valuation of Development Properties (Refer to Note 2.16 and Note 8 to the financial statements) Development properties comprised of properties held for sale, properties under development and land for development. These development properties are stated at the lower of cost and net realisable value ("NRV"), NRV being the estimated net selling price less estimated costs to complete based on management's forecasts. The carrying amount of development properties stated at the lower of cost and NRV is dependent on the following key judgements and estimates that are made by management: ● an estimation of costs to complete; ● an estimation of expected sales prices, which are based on recent sales prices achieved; and ● the outcome of applications for planning permission/consent and other regulatory approvals. Changes to these assumptions and estimates coupled with the macroeconomic and the regulatory policies of the real estate industry could result in a material misstatement that warrants audit focus in this area.	We performed procedures to understand, evaluate and validate relevant key controls put in place by the management in the determination of estimated costs to complete. We have also reviewed management's assumptions used in the estimation of costs to complete and compared with actual costs incurred to ensure there are no material misstatement in the cost recognition. We have assessed management's estimated selling prices to either recently transacted prices or prices of comparable properties located in the same vicinity as the respective development projects, whichever is available. We focused our work on development projects with slower-than-expected sales or with low or negative margin. We performed sensitivity analysis on the key judgements relating to the future expected sales price and costs to complete. For land under development, we have considered management's plans and respective sites' profitability based on the above work done for any write-down required.

Other Information

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

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

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

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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOP GLOBAL LIMITED

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year 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 director on the audit resulting in this independent auditor's report is Chan Siew Ting.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
1 April 2020

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 bank balances	4	18,252	42,547	1,286	31,737
Financial assets, at fair value through profit or loss ("FVPL")	5	22	17,624	–	–
Trade and other receivables	7	4,640	4,584	131,694	92,804
Inventories		282	291	–	–
Development properties	8	104,452	99,310	–	–
		127,648	164,356	132,980	124,541
Non-current assets					
Financial assets, at FVPL	5	8,200	4,869	–	–
Financial assets, at fair value through other comprehensive income ("FVOCI")	6	4,487	3,219	–	–
Trade and other receivables	7	–	5,763	–	–
Development properties	8	172,993	166,599	–	–
Investments in joint ventures	9	*	*	–	–
Investments in subsidiary corporations	10	–	–	139,152	141,152
Investment properties	11	224,975	54,235	–	–
Property, plant and equipment	12	53,057	54,831	197	49
Deferred income tax assets	14	474	1,522	–	–
Intangible assets	15	1,265	170	–	–
		465,451	291,208	139,349	141,201
Total assets		593,099	455,564	272,329	265,742
LIABILITIES					
Current liabilities					
Trade and other payables	16	34,165	39,737	9,868	9,370
Current income tax liabilities		954	2,575	–	–
Borrowings	17	14,885	4,946	171	4
Provisions	19	168	56	–	11
		50,172	47,314	10,039	9,385

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
Non-current liabilities					
Trade and other payables	16	1,216	1,185	–	–
Borrowings	17	134,332	14,286	8	5
Deferred income tax liabilities	14	5,616	5,707	–	–
Post-employment benefits	20	5,660	4,525	–	–
Provisions	19	675	814	–	–
		147,499	26,517	8	5
Total liabilities		197,671	73,831	10,047	9,390
Net assets		395,428	381,733	262,282	256,352
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	265,667	265,667	265,667	265,667
Treasury shares	21	(101)	(101)	(101)	(101)
Other reserves	22	(4,516)	(11,174)	4,914	4,914
Retained profits/(accumulated losses)		612	220	(8,198)	(14,128)
		261,662	254,612	262,282	256,352
Non-controlling interests	10	133,766	127,121	–	–
Total equity		395,428	381,733	262,282	256,352

* Less than $1,000

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Revenue	23	58,393	79,812
Cost of sales		(28,221)	(46,266)
Gross profit		30,172	33,546
Other income			
- Interest	26	1,171	1,273
- Others	26	890	885
Other gains/(losses)			
- Impairment loss on trade and other receivables	33(b)	(186)	(98)
- Others	27	11,710	4,729
Expenses			
- Distribution and marketing		(4,677)	(5,607)
- Administrative		(30,746)	(27,159)
- Finance	28	(3,762)	(2,149)
Share of loss of joint ventures	9	–	(19)
Profit before income tax		4,572	5,401
Income tax credit/(expense)	29	779	(3,613)
Net profit		5,351	1,788
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - Gains/(losses)	22(b)(iv)	5,390	(8,239)
Items that will not be reclassified subsequently to profit or loss:			
Financial assets, at fair value through other comprehensive income - Fair value gains – equity investment	22(b)(v)	1,268	239
Remeasurement of post-employment benefits	20	(211)	50
Currency translation differences arising from consolidation - Gains/(losses)	22(b)(iv)	1,788	(2,736)
Other comprehensive income/(loss), net of tax		8,235	(10,686)
Total comprehensive income/(loss)		13,586	(8,898)
Profit/(loss) attributable to:			
Equity holders of the Company		551	(3,359)
Non-controlling interests		4,800	5,147
		5,351	1,788

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		7,059	(11,323)
Non-controlling interests		6,527	2,425
		13,586	(8,898)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic earnings/(loss) per share	30(a)	0.17	(1.05)
Diluted earnings/(loss) per share	30(b)	0.17	(1.05)

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

		← Attributable to equity holders of the Company →										
	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Tax amnesty reserve $'000	General reserve $'000	Translation reserve $'000	Fair value reserve $'000	Retained profits* $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group												
2019												
Balance as at 31 December 2018 (as previously reported)		265,667	(101)	4,914	60	(51)	(19,236)	3,139	220	254,612	127,121	381,733
Cumulative effects of adopting SFRS(I) 16	2.1	–	–	–	–	–	–	–	(36)	(36)	–	(36)
Balance as at 1 January 2019		265,667	(101)	4,914	60	(51)	(19,236)	3,139	184	254,576	127,121	381,697
Total comprehensive income for the financial year		–	–	–	–	–	5,390	1,268	401	7,059	6,527	13,586
Acquisition of non-controlling interests	36(b)	–	–	–	–	–	–	–	27	27	(27)	*
Acquisition of subsidiary corporations	36(a)	–	–	–	–	–	–	–	–	–	145	145
Balance as at 31 December 2019		**265,667**	**(101)**	**4,914**	**60**	**(51)**	**(13,846)**	**4,407**	**612**	**261,662**	**133,766**	**395,428**

* Less than $1,000

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

		← Attributable to equity holders of the Company →										
	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Tax amnesty reserve $'000	General reserve $'000	Translation reserve $'000	Fair value reserve $'000	Retained profits* $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group												
2018												
Balance as at 1 January 2018		265,667	(101)	4,914	63	(51)	(11,267)	2,900	3,045	265,170	128,346	393,516
Total comprehensive (loss)/income for the financial year		–	–	–	–	–	(8,239)	239	(3,323)	(11,323)	2,425	(8,898)
Additional paid-in capital		–	–	–	–	–	–	–	–	–	350	350
Disposal of a subsidiary corporation	36(c)	–	–	–	(3)	–	270	–	–	267	(3,452)	(3,185)
Acquisition of non-controlling interests	36(b)	–	–	–	–	–	–	–	498	498	(548)	(50)
Balance as at 31 December 2018		**265,667**	**(101)**	**4,914**	**60**	**(51)**	**(19,236)**	**3,139**	**220**	**254,612**	**127,121**	**381,733**

* Retained profits of the Group are distributable except for the remeasurement of post-employment benefits of $1,165,000 (2018: $1,015,000).

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Accumulated losses $'000	Total $'000
Company						
2019						
Balance as at 31 December 2018		265,667	(101)	4,914	(14,128)	256,352
Cumulative effects of adopting SFRS(I) 16	2.1	–	–	–	(11)	(11)
Balance as at 1 January 2019		265,667	(101)	4,914	(14,139)	256,341
Total comprehensive income for the financial year		–	–	–	5,941	5,941
Balance as at 31 December 2019		**265,667**	**(101)**	**4,914**	**(8,198)**	**262,282**
2018						
Balance as at 1 January 2018		265,667	(101)	4,914	(5,841)	264,639
Total comprehensive loss for the financial year		–	–	–	(8,287)	(8,287)
Balance as at 31 December 2018		**265,667**	**(101)**	**4,914**	**(14,128)**	**256,352**

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 $'000	2018 $'000
Cash flows from operating activities			
Net profit		5,351	1,788
Adjustments for:			
Income tax (credit)/expense	29	(779)	3,613
- Depreciation of property, plant and equipment	24	4,665	4,518
- Depreciation of investment properties	24	2,593	983
- Amortisation of intangible assets	24	155	68
- Loss on disposal of property, plant and equipment	27	133	54
- Loss on disposal of investment property	27	463	–
- Gain from bargain purchase	27, 36(a)(iii)	(7,718)	(26)
- Impairment loss on trade and other receivables	33(b)	186	98
- Loss on disposal of subsidiary corporations	27, 36(c)	–	1,438
- Impairment loss on goodwill	27	–	584
- Net fair value gain on financial assets, at FVPL	27	(3,419)	(6,939)
- Share of loss of joint ventures	9	–	19
- Interest income	26	(1,171)	(1,273)
- Finance expenses	28	3,762	2,149
- Unrealised currency translation gains/(losses)		608	(703)
		4,829	**6,371**
Change in working capital, net of effects from acquisition and disposal of subsidiary corporations:			
- Trade and other receivables		5,718	9,965
- Development properties		(4,564)	13,716
- Inventories		17	(31)
- Trade and other payables		(6,916)	(10,383)
- Post-employment benefits		1,220	630
- Provisions		(45)	(338)
Cash generated from operations		259	19,930
- Interest received		1,171	1,025
- Income tax refunded/(paid)		10	(2,380)
Net cash provided by operating activities		**1,440**	**18,575**

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 $'000	2018 $'000
Cash flows from investing activities			
Additions to property, plant and equipment		(725)	(2,683)
Additions to intangible assets	15(b)	(77)	–
Additions to investment properties	11	(783)	(13,407)
Additions to financial assets, at FVPL	5	–	(1,324)
Proceeds from disposal of investment property		7,275	–
Proceeds from disposal of financial assets, at FVPL	5	17,690	–
Proceeds from disposal of property, plant and equipment		23	311
Proceeds from disposal of subsidiary corporations, net of cash disposed of	36(c)	–	1,995
Acquisition of subsidiary corporations, net of cash acquired	36(a)(ii)	(172,590)	17
Net cash used in investing activities		**(149,187)**	**(15,091)**
Cash flows from financing activities			
Acquisition of non-controlling interests	36(b)	*	(50)
Proceed from additional paid-in capital from non-controlling interests		–	350
Proceeds from borrowings		135,482	9,632
Repayment of borrowings		(10,388)	(9,070)
Bank facilities fees paid		(220)	–
Repayment of lease liabilities		(837)	(69)
Increase in deposits pledged with financial institutions for loan facilities		(4,000)	–
Interest paid		(3,542)	(2,149)
Net cash provided by/(used in) financing activities		**116,495**	**(1,356)**
Net (decrease)/increase in cash and cash equivalents		**(31,252)**	**2,128**
Cash and cash equivalents			
Beginning of financial year		42,547	40,086
Effects of currency translation on cash and cash equivalents		(218)	333
End of financial year	4	**11,077**	**42,547**

* Less than $1,000

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

1 General information

Top Global Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited (the "Singapore Exchange" or "SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is the 302 Orchard Road, #18-02 Tong Building, Singapore 238862.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations and joint ventures are disclosed in Note 10 and Note 9 to the financial statements respectively.

2 Significant accounting policies

2.1 Basis of preparation

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

These financial statements are presented in Singapore Dollar ("SGD" or "$") and all values are rounded to the nearest thousand ($'000) as indicated.

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) *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 statement 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 2.15.

2 Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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)

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 Leases*, 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) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;

c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;

d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and

e) 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.

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 at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 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.

2 Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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)

(iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

(iv) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

(b) When the Group is a lessor

There are no material changes to accounting by the Group as a lessor except when the Group is an intermediate lessor (Note 2.1(c)).

(c) When the Group is the intermediate lessor

The Group leases underlying assets under head lease arrangements and subleases the same asset to third parties as an intermediate lessor. Prior to the adoption of SFRS(I) 16, the subleases are classified as operating leases when the head leases are operating leases. The intermediate lessor recorded rental income in respect of the subleases on a straight-line basis over the term of the subleases and recorded rental expense in respect of the head leases on a straight-line basis over the term of the head lease.

Under SFRS(I) 16, accounting by the Group as an intermediate lessor depends on the classification of the subleases with reference to the ROU assets arising from the head lease rather than the underlying assets.

On 1 January 2019, the Group has reassessed the classification of the subleases based on the remaining contractual terms and condition of the head leases. There were no significant effect arising from this assessment.

The accounting policy for subleases are disclosed in Note 2.15.

2 Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Interpretations and amendments to published standards effective in 2019 (Continued)

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

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

	Increase/(decrease) $'000
Group	
Property, plant and equipment	1,523
Trade and other payables	(148)
Lease liabilities	1,707
Retained profits	(36)
Company	
Property, plant and equipment	637
Lease liabilities	648
Retained profits	(11)

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 statement of financial position as at 1 January 2019 are as follows:

	Group Increase/(decrease) $'000	Company Increase/(decrease) $'000
Operating lease commitment disclosed as at 31 December 2018	1,932	672
Less: Short-term leases	(89)	–
Less: Discounting effect using incremental borrowing rate	(135)	(24)
Finance lease liabilities recognised as at 31 December 2018	259	9
Lease liabilities as at 1 January 2019	1,967	657

2 Significant accounting policies (Continued)

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied over time or at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Revenue from development properties

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

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

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

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the Group's significant risk and rewards of ownership in the asset has been transferred to the customer and the customer obtains control of the asset.

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

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

2 Significant accounting policies (Continued)

2.2 Revenue recognition (Continued)

(a) Revenue from development properties (Continued)

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

(b) Revenue from hospitality management

Revenue from hospitality management is primarily from hotel operations and golf and country club management. Revenue is recognised at a point in time when the performance obligation is satisfied.

(i) Hotel operations – hotel rooms, food and beverages, events and other hotel services

Revenue from hotel rooms is recognised based on room occupancy.

Revenue from food and beverages sales is recognised when these are served and invoiced.

Revenue from events, including banquets and other related hotel services like laundry, valet, transport and any other ancillary services is recognised when the events have taken place and/or services are rendered.

(ii) Golf and country club management – use of facilities, food and beverages and golf membership fees

Revenue from the use of golf course and country club facilities is recognised when the facilities are used and/or when the events have taken place.

Revenue from food and beverages sales is recognised when these are served and invoiced.

Revenue from golf membership fees consist of the following:

Type of membership	Refundable	Non refundable	Period
Founder	90%	10%	1993 – 1995
Gold chartered	50%	50%	1995 – 1996
Chartered	–	100%	1996 onwards

Refundable deposits will be returned to the members after 30 years at amount equivalent when the fees were received. Non-refundable deposits are recognised as revenue when 20% of the golf membership fees have been collected.

2 Significant accounting policies (Continued)

2.2 Revenue recognition (Continued)

(c) 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.

(d) Revenue from rendering of services

Rendering of services includes parking fee income and the provision of research and development services.

Parking fee income is recognised when the services are rendered.

Research and development services relates to the design and development of customised electronic prototypes, maintenance services for equipment and production of customised electronic equipment. At contract inception, the Group assesses whether revenue should be recognised over time or at a point in time by determining if (a) customer simultaneously receives and consumes benefits as the Group performs; or (b) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

(e) Interest income

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

(f) Management fee income

Management fee income is recognised when services are rendered.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2 Significant accounting policies (Continued)

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations 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. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that 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 provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation'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 corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

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

The consideration transferred for the acquisition of a subsidiary corporation or business 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 corporation 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.

2 Significant accounting policies (Continued)

2.4 Group accounting (Continued)

(a) Subsidiary corporations (Continued)

(ii) Acquisitions (Continued)

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 the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation 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 profits if required by a specific Standard.

Any retained equity 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.

Please refer to the paragraph "Investments in subsidiary corporations and joint ventures" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation 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 within equity attributable to the equity holders of the Company.

2 Significant accounting policies (Continued)

2.4 Group accounting (Continued)

(c) Joint ventures

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

(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 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 joint ventures are recognised as a reduction at the carrying amount of the investments.

When the Group's share of losses in an joint venture equals to or exceeds its interest in the 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 joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in 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 joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2 Significant accounting policies (Continued)

2.4 Group accounting (Continued)

(c) Joint ventures (Continued)

(iii) Disposals

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

Please refer to the paragraph "Investments in subsidiary corporations and joint ventures" for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) 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.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using for purpose other than to produce inventories.

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
Plant and equipment	3-5 years
Motor vehicles	3-5 years
Furniture and fittings	3-8 years
Land use rights	37-50 years
Leasehold improvement	3 years
Golf course	20 years
Golf and country club equipment	3-8 years
Buildings and club house	15-20 years

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(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 entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are 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/(losses)".

2 Significant accounting policies (Continued)

2.6 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of 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 (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of the subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

(b) Acquired trademark

A trademark acquired is initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 5 years, which is their estimated useful life.

(c) Computer software

Computer software is initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 3 years, which is their estimated useful life.

(d) Acquired customer relationships

Customer relationships acquired is initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 7 years, which is their estimated useful life.

2.7 Borrowing costs

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

2 Significant accounting policies (Continued)

2.8 Investment properties

(a) Measurement

Investment properties include those portions of commercial buildings, commercial units and residential units that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Costs of self-constructed investment properties include costs of materials, direct labour and any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease terms, if shorter unless it is reasonably certain that the Group will obtain ownership by the end of the lease term) of each component of the investment properties.

