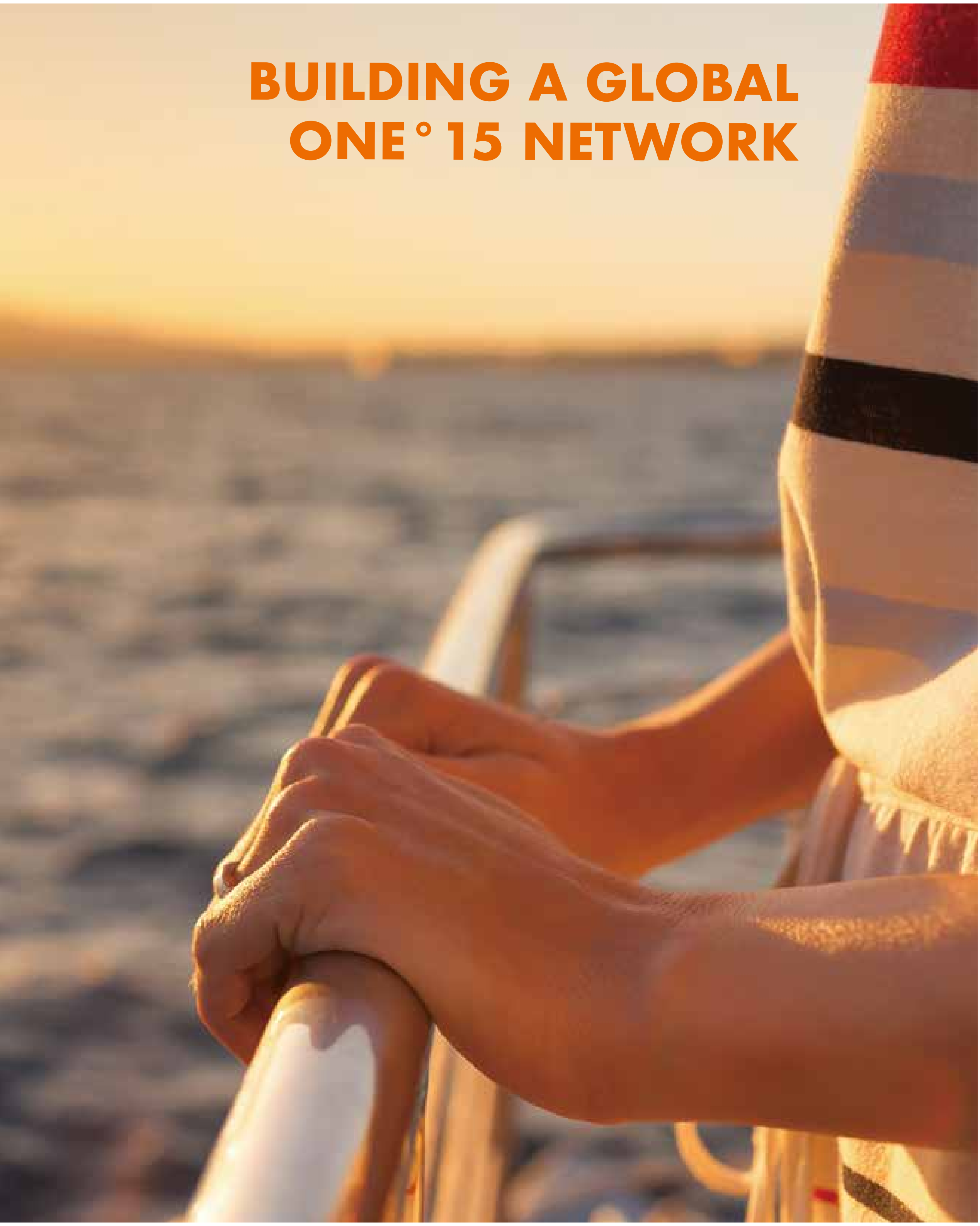
SUTL Enterprise Limited

BUILDING A GLOBAL ONE°15 NETWORK



ANNUAL REPORT 2019

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CORPORATE PROFILE

Headquartered in Singapore, SUTL Enterprise Limited ("SUTL Enterprise" or together with its subsidiaries, the "Group") is a leading developer, operator and consultant of integrated marinas. It is currently the only marina business listed on the SGX.