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

	Useful lives
Leasehold land and buildings	20 to 50 years
Freehold properties	50 years

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

(c) Disposal

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2 Significant accounting policies (Continued)

2.8 Investment properties (Continued)

(d) Transfers

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

(i) commencement of development with a view for own use, for a transfer from investment properties to property, plant and equipment; and

(ii) commencement of an operating lease to another party, for a transfer from development properties to investment properties.

2.9 Investments in subsidiary corporations and joint ventures

Investments in subsidiary corporations 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.

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2 Significant accounting policies (Continued)

2.10 Impairment of non-financial assets (Continued)

(b) Intangible assets
Investment properties
Property, plant and equipment
Right-of-use assets
Investments in subsidiary corporations and joint ventures

Intangible assets, investment properties, property, plant and equipment, right-of-use assets and investments in subsidiary corporations and joint ventures 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 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.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset 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.

2.11 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.

2 Significant accounting policies (Continued)

2.11 Financial assets (Continued)

(a) Classification and measurement (Continued)

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, listed and unlisted debt securities.

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/(losses)". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Interest income".

2 Significant accounting policies (Continued)

2.11 Financial assets (Continued)

(a) Classification and measurement (Continued)

At subsequent measurement (Continued)

(i) Debt instruments (Continued)

- 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/(losses)".

(ii) Equity instruments

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/(losses)", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of 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 33(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, 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.

2 Significant accounting policies (Continued)

2.11 Financial assets (Continued)

(c) Recognition and derecognition (Continued)

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

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

2.12 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.

2.13 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 date, in which case 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.

2.14 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 Significant accounting policies (Continued)

2.15 Leases

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

(i) When the Group is the lessee:

The Group leases motor vehicles and office equipment under finance leases and leases land, premises and office equipment under operating leases from non-related parties.

- *Lessee – Finance leases*

  Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

  The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statements of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

  Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

- *Lessee - Operating leases*

  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 are recognised as an expense in profit or loss when incurred.

(ii) When the Group is the lessor:

The Group sublets its leasehold land and premises and freehold properties under operating leases to non-related parties.

Lessor - Operating leases

Leases of leasehold land and premises and freehold 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.

2 Significant accounting policies (Continued)

2.15 Leases (Continued)

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

(ii) When the Group is the lessor: (Continued)

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

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

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

(i) When the Group is the lessee:

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

- *Right-of-use assets*

The Group 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 assets 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 are presented within "Investment properties" and "Property, plant and equipment".

2 Significant accounting policies (Continued)

2.15 Leases (Continued)

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

(i) When the Group is the lessee: (Continued)

- *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 shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has 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 is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications 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.

2 Significant accounting policies (Continued)

2.15 Leases (Continued)

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

(i) When the Group is the lessee: (Continued)

- *Short term and low value leases*

  The Group has 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. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(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 except when the Group is an intermediate lessor.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "other income". The right-of-use asset relating to the head lease is not derecognised.

For contracts which contain lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2.16 Development properties

(a) Properties under development

Development properties are those land and properties which are held with the intention for development and sale in the ordinary course of business. They are stated at the lower of cost plus a portion of attributable profit (where appropriate) less progress billings and the estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the land and properties.

2 Significant accounting policies (Continued)

2.16 Development properties (Continued)

(a) Properties under development (Continued)

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding the development properties are also capitalised, on a specific identification basis as part of the cost of the development properties until the completion of development. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that the cost of development properties will exceed sale proceed of the development properties, the expected loss is recognised as an expense immediately. The development properties in progress have operating cycles longer than one year. Revenue recognition on properties under development is described in Note 2.2(a) to the financial statements.

(b) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction costs, related overhead expenditure, and financing charges and other net costs incurred during the period of development. Write-down is made when it is anticipated that the development properties' net realisable value has fallen below cost. Revenue recognition on completed properties held for sale is described in Note 2.2(a) to the financial statements.

2.17 Inventories

Inventories comprises of operating supplies and food and beverage inventory items which are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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 reporting date. 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.

2 Significant accounting policies (Continued)

2.18 Income taxes (Continued)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable 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 reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property 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.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the arties carrying the transaction recognising losses. Based on Government Regulation No.71/2008 dated November 4, 2008, effective January 1, 2009, income from the sale or transfer of land and buildings for real estate developers are subject to final income tax. Current final income tax expense in accordance with revenue that subjected final income tax is recognised proportionally with the accounting income recognised during the year. The difference between final income tax paid and the final tax expense in the consolidated statement of profit or loss and other comprehensive income is recognised as prepaid tax or tax payable.

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 not recognised for future operating losses.

At the reporting date:-

(a) The Group recognises the estimated liability to repair or replace products still under warranty and hotel equipment and supplies based on the followings:

(i) Waterproofing and construction business in Singapore under warranty are calculated based on historical experience of the level of repairs and replacements.

(ii) Hotel equipment and supplies are calculated based on a percentage of service revenue.

(iii) Other 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 passage of time is recognised in the 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.

(b) The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

2 Significant accounting policies (Continued)

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Post-employment benefits

The Group operates both defined benefit and defined contribution post-employment benefit 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.

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statements of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period when they arise. The experience adjustments are not to be reclassified to profit or loss in a subsequent period.

Past service costs are recognised immediately in profit or loss.

(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 annual leave as a result of services rendered by employees up to the reporting date.

2 Significant accounting policies (Continued)

2.20 Employee compensation (Continued)

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "Treasury shares" account, when treasury shares are re-issued to the employees.

If an equity-settled, share-based compensation is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the compensation is recognised immediately.

(d) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2 Significant accounting policies (Continued)

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 exchange differences resulting 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 reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "Finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other gains/(losses)".

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

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 with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer who is 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, deposits with financial institutions which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. 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 and treasury shares

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

When entity purchases its own ordinary shares ("Treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2 Significant accounting policies (Continued)

2.25 Accounting for tax amnesty assets and liabilities

The Group applies Pernyataan Standar Akuntansi Keuangan ("PSAK") 70 (2016), "*Accounting for Tax Amnesty Assets and Liabilities*" which provides an optional approach on the accounting treatment for tax amnesty assets and liabilities in accordance with Law No. 11 Year 2016 about Tax Amnesty ("Tax Amnesty Law") which became effective on 1 July 2016.

The tax amnesty assets are initially measured at the amount reported in the SKPP* (as deemed cost). Any tax amnesty liabilities are initially measured at the amount of cash and cash equivalents that will settle the contractual obligation related to the acquisition of tax amnesty assets. Any difference between amounts initially recognised for the tax amnesty assets and the related tax amnesty liabilities shall be recorded in equity as "Additional Paid-In Capital" ("APIC"). The APIC is not reversed to profit or loss or reclassified to retained profits subsequently.

The tax amnesty assets and liabilities are subsequently measured in accordance with the existing requirements under the respective SFRS(I) and INT SFRS(I), consistent with the basis of the amount recognised at initial recognition. The tax amnesty assets and liabilities are not offset and are presented separately from other assets and liabilities. The application of the optional approach is prospective and restatement of the prior year financial statements is not required.

*SKPP : Surat Keterangan Pengampunan Pajak (i.e. Tax Amnesty Acknowledgement Letter)

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.

Critical accounting estimates, assumptions and judgements in applying the entity's accounting policies

(a) Provision of expected credit loss ("ECL") of trade receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 33(b).

The carrying amount of trade receivables as at 31 December 2019 is $2,541,000 (2018: $1,612,000).

3 Critical accounting estimates, assumptions and judgements (Continued)

Critical accounting estimates, assumptions and judgements in applying the entity's accounting policies (Continued)

(b) Estimation of net realisable value for development properties

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

The Group assesses at each reporting date the net realisable value of development properties by reference to sales prices of comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions may, however, change which may affect the future selling prices on the remaining unsold units of the development properties and accordingly, the carrying amount of development properties for sale may have to be written down in future periods.

The carrying amount of the development properties stated at the lower of cost or net realisable value as at 31 December 2019 is $277,445,000 (2018: $265,909,000).

(c) Useful lives of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment and investment properties as stated in Notes 2.5 and 2.8 to the financial statements respectively.

The carrying amount of the Group's property, plant and equipment as at 31 December 2019 is $53,057,000 (2018: $54,831,000). The carrying amount of the Group's investment properties at 31 December 2019 is $224,975,000 (2018: $54,235,000). Changes in the expected level of usage and development could impact the economic useful lives of these assets; therefore; future depreciation charges could be revised. If the actual useful lives of these items of property, plant and equipment and investment properties had been 10% higher from management's estimates, the carrying amounts of the property, plant and equipment and investment properties would be an estimated $467,000 (2018: $452,000) and $259,000 (2018: $98,000) lower respectively.

The carrying amount of the Group's property, plant and equipment and investment properties are disclosed in Notes 12 and 11 to the financial statements respectively.

(d) Deferred income tax assets

The Group recognises income tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred income tax recognised and the extent to which amounts should or can be recognised.

3 Critical accounting estimates, assumptions and judgements (Continued)

Critical accounting estimates, assumptions and judgements in applying the entity's accounting policies (Continued)

(d) Deferred income tax assets (Continued)

A deferred income tax asset is recognised for tax losses and capital allowances carried forward if it is probable that the entities within the Group will generate sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations in the respective jurisdictions in which the respective entities within the Group operates in.

Due to their inherent nature, assessments of likelihood are judgmental and not subjected to precise determination. The Group has unrecognised tax losses and merger and acquisition allowance of approximately $7,140,000 and $570,000 (2018: $5,434,000 and $2,957,000) respectively which can be carried forward as at 31 December 2019 (Note 14).

If the tax authority regards the entities within the Group is not satisfying and/or meeting certain statutory requirements in their respective countries of incorporation, the unrecognised tax losses and merger and acquisition allowances will be forfeited.

(e) Sale of development properties

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgement made in determining the enforceability of the right to payment under legal environment of the jurisdictions where the contracts are entered into and whether the Group has transferred the significant risk and rewards of ownerships of the development properties to the customer and any continuing involvement with the development properties.

(f) Business combinations

The Group applies the acquisition method of accounting for all business combinations. Identifiable assets and liabilities acquired in a business combination are recognised at its fair value at the acquisition date. Any excess of consideration transferred over the fair value of identifiable net assets acquired is recognised as goodwill in the statement of financial position while the opposite effect is recognised as gain from bargain purchase directly in the statement of comprehensive income.

3 Critical accounting estimates, assumptions and judgements (Continued)

Critical accounting estimates, assumptions and judgements in applying the entity's accounting policies (Continued)

(f) Business combinations (Continued)

During the financial year ended 31 December 2019, the Group completed two acquisition transactions as detailed in Note 36(a). The Group has applied significant judgement in the identification of intangible assets acquired and contingent liabilities assumed in the transactions. In addition, significant assumptions and estimations were made in deriving the fair values of identifiable assets acquired and liabilities assumed in the acquisitions.

As a result, the Group has recognised an intangible assets relates to customer relationships of $580,000, goodwill of $501,000 and a gain from bargain purchase of $7,718,000 arising from the acquisitions above.

4 Cash and bank balances

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	13,116	7,287	1,286	1,303
Short-term bank deposits	5,136	35,260	–	30,434
	18,252	42,547	1,286	31,737
Less: restricted deposits[(1)]	(4,000)	–	–	–
Less: bank overdrafts (Note 17)	(3,175)	–	–	–
Cash and cash equivalents	11,077	42,547	1,286	31,737

Short-term bank deposits are made for varying periods of between one month and twelve months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

(1) The restricted deposits were pledged with financial institution as security in relation to loan facilities granted (Note 17).

5 Financial assets, at FVPL

	Group	
	2019	**2018**
	$'000	**$'000**
Beginning of financial year	22,493	14,230
Net fair value gains recognised in profit or loss (Note 27)	3,419	6,939
Additions	–	1,324
Disposals	(17,690)	–
End of financial year	8,222	22,493
Less: Current portion	**(22)**	**(17,624)**
Non-current portion	**8,200**	**4,869**

Financial assets, at FVPL are analysed as follows:

Listed equity securities		
- United States	8,200	4,869
- Indonesia	22	22
Unlisted equity securities		
- United States	–	17,602
	8,222	22,493

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

6 Financial assets, at FVOCI

	Group	
	2019	**2018**
	$'000	**$'000**
Beginning of financial year	3,219	2,980
Fair value gains recognised in other comprehensive income (Note 22(b)(v))	1,268	239
End of financial year	4,487	3,219

Financial assets, at FVOCI are analysed as follows:

Unlisted equity securities - Singapore	4,487	3,219

7 Trade and other receivables

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables				
- Non-related parties	2,801	4,331	–	2,104
Less: Loss allowance for trade receivables – non-related parties (Note 33(b))	(260)	(2,719)	–	(2,045)
Trade receivables – net	2,541	1,612	–	59
Other receivables				
- Subsidiary corporations	–	–	132,129	93,387
- Non-related parties	241	6,209	13	–
Less: Loss allowance for other receivables – subsidiary corporations (Note 33(b))	–	–	(550)	(732)
Other receivables – net	241	6,209	131,592	92,655
Deposits	377	675	2	1
Prepayments	255	350	100	89
Prepaid tax	857	863	–	–
Advance payments	369	638	–	–
Total trade and other receivables	4,640	10,347	131,694	92,804
Less: Current portion	**(4,640)**	**(4,584)**	**(131,694)**	**(92,804)**
Non-current portion	**–**	**5,763**	**–**	**–**

Current

The non-trade amounts due from subsidiary corporations are unsecured, interest-free and are repayable on demand.

Prepaid tax is the income tax paid in advance to the Indonesia tax authorities for sales of uncompleted development properties which is in accordance with the Indonesian regulations governing the transfer of rights and/or buildings.

Advance payments generally consist of advances paid for the operating expenses of the Indonesia subsidiary corporations.

7 Trade and other receivables (Continued)

Non-current

Included in other receivables as at 31 December 2018 is loan provided to an investee (within other receivables from non-related parties) amounting to $5,763,000. The loan provided to an investee is unsecured, interest-bearing at 5% per annum and was fully repaid during the financial year ended 31 December 2019.

The fair value of non-current other receivables is computed based on cash flows discounted at market lending rate. The fair value is within Level 2 of the fair values hierarchy. The fair value and the market lending rate used are as follows:

	Group	
	2018	2018
	Fair Value	Lending rates
	$'000	%
Loan provided to an investee company	5,863	4.1

8 Development properties

	Group	
	2019	2018
	$'000	$'000
Current		
Properties under development, for which revenue is recognised over time		
Aggregate cost incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	948	1,328
Less: Progress billings	(799)	(1,239)
	149	89
Properties for which revenue is recognised at a point in time		
Properties held for sale	83,007	77,034
Properties under development	21,296	22,187
	104,452	99,310
Non-current		
Land for development	172,993	166,599
	277,445	265,909

8 Development properties (Continued)

At the reporting date, the development properties held by the Group are as follows:

Development properties in Indonesia

(a) Properties held for sale

Project	Land area (hectares)		Group's effective interest	
	2019	2018	2019	2018
			%	%
Rancamaya Phase I	3.10	3.14	72.96	72.96
Rancamaya Phase II	21.26	21.60	72.96	72.96
Rancamaya Commercial Centre	7.34	7.34	72.96	72.96
Harvest City	4.74	5.21	36.48	36.48

(b) Properties under development

Project	Land area (hectares)		Group's effective interest	
	2019	2018	2019	2018
			%	%
Rancamaya Phase III	6.31	3.43	72.96	72.96
Harvest City	16.52	18.17	36.48	36.48
Royal Tajur	2.79	3.99	48.88	48.88

(c) Land for development

Project	Land area[(1)] (hectares)		Group's effective interest	
	2019	2018	2019	2018
			%	%
Rancamaya Phase III	155.87	162.29	72.96	72.96
Harvest City[(2)]	794.31	792.65	36.48	36.48
Royal Tajur	45.53	45.36	48.88	48.88

(1) Represents the land area which has been cleared and owned.

(2) The Group has obtained the rights to develop 533.46 hectares of land with term of 30 years, which is due between 2029 and 2031.

8 Development properties (Continued)

Development properties in Indonesia (Continued)

Land under development for Rancamaya project with total area of 10.9 hectares are pledged as collateral for bank borrowings (Note 17).

Properties held for sale and land under development for Harvest City project with total area of 152.0 hectares have been pledged as collateral for bank borrowings (Note 17).

Land under development for Royal Tajur project with total area of 7.5 hectares have been pledged as collateral for bank borrowings (Note 17).

9 Investments in joint ventures

	Group	
	2019	2018
	$'000	$'000
Beginning of financial year	*	44
Share of loss of joint ventures accounted for using the equity method	–	(19)
Fair value of previous interest in the joint ventures (Note 36(a)(i))	–	(25)
End of financial year	*	*

* Less than $1,000

Set out below are the joint ventures of the Group as at 31 December 2019 and 2018. The joint ventures as listed above have share capital consisting solely of ordinary shares.

Name of joint ventures	Principal activities	Place of business/ country of incorporation	% of ownership interest	
			2019	2018
			%	%
Held by GMB Assets Management Pte. Ltd.				
(a) Top Golden Tree	Dormant	Cayman Islands	50	50
Held by 5Footway Management Pte. Ltd.				
(a) Emblem Japan Ltd.	Hotel, hostel and café operator	Japan	30.03	30.03

(a) Not required to be audited under the laws of the country incorporation

9 Investments in joint ventures (Continued)

The Group's joint arrangements are structured as a limited company. The Group has joint control over the arrangement under the contractual agreement, unanimous consent is required from all parties to the joint arrangement for all relevant activities. The joint arrangement provides the Group and the party to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a joint venture. There are no contingent liabilities relating to the Group's interests in joint ventures.

No summarised financial information for the joint ventures are presented as the joint ventures are not material to the Group.

10 Investments in subsidiary corporations

	Company	
	2019	2018
	$'000	$'000
Equity investments at cost		
Beginning of financial year	144,506	144,456
Acquisition of non-controlling interests (Note 36(b))	–	50
End of financial year	144,506	144,506
Accumulated impairment losses		
Beginning of financial year	3,354	1,025
Impairment losses	2,000	2,329
End of financial year	5,354	3,354
Carrying amount	139,152	141,152

Management assessed for impairment whenever there is any objective evidence or indication that investments in subsidiary corporations may be impaired. An allowance for impairment loss was made in respect of the Company's investment in certain subsidiary corporations to reduce the carrying amount of the investments to the recoverable amounts, after taking into account the financial conditions of the subsidiary corporations.

10 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2019 and 2018:

	Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
				2019	2018	2019	2018	2019	2018
				%	%	%	%	%	%
Held by the Company									
(a)	Raintree Cove Pte. Ltd.	Property and facility management	Singapore	100	100	100	100	–	–
(a)	Top Global Properties Pte. Ltd.	Investment holding	Singapore	100	100	100	100	–	–
(a)	GMB Assets Management Pte. Ltd.	Investment holding	Singapore	100	100	100	100	–	–
(d)	Top Global China Pte. Ltd.	Dormant	Singapore	100	100	100	100	–	–
(a)	Ultron Techniques Pte. Ltd.	Development of information technology software	Singapore	100	100	100	100	–	–
(a)	Top Capital Investment Pte. Ltd.	Investment holding	Singapore	100	100	100	100	–	–
(a)	Holland V Investment Holdings Pte Ltd	Investment holding	Singapore	100	100	100	100	–	–
(a)	Top Global Hospitality Pte. Ltd.	Investment holding	Singapore	100	100	100	100	–	–
(a)	TG Innovation Pte. Ltd. (formerly known as TG Hospitality Solution Pte Ltd)	Investment holding	Singapore	100	–	100	100	–	–
(a)	Top Tomlinson One Pte. Ltd.	Property investment	Singapore	100	100	100	100	–	–
(a)	Global Real Estate Investment Pte. Ltd.	Investment holding	Singapore	100	100	100	100	–	–
(d)	Top Global Property Investment Pte. Ltd.	Investment holding	Singapore	100	100	100	100	–	–
(d)	Top Global Real Estate Investment Pte. Ltd.	Investment holding	Singapore	100	100	100	100	–	–

10 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2019 and 2018 (Continued):

	Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
				2019	2018	2019	2018	2019	2018
				%	%	%	%	%	%
Held by the Company (Continued)									
(a)	Global Star Development Pte. Ltd.	Real estate development	Singapore	100	95	100	95	–	–
(a)	Margaritaville Investments Holding Pte. Ltd.	Investment holding	Singapore	100	100	100	100	–	–
(c)	PT Suryamas Dutamakmur Tbk	Real estate and hospitality and facilities management	Indonesia	72.96	72.96	72.96	72.96	27.04	27.04
Held by Top Global Properties Pte. Ltd.									
(a)	Entro Development Pte. Ltd.	Property investment	Singapore	–	–	100	100	–	–
Held by GMB Assets Management Pte. Ltd.									
(a)	GMB Capital Pte. Ltd.	Investment holding	Singapore	–	–	100	100	–	–
Held by Ultron Techniques Pte. Ltd.									
(a)(e)	I Industries Pte. Ltd.	Research and development and wholesale of equipment	Singapore	–	–	80	–	20	–
Held by Top Global Hospitality Pte. Ltd.									
(a)	5Footway Founders Pte. Ltd.	Investment holding	Singapore	–	–	100	100	–	–
(a)	Bartley Blossom Pte. Ltd.	Property investment	Singapore	–	–	100	100	–	–
(a)	Iconic Town Pte. Ltd.	Property investment	Singapore	–	–	100	100	–	–
(a)	Jaunty City Pte. Ltd.	Property investment	Singapore	–	–	100	100	–	–

10 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2019 and 2018 (Continued):

Name of subsidiary corporations		Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
				2019	2018	2019	2018	2019	2018
				%	%	%	%	%	%
Held by Top Global Hospitality Pte. Ltd. (Continued)									
(a)	Spring Walk Pte. Ltd.	Property investment	Singapore	–	–	100	100	–	–
(a)(e)	I Industries Pte. Ltd.	Research and development and wholesale of equipment	Singapore	–	–	80	–	20	–
Held by TG Innovation Pte. Ltd. (formerly known as TG Hospitality Solution Pte Ltd)									
(a)(e)	I Industries Pte. Ltd.	Research and development and wholesale of equipment	Singapore	–	–	80	–	20	–
Held by Global Real Estate Investment Pte. Ltd.									
(a)	Bartley Homes Pte. Ltd.	Dormant	Singapore	–	–	100	100	–	–
(a)	Top Automation Pte. Ltd.	Investment holding	Singapore	–	–	100	100	–	–
Held by Top Global Real Estate Investment Pte. Ltd.									
(b)	PT. Top Global Indonesia	Dormant	Indonesia	100	100	100	100	–	–
Held by Top Automation Pte. Ltd.									
(a)(e)	15 Scotts 01 Pte. Ltd.	Property investment	Singapore	–	–	100	–	–	–
(a)(e)	15 Scotts 02 Pte. Ltd.	Property investment	Singapore	–	–	100	–	–	–
(a)(e)	15 Scotts 3F Pte. Ltd.	Property investment	Singapore	–	–	100	–	–	–
(a)(e)	Alpeg Investment Pte. Ltd.	Property investment	Singapore	–	–	100	–	–	–
(a)(e)	Kingscrest Investment Pte. Ltd.	Property investment	Singapore	–	–	100	–	–	–
(a)(e)	Pegal Investment Pte. Ltd.	Property investment	Singapore	–	–	100	–	–	–

10 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2019 and 2018 (Continued):

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2019	2018	2019	2018	2019	2018
			%	%	%	%	%	%
Held by PT Suryamas Dutamakmur Tbk								
(c) PT Saptakreasi Indah	Investment	Indonesia	–	–	72.96	72.96	27.04	27.04
(c) PT Centranusa Majupermai	Investment and real estate	Indonesia	–	–	72.96	72.96	27.04	27.04
(c) PT Permainusa Megacitra	Real estate	Indonesia	–	–	72.96	72.96	27.04	27.04
(c) PT Multiraya Sinarindo	Real estate	Indonesia	–	–	72.96	72.96	27.04	27.04
(c) PT Rancamaya Asri Golf and Country	Golf course operator	Indonesia	–	–	72.96	72.96	27.04	27.04
(c) PT Tajur Surya Abadi	Real estate	Indonesia	–	–	48.88	48.88	51.12	51.12
(c) PT Inti Sarana Papan	Real estate	Indonesia	–	–	72.96	72.96	27.04	27.04
Held by PT Saptakreasi Indah								
(c) PT Rancamaya Indah Hotel	Hotel	Indonesia	–	–	72.96	72.96	27.04	27.04
Held by PT Rancamaya Asri Golf and Country								
(c) PT Saptakreasi Indah	Investment	Indonesia	–	–	72.96	72.96	27.04	27.04
Held by PT Permainusa Megacitra								
(c) PT Rancamaya Indah Hotel	Hotel	Indonesia	–	–	72.96	72.96	27.04	27.04
Held by PT Rancamaya Indah Hotel								
(c) PT Centranusa Majupermai	Investment and real estate	Indonesia	–	–	72.96	72.96	27.04	27.04
Held by PT Centranusa Majupermai								
(c) PT Dwigunatama Rintisprima	Real estate	Indonesia	–	–	36.48	36.48	63.52	63.52

10 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2019 and 2018 (Continued):

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Held by PT Tajur Surya Abadi								
(c) PT Puri Surya Abadi	Real estate	Indonesia	–	–	48.88	48.88	51.12	51.12
Held by PT Dwigunatama Rintisprima								
(c) PT Dwikarya Langgengsukses	Real estate	Indonesia	–	–	36.48	36.48	63.52	63.52
(c) PT Kharisma Buana Mandiri	Water theme park operator	Indonesia	–	–	36.48	36.48	63.52	63.52
Held by PT Dwikarya Langgengsukses								
(c) PT Kharisma Buana Mandiri	Water theme park operator	Indonesia	–	–	36.48	36.48	63.52	63.52
Held by 5Footway Founders Pte. Ltd.								
(a) 5Footway Partners Pte. Ltd.	Investment holding	Singapore	–	–	75.12	75.12	24.88	24.88
Held by 5Footway Partners Pte. Ltd.								
(a) 5Footway Holdings Pte. Ltd.	Hostel operator	Singapore	–	–	75.12	75.12	24.88	24.88
Held by 5Footway Holdings Pte. Ltd.								
(d) Ali Lane Pte. Ltd.	Dormant	Singapore	–	–	75.12	75.12	24.88	24.88
(d) Aliwal 8 Pte. Ltd.	Dormant	Singapore	–	–	75.12	75.12	24.88	24.88
(d) Aliwal 10 Pte. Ltd.	Dormant	Singapore	–	–	75.12	75.12	24.88	24.88
(d) Aliwal 12 Pte. Ltd.	Dormant	Singapore	–	–	75.12	75.12	24.88	24.88

10 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2019 and 2018 (Continued):

	Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
				2019	2018	2019	2018	2019	2018
				%	%	%	%	%	%
Held by 5Footway Holdings Pte. Ltd. (Continued)									
(a)	PC1 Pte. Ltd.	Operating and management of serviced apartments	Singapore	–	–	75.12	75.12	24.88	24.88
(d)	PC2 Pte. Ltd.	Dormant	Singapore	–	–	75.12	75.12	24.88	24.88
(d)	PC4 Pte. Ltd.	Dormant	Singapore	–	–	75.12	75.12	24.88	24.88
(a)	PC5 Pte. Ltd.	Hostel operator	Singapore	–	–	75.12	75.12	24.88	24.88
(a)	5Footway Management Pte. Ltd	Management services for hostel and hotel operators	Singapore	–	–	75.12	75.12	24.88	24.88
(a)	5FW Management II Pte. Ltd	Management services for hostel and hotel operators	Singapore	–	–	75.12	75.12	24.88	24.88
(d)	SB Road Pte. Ltd.	Dormant	Singapore	–	–	75.12	75.12	24.88	24.88
(a)	BQ-One Pte. Ltd.	Hostel operator	Singapore	–	–	75.12	75.12	24.88	24.88
(a)	BQ2 Pte. Ltd.	Hostel operator	Singapore	–	–	75.12	75.12	24.88	24.88
(a)	3BQ Pte. Ltd.	Hostel operator	Singapore	–	–	75.12	75.12	24.88	24.88
(d)	5FW Management III Pte. Ltd.	Dormant	Singapore	–	–	75.12	75.12	24.88	24.88
(d)	5FW Management IV Pte. Ltd.	Dormant	Singapore	–	–	75.12	75.12	24.88	24.88
(a)	PC10 Pte. Ltd.	Hostel operator	Singapore	–	–	75.12	75.12	24.88	24.88
(d)	PC9 Pte. Ltd.	Dormant	Singapore	–	–	75.12	75.12	24.88	24.88
Held by 5Footway Management Pte. Ltd.									
(b)	5FW Management (HK) Pte Limited	Dormant	Hong Kong	–	–	75.12	75.12	24.88	24.88
(b)	5FWII Management (Macau) Limited	Dormant	Macau	–	–	69.11	69.11	30.89	30.89

10 Investments in subsidiary corporations (Continued)

(a) Audited by Nexia TS Public Accounting Corporation, Singapore
(b) Not required to be audited under the laws of the country of incorporation
(c) Audited by Crowe Howarth Indonesia
(d) Dormant and qualified to opt for audit exemption under the Singapore Companies Act, Chapter 50
(e) Newly acquired during the financial year ended 31 December 2019

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

On 29 July 2019, the Group through its wholly-owned subsidiary corporations, TG Innovation Pte. Ltd. and Top Global Hospitality Pte Ltd acquired 70% and 5% of the issued shares of I Industries Pte. Ltd. ("IIPL") respectively. The acquisition resulted in the Group obtaining control with an aggregate 75% shareholding interests in IIPL which was consolidated with effect from the date of acquisition.

The Group had on 1 November 2019 acquired an additional 5% of the issued shares of IIPL through its wholly-owned subsidiary corporation, Ultron Techniques Pte. Ltd.. Subsequent to this acquisition of additional shares resulted in the Group obtaining 80% shareholding interests in IIPL.

On 30 August 2019, the Group through its wholly-owned subsidiary corporation, Top Automation Pte. Ltd. acquired 100% of the equity interest in six entities namely, 15 Scotts 01 Pte Ltd, 15 Scotts 02 Pte Ltd, 15 Scotts 3F Pte Ltd, Alpeg Investment Pte Ltd, Kingscrest Investment Pte Ltd and Pegal Investment Pte Ltd (collectively the "six entities"). The acquisition resulted in the Group obtaining control of the six entities, which were consolidated with effect from the date of the acquisition.

On 12 August 2018, the Group through its subsidiary corporation, 5Footway Holdings Pte. Ltd., acquired an additional 51% equity interest in its joint venture, PC9 Pte. Ltd.. The acquisition resulted in the Group obtaining control with 100% shareholding interest in PC9 Pte. Ltd., which was consolidated with effect from the date of acquisition.

Details of the acquisitions are disclosed in Note 36(a) to the financial statements.

10 Investments in subsidiary corporations (Continued)

Carrying value of non-controlling interests

	Group	
	2019	**2018**
	$'000	**$'000**
PT Suryamas Dutamakmur Tbk	49,861	48,304
PT Dwigunatama Rintisprima	80,069	74,642
Other subsidiary corporations with immaterial non-controlling interests	3,836	4,175
Total	**133,766**	**127,121**

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Transactions with non-controlling interests for the financial year ended 31 December 2019 and 2018 are disclosed in Note 36(b) to the financial statements.

Summarised statement of financial position

	PT Dwigunatama Rintisprima and its Subsidiary Corporations		**PT Suryamas Dutamakmur Tbk and its Subsidiary Corporations**	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Assets	161,877	17,122	7,493	5,994
Liabilities	(16,606)	(23,949)	(20,957)	(16,036)
Total current net assets/(liabilities)	145,271	(6,827)	(13,464)	(10,042)
Non-current				
Assets	5,923	145,771	196,624	183,965
Liabilities	(717)	(502)	(10,194)	(7,849)
Total non-current net assets	5,206	145,269	186,430	176,116
Net assets	**150,477**	**138,442**	**172,966**	**166,074**

10 Investments in subsidiary corporations (Continued)

Summarised statement of comprehensive income

	PT Dwigunatama Rintisprima and its Subsidiary Corporations		PT Suryamas Dutamakmur Tbk and its Subsidiary Corporations	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue	24,842	24,058	21,735	20,088
Profit before income tax	**8,181**	**8,400**	**2,586**	**3,384**
Income tax expense	(15)	(32)	(213)	(176)
Profit for the financial year	**8,166**	**8,368**	**2,373**	**3,208**
Other comprehensive income/(loss)	3,869	(5,868)	4,519	(7,007)
Total comprehensive income/(loss)	**12,035**	**2,500**	**6,892**	**(3,799)**
Total comprehensive income/(loss) allocated to non-controlling interests	7,644	1,588	1,863	(1,027)

Summarised statement of cash flows

	PT Dwigunatama Rintisprima and its Subsidiary Corporations		PT Suryamas Dutamakmur Tbk and its Subsidiary Corporations	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash flows from operating activities				
Cash generated from/(used in) operations	1,553	1,556	(1,207)	(232)
Interest received	138	136	144	105
Income tax paid	(497)	(529)	(66)	(434)
Net cash provided by/(used in) operating activities	**1,194**	**1,163**	**(1,129)**	**(561)**
Net cash (used in)/provided by investing activities	**(993)**	**(234)**	**(411)**	**754**
Net cash (used in)/provided by financing activities	**(538)**	**(994)**	**2,467**	**1,233**
Net (decrease)/increase in cash and cash equivalents	**(337)**	**(65)**	**927**	**1,426**
Cash and cash equivalents				
Beginning of financial year	2,006	2,161	3,744	2,452
Effects of currency translation on cash and cash equivalents	55	(90)	111	(134)
End of financial year	**1,724**	**2,006**	**4,782**	**3,744**

11 Investment properties

	Leasehold land and buildings $'000	Freehold properties $'000	Total $'000
Group			
2019			
Cost			
Beginning of financial year	5,001	51,295	56,296
Currency translation differences	156	–	156
Additions	783	–	783
Acquisition of subsidiary corporations (Note 36(a)(iii))	–	180,000	180,000
Disposal	–	(8,160)	(8,160)
Reclassified from development properties	153	–	153
End of financial year	6,093	223,135	229,228
Accumulated depreciation			
Beginning of financial year	649	1,412	2,061
Currency translation differences	21	–	21
Disposal	–	(422)	(422)
Depreciation charge (Note 24)	335	2,258	2,593
End of financial year	1,005	3,248	4,253
Net book value at end of financial year	**5,088**	**219,887**	**224,975**
2018			
Cost			
Beginning of financial year	3,080	37,910	40,990
Currency translation differences	(150)	–	(150)
Additions	22	13,385	13,407
Reclassified from development properties	159	–	159
Reclassified from property, plant and equipment	1,890	–	1,890
End of financial year	5,001	51,295	56,296
Accumulated depreciation			
Beginning of financial year	111	609	720
Currency translation differences	(76)	–	(76)
Depreciation charge (Note 24)	180	803	983
Reclassified from property, plant and equipment	434	–	434
End of financial year	649	1,412	2,061
Net book value at end of financial year	**4,352**	**49,883**	**54,235**

11 Investment properties (Continued)

Transfer from property, plant and equipment

During the financial year ended 31 December 2018, the Group transferred a completed club house building and a plot of land located within Mahogany Residence project from property, plant and equipment to investment properties as it has been leased out to a non-related party.