The Group develops infrastructure for integrated marinas and also provides consultancy services for such projects. It operates its own marinas under its proprietary ONE°15 brand, as well as those of third parties under management contracts. In addition, the Group has a complementary yacht chartering business with a fleet of more than 40 luxury yachts, under its fully-owned subsidiary, ONE15 Luxury Yachting.

Besides the ONE°15 Marina Sentosa Cove in Singapore which it owns and operates, SUTL Enterprise has expanded its network overseas and currently runs the ONE°15 Marina Brooklyn in New York, USA, under a management contract. SUTL Enterprise and UEM Sunrise Berhad had incorporated a joint venture company, ONE15 Marina Development Berhad, to develop ONE°15 Marina Puteri Harbour which comprises a lifestyle clubhouse, public, private and superyacht marinas and a purpose-built ONE°15 Estuari Sports Centre in Iskandar Puteri in Johor, Malaysia. Its pipeline of soon-to be completed marinas, which will bear its ONE°15 brand includes the Indonesia Navy Club managed by ONE°15 in Jakarta, Indonesia; Taihu International Marina managed by ONE°15 Marina in Suzhou, China; ONE°15 Marina Nirup Island, Indonesia; ONE°15 Marina Logan Cove Zhongshan, China and, ONE°15 Marina Makham Bay in Phuket, Thailand.

SUTL Enterprise's vision is to be Asia's leading premier integrated marina developer.

SUTL Group of Companies, which is a privately held lifestyle consumer goods and services conglomerate, holds a 54.81% stake in SUTL Enterprise.

MESSAGE TO SHAREHOLDERS

Dear Shareholders

The financial year ended 31 December 2019 ("FY2019") was a challenging one because of geopolitical and economic events during the year. Despite these headwinds, SUTL Enterprise remained focused on building on the rising strength and reputation of our ONE°15 brand, which we believe is key to our ambitions as a developer and operator of integrated marinas.

We created our ONE°15 brand to be synonymous with world class integrated marinas that feature top-notch, professionally-run facilities and amenities. Being an Asian brand is to our advantage because of the cultural inclination for exuding warm hospitality and we intend to use this to differentiate ourselves.

Apart from the software during the year, we had also been working on improving the hardware. In August 2019, our flagship marina, ONE°15 Marina Sentosa Cove Singapore, celebrated the launch of its new Customs, Immigration, Quarantine ("CIQ") facility to offer boaters the convenience of an alternative immigration point. Being selected to host the facility not only raises our profile as a private marina but it also makes it very convenient for our members and guests and enhances the experience of those who use our marina for events such as the annual Singapore Yacht Show. In addition, we are pleased to contribute to help ease the traffic at the existing facility at Sisters' Island, especially during busy periods.

To better cater to the trend of increasingly larger vessels among the regional yachting community, ONE°15 Marina Sentosa Cove has started to restructure and reconfigure its marina. The project will increase the linear footage of berthing pontoons that will allow us to allocate berths to bigger yachts, and we expect this project to complete in Q4 FY2020.

Construction works for our ONE°15 Marina Puteri Harbour Malaysia development is also proceeding as planned. Phase 1 of the project, which includes the construction of the private marina and a floating bar and grille, is due to complete in FY2020. Since the Group's Malaysia subsidiary completed the piling of the clubhouse in Q3 FY2019, it has commenced the tendering process for the project's subsequent phases. Meanwhile, SUTL Enterprise, together with its joint venture partner UEM Sunrise Berhad, has pushed ahead with sales of membership with the opening of a 3,961 sq ft Sales Gallery on 27 July 2019.