Transfer from development properties

During the financial year ended 31 December 2019, the Group transferred several plots of land from development properties to investment properties as it has been leased out to non-related parties to operate supermarket and food establishments.

During the financial year ended 31 December 2018, the Group transferred a plot of land from development properties to investment properties as it has been leased out to a non-related party to operate a Go-Kart circuit within the hotel premises.

Investment properties are leased to non-related parties under operating leases (Note 32(b)).

Freehold properties with an aggregate carrying amounts of $178,700,000 (2018: $nil) have been pledged as security for bank loans of the Group (Note 17).

The following amounts are recognised in profit or loss:

	Group	
	2019	**2018**
	$'000	**$'000**
Rental income (Note 23)	1,276	885
Direct operating expenses arising from:		
- Revenue generating properties	(483)	(215)

At the reporting date, the details of the Group's investment properties are as follows:

Location	**Description/existing use**	**Tenure**
As at 31 December 2019		
15 Scotts Road, Thong Teck Building	23 strata units of retail and office units for commercial purposes	Freehold
9-15 Bartley Road, The Quinn	17 units of condominium for residential purposes	Freehold
26A and 26C Lorong Mambong Singapore 277685	1 unit of shop house for commercial purposes	Freehold

11 Investment properties (Continued)

Location	Description/existing use	Tenure
As at 31 December 2019 (Continued)		
Jl. Transyogi Km.15, Cibubur, Jawa Barat, Indonesia	a. Traditional market b. Food courts and restaurants c. Water theme park and go-kart circuit d. Supermarket	Leasehold Leasehold Leasehold Leasehold
Jl. Alternatif Cibubur 900 meter Exit Toll Cibubur. Kelurahan Harjamukti, Kecamatan Cimanggis, DKI Jakarta, Indonesia	Mahagony Residence Club House for commercial purposes	Leasehold
Graha Yasa No. SH 01 Rancamaya Golf & Country Estate, Ciawi - Bogor	7 units of shop houses for commercial purposes	Leasehold
Gg Pesantren RT1 RW7 Kel. Rancamaya, Kec. Bogor Selatan, Bogor	6 units of houses for residential purposes	Leasehold
As at 31 December 2018		
31 Tomlinson Road, Tomlinson Heights	1 unit of condominium for residential purposes	Freehold
9-15 Bartley Road, The Quinn	17 units of condominium for residential purposes	Freehold
26A and 26C Lorong Mambong Singapore 277685	1 unit of shop house for commercial purposes	Freehold
Jl. Transyogi Km.15, Cibubur, Jawa Barat, Indonesia	a. Traditional market b. Food courts and restaurants c. Water theme park and go-kart circuit	Leasehold Leasehold
Jl. Alternatif Cibubur 900 meter Exit Toll Cibubur. Kelurahan Harjamukti, Kecamatan Cimanggis, DKI Jakarta, Indonesia	Mahagony Residence Club House for commercial purposes	Leasehold
Graha Yasa No. SH 01 Rancamaya Golf & Country Estate, Ciawi - Bogor	7 units of shop houses for commercial purposes	Leasehold
Gg Pesantren RT1 RW7 Kel. Rancamaya, Kec. Bogor Selatan, Bogor	6 units of houses for residential purposes	Leasehold

11 Investment properties (Continued)

Fair value hierarchy - Recurring fair value measurement

	Fair value measurement using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Description	**$'000**	**$'000**	**$'000**
As at 31 December 2019			
- Residential	–	31,348	–
- Commercial	–	200,093	–
As at 31 December 2018			
- Residential	–	42,282	–
- Commercial	–	17,702	–

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square metre.

Valuation process of the Group

The Group performs the valuation of the investment properties required for financial reporting purposes, including Level 2 fair values. Discussion of valuation processes and results are held between the members of the Board of Directors based on the highest and best use basis and market transacted data available publicly on a yearly basis.

There were no changes in valuation techniques during the financial year.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 December 2019 and 2018.

12 Property, plant and equipment

	Plant and equipment $'000	Motor vehicles $'000	Furniture and fittings $'000	Land use rights $'000	Golf course $'000	Golf and country club equipment $'000	Buildings and club house $'000	Total $'000
Group								
2019								
Cost								
Beginning of financial year	753	1,705	2,822	18,171	1,782	3,510	39,526	68,269
Adoption of SFRS(I)16 (Note 2.1)	–	–	–	–	–	–	2,714	2,714
Currency translation differences	–	25	33	510	50	97	435	1,150
Additions	56	126	171	–	–	173	302	828
Disposals	(102)	(20)	(348)	–	–	–	–	(470)
Transfer from development property	–	–	–	3	–	–	–	3
Reclassified to intangible assets (Note 15)	(179)	–	–	–	–	–	–	(179)
Reclassification	–	–	17	–	–	–	(17)	–
End of financial year	528	1,836	2,695	18,684	1,832	3,780	42,960	72,315
Accumulated depreciation								
Beginning of financial year	489	1,059	1,312	3,742	1,219	2,219	3,398	13,438
Adoption of SFRS(I)16 (Note 2.1)	–	–	–	–	–	–	1,191	1,191
Currency translation differences	–	17	19	127	36	64	102	365
Depreciation charge (Note 24)	115	315	604	1,107	293	277	1,954	4,665
Reclassified to intangible assets (Note 15)	(87)	–	–	–	–	–	–	(87)
Disposals	(98)	(20)	(196)	–	–	–	–	(314)
End of financial year	419	1,371	1,739	4,976	1,548	2,560	6,645	19,258
Net book value								
End of financial year	**109**	**465**	**956**	**13,708**	**284**	**1,220**	**36,315**	**53,057**

12 Property, plant and equipment (Continued)

	Plant and equipment $'000	Motor vehicles $'000	Furniture and fittings $'000	Land use rights $'000	Leasehold improvement $'000	Golf course $'000	Golf and country club equipment $'000	Buildings and club house $'000	Total $'000
Group									
2018									
Cost									
Beginning of financial year	687	1,619	2,274	20,762	669	1,859	3,503	39,759	71,132
Currency translation differences	–	(32)	(35)	(859)	–	(77)	(145)	(652)	(1,800)
Disposal of subsidiary corporation (Note 36(c))	–	(25)	(235)	–	–	–	–	(8)	(268)
Additions	92	278	1,621	4	–	–	152	755	2,902
Disposals	(26)	(135)	(803)	–	(669)	–	–	(174)	(1,807)
Transfer to investment properties	–	–	–	(1,736)	–	–	–	(154)	(1,890)
End of financial year	753	1,705	2,822	18,171	–	1,782	3,510	39,526	68,269
Accumulated depreciation									
Beginning of financial year	269	854	1,281	3,269	669	972	1,870	2,320	11,504
Currency translation differences	–	(23)	(37)	(186)	–	(47)	(87)	(148)	(528)
Disposal of subsidiary corporation (Note 36(c))	–	(14)	(165)	–	–	–	–	(1)	(180)
Depreciation charge (Note 24)	239	377	852	990	–	294	436	1,330	4,518
Disposals	(19)	(135)	(619)	–	(669)	–	–	–	(1,442)
Transfer to investment properties	–	–	–	(331)	–	–	–	(103)	(434)
End of financial year	489	1,059	1,312	3,742	–	1,219	2,219	3,398	13,438
Net book value									
End of financial year	**264**	**646**	**1,510**	**14,429**	**–**	**563**	**1,291**	**36,128**	**54,831**

12 Property, plant and equipment (Continued)

	Plant and equipment $'000	Motor vehicle $'000	Furniture and fittings $'000	Buildings $'000	Total $'000
Company					
2019					
Cost					
Beginning of financial year	237	–	26	–	263
Adoption of SFRS(I)16 (Note 2.1)	–	–	–	955	955
Additions	21	–	–	–	21
Disposal	(50)	–	(26)	–	(76)
End of financial year	208	–	–	955	1,163
Accumulated depreciation					
Beginning of financial year	188	–	26	–	214
Adoption of SFRS(I)16 (Note 2.1)	–	–	–	318	318
Depreciation charge	29	–	–	478	507
Disposal	(47)	–	(26)	–	(73)
End of financial year	170	–	–	796	966
Net book value					
End of financial year	**38**	–	*	**159**	**197**
2018					
Cost					
Beginning of financial year	227	73	26	–	326
Additions	10	–	–	–	10
Disposal	–	(73)	–	–	(73)
End of financial year	237	–	26	–	263
Accumulated depreciation					
Beginning of financial year	156	73	26	–	255
Depreciation charge	32	–	*	–	32
Disposal	–	(73)	–	–	(73)
End of financial year	188	–	26	–	214
Net book value					
End of financial year	**49**	–	*	–	**49**

* Less than $1,000

12 Property, plant and equipment (Continued)

The depreciation charge is allocated as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cost of sales	1,770	1,857	–	–
Administrative expenses	2,895	2,661	507	32
Total	**4,665**	**4,518**	**507**	**32**

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of the such lease assets are disclosed in Note 13.

Land and buildings with an aggregate carrying amounts of $33,416,000 (2018: $33,875,000) have been pledged as security for bank loans of the Group (Note 17).

Included within additions in the consolidated financial statements during financial year ended 31 December 2018 were motor vehicles acquired under finance lease amounting to $219,000.

During the financial year ended 31 December 2018, the carrying amounts of motor vehicles held under finance leases were $271,000.

During the financial year ended 31 December 2018, the Group transferred a completed club house building and a plot of land located within Mahogany Residence project from property, plant and equipment to investment properties as it has been leased out to a non-related party (Note 11).

13 Leases

Nature of the leasing activities – The Group and the Company as lessee

Plant and equipment

The Group and the Company leases office equipment for the purpose of back office operations. There is no externally imposed covenant on these lease arrangements.

Motor vehicles

The Group leases motor vehicles for the purpose of real estate development operations. There is no externally imposed covenant on these lease arrangements.

Buildings

The Group leases buildings for the purpose of operating hostels in Singapore. The Company leases building for back office operations. The Group and the Company are restricted from assigning and subleasing the buildings to third parties.

The Group and the Company make monthly lease payments for the assets above.

13 Leases (Continued)

Nature of the leasing activities – The Group and the Company as lessee (Continued)

Leasehold land and buildings

The Group has made upfront payments to secure the right-of-use of leasehold land for its property development business. The Group and the Company lease buildings for the purpose of operating hostels and back office operations in Singapore. These leasehold land and buildings and land use rights are recognised within investment properties (Note 11) and property, plant and equipment (Note 12) respectively.

The Group and the Company make monthly lease payments for the assets above. There are no externally imposed covenants on these agreements.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment and Investment properties

	Group		Company	
	31 December 2019 $'000	1 January 2019 $'000	31 December 2019 $'000	1 January 2019 $'000
Plant and equipment	11	9	11	9
Motor vehicles	276	271	–	–
Buildings	860	–	160	–
Land use rights	13,708	14,429	–	–
Leasehold land and buildings	41,403	40,480	–	–
	56,258	**55,189**	**171**	**9**

(b) Depreciation charge during the financial year

	Group 2019 $'000	Company 2019 $'000
Plant and equipment	5	5
Motor vehicles	99	–
Buildings	663	478
Land use rights	1,107	–
Leasehold land and buildings	2,289	–
	4,163	**483**

13 Leases (Continued)

Nature of the leasing activities – The Group and the Company as lessee (Continued)

(c) Interest expense

	Group 2019 $'000	Company 2019 $'000
Interest expense on lease liabilities	92	24

(d) Cash flows

	Group 2019 $'000	Company 2019 $'000
Total cash outflows for all the leases	837	508

(e) Additions

	Group 2019 $'000	Company 2019 $'000
Additions of ROU assets during the financial year	103	7

Nature of the leasing activities – The Group as lessor

The Group has leased out investment properties to non-related parties for monthly lease payments. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 11.

Nature of the Group's leasing activities – The Group as an intermediate lessor

Subleases – classified as operating leases

The Group acts as an intermediate lessor under arrangements in which it subleases buildings for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the subleases are classified as operating leases.

Income from subleasing the buildings recognised during 2019 was $67,000 (2018: $61,000).

13 Leases (Continued)

Nature of the Group's leasing activities – The Group as an intermediate lessor (Continued)

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

	Group	
	31 December 2019	1 January 2019
	$'000	$'000
Not later than one year	2,161	616
Between one and five years	1,273	129
	3,434	**745**

14 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

	Group	
	2019	2018
	$'000	$'000
Deferred income tax assets		
- To be recovered after one year	(474)	(1,522)
Deferred income tax liabilities		
- To be settled after one year	5,616	5,707
Net deferred income tax liabilities	**5,142**	**4,185**

14 Deferred income taxes (Continued)

Movement in deferred income tax account is as follows:

	Group	
	2019	2018
	$'000	$'000
Beginning of financial year	4,185	4,831
Currency translation differences	(12)	25
Acquisition of subsidiary corporation (Note 36(a)(iii))	99	–
Disposal of subsidiary corporations (Note 36(c))	–	(193)
Charged/(credited) to profit or loss	870	(478)
End of financial year	**5,142**	**4,185**

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax assets

	Unutilised tax losses	Others	Total
	$'000	$'000	$'000
Group			
2019			
Beginning of financial year	(1,092)	(430)	(1,522)
Currency translation differences	–	(11)	(11)
Charged/(credited) to profit or loss	1,092	(33)	1,059
End of financial year	**–**	**(474)**	**(474)**
2018			
Beginning of financial year	(1,092)	(330)	(1,422)
Currency translation differences	–	16	16
Credited to profit or loss	–	(116)	(116)
End of financial year	**(1,092)**	**(430)**	**(1,522)**

14 Deferred income taxes (Continued)

Deferred income tax liabilities

	Fair value gains on property, plant and equipment $'000	Fair value gains on development properties $'000	Fair value gains on investment properties $'000	Fair value gains on intangible assets $'000	Others $'000	Total $'000
Group						
2019						
Beginning of financial year	2,204	2,916	303	–	284	5,707
Reclassification	–	–	–	29	(29)	–
Currency translation differences	(1)	–	–	–	–	(1)
Acquisition of subsidiary corporations (Note 36(a)(iii))	–	–	–	99	–	99
(Credited)/charged to profit or loss	(161)	3	(17)	(14)	–	(189)
End of financial year	**2,042**	**2,919**	**286**	**114**	**255**	**5,616**
2018						
Beginning of financial year	2,660	3,298	–	–	295	6,253
Reclassification	(328)	–	328	–	–	–
Currency translation differences	4	5	–	–	–	9
Disposal of subsidiary corporations (Note 36(c))	–	(193)	–	–	–	(193)
Credited to profit or loss	(132)	(194)	(25)	–	(11)	(362)
End of financial year	**2,204**	**2,916**	**303**	**–**	**284**	**5,707**

The Group recognises deferred income tax assets on carried forward tax losses and allowances to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and merger and acquisition allowance of approximately $7,140,000 and $570,000 (2018: $5,434,000 and $2,957,000) respectively at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

No deferred income tax liabilities has been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiary corporations (established in Indonesia) as the Group is in a position to control the timing of the remittance of earnings and it is not probable that these subsidiary corporations will distribute such earnings in the foreseeable future.

15 Intangible assets

	Group	
	2019	**2018**
	$'000	**$'000**
Composition:		
Goodwill (Note (a))	501	–
Trademark (Note (b))	123	170
Customer relationship (Note (b))	546	–
Computer software (Note (b))	95	–
	764	170
	1,265	**170**

(a) Goodwill

	Group	
	2019	**2018**
	$'000	**$'000**
Cost		
Beginning of financial year	584	584
Acquisition of subsidiary corporation (Note 36(a)(iii))	501	–
End of financial year	1,085	584
Accumulated impairment		
Beginning of financial year	(584)	–
Impairment charge (Note 27)	–	(584)
End of financial year	(584)	(584)
Net book value		
End of financial year	**501**	–

15 Intangible assets (Continued)

(a) Goodwill (Continued)

Impairment tests for goodwill

Goodwill on consolidation arose from the acquisition of I Industries Pte. Ltd. and it has been allocated to the Research and Development cash-generating unit ("CGU") within the Group's Investment and others ("I&O") business.

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate of 9% (2018: nil) for the hospitality management related business in which the CGU operates. The key assumption and estimate used in the calculation is discount rate of 13.8% (2018: nil).

Management determined budgeted revenue growth based on past performance and its expectations of market/economic conditions and developments. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

2019

Based on the impairment test of the I&O business as at 31 December 2019, the estimated recoverable amount of the CGU is $2,367,000, while the carrying amount of the CGU is $1,161,000. If the assumed discount rate increased by 13.1%, the recoverable amount of the CGU would fall to its carrying amount.

2018

During the financial year ended 31 December 2018, an impairment charge of $584,000 is included within "Other gains/(losses)" in the statement of comprehensive income. The impairment charge in the year arose as the carrying amount of the CGU, not inclusive of goodwill, exceeded its recoverable amount. The Group has also reassessed the useful lives of its property, plant and equipment related to the same business segment and determined that no changes in the useful lives were required.

15 Intangible assets (Continued)

(b) Trademark, Customer Relationship and Computer Software

	Group			
	Trademark	Customer relationship	Computer software	Total
	$'000	$'000	$'000	$'000
2019				
Cost				
Beginning of financial year	238	–	–	238
Reclassified from property, plant and equipment (Note 12)	–	–	179	179
Additions	–	–	77	77
Acquisition of subsidiary corporation (Note 36(a)(iii))	–	580	–	580
End of financial year	238	580	256	1,074
Accumulated amortisation				
Beginning of financial year	68	–	–	68
Reclassified from property, plant and equipment (Note 12)	–	–	87	87
Amortisation during the financial year (Note 24)	47	34	74	155
End of financial year	115	34	161	310
Net book value				
End of financial year	**123**	**546**	**95**	**764**
2018				
Cost				
Beginning and end of financial year	238	–	–	238
Accumulated amortisation				
Beginning of financial year	–	–	–	–
Amortisation during the financial year (Note 24)	68	–	–	68
End of financial year	68	–	–	68
Net book value				
End of financial year	**170**	**–**	**–**	**170**

16 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current				
Trade payables				
- Non-related parties	1,240	1,559	–	13
- Retention sum payable to non-related parties	–	943	–	–
	1,240	2,502	–	13
Other payables				
- Non-related parties	2,312	3,817	100	105
- Subsidiary corporations	–	–	6,182	5,258
	2,312	3,817	6,282	5,363
Accruals for operating expenses	4,976	5,848	3,586	3,994
Rental deposit	657	199	–	–
Advances received	1,686	2,107	–	–
Contract liabilities	23,294	25,264	–	–
	34,165	39,737	9,868	9,370
Non-current				
Golf membership:				
- Deposits	785	690	–	–
- Deferred interest income	431	495	–	–
	1,216	1,185	–	–
Total trade and other payables	**35,381**	**40,922**	**9,868**	**9,370**

The non-trade amounts due to subsidiary corporations are unsecured, interest-free and are repayable on demand.

Advances received are the advance payments received for the monthly golf membership subscription and booking fee from the prospective buyer. Contract liabilities are the advance payments from customers for the purchase of development properties and land (Note 23(b)).

Golf membership deposits are the amounts which will be returned to the members after 30 years. Golf membership deposits are carried at amortised cost and the difference between the carrying amount and amortised cost is recorded as deferred interest income and will be amortised using the effective interest method. Amortisation of the deferred interest income is included in "Other income" on the consolidated statement of comprehensive income.

17 Borrowings

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current (Secured)				
Bank overdrafts (Note 4)	3,175	–	–	–
Bank loan (I)	–	1,023	–	–
Bank loan (III)	903	784	–	–
Bank loan (IV)	7,680	–	–	–
Bank loan (VIII)	–	1,358	–	–
Bank loan (IX)	960	652	–	–
Bank loan (X)	317	299	–	–
Bank loan (XI)	433	422	–	–
Bank loan (XII)	125	299	–	–
Bank loan (XIII)	307	–	–	–
Bank loan (XVII)	180	–	–	–
Finance lease liabilities (Note 18)	–	109	–	4
Lease liabilities	805	–	171	–
	14,885	4,946	171	4
Non-current (Secured)				
Bank loan (II)	1,363	1,326	–	–
Bank loan (III)	1,152	2,026	–	–
Bank loan (IV)	–	8,083	–	–
Bank loan (XI)	2,809	2,701	–	–
Bank loan (XV)	836	–	–	–
Bank loan (XVI)	486	–	–	–
Bank loan (XVII)	17,250	–	–	–
Bank loan (XVIII)	110,000	–	–	–
Finance lease liabilities (Note 18)	–	150	–	5
Lease liabilities	436	–	8	–
	134,332	14,286	8	5
Total borrowings	**149,217**	**19,232**	**179**	**9**

17 Borrowings (Continued)

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

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Less than 1 year	127,430	–	–	9

(a) Security granted

Bank overdrafts

The bank overdrafts are secured by land area of 5.46 hectares located at "Rancamaya" project and the title of the land and existing buildings covering approximately 0.4 hectares.

Bank loan (I)

The bank loan (I) bears an interest rate of 9.75% per annum as at 31 December 2018.

The bank loan (I) was secured by land area of 7.5 hectares of land located in Tajur, Bogor as at 31 December 2018.

The bank loan (I) was fully repaid during the financial year ended 31 December 2019.

Bank loan (II)

The bank loan (II) bears an interest rate of 9.5% (2018: 9.5%) per annum.

The bank loan (II) is repayable in one lump sum on 1 February 2022.

The bank loan (II) is secured by land area of 5.5 (2018: 7.5) hectares of land located in Tajur, Bogor.

Bank loan (III)

The bank loan (III) bears an interest rate of 10.25% (2018: 9.75%) per annum.

The bank loan (III) is repayable monthly within 96 months from the drawdown of the loan facility on October 2013. The maturity date of the loan has been extended from October 2021 to July 2022.

The bank loan (III) was secured by the title of the land and buildings of the hotel covering approximately 5.01 hectares.

17 Borrowings (Continued)

(a) Security granted (Continued)

Bank loan (IV)

The bank loan (IV) bears an interest rate of 12.5% (2018: 12.5%) per annum.

The bank loan (IV) is repayable on 20 December 2020.

The bank loan (IV) is secured by land and existing buildings and buildings to be constructed at the related land of subsidiary corporations, PT Dwikarya Langgengsukses ("DLS") and PT Dwigunatama Rintisprima ("DRP"), which are located at "Harvest City" project with 7.5 (2018: 7.5) hectares and 129.2 (2018: 129.2) hectares respectively.

Based on the loan agreement with bank, DRP must obtain written approval from the bank prior to performing following activities as follows:

- Enter into new credit facility from another parties in relation with its project, except loans from shareholders and commercial transactions are prevalent;
- Act as guarantor for another parties and or guarantee property;
- Amendment of the Article of Association and change members of management;
- Declaration of bankruptcy;
- Enter into mergers or acquisitions;
- Settle payables to the shareholders;
- Distribution of dividend; and
- Leasing DRP to other parties.

Bank loan (VIII)

The bank loan (VIII) bears an interest rate 10.5% per annum as at 31 December 2018.

The bank loan (VIII) matures on 14 March 2019 and has been fully repaid during the financial year ended 31 December 2019.

The bank loan (VIII) was secured by land area of 5.46 hectares located at "Rancamaya" project.

Bank loan (IX)

The bank loan (IX) bears an interest rate of 9.75% (2018: 9.75%) per annum.

The bank loan (IX) was repayable in one lump sum on 2 July 2019. The loan has thereafter been extended until 2 October 2020.

The bank loan (IX) is secured by the title of the land and buildings of the hotel covering approximately 5.01 (2018: 5.01) hectares.

17 Borrowings (Continued)

(a) Security granted (Continued)

Bank loan (X)

The bank loan (X) bears an interest rate of 9.75% (2018: 9.75%) per annum.

The bank loan (X) is repayable in one lump sum on 18 December 2020.

The bank loan (X) is secured with 7.7 (2018: 7.7) hectares of land and development properties located at "Harvest City" project.

Bank loan (XI)

The bank loan (XI) bears an interest rate of 9.5% (2018: 9.5%) per annum.

The bank loan (XI) is repayable by installments by 14 September 2021.

The bank loan (XI) is secured by land area of 5.46 (2018: 5.46) hectares located at "Rancamaya" project.

Bank loan (XII)

The bank loan (XII) bears an interest rate of 9.75% (2018: 9.75%) per annum.

The bank loan (XII) is repayable on 18 December 2020.

The bank loan (XII) is secured with 7.7 (2018: 7.7) hectares of land and development properties located at "Harvest City" project.

Bank loan (XIII)

The bank loan (XIII) bears an interest rate of 9.75% per annum.

The bank loan (XIII) is repayable in one lump sum upon maturity on 27 August 2024. The loan is expected to be repaid within the 12 months from the end of financial year.

The bank loan (XIII) is secured with 15 units of development properties covering approximately located at "Harvest City" project.

Bank loan (XV)

The bank loan (XV) bears an interest rate of 9.75% per annum.

The bank loan (XV) is repayable in one lump sum on 22 May 2023.

The bank loan (XV) is secured by the title of the land and buildings of the hotel covering approximately 5.01 hectares.

Bank loan (XVI)

The bank loan (XVI) bears an interest rate of 9.75% per annum.

The bank loan (XVI) is repayable in one lump sum on 25 December 2023.

The bank loan (XVI) is secured by the title of the land and buildings of the hotel covering approximately 5.01 hectares.

17 Borrowings (Continued)

(a) Security granted (Continued)

Bank loan (XVII)

The bank loan (XVII) bears an interest rate per annum of 1.15% over the bank's prevailing cost of funds as determined by the bank for interest periods of 1, 2, 3 and 6 months at the option of the Group. The loan is subjected to 71 monthly repayment of $15,000 beginning October 2019, and the remainder shall be repaid in one lump sum in September 2025.

The bank loan (XVII) is secured by:

a) open legal mortgage over the building under property, plant and equipment at Orchard Road, Tong Building (Note 12);

b) new assignment of rental proceeds in respect of the property without notification and on a self-management basis;

c) deed of subordination of shareholders' or related corporations' loans owing by the subsidiary corporation to the Company/related corporations; and

d) deed of guarantee and indemnity for $17,475,000 from the Company on the loan drawn by the subsidiary corporation.

Bank loan (XVIII)

The bank loan (XVIII) bears an interest rate per annum of 1.4% over the bank's prevailing cost of funds as determined by the bank for interest periods of 1, 2, 3 and 6 months at the option of the Group. The loan does not have a fixed repayment date. However, there is no repayment expected for the next 24 months.

The bank loan (XVIII) is secured by:

a) open legal mortgage over the building unit under investment properties at Scotts Road, Thong Teck Building (Note 11);

b) first assignment of the rights, titles and interest in and to all the relevant agreements relating to the properties;

c) New Charge of Cash and Security Agreement (First Party) for all monies now or at any time hereafter standing to the credit of Rental Proceeds Account and Interest Reserve Account to be maintained by the Group with the Bank.

d) deed of subordination of shareholders' or related corporations' loans owing by the subsidiary corporation to the Company/related corporations; and

e) deed of guarantee and indemnity for $110,000,000 from the Company on the loan drawn by the subsidiary corporation.

17 Borrowings (Continued)

(b) Fair value of non-current borrowings

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Bank borrowings	133,922	13,518	–	–

The fair values above are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group are as follows:

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Bank borrowings	2.8 – 12.5	10 – 13	–	–

The fair values are within Level 2 of the fair value hierarchy.

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities for the financial years ended 31 December 2019 and 2018

			Non-cash movement			
	1 January 2019	Cash flows	Effects from adoption of SFRS(I) 16	New lease liabilities	Changes in foreign exchange	31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	259	(837)	1,707	103	9	1,241
Bank borrowings	18,973	125,094	–	–	734	144,801

			Non-cash movement			
	1 January 2018	Cash flows	New finance lease liabilities	Disposal of subsidiary corporations (Note 36(c))	Changes in foreign exchange	31 December 2018
	$'000	$'000	$'000	$'000	$'000	$'000
Finance lease liabilities (Note 18)	135	(69)	219	–	(26)	259
Bank borrowings	19,194	562	–	(8)	775	18,973

18 Finance lease liabilities

As at 31 December 2018, the Group leases motor vehicles and plant and equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.1.

	Group 2018 $'000	Company 2018 $'000
Minimum lease payments due:		
- Not later than one year	125	4
- Between one and five years	163	6
	288	10
Less: Future finance charges	(29)	(1)
Present value of finance lease liabilities	**259**	**9**

The present values of finance lease liabilities are analysed as follows:

	Group 2018 $'000	Company 2018 $'000
Not later than one year	109	4
Later than one year		
- Between one and five years	150	5
Present value of finance lease liabilities	**259**	**9**

Security granted

Finance lease liabilities of the Group are effectively secured over the leased motor vehicles and plant and equipment (Note 12), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

19 Provisions

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current				
Warranty (Note (a))	48	56	–	11
Reinstatement cost (Note (b))	120	–	–	–
	168	56	–	11
Non-current				
Reinstatement cost (Note (b))	22	211	–	–
Provision for hotel equipment and supplies (Note (c))	653	603	–	–
	675	814	–	–
Total	**843**	**870**	**–**	**11**

(a) Warranty

The Group and the Company grants up to 14 years of warranty on its waterproofing and construction business and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the reporting date for expected warranty claims based on approximately (i) 5% of the contract sum; and (ii) physical verification by surveyor of the defect liabilities.

Movement in provision for warranty is as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Beginning of financial year	56	235	11	169
Additional	16	–	–	–
Reversal*	(24)	(179)	(11)	(158)
End of financial year	**48**	**56**	**–**	**11**

* Reversal of the provision is included in "Cost of sales" of the consolidated statement of comprehensive income (Note 24).

19 Provisions (Continued)

(b) Reinstatement cost

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased office properties and land. The estimate is based on management's judgement and experiences.

Movement in provision for reinstatement cost is as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Beginning of financial year	211	386	–	30
Provision utilised	(35)	(87)	–	(30)
Reversal (Note 27)	(34)	(88)	–	–
End of financial year	142	211	–	–
Less: Current portion	**(120)**	**–**	**–**	**–**
Non-current portion	**22**	**211**	**–**	**–**

(c) Provision for hotel equipment and supplies

	Group	
	2019	2018
	$'000	$'000
Beginning of financial year	603	588
Currency translation	18	–
Provision made (Note 24)	32	15
End of financial year	**653**	**603**

20 Post-employment benefits

	Group	
	2019	2018
	$'000	$'000
Obligation recognised in the statement of financial position for:		
Post-employment benefits	5,660	4,525
Expenses charged to profit or loss:		
Post-employment benefits (Note 25)	790	630
Remeasurement recognised in other comprehensive income for:		
Post-employment benefits	211	(50)
The amount recognised in the statement of financial position is determined as follows:		
Present value of unfunded obligations/liability recognised in the statement of financial position	**5,660**	**4,525**

The movement in the post-employment benefits obligation is as follows:

	Group	
Present value of obligation	2019	2018
	$'000	$'000
Beginning of financial year	4,525	4,129
Currency translation differences	134	(184)
Current service cost	408	327
Interest expense	382	303
	790	630
Remeasurements:		
- Actuarial gain/(loss)	211	(50)
End of financial year	**5,660**	**4,525**

20 Post-employment benefits (Continued)

The principal actuarial assumptions used were as follows:

	Group	
	2019	2018
Discount rate	7.50%	8.27%
Salary growth rate	5%	5%
Mortality rate*	TMI 2011	TMI 2011
Disability rate	10%	5%

* Based on Indonesian Mortality Table

If the discount rate used has been higher or lower by 1% from management's estimates, the carrying amount of pension obligations will be an estimated of $264,000 (2018: $192,000) lower or $213,000 (2018: $205,000) higher.

The above sensitivity analysis is based on a change in discount rate assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the reporting date) has been applied when calculating the post-employment benefits liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis are consistent with the previous reporting period.

21 Share capital and treasury shares

	Number of ordinary shares		Amount	
	Issued shares capital '000	Treasury shares '000	Shares capital $'000	Treasury shares $'000
Group and Company				
2019				
Beginning and end of financial year	321,895	(514)	265,667	(101)
2018				
Beginning and end of financial year	321,895	(514)	265,667	(101)

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

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

21 Share capital and treasury shares (Continued)

(a) Share Options

Top Global Share Option Scheme 2011 (the "ESOS 2011")

The ESOS 2011 was approved by the shareholders of the Company at an Extraordinary General Meeting held on 28 March 2011 to replace the Top Global Share Option Scheme 2001 which expired on 7 June 2011 and remains in force at the discretion of the Share Scheme Committee, subject to a maximum period of ten (10) years.

Under the rules of the ESOS 2011, all directors and employees of the Company are eligible to participate in the ESOS 2011. Controlling shareholders or their associates are also eligible to participate in the ESOS 2011 subject to the approval of independent shareholders in the form of separate resolutions for each participant. Further, independent shareholders' approval is also required in the form of separate resolutions for each grant of options and the terms thereof, to each participant who is a controlling shareholder or their associate.

The Share Scheme Committee is charged with the administration of the ESOS 2011 in accordance with the rules of the ESOS 2011. The Share Scheme Committee administering the ESOS 2011 comprises the directors, Mr Yeo Chin Tuan Daniel (Chairman), Dr Lam Lee G and Ms Mimi Yuliana Maeloa.

None of the directors in the committee participated in any deliberation or decision in respect of options granted to himself.

The number of options to be offered to a participant shall be determined at the discretion of the Share Scheme Committee provided that:

(a) the total number of shares which may be offered to any participant during the entire operation of the ESOS 2011 (including adjustments under the rules) shall not exceed 15% of the shares in respect of which the Company may grant options;

(b) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the ESOS 2011 (including adjustments under the rules) shall not exceed 25% of the shares in respect of which the Company may grant options; and

(c) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the ESOS 2011 shall not exceed 10% of the shares in respect of which the Company may grant options.

The exercise price for each share in respect of which an option is exercisable shall be determined by the Share Scheme Committee at its absolute discretion and fixed by the Share Scheme Committee at:

(i) a price (the "Market Price") equal to the average of the last dealt prices for a share on the SGX-ST for the period of five (5) consecutive market days immediately prior to the relevant offer date and rounded up to the nearest whole cent in the event of fractional prices; and

(ii) a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price.

21 Share capital and treasury shares (Continued)

(a) Share Options (Continued)

Top Global Share Option Scheme 2011 (the "ESOS 2011") (Continued)

Options granted to a participant not holding a salaried office or employment in the Group shall be exercised before the fifth (5th) anniversary of the relevant offer date, failing which all the unexercised options shall immediately lapse and become null and void.