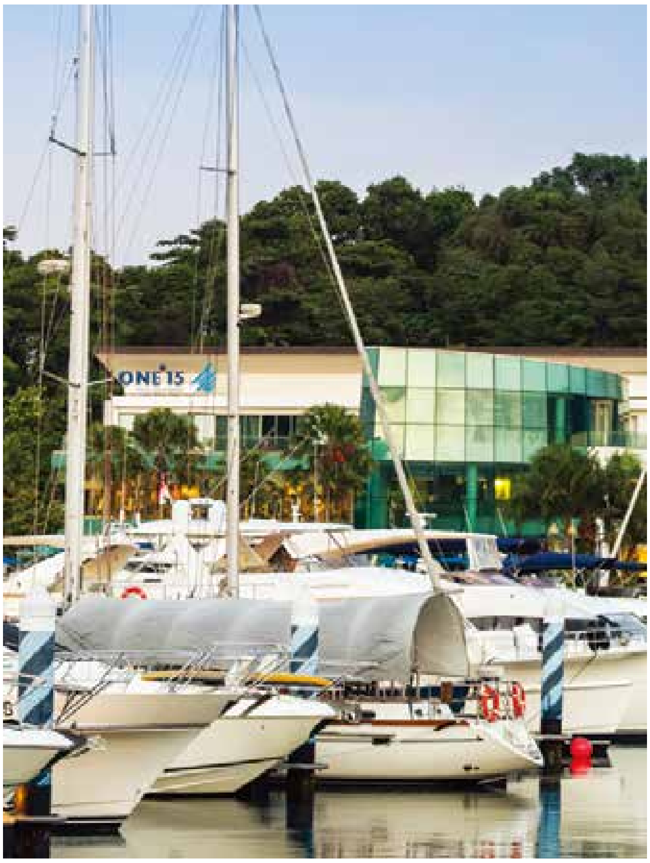
Message to Shareholders

ONE°15 Marina Puteri Harbour will also offer sports and recreational activities at the ONE°15 Estuari Sports Centre, which is in close proximity to the upcoming marina. The purpose-built sports centre, which is currently being fitted out, completes our vision of promoting a healthy, active and fulfilling lifestyle among individuals and families of all ages at the precinct. To inject vibrancy and energy into the Puteri Harbour precinct, we hope to establish a ONE°15 branded lifestyle hub through a mix of sporting, lifestyle and yachting events. Members of ONE°15 Marina Puteri Harbour Malaysia will have the sports centre included as part of their membership benefits.

Looking ahead, we will continue to create and introduce innovative ideas and events that will add value for our members.

Financial Review

In FY2019, the Group achieved total net attributable profit of S$2.5 million on the back of S$32.4 million in total income, which was 57% and 7% lower on a year-on-year basis, respectively. Lower revenue from membership-related and management fees as well as other income largely contributed to the top line decline, although partially offset by higher sales of good and services.



Message to Shareholders

The Group's bottom line was further impacted by higher overall expenses mainly due to increased advertising, publication and event expenses from the recent ramp-up in marketing activities for ONE°15 Marina Puteri Harbour and higher manpower costs.

As at end December 2019, the Group remained on strong financial footing with cash and cash equivalents amounting to S$48.1 million, up from S$45.4 million a year ago.

A dividend of 2.0 Singapore cents per ordinary share has been proposed for FY2019, unchanged from a year ago, amounting to about 70% of net attributable profit for the financial year. Aside from expressing our gratitude to our shareholders for their trust and steadfast support, keeping our dividend steady – despite ongoing global economic concerns and market volatility – is also reflective of the Board and management's confidence in the Group's growth prospects.

Prospects and Strategy

While the current novel coronavirus ("Covid-19") outbreak has led to the postponement of the annual Singapore Yacht Show, which was scheduled for March 2020 to October 2020, it has yet to significantly affect SUTL Enterprise's business. The Group is closely monitoring the situation while maintaining its ongoing efforts to manage costs and increase operational efficiency. We remain cautiously optimistic about the future of the Group and believe that the market conditions in which we operate remain stable.