Details of the share options outstanding as at 31 December 2019 and 2018 are as follows:

Type of share options	Date of grant	Number of options to subscribe for ordinary shares of the Company		Exercise price per share	Exercise period
		Beginning of financial year	End of financial year		
2019					
Executive - Directors and employees	5 April 2011	3,365,400[1]	3,365,400[1]	$1.20[1]	5.4.2013 to 4.4.2021
	20 April 2011	800,000[1]	800,000[1]	$1.20[1]	20.4.2013 to 19.4.2021
		4,165,400[1]	4,165,400[1]		
2018					
Executive - Directors and employees	5 April 2011	3,365,400[1]	3,365,400[1]	$1.20[1]	5.4.2013 to 4.4.2021
	20 April 2011	800,000[1]	800,000[1]	$1.20[1]	20.4.2013 to 19.4.2021
		4,165,400[1]	4,165,400[1]		

(1) Number of share options and exercise price have been adjusted pursuant to the share consolidation exercise.

The estimated fair values of the share options granted on 5 April 2011 and 20 April 2011 were $0.0059 and $0.0026 respectively.

These fair values for share options granted on 5 April 2011 and 20 April 2011 were calculated using the Black-Scholes pricing model. The significant inputs into the model were as follows:

Grant date	5 April 2011	20 April 2011
Weighted average share price	$0.015	$0.010
Weighted average exercise price	$0.012	$0.012
Expected volatility	56.82%	56.98%
Expected life	2	2
Risk free rate	0.47%	0.47%
Expected dividend yield	Nil	Nil

21 Share capital and treasury shares (Continued)

(a) Share Options (Continued)

Top Global Share Option Scheme 2011 (the "ESOS 2011") (Continued)

Expected volatility was determined by calculating the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and the Company have fully recognised total employee share option expense prior to the financial year ended 2014 (Note 22(b)(i)).

22 Other reserves

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
(a) Composition:				
Share option reserve	4,914	4,914	4,914	4,914
Tax amnesty reserve	60	60	–	–
General reserve	(51)	(51)	–	–
Translation reserve	(13,846)	(19,236)	–	–
Fair value reserve	4,407	3,139	–	–
	(4,516)	**(11,174)**	**4,914**	**4,914**
(b) Movements:				
(i) Share option reserve				
Beginning and end of financial year	**4,914**	**4,914**	**4,914**	**4,914**
(ii) Tax amnesty reserve				
Beginning of financial year	60	63	–	–
Disposal of subsidiary corporations (Note 36(c))	–	(3)	–	–
End of financial year	**60**	**60**	**–**	**–**
(iii) General reserve				
Beginning and end of financial year	**(51)**	**(51)**	**–**	**–**

22 Other reserves (Continued)

		Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
(b)	Movements: (Continued)				
(iv)	Currency translation reserve				
	Beginning of financial year	(19,236)	(11,267)	–	–
	Net currency translation differences of financial statements of foreign subsidiary corporations	7,178	(10,975)	–	–
	(Less)/add: Non-controlling interests	(1,788)	2,736	–	–
	Disposal of subsidiary corporations (Note 36(c))	–	270	–	–
	End of financial year	**(13,846)**	**(19,236)**	**–**	**–**
(v)	Fair value reserve				
	As at beginning of financial year	3,139	2,900	–	–
	Fair value gain on financial assets, at FVOCI (Note 6)	1,268	239	–	–
	End of financial year	**4,407**	**3,139**	**–**	**–**

The share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The tax amnesty reserve represents the Additional Paid-In Capital ("APIC") which is the difference between assets and liabilities of tax amnesty. From the period between 14 to 30 September 2016 (the "period"), certain Indonesia subsidiary corporations of the Group have participated in the Tax Amnesty Program in accordance with Law No.11 Year 2016 ("Tax Amnesty Law"). Subsequently within the period, the said subsidiary corporations had obtained the Tax Amnesty Acknowledgement Letter ("SKPP*") which was approved by the local tax authorities in total tax amnesty assets amounting to approximate $286,000.

The Group's share of the tax amnesty assets amounted to $60,000 (2018: $60,000) which is recorded in equity as APIC in accordance with the Indonesia Tax Amnesty Law.

The general reserve represents the effect of the changes in the Group's ownership interest in a subsidiary corporation that do not result in loss of control over the subsidiary corporation.

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

22 Other reserves (Continued)

The fair value reserve represents the cumulative fair value changes, net of tax, of financial assets, at FVOCI until they are disposed of or impaired.

Other reserves are non-distributable.

*SKPP: Surat Keterangan Pengampunan Pajak (i.e. Tax Amnesty Acknowledgement Letter)

23 Revenue

	Group	
	2019	**2018**
	$'000	**$'000**
Revenue from contract revenue with customers:		
- Revenue from development properties	41,854	61,779
- Hospitality management	14,833	17,087
- Rendering of services	363	–
	57,050	78,866
Rental income on operating lease (Note 11)	1,276	885
Income from subleases (Note 13)	67	61
	58,393	**79,812**

(a) Disaggregation of revenue from contracts with customers

	Group		
	At a point in time	**Over time**	**Total**
	$'000	**$'000**	**$'000**
2019			
Revenue from development properties			
- Indonesia	38,399	3,455	41,854
Hospitality management			
- Singapore	1,588	–	1,588
- Indonesia	13,245	–	13,245
Rendering of services			
- Singapore	93	270	363
	53,325	**3,725**	**57,050**

23 Revenue (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

	Group		
	At a point in time	Over time	Total
	$'000	$'000	$'000
2018			
Revenue from development properties			
- Singapore	22,041	–	22,041
- Indonesia	38,410	1,328	39,738
Hospitality management			
- Singapore	4,570	–	4,570
- Indonesia	12,517	–	12,517
	77,538	**1,328**	**78,866**

(b) The following table provides information about contract assets and contract liabilities for contracts with customers.

	Group	
	2019	2018
	$'000	$'000
Contract liabilities (Note 16)	23,294	25,264

Contract liabilities relate primarily to:

- advance consideration received from future purchase of development property and land; and
- progress billings if any, issued in excess of the Group's rights to the consideration.

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

	Group	
	2019	2018
	$'000	$'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year	21,211	21,378

24 Expenses by nature

	Group	
	2019	**2018**
	$'000	**$'000**
Amortisation of intangible assets (Note 15(b))	155	68
Commission	467	1,373
Cost of sales of development properties	13,968	31,966
Depreciation of property, plant and equipment (Note 12)	4,665	4,518
Depreciation of investment properties (Note 11)	2,593	983
Direct cost of hospitality management	10,731	12,644
Directors' fees paid to:		
- Directors of the Company	240	240
Employee compensation (Note 25)	21,120	18,522
Auditors' remuneration		
Fees on audit services paid/payable to:		
- Auditor of the Company	205	195
- Other auditors	80	76
Fees on non-audit services paid/payable to:		
- Auditor of the Company	5	5
- Other auditors	4	17
Legal and professional fees	819	927
Marketing	3,767	3,936
Provision for hotel equipment and supplies (Note 19(c))	32	15
Rental expense on short-term leases	528	687
Reversal of provision for warranty (Note 19(a))	(24)	(179)
Travelling	669	742
Repair and maintenance	396	468
Consultancy fees	215	127
Utilities	279	347
Other expenses	2,730	1,355
Total cost of sales, distribution and marketing and administrative expenses	**63,644**	**79,032**

25 Employee compensation

	Group	
	2019	2018
	$'000	$'000
Salaries, bonuses and short-term benefits	20,005	17,439
Employer's contribution to defined contribution plans including Central Provident Fund	325	453
Post-employment benefits (Note 20)	790	630
	21,120	**18,522**

26 Other income

	Group	
	2019	2018
	$'000	$'000
Interest income		
- Bank deposits	657	842
- Loan to an investee (Note 7)	143	248
- Late payment interest penalty from customer	371	183
	1,171	1,273
Forfeited deposits from customer	670	–
Others	220	885
Total	**2,061**	**2,158**

27 Other gains/(losses)

	Group	
	2019	2018
	$'000	$'000
Net fair value gain on financial assets, at FVPL (Note 5)	3,419	6,939
Currency exchange loss – net	(163)	(210)
Compensation from customers on cancelled sales	239	254
Loss on disposal of property, plant and equipment	(133)	(54)
Loss on disposal of investment property	(463)	–
Loss on disposal of subsidiary corporations (Note 36(c))	–	(1,438)
Reversal of reinstatement cost (Note 19(b))	34	88
Reversal of long outstanding payables	1,070	–
Impairment loss on goodwill (Note 15(a))	–	(584)
Gain from bargain purchase (Note 36(a)(iii))	7,718	26
Bad debt written-off – non-trade	(1)	(54)
Others	(10)	(238)
Total	**11,710**	**4,729**

28 Finance expenses

	Group	
	2019	**2018**
	$'000	**$'000**
Interest expense		
- Bank borrowings	3,450	2,132
- Lease liabilities/finance lease liabilities	92	17
Facilities fees	220	–
Finance expenses recognised in profit or loss	**3,762**	**2,149**

29 Income taxes

	Group	
	2019	**2018**
	$'000	**$'000**
Tax (credit)/expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax		
- Singapore tax	312	1,439
- Indonesia tax		
- Final tax	1,089	1,118
- Non-final tax	31	106
	1,432	2,663
Deferred income tax		
- Singapore tax	(14)	(12)
- Indonesia tax	(208)	(466)
	(222)	(478)
- (Over)/under provision in prior financial years:		
Current income tax - Singapore	(3,081)	1,428
	(3,081)	1,428
- Under provision in prior financial years:		
Deferred income tax - Singapore	1,092	–
	1,092	–
Total tax (credit)/expense	**(779)**	**3,613**

29 Income taxes (Continued)

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

	Group	
	2019	**2018**
	$'000	**$'000**
Profit before income tax	4,572	5,401
Share of loss of joint ventures, net of tax	–	19
Profit before income tax and share of loss of joint ventures	4,572	5,420
Tax calculated at tax rate of 17% (2018: 17%)	777	921
Effects of:		
- Different tax rates in other countries	687	736
- Expenses not deductible for tax purposes	2,950	2,550
- Income not subject to tax	(3,311)	(2,149)
- Deferred tax assets not recognised	290	73
- Effects of utilisation of previously unrecognised deferred tax assets	(406)	–
- (Over)/under provision in prior financial years	(1,989)	1,428
- Tax incentives and rebates	(87)	(36)
- Other	310	90
Tax (credit)/expense	**(779)**	**3,613**

30 Earnings/(Loss) per share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) 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.

	Group	
	2019	**2018**
Net profit/(loss) attributable to equity holders of the Company ($'000)	551	(3,359)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	321,381	321,381
Basic earnings/(loss) per share (cents per share)	0.17	(1.05)

30 Earnings/(Loss) per share (Continued)

(b) Diluted earnings/(loss) per share

For the purpose of calculating diluted earnings/(loss) per share, net profit/(loss) 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 Company has the following dilutive potential ordinary shares: share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised.

The number of shares that could have been issued upon the exercise of all dilutive share options less the number of share that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit/(loss).

Diluted earnings/(loss) per share attributable to equity holders of the Company is calculated as follows:

	2019	2018
Net profit/(loss) attributable to equity holders of the Company and used to determine diluted earnings per share ($'000)	551	(3,359)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	321,381	321,381
Adjustments for ('000)		
- Share options	4,165	4,165
	325,546	325,546
Diluted earnings/(loss) per share (cents per share) *	0.17	(1.05)

* 4,165,000 (2018: 4,165,000) share options granted to employees (including Directors) under the existing share option schemes have not been included in the calculation of diluted earnings/(loss) per share for the financial years ended 31 December 2019 and 2018 because they are anti-dilutive.

31 Contingencies

The Company has issued a corporate guarantee amounting to $127,475,000 (2018: $nil) to banks for borrowings of certain subsidiary corporations.

The Company has evaluated the fair values of the corporate guarantees and obligations arising from the financial support and is of the view that both the consequential liabilities derived from its guarantees to the banks and financial support provided with regard to certain subsidiary corporations and the fair value of the corporate guarantee are minimal. The subsidiary corporations for which the corporate guarantees were provided are in favourable equity positions, with no default in the payment of borrowings and credit facilities.

32 Commitments

(a) Operating lease commitments – where the Group and the Company are lessees

The Group leases land, premises and office equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Company leases building for back office operations under non-cancellable lease agreement.

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

	Group 2018 $'000	Company 2018 $'000
Not later than one year	879	504
Between one and five years	1,053	168
	1,932	672

As disclosed in Note 2.1, the Group and the Company adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statement 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 sublets its leasehold land and premises and investment properties to non-related parties under non-cancellable operating leases. The lessees are required to pay absolute fixed annual increase to the lease payments during the lease period.

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

	Group 2018 $'000
Not later than one year	616
Between one and five years	129
	745

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 13.

33 Financial risk management

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any 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 Board of Directors then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification, measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore and Indonesia.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD") and Indonesia Rupiah ("IDR"). The Group's risk management policy is to match the sales and purchases with the same currency as much as practicable.

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 Indonesia are managed primarily through borrowings denominated in the relevant foreign currency.

33 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

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

	SGD $'000	USD $'000	IDR $'000	Total $'000
Group				
As at 31 December 2019				
Financial assets				
Cash and bank balances	7,525	1,676	9,051	18,252
Trade and other receivables	734	–	2,425	3,159
Financial assets, at FVPL	–	8,200	22	8,222
Financial assets, at FVOCI	4,487	–	–	4,487
Receivables from subsidiary corporations	145,314	–	–	145,314
	158,060	9,876	11,498	179,434
Financial liabilities				
Trade and other payables	5,405	–	4,565	9,970
Borrowings	127,430	–	20,546	147,976
Lease liabilities	1,012	–	229	1,241
Payables to subsidiary corporations	145,314	–	–	145,314
	279,161	–	25,340	304,501
Net financial (liabilities)/assets	(121,101)	9,876	(13,842)	(125,067)
Less: Net financial liabilities denominated in the respective entities' functional currencies	121,101	–	13,842	134,943
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**–**	**9,876**	**–**	**9,876**

33 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	SGD $'000	USD $'000	IDR $'000	Total $'000
Group				
As at 31 December 2018				
Financial assets				
Cash and bank balances	34,899	62	7,586	42,547
Trade and other receivables	6,329	–	2,167	8,496
Financial assets, at FVPL	–	22,471	22	22,493
Financial assets, at FVOCI	3,219	–	–	3,219
Receivables from subsidiary corporations	100,738	–	–	100,738
	145,185	22,533	9,775	177,493
Financial liabilities				
Trade and other payables	7,772	–	5,284	13,056
Borrowings	9	–	19,223	19,232
Payables to subsidiary corporations	100,738	–	–	100,738
	108,519	–	24,507	133,026
Net financial assets/(liabilities)	36,666	22,533	(14,732)	44,467
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(36,666)	–	14,732	(21,934)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**–**	**22,533**	**–**	**22,533**

33 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	SGD $'000	USD $'000	Total $'000
Company			
As at 31 December 2019			
Financial assets			
Cash and bank balances	1,286	–	1,286
Trade and other receivables	131,594	–	131,594
	132,880	–	132,880
Financial liabilities			
Trade and other payables	9,868	–	9,868
Lease liabilities	179	–	179
	10,047	–	10,047
Net financial assets	122,833	–	122,833
Less: Net financial assets denominated in the functional currency of the Company	(122,833)	–	(122,833)
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	–	–

33 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	SGD $'000	USD $'000	Total $'000
Company			
As at 31 December 2018			
Financial assets			
Cash and bank balances	31,689	48	31,737
Trade and other receivables	92,715	–	92,715
	124,404	48	124,452
Financial liabilities			
Trade and other payables	9,370	–	9,370
Borrowings	9	–	9
	9,379	–	9,379
Net financial assets	133,783	48	133,831
Less: Net financial assets denominated in the functional currency of the Company	(133, 783)	–	(133, 783)
Currency exposure of financial assets net of those denominated in the Company's functional currency	**–**	**48**	**48**

Sensitivity analysis

A 5% (2018: 5%) strengthening of Singapore Dollar against the following currencies at the reporting date would decrease the profit before income tax by the amounts shown below. This analysis assumes that all other variables being held constant.

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
USD	(494)	(1,127)	–	(2)

A 5% (2018: 5%) weakening of Singapore Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables are being held constant.

33 Financial risk management (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the quoted investments held by the Group which are classified on the consolidated statement of financial position either as financial assets at FVOCI or FVPL. The equities securities are listed in Singapore and Indonesia. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The unquoted investments held by the Group which are classified on the consolidated statement of financial position either as financial assets at FVOCI or FVPL are not quoted on any active market, management is at the opinion that these investments are not exposed to equity price risk.

Sensitivity analysis

If prices for quoted equity securities change by 5% (2018: 5%) with all other variables being held constant, the effects on profit after tax and other comprehensive income will be increased/decreased by approximately $411,000 (2018: $245,000).

(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 and the Company's exposure to interest rate risk arises primarily from interest-earning financial assets and interest-bearing financial liabilities. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months from the reporting date.

The Group obtains additional financing through bank borrowings and finance lease arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its exposure.

33 Financial risk management (Continued)

(a) Market risk (Continued)

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

The following table sets out the carrying amounts, by maturity or repricing, whichever is earlier, of the financial instruments of the Group that are exposed to interest rate risk:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Fixed rate				
Short-term bank deposits	5,136	35,260	–	30,434
Trade and other receivables	–	5,763	–	–
Financial liabilities				
Fixed rate				
Bank borrowings	21,787	19,232	–	–
Floating rate				
Bank borrowings	127,430	–	–	–

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company are not exposed to changes in interest rates for fixed rate financial assets and financial liabilities.

33 Financial risk management (Continued)

(a) Market risk (Continued)

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

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial liabilities, a change of 25 basis points (2018: 25 basis points) in interest rate at the reporting date would increase/(decrease) profit before income tax by the amounts shown below. This analysis assumes that all other variables being held constant.

	Profit or loss	
	25 basis points increase	25 basis points decrease
	$'000	$'000
Group		
2019		
Floating rate instruments	(108)	108
2018		
Floating rate instruments	–	–

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The major classes of financial assets of the Group and the Company are bank deposits and trade receivables. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collaterals where appropriate to mitigate credit risk; and
- High credit quality counterparties of at least 'A' rating by external credit rating companies.

The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the management.

Revenue from hospitality management are required to be settled through online travel agent or using credit cards, mitigating the credit risk. There are no significant concentrations of credit risk whether through exposure to individual customers, specific industry sectors and/or regions unless otherwise disclosed in the notes to the financial statements.

33 Financial risk management (Continued)

(b) Credit risk (Continued)

As the Group and the Company do not hold any 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, except as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Corporate guarantees provided to banks on certain subsidiary corporations' borrowings	127,475	–

Trade receivables

The Group applies the SFRS(I) 9 simplified model of recognising lifetime expected credit for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers and/or counterparties.

In calculating the expected credit loss rates, the Group considers the historical loss rates for each category of customers and/or counterparties and adjusts to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the receivables. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payment within 90 days when they fall due and has shown indicators of financial difficulty, and writes off the financial asset when the Group has exhausted all means to retrieve the sum from the customers and/or counterparties. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

33 Financial risk management (Continued)

(b) Credit risk (Continued)

Trade receivables (Continued)

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2019 and 2018 are as follows:

	Trade receivables days past due					
	Current	1 - 30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
31 December 2019						
Trade receivables	1,932	192	61	56	560	2,801
Loss allowance	–	–	–	–	(260)	(260)
31 December 2018						
Trade receivables	1,304	141	153	22	2,711	4,331
Loss allowance	–	–	–	(10)	(2,709)	(2,719)
Company						
31 December 2018						
Trade receivables	59	–	–	–	2,045	2,104
Loss allowance	–	–	–	–	(2,045)	(2,045)

The movement in credit loss allowance are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at beginning of financial year	2,719	2,670	2,045	2,045
Currency translation differences	18	(49)	–	–
Loss allowance recognised in profit or loss during the year on:	186	–	–	–
- assets acquired	–	98	–	–
Receivables write off as uncollectible	(2,663)	–	(2,045)	–
Balance at end of financial year (Note 7)	260	2,719	–	2,045

33 Financial risk management (Continued)

(b) Credit risk (Continued)

Trade receivables (Continued)

Cash and bank balances, trade receivables relating to revenue from hospitality management, loan to a related party, loan to investee, other receivables and financial assets, at FVPL are subject to immaterial credit loss.

Non-trade amount due from subsidiary corporations

The Company applies the SFRS(I) 9 general model for measuring expected credit losses for its non-trade receivables from its subsidiary corporations.

The Company has non-trade receivables from its subsidiary corporations of $132,129,000 (2018: $93,387,000) for the purpose of satisfying their short term funding requirements. The Company has made loss allowances amounting to $550,000 (2018: $732,000) as the amount has no indication of recovery.

The Company uses the 12-month expected credit losses approach to assess for impairment for the remaining outstanding amount. The assessment reflects a low credit risk exposure and there is no indication that the outstanding amount is not recoverable.

Cash and bank balances

The Group's and the Company's short term deposit are placed either as fixed rate investments or daily short-term deposits and upon which management endeavours to obtain the best rate available in market. The Group considers cash and bank balances as low credit risk as it is held with bank and financial institution counterparties, which have high credit-rating assigned by the international credit-rating agency.

Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiary corporations. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiary corporations have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

33 Financial risk management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or rising damage to the Group's and the Company's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuation in cash flows. The Group also ensures the availability of funding through committed bank facilities and lines.

The table below analyses the non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date 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 $'000	Between 2 to 5 years $'000	Over 5 years $'000
Group			
At 31 December 2019			
Trade and other payables	9,185	785	–
Borrowings	15,655	155,128	–
Lease liabilities	860	449	–
	25,700	156,362	–
At 31 December 2018			
Trade and other payables	12,366	753	–
Borrowings	4,837	18,110	–
Finance lease liabilities	109	164	–
	17,312	19,027	–

33 Financial risk management (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year $'000	Between 2 to 5 years $'000	Over 5 years $'000
Company			
At 31 December 2019			
Trade and other payables	9,868	–	–
Lease liabilities	172	9	–
	10,040	9	–
At 31 December 2018			
Trade and other payables	9,370	–	–
Finance lease liabilities	4	6	–
	9,374	6	–

(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.

In compliance with the criterion for license as a real estate developer in Singapore, certain Singapore subsidiary corporations with principal activities as real estate had started with a capital of $1 million.

Management monitors capital based on a gearing ratio. The Group's and the Company's strategies, which were unchanged, are to maintain gearing ratios of less than 40%.

33 Financial risk management (Continued)

(d) Capital risk (Continued)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables plus borrowings less cash and bank balances. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Net debt	140,935	17,607	8,761	(22,358)
Total equity	395,428	381,733	262,282	256,352
Total capital	536,363	399,340	271,043	256,352[(1)]
Gearing ratio*	26%	4%	3%	N.M

(1) As the Company does not have any net debt, total capital is equal to total equity.

* Net debt in a negative position indicates that cash and bank balances are greater than the total sum of trade and other payables, borrowings and lease liabilities. Hence, it is not meaningful ("N.M") to compute the gearing ratio.

The Group are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2019 and 2018. The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2019 and 2018.

(e) Fair value measurements

The table below presents assets and liabilities measured and carried 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).

33 Financial risk management (Continued)

(e) Fair value measurements (Continued)

The following table presents the assets and liabilities measured at fair value at each reporting date:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019				
Financial assets, at FVPL	8,222	–	–	8,222
Financial assets, at FVOCI	–	4,487	–	4,487
31 December 2018				
Financial assets, at FVPL	4,891	17,602	–	22,493
Financial assets, at FVOCI	–	3,219	–	3,219

There were no transfers between Levels 1, 2 and 3 of fair value measurement hierarchy during the financial years ended 31 December 2019 and 2018.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. 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 fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The carrying amount less impairment allowance of trade and other receivables and trade and other payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosures purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximates their fair values.

33 Financial risk management (Continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and in Notes 5 and 6 to the financial statements, except for the following:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Financial assets, at amortised cost	21,411	51,043	132,880	124,452
Financial liabilities, at amortised cost	159,187	32,288	10,047	9,379

34 Related party transactions

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

(a) Sales and purchases of goods or services

	Group	
	2019	2018
	$'000	$'000
Related parties		
Services received	415	467
Disposal of investment property to a director	7,275	–

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel, directors and their close family members.

Outstanding balances as at 31 December 2019 and 2018, arising from services rendered/received are unsecured and payable within 12 months from the reporting date and are disclosed in Notes 7 and 16 to the financial statements respectively.

34 Related party transactions (Continued)

(b) Key management personnel compensation

The remuneration of directors and other members of key management during the financial year are as follows:

	Group	
	2019	2018
	$'000	$'000
Salaries, bonuses and short-term benefits	7,996	8,036
Directors' fees		
- Directors of the Company	240	240
Employer's contribution to defined contribution plans including Central Provident Fund	82	100
	8,318	8,376
Comprised amounts paid to:		
Directors of the Company	5,335	5,072
Directors of subsidiary corporations	2,589	2,683
Other key management personnel	394	621
	8,318	8,376

35 Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer ("CEO") that are used to make strategic decisions, allocate resources, and assess performance.

The CEO considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in two primary geographic areas namely, Singapore and Indonesia. From a business segment perspective, management separately considers the business activities in these geographic areas. All of the business segments are engaged in property development, facility management and investment activities. In addition, the Indonesia geographic area also derives revenue from hospitality and investment activities.

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the CEO reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Property development	:	Development of residential properties
Hospitality management	:	Golf and country club and hotel operations
Property management	:	Property management of residential and commercial properties
Investment and others	:	Other investment activities

35 Segment information (Continued)

The bases of measurement of the reportable segments are in accordance with the Group's accounting policies.

The revenue from external parties reported to the CEO is measured in a manner consistent with that in the statement of comprehensive income.

The segment information provided to the CEO for the reportable segments are as follows:

	Property development $'000	Hospitality management $'000	Property management $'000	Investment and others $'000	Elimination $'000	Total $'000
2019						
Revenue						
Sales to external parties	41,854	14,833	1,276	430	–	58,393
Inter-segment sales	–	4	–	542	(546)	–
Gross profit	26,313	2,942	793	124	–	30,172
Other income	481	606	676	17,430	(17,132)	2,061
Other gains/(losses)	218	95	6,107	2,309	2,981	11,710
Impairment loss on trade and other receivables	(73)	(113)	–	–	–	(186)
Depreciation of property, plant and equipment	(447)	(888)	(33)	(864)	–	(2,232)
Depreciation of investment properties	(336)	–	(2,257)	–	–	(2,593)
Amortisation of intangible assets	–	(121)	–	(34)	–	(155)
Rental expense	(209)	(304)	–	(15)	–	(528)
Commission expense	(444)	–	(23)	–	–	(467)
Marketing expense	(3,103)	(664)	–	–	–	(3,767)
Finance expense	(1,771)	(454)	–	(1,561)	24	(3,762)
Unallocated costs						(25,681)
Profit before income tax						4,572
Income tax credit						779
Net profit						5,351
Segment assets	419,780	32,936	220,833	496,224	(576,674)	593,099
Additions to:						
- Property, plant and equipment	455	332	42	2	–	828
- Investment properties	–	–	783	–	–	783
- Intangible assets	–	78	–	–	–	77
Segment liabilities	58,210	45,708	44,253	223,189	(173,689)	197,671

35 Segment information (Continued)

	Property development $'000	Hospitality management $'000	Property management $'000	Investment and others $'000	Elimination $'000	Total $'000
2018						
Revenue						
Sales to external parties	61,779	17,087	884	62	–	79,812
Inter-segment sales	–	–	–	336	(336)	–
Gross profit	28,365	4,443	640	98	–	33,546
Other income	1,224	472	101	2,311	(1,950)	2,158
Other (losses)/gains	(1,566)	(4,285)	(99)	3,637	6,944	4,631
Depreciation of property, plant and equipment	(465)	(1,354)	(32)	(810)	–	(2,661)
Depreciation of investment properties	(180)	–	(803)	–	–	(983)
Impairment loss on goodwill	–	(584)	–	–	–	(584)
Gain from bargain purchase	–	26	–	–	–	26
Share profit of joint ventures	–	(19)	–	–	–	(19)
Rental expense	(207)	(267)	(90)	(40)	–	(604)
Commission expense	(1,349)	–	(24)	–	–	(1,373)
Marketing expense	(3,582)	(352)	–	(2)	–	(3,936)
Finance expense	(1,779)	(404)	–	–	34	(2,149)
Unallocated costs						(22,651)
Profit before income tax						5,401
Income tax expense						(3,613)
Net profit						1,788
Segment assets	399,879	67,950	449	339,046	(351,760)	455,564
Additions to:						
- Property, plant and equipment	840	1,253	157	652	–	2,902
- Investment properties	–	–	13,407	–	–	13,407
Segment liabilities	60,613	78,654	743	61,017	(127,196)	73,831

35 Segment information (Continued)

(a) Reconciliation

Segment profit

Segment profit are reconciled to profit before income tax as follows:

The amounts provided to the CEO with respect to profit before income tax are measured in a manner consistent with that in the consolidated statement of comprehensive income. These profit or loss is allocated based on the operations of the segment. All profits are allocated to the reportable segments other than directors' fees, employee compensation, auditors' remuneration, legal and professional fees, travelling expenses and others as these are separately analysed and driven by the finance department, which manages the financial position of the Group.

	Group	
	2019	**2018**
	$'000	**$'000**
Segment profit for reportable segments	30,253	28,052
Other segment profit or loss		
Unallocated:		
Directors' fees	(240)	(240)
Employee compensation	(21,120)	(18,522)
Auditors' remuneration	(289)	(288)
Legal and professional fees	(824)	(932)
Travelling expenses	(669)	(742)
Repair and maintenance	(396)	(468)
Consultancy fees	(215)	(127)
Management fees	(54)	(140)
Utilities	(279)	(348)
Office expense	(226)	(177)
Insurance	(114)	(121)
Provision for hotel equipment and supplies	(32)	(15)
Stamp duty	(344)	–
Others	(879)	(531)
Profit before income tax	4,572	5,401

35 Segment information (Continued)

(b) Geographical information

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

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally property development, investment in real estate related businesses, property management and investment holding; and
- Indonesia – the operations in this area are principally the property development, hospitality management and facility management.

	Group	
	2019	**2018**
	$'000	**$'000**
Sales		
Singapore	3,227	27,495
Indonesia	55,166	52,317
	58,393	79,812
Non-current assets		
Singapore	268,551	90,588
Indonesia	324,548	200,620
	593,099	291,208

(c) There is no single external customer that contributed to 10% or more of the revenue for the financial years ended 31 December 2019 and 2018.

36 Business combinations

(a) Acquisition of subsidiary corporations

2019

On 29 July 2019, the Group through its wholly-owned subsidiary corporations, TG Innovation Pte. Ltd. and Top Global Hospitality Pte. Ltd. acquired 70% and 5% of the issued shares of I Industries Pte. Ltd. ("IIPL") respectively. The acquisition resulted in the Group obtaining control with an aggregate 75% shareholding interests in IIPL which was consolidated with effect from the date of acquisition.

On 30 August 2019, the Group through its wholly-owned subsidiary corporation, Top Automation Pte. Ltd. acquired 100% of the equity interest in six entities namely, 15 Scotts 01 Pte Ltd, 15 Scotts 02 Pte Ltd, 15 Scotts 3F Pte Ltd, Alpeg Investment Pte Ltd, Kingscrest Investment Pte Ltd and Pegal Investment Pte Ltd (collectively the "Six Entities"). The acquisition resulted in the Group obtaining control of the six entities, which were consolidated with effect from the date of the acquisition.

36 Business combinations (Continued)

(a) Acquisition of subsidiary corporations (Continued)

2018

On 15 August 2018, the Group through its wholly-owned subsidiary corporation, 5Footway Holdings Pte. Ltd. has acquired an additional 51% of the issued shares of PC9 Pte. Ltd ("PC9"). As a result, PC9 which was previously a joint venture of the Group, became a wholly-owned subsidiary corporation of the Group from the acquisition date (Note 10).

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(i) Purchase consideration

	2019			2018
	Acquisition of IIPL	Acquisition of Six Entities	Total	Acquisition of PC9
	$'000	$'000	$'000	$'000
Fair value of previously held interest (Note 9)	–	–	–	25
Cash paid	937	171,872	172,809	*
Consideration transferred for the business	937	171,872	172,809	25

* Less than $1,000

(ii) Effect on cash flows of the Group

	2019			2018
	Acquisition of IIPL	Acquisition of Six Entities	Total	Acquisition of PC9
	$'000	$'000	$'000	$'000
Cash paid (as above)	937	171,872	172,809	*
Less: Cash and cash equivalents in subsidiary corporations acquired	(100)	(119)	(219)	(17)
Cash outflow/(inflow) on acquisition	837	171,753	172,590	(17)

* Less than $1,000

36 Business combinations (Continued)

(a) Acquisition of subsidiary corporations (Continued)

(iii) Identifiable assets acquired and liabilities assumed

	2019			2018
	Acquisition of IIPL	Acquisition of Six Entities	Total	Acquisition of PC9
	$'000	$'000	$'000	$'000
Cash and cash equivalents	100	119	219	17
Trade and other receivables	–	87	87	174
Investment properties (Note 11)	–	180,000	180,000	–
Intangible assets (Note 15)	580	–	580	–
Total assets	680	180,206	180,886	191
Trade and other payables	–	(616)	(616)	(140)
Deferred tax liabilities (Note 14)	(99)	–	(99)	–
Total liabilities	(99)	(616)	(715)	(140)
Total identifiable net assets	**581**	**179,590**	**180,171**	**51**
Less: Non-controlling interest measured at the non-controlling interest's proportionate share of net identifiable assets	(145)	–	(145)	–
Add: Goodwill (Note 15(a) and Note 36(v) below)	501	–	501	–
Less: Gain from bargain purchase (Note 27)	–	(7,718)	(7,718)	(26)
Consideration transferred for the business	**937**	**171,872**	**172,809**	**25**

36 Business combinations (Continued)

(a) Acquisition of subsidiary corporations (Continued)

(iv) Acquisition-related costs

The acquisition-related costs incurred in the business combinations for the financial year ended 31 December 2019 amounts to $227,000 and $220,000 are included in "Administrative Expenses" and "Finance Expenses" respectively.

There was no acquisition-related cost incurred in the business combination for the financial year ended 31 December 2018.

(v) Fair values

The fair value of the acquired identifiable intangible assets of $580,000 (customer relationship) was finalised during the year.

(vi) Goodwill

For the financial year ended 31 December 2019, goodwill of $501,000 arising from the acquisition is attributable to the synergies expected to arise from economies of scale and complimentary capabilities in development hospitality technological products.

(vii) Revenue and profit contribution

For the financial year ended 31 December 2019, the acquisition of IIPL and the Six Entities contributed revenue of $363,000 and $486,000 respectively and net loss of $15,000 and $671,000 respectively to the Group.

Had the acquisition occurred at the beginning of the year, IIPL and the Six Entities would have contributed revenue of $363,000 and $1,862,000 respectively and net loss of $15,000 and $2,051,000 respectively to the Group.

For the financial year ended 31 December 2018, the acquisition of PC9 Pte. Ltd. did not have any material impact on the Group's profit or loss for the period from 16 August 2018 to 31 December 2018. There would not be any material impact on the Group's consolidated revenue and loss for the financial year ended 31 December 2018 had the acquired business been consolidated from 1 January 2018.