SUTL Enterprise remains on track for its longer-term vision to build a global brand and network, one marina at a time. Besides the upcoming ONE°15 Marina Puteri Harbour Malaysia and our flagship ONE°15 Marina Sentosa Cove Singapore, we also manage ONE°15 Brooklyn in New York, USA. We have a robust pipeline of marinas that are under various stages development.

Message to Shareholders

These include the Indonesian Navy Club by ONE°15 in Jakarta, Indonesia, Taihu International Marina managed by ONE°15 Marina in China, ONE°15 Marina Nirup Island Indonesia and ONE°15 Marina Logan Cove Zhongshan China, for which we are currently providing consultancy services and have signed contracts to manage upon completion. In Phuket, we have signed a sales and purchase agreement to acquire a majority stake in a project to be named "ONE°15 Marina Makham Bay Thailand", upon certain conditions being fulfilled.

The Group intends to pursue more management contracts and potential marina acquisition around the world.

Appreciation

We are expanding our operations slowly but surely, and we want to thank all stakeholders, including our shareholders and business partners for their patience and unwavering support over the years.

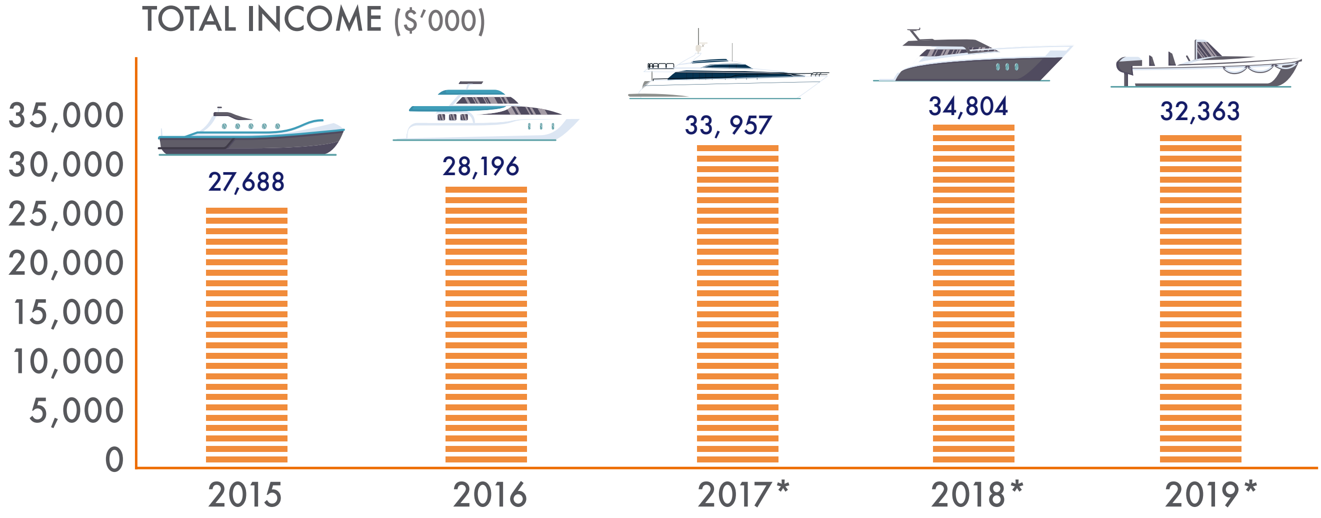
We would also like to thank the management and staff of SUTL Enterprise for their contribution to help the Group move closer to our corporate vision. In closing, we also want to express our appreciation to our fellow Directors on the Board for your careful guidance and advice on the governance matters of the Group.

Lew Syn Pau
Non-Executive Chairman

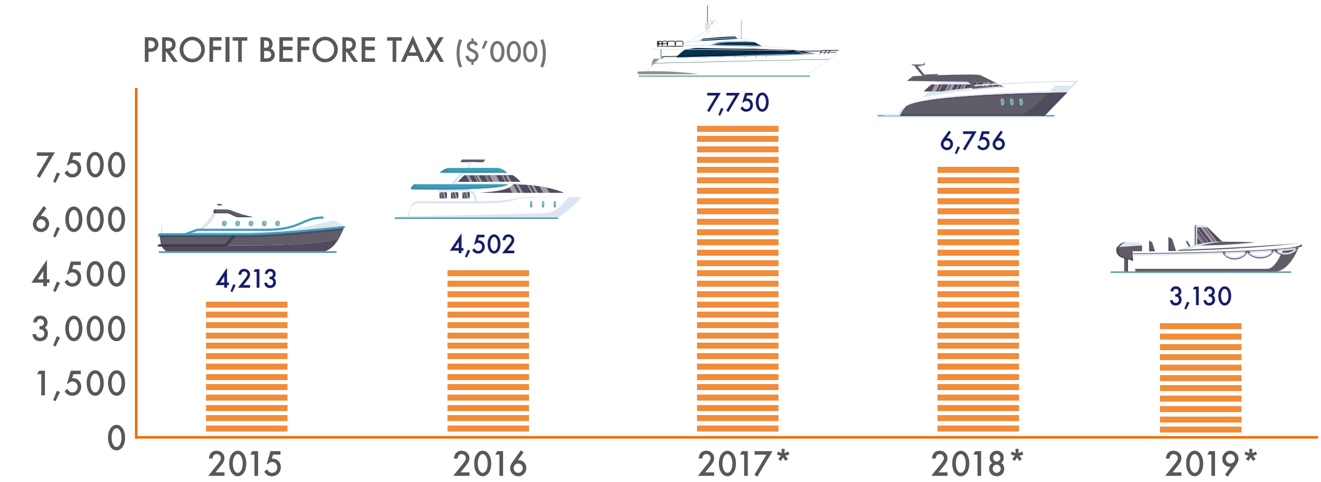
Arthur Tay
Executive Director and Chief Executive Officer

FINANCIAL HIGHLIGHTS

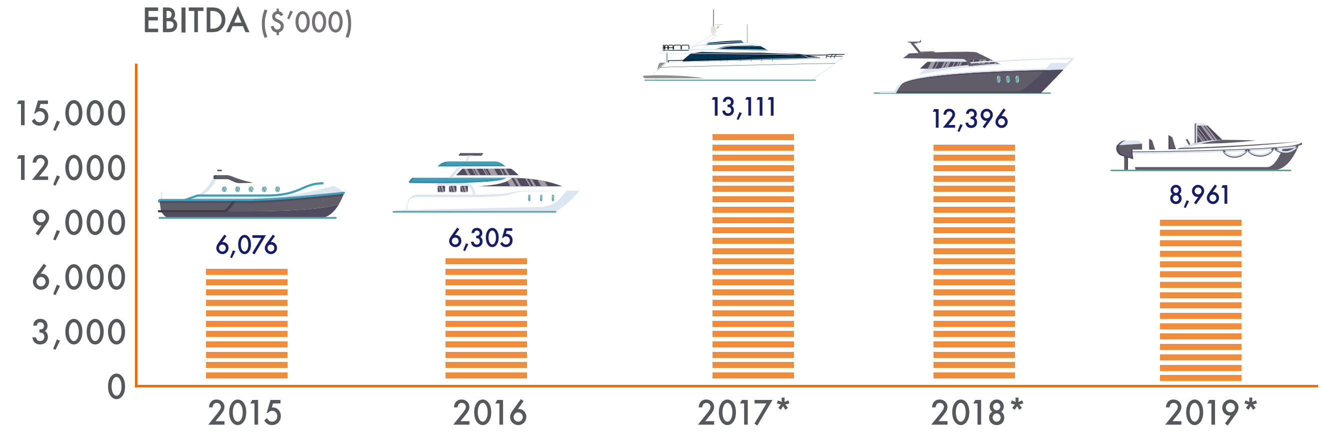
TOTAL INCOME ($'000)



PROFIT BEFORE TAX ($'000)



EBITDA ($'000)



*Figures have taken into consideration the adoption of SFRS (I) 15 (Revenue from contracts with customers) & use of fair value on the date of transition as deemed cost under SFRS (I)1 First time adoption of Singapore Financial Reporting Standards (International).

Financial Review

INCOME STATEMENT

In FY2019, SUTL Enterprise's overall income declined 7% to S$32.4 million from S$34.8 million in FY2018. While the Group achieved 5% year-on-year ("YOY") growth in sales of goods and services to S$20.9 million, this was partially offset by a 17% decline in membership related fees and management fees to S$10.9 million due to less deferred income recognised in the fourth quarter of FY2019. Other income also fell from S$1.8 million to S$0.6 million over the same period due to absence of write-back of allowance for doubtful non-trade receivables and an insurance claim in FY2019.

The Group's total expenses in FY2019 rose 4% to S$29.2 million from S$28.0 million in FY2018, mainly due to an increase in advertising, publication and event expenses in relation to marketing activities for the ONE°15 Marina Puteri Harbour Malaysia, including its ground breaking ceremony and the launch of a sales gallery. The Group's employee costs went up in tandem with the higher headcount associated with its expanded operation and cost of sales also increased due to higher chartering fees and cost of sales of a newly incorporated subsidiary in Malaysia in FY2019. The Group's property tax has also increased due to the property tax of ONE°15 Marina Puteri Harbour Malaysia in FY2019.
As a result of the aforementioned, the Group's profit attributable to owners of the Company in FY2019 declined 57% to S$2.5 million from S$5.8 million in FY2018.

FINANCIAL POSITION

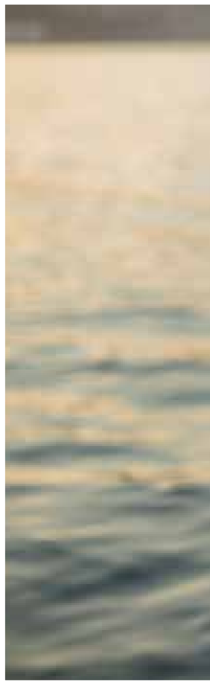
As at 31 December 2019, the Group's net assets attributable to the Company's shareholders were S$58.3 million, including healthy cash and cash equivalents of S$48.1 million. This compares favourably to net assets attributable to the Company's shareholders of S$57.3 million, including cash and cash equivalents of S$45.4 million, as at 31 December 2018.

Total assets increased 3% from S$126.1 million as at 31 December 2018 to S$130.5 million as at 31 December 2019. Over the same period, total liabilities rose 6% from S$68.3 million as at 31 December 2018 to S$72.3 million as at 31 December 2019 mainly due to an increase in trade and other payables, income tax payable, loan from non-controlling interests and deferred tax liabilities.

Earnings per share ("EPS") declined from 6.71 Singapore cents for the financial year ended 31 December 2018 to 2.87 Singapore cents for the financial year ended 31 December 2019. Net asset value per share ("NAVPS") increased from 66.32 Singapore cents as at 31 December 2018 to 67.41 Singapore cents as at 31 December 2019. The calculation for both EPS and NAVPS was based on a weighted average number of approximately 86.5 million shares.

CASH FLOW

The Group's net cash generated from operations in FY2019 was S$7.5 million as compared to S$4.7 million in FY2018. This increase was mainly due to an increase in trade and other payables and other liabilities. In FY2019, the Group used S$7.1 million for purchase of property, plant and equipment. In FY2019, the Group generated S$2.3 million from financing activities which was derived from loan from non-controlling interests partially offset by dividend paid to shareholders.



Our dream is to adorn a string of pearls along the beautiful coastlines of Asia, each pearl representing a ONE°15 branded marina, where the international boating community can get together and to explore the region.

BOARD OF DIRECTORS

LEW SYN PAU
Non-Executive Chairman and Independent Director

Mr Lew was appointed as Non-Executive Chairman in February 2009 and was last re-elected in April 2018. He has been an Independent Director of the Company since April 2000.

He also sits on the board of several other listed companies including Broadway Industrial Group Ltd., Food Empire Holdings Ltd., Golden-Agri Resources Ltd., Sinarmas Land Ltd and Golden Energy and Resources Ltd.

Mr Lew was previously the General Manager of NTUC Pasir Ris Resort, Managing Director of NTUC Comfort, Executive Director of NTUC Fairprice and Assistant Secretary General of the NTUC before becoming the General Manager and Senior Country Officer of Banque Indosuez (subsequently renamed Credit Agricole Indosuez). He also held positions as director in the bank's wholly owned subsidiaries involved with private equity, asset management and stock broking.

A Singapore Government scholar, Mr Lew began his career with the Singapore Civil Service. He holds a Master of Engineering from Cambridge University, UK, and a Master of Business Administration from Stanford University, USA. He was Member of Parliament from 1988 to 2001.

Mr Tay is an Executive Director and CEO of the Company and is responsible for the overall management of the Group. He was first appointed as Non-Executive Director in January 2010 and was last re-elected in April 2019. He was made the CEO of the Company on 1 May 2010.

Mr Tay is also the Executive Chairman and CEO of the SUTL Group of Companies, a family-owned, professionally-managed lifestyle consumer goods and services enterprise, which has businesses globally. He is also an active philanthropist and grassroots leader.

He holds an MBA in Real Estate and Finance.

ARTHUR TAY TENG GUAN
Executive Director and CEO

PETER TAY TENG HOCK
Non-Executive Director

Mr Tay was appointed as Non-Executive Director of the Company in January 2010 and was last re-elected in April 2019.

Mr Tay is also a shareholder and Executive Director of SUTL Group of Companies. He has been with SUTL Group of Companies for more than 20 years and is responsible for building projects, building management and logistics and warehouse management.

Mr Tay was the Project Director for the development of ONE°15 Marina Sentosa Cove. He graduated from Heriot-Watt University, Edinburgh, UK with a Bachelor of Engineering.

Board of Directors

CHAN KUM TAO
Non-Executive Director

Mr Chan was appointed as Non-Executive Director on 19 January 2010 and was last re-elected in April 2018.

Mr Chan is also the Chief Financial Officer of SUTL Group of Companies. Prior to that he was Chief Financial Officer of A&P Coordinator Pte Ltd, and has held positions as Financial Controller and Internal Auditor within the Alfa Laval Group.

He is a Fellow of the Association of Chartered Certified Accountants (UK), and a Fellow of the Institute of Singapore Chartered Accountants.

YEO WEE KIONG
Independent Director

Mr Yeo Wee Kiong is a board member of Heliconia Management Pte Ltd, a wholly-owned fund management subsidiary of Temasek Holdings (Private) Limited. Mr Yeo is an ex-Director of a leading Singapore law firm and is currently a retiree. Prior to this, he was the founder and managing partner of a law firm.

Before his career progression into law, Mr Yeo was a former investment banker with a Singapore-based UK merchant bank and an ex-senior industry officer with a government statutory board.

Mr Yeo holds a Bachelor degree in Engineering (Mechanical) (First Class Honours) and a Master in Business Administration from the then University of Singapore and the National University of Singapore respectively. He also graduated with an Honours degree in law from the University College of London and is also a Barrister-at-Law of Lincoln's Inn for England and Wales.

Note: Mr Colin Ng has retired due to health reasons effective 30 December 2019.

KEY EXECUTIVES

TAN CHOON KIAT JEFFERY
Group Financial Controller

Mr Tan was appointed as Group Financial Controller in August 2014. He is responsible for the overall financial management of the Group.

Mr Tan was a Senior Associate with KPMG LLP and had several years of experience as finance manager with SUTL Group of Companies.

Mr Tan graduated from the National University of Singapore and University of Melbourne (U21 Global) with a Bachelor in Business Administration and Master in Business Administration respectively. He is also a member of Institute of Singapore Chartered Accountants.

Mr Teo was appointed General Manager of ONE°15 Marina Sentosa Cove, Singapore in August 2016. He is responsible for the profitability and smooth operations of the Group's flagship marina. He also contributes to the Group's expanding marina portfolio in Indonesia and Thailand.

Mr Teo has more than 15 years of senior level experience in operations, sales and marketing and general management in Malaysia, India and Singapore with Singapore Airlines Limited and Far East Hospitality.

Mr Teo graduated from the Nanyang Technological University with a Bachelor (2nd Upper Honours) in Communication Studies.

TEO JOO LENG
General Manager
ONE°15 Marina Sentosa Cove,
Singapore

DARREN OH
General Manager
Group Business Development

Mr Oh was appointed as General Manager, Group Business Development in September 2018. He is responsible for growing the ONE°15 Marina brand and the ONE°15 Life yacht chartering business globally.

Mr Oh has over 20 years of experience in the service industry in both public and private sectors including DBS Bank, Singapore Tourism Board and Gardens by the Bay. His other professional experience included heading Singapore Tourism Board offices in Vietnam and Taiwan, and he was the founding member of the management team that developed and operated the award-winning Gardens by the Bay.

Mr Oh graduated with a Bachelor in Business (1st Class Honours) from Nanyang Technological University and Master of Management in Hospitality from Cornell University.

Key Executives

BRIAN WERNER
General Manager,
ONE°15 Marina Puteri Harbour,
Malaysia

Mr Werner was appointed General Manager of ONE°15 Marina Puteri Harbour Malaysia in April 2019. He is responsible for the day to day operations of the upcoming marina club and the ONE°15 Estuari Sports Centre which is slated to open by end 2020.

Spanning over 20 years of work experience, Mr Werner's vast areas of expertise includes project development, sales and marketing, management and administration of award-winning resorts, hotels and country clubs as well as dining outlets, sports facilities, trade events and marinas in Asia, Mexico, Central America and the United States.

Prior to returning to SUTL Enterprise, he served as the Managing Director of Estrella del Mar Golf and Country Club in Mazatlán, Mexico. Mr Werner was the General Manager of ONE°15 Marina Sentosa Cove from 2012 to 2016. He also managed Sutera Harbour Golf Club and Marina in Malaysia as well as successfully secured management contracts and assignments in China, Thailand, Indonesia, Philippines and Malaysia.

Mr Werner graduated with a B.A. in Recreation Administration from San Diego State University.

Mr Tay joined SUTL Group of Companies in 2011 after graduation and has held various positions within the company including the business development and finance divisions. He was re-designated to Special Assistant to the CEO on 1st March 2019.

Mr Tay looks after the Group's interests in the areas of business expansion and potential new markets segments. He also assumed the role of Assistant General Manager, Consumer Goods of SUTL Group of Campanies.

Mr Tay graduated from the Royal Melbourne Institute of Technology, Australia with a Bachelor in Business Management, majoring in Finance and Accounting.

TAY KUAN WEE ALEX
Special Assistant to CEO

CORPORATE SOCIAL RESPONSIBILITY

CARING FOR OUR ENVIRONMENT

ONE°15 MARINA SENTOSA COVE celebrated its 12th anniversary on 8 September 2019 by doing its part for the environment with its annual Eco Day Carnival and Marina Clean-up. The Eco Day Carnival featured upcycling workshops, booths selling eco-friendly items ranging from daily necessities to apparel, and food stalls offering Impossible