36 Business combinations (Continued)

(b) Acquisition of additional interest in subsidiary corporations

2019

On 1 November 2019, the Group through its wholly-owned subsidiary, Ultron Techniques Pte. Ltd., acquired additional 5% of the issued shares of IIPL for a consideration of $1. The Group as of 31 December 2019 holds 80% of equity share capital of IIPL.

The following summarises the effect of the changes in the Group's ownership interest in IIPL on the equity attributable to owners of the Company:

	Total $'000
Consideration paid for acquisition on non-controlling interest	*
Carrying amount of non-controlling interest acquired	27
Increase in equity attributable to equity holders of the Company	27

* Less than $1,000

2018

On 15 August 2018 and 27 December 2018, the Company acquired additional 16.25% of the issued shares of 5Footway Group and 5% of the issued shares of Global Star Development Pte. Ltd. for a purchase consideration of $1 and $50,000 respectively. The Group as of 31 December 2018 holds 100% of equity share capital of 5Footway Group and Global Star Development Pte. Ltd..

The following summarises the effect of the changes in the Group's ownership interest in 5Footway Group on the equity attributable to owners of the Company:

	5Footway Group $'000	Global Star Development Pte. Ltd. (Note 10) $'000	Total $'000
Consideration paid for acquisition on non-controlling interest	*	50	50
Carrying amount of non-controlling interest acquired	(491)	(57)	(548)
Decrease in equity attributable to equity holders of the Company	(491)	(7)	(498)

* Less than $1,000

36 Business combinations (Continued)

(c) Disposal of interest in subsidiary corporations

During the financial year ended 31 December 2018, the Group disposed of its entire equity interests in the following subsidiary corporations:

Name of subsidiary corporations disposed	Equity interest disposed of %	Consideration $'000	Month of disposal
PT Golden Intergrity Sejati	51.07	132	June 2018
PT Golden Edukasi Abadi	51.68	85	June 2018
PT Wisma Surya Abadi	36.48	1,890	September 2018
		2,107	

The carrying amounts of assets and liabilities of subsidiary corporations disposed of and the effect thereof as at date of disposal were as follows:

	2018 $'000
Cash and cash equivalents	112
Trade and other receivables	876
Development properties	6,422
Property, plant and equipment (Note 12)	88
	7,498
Trade and other payables	27
Borrowings (Note 17(c))	8
Deferred tax liabilities (Note 14)	193
	228
Net carrying amounts of assets disposed	7,270
Less: Tax amnesty reserve (Note 22 (b)(ii))	(3)
Less: Non-controlling interests	(3,452)
Net assets disposed of	3,815
Cash inflows arising from disposal:	
Net assets disposed of (as above)	3,815
Less: Foreign currency translation reserve realised upon disposal of subsidiary corporations (Note 22(b)(iv))	(270)
Loss on disposal (Note 27)	(1,438)
Cash proceed on disposal	2,107
Less: Cash and cash equivalents in subsidiary corporations disposed of	(112)
Net cash inflow on disposal	1,995

37 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.

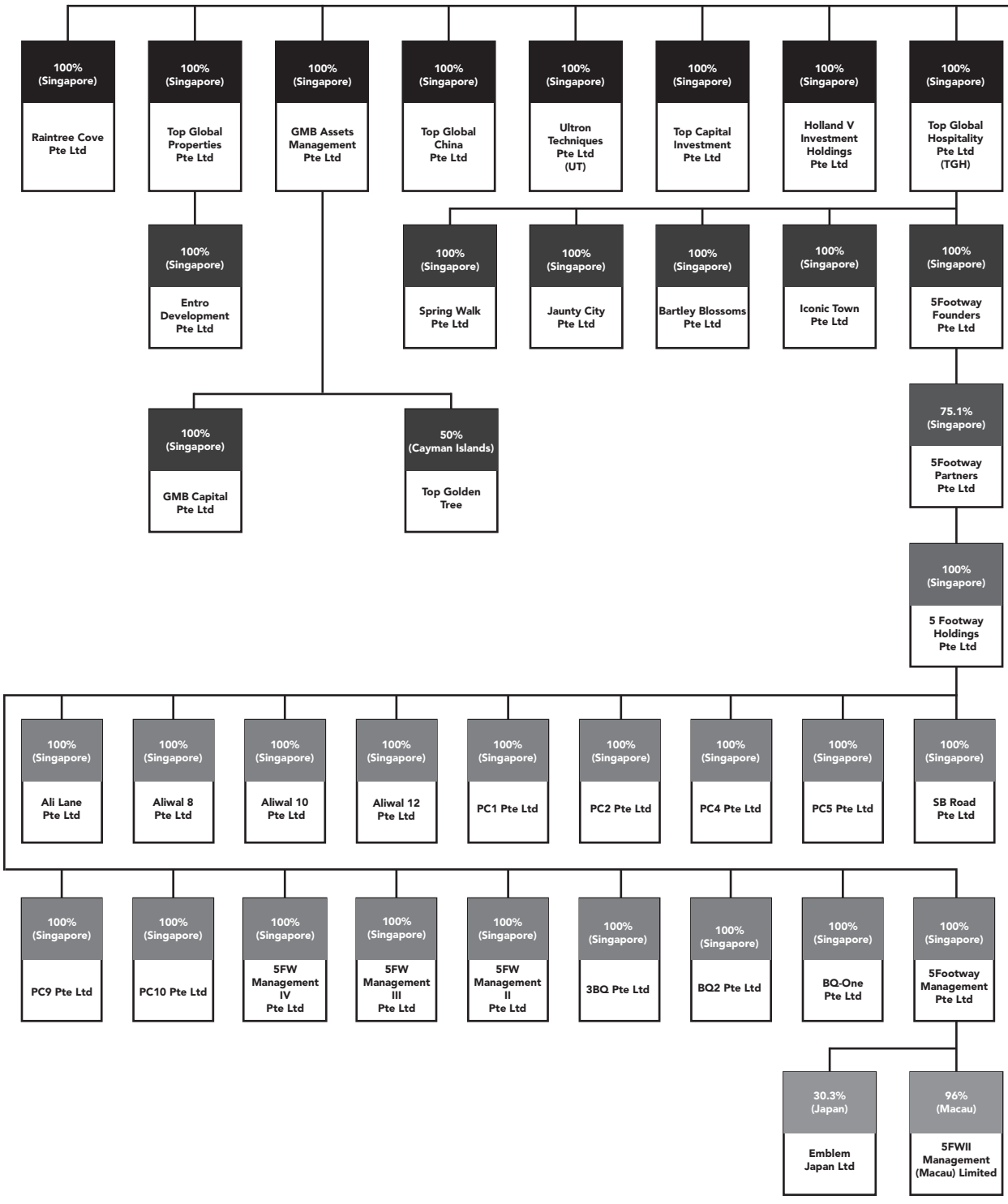
38 Event occurring after the reporting date

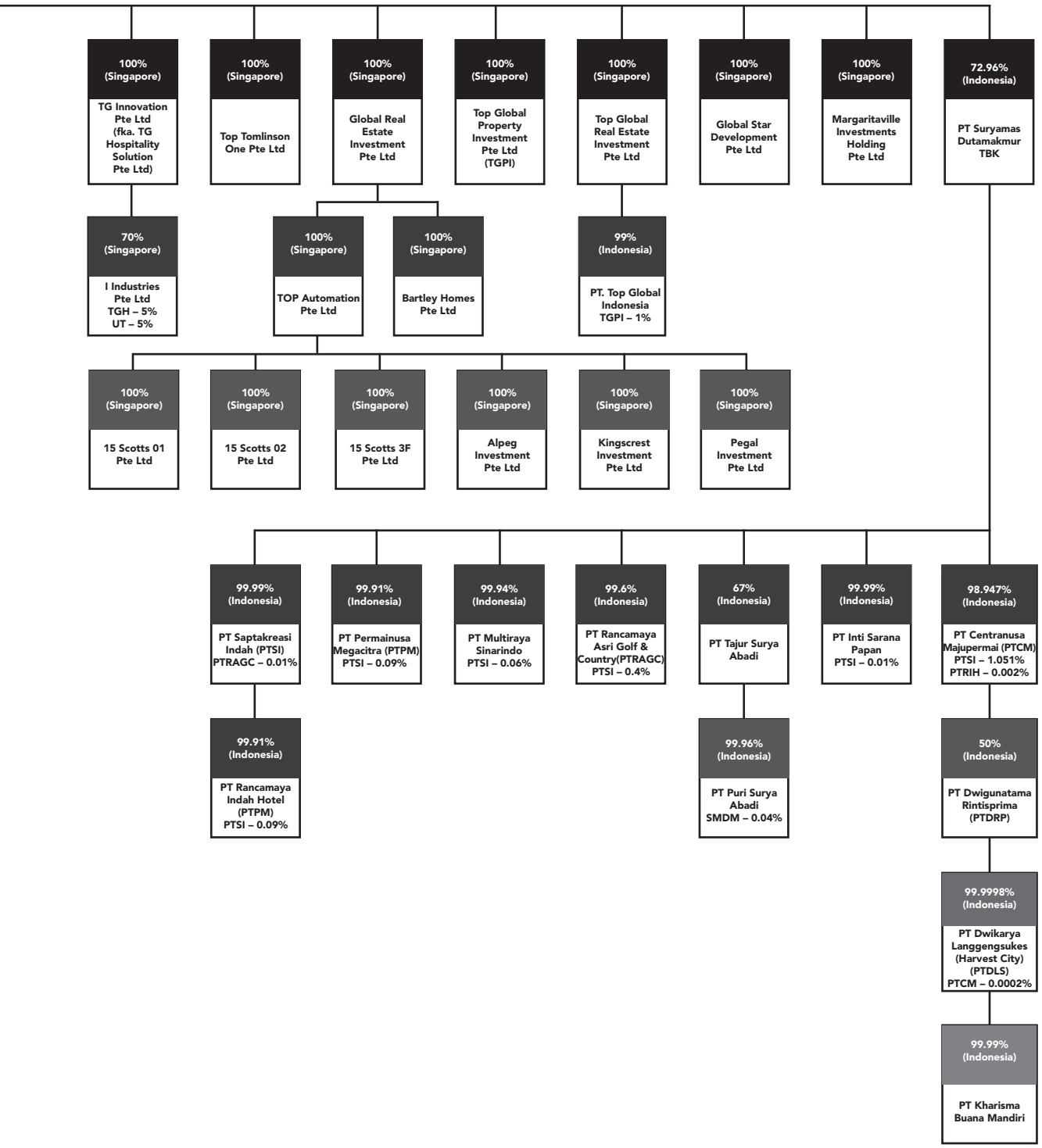
The Coronavirus outbreak subsequent to the reporting period is expected to impact the business of the Group. As the situation relating to the spread remains uncertain, it is currently not possible to ascertain the full financial impact it may have on the financial performance of the Group in 2020.

39 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Top Global Limited on 1 April 2020.

GROUP STRUCTURE




100% (Singapore)
TG Innovation Pte Ltd (fka. TG Hospitality Solution Pte Ltd)
100% (Singapore)
Top Tomlinson One Pte Ltd
100% (Singapore)
Global Real Estate Investment Pte Ltd
100% (Singapore)
Top Global Property Investment Pte Ltd (TGPI)
100% (Singapore)
Top Global Real Estate Investment Pte Ltd
100% (Singapore)
Global Star Development Pte Ltd
100% (Singapore)
Margaritaville Investments Holding Pte Ltd
72.96% (Indonesia)
PT Suryamas Dutamakmur TBK
70% (Singapore)
I Industries Pte Ltd TGH – 5% UT – 5%
100% (Singapore)
TOP Automation Pte Ltd
100% (Singapore)
Bartley Homes Pte Ltd
99% (Indonesia)
PT. Top Global Indonesia TGPI – 1%
100% (Singapore)
15 Scotts 01 Pte Ltd
100% (Singapore)
15 Scotts 02 Pte Ltd
100% (Singapore)
15 Scotts 3F Pte Ltd
100% (Singapore)
Alpeg Investment Pte Ltd
100% (Singapore)
Kingscrest Investment Pte Ltd
100% (Singapore)
Pegal Investment Pte Ltd
99.99% (Indonesia)
PT Saptakreasi Indah (PTSI) PTRAGC – 0.01%
99.91% (Indonesia)
PT Permainusa Megacitra (PTPM) PTSI – 0.09%
99.94% (Indonesia)
PT Multiraya Sinarindo PTSI – 0.06%
99.6% (Indonesia)
PT Rancamaya Asri Golf & Country(PTRAGC) PTSI – 0.4%
67% (Indonesia)
PT Tajur Surya Abadi
99.99% (Indonesia)
PT Inti Sarana Papan PTSI – 0.01%
98.947% (Indonesia)
PT Centranusa Majupermai (PTCM) PTSI – 1.051% PTRIH – 0.002%
99.91% (Indonesia)
PT Rancamaya Indah Hotel (PTPM) PTSI – 0.09%
99.96% (Indonesia)
PT Puri Surya Abadi SMDM – 0.04%
50% (Indonesia)
PT Dwigunatama Rintisprima (PTDRP)
99.9998% (Indonesia)
PT Dwikarya Langgengsukes (Harvest City) (PTDLS) PTCM – 0.0002%
99.99% (Indonesia)
PT Kharisma Buana Mandiri

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2020

Class of shares	:	Ordinary
Voting rights (excluding treasury shares and subsidiary holding)	:	1 vote per share
Number of Issued and fully paid-up shares excluding treasury shares and subsidiary holdings	:	321,381,099
Number/Percentage of treasury shares	:	514,200 (0.16%)
Number/Percentage of subsidiary holdings	:	0 (N/A)

Distribution of Shareholders by size of Shareholdings as at 16 March 2020

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	167	5.17	5,355	0.00
100 - 1,000	1,058	32.79	630,968	0.20
1,001 - 10,000	1,501	46.51	6,600,166	2.05
10,001 - 1,000,000	494	15.31	28,233,297	8.79
1,000,001 and above	7	0.22	285,911,313	88.96
TOTAL	**3,227**	**100.00**	**321,381,099**	**100.00**

* Shareholdings exclusive of 514,200 treasury shares

Substantial Shareholders

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Oei Siu Hoa @ Sukmawati Widjaja	–	–	248,759,810[(1)]	77.40
United Glow Trust reg.	248,159,810	77.22	–	–

Note:

(1) Madam Oei Siu Hoa @ Sukmawati Widjaja has a deemed interest in 600,000 ordinary shares of Top Global Limited held by her son, Mr Hano Maeloa and a deemed interest in 248,159,810 ordinary shares of Top Global Limited held by United Glow Trust reg.

Shareholding Held in Hands of Public

Based on information available to the Company as at 16 March 2020, 22.57% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2020

Twenty Largest Shareholders as at 16 March 2020

No.	Shareholder's Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	277,218,118	86.26
2	OCBC SECURITIES PRIVATE LTD	2,728,442	0.85
3	ALI SANTOSO OR TJENDRA KASIH SANTOSO	1,271,640	0.40
4	POON TEO KIM	1,261,100	0.39
5	UOB KAY HIAN PTE LTD	1,172,070	0.36
6	DBS NOMINEES PTE LTD	1,147,605	0.36
7	LIM CHER KHIANG	1,112,338	0.35
8	PANG CHEOW JOW	775,100	0.24
9	HONG LEONG FINANCE NOMINEES PTE LTD	723,000	0.22
10	CHEW GECK LIAN	716,300	0.22
11	RAFFLES NOMINEES (PTE) LIMITED	707,471	0.22
12	MAYBANK KIM ENG SECURITIES PTE. LTD	686,316	0.21
13	JANET CHAN KIM LIAN	640,000	0.20
14	LOW WOO SWEE @ LOH SWEE TECK	632,070	0.20
15	HANO MAELOA	600,000	0.19
16	CHEONG SWEE KHENG	562,480	0.18
17	PHILLIP SECURITIES PTE LTD	549,498	0.17
18	OCBC NOMINEES SINGAPORE PTE LTD	514,413	0.16
19	TAN HOOI HONG	461,600	0.14
20	UNITED OVERSEAS BANK NOMINEES PTE LTD	434,253	0.14
	Total	**293,913,814**	**91.46**

* Shareholdings exclusive of 514,200 treasury shares

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Lam Lee G
(Independent Non-Executive Chairman)

Mdm Oei Siu Hoa @ Sukmawati Widjaja
(Executive Director)

Mr Hano Maeloa
(Chief Executive Officer and Executive Director)

Ms Jennifer Chang Shyre Gwo
(Chief Operating Officer and Executive Director)

Mr Yeo Chin Tuan Daniel
(Independent Non-Executive Director)

Ms Mimi Yuliana Maeloa
(Non-Executive Director)

AUDIT COMMITTEE

Mr Yeo Chin Tuan Daniel
(Chairman)

Dr Lam Lee G

Ms Mimi Yuliana Maeloa

NOMINATING COMMITTEE

Dr Lam Lee G
(Chairman)

Mr Yeo Chin Tuan Daniel

Ms Mimi Yuliana Maeloa

REMUNERATION COMMITTEE

Mr Yeo Chin Tuan Daniel
(Chairman)

Dr Lam Lee G

Ms Mimi Yuliana Maeloa

COMPANY SECRETARY

Ms Lee Bee Fong

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
80 Robinson Road #25-00
Singapore 068898

(Director-in-charge: Chan Siew Ting)
Appointment commenced from the audit of the financial statements for the year ended 31 December 2019

REGISTRAR & SHARE REGISTRATION OFFICE

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road
#02-00
Singapore 068898

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302 Orchard Road
#18-02 Tong Building
Singapore 238862

Counter name: TopGlobal
SGX code: BHO
Bloomberg code: TGL:SP

WEBSITE

http://www.topglobal.com.sg

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Singapore 049514



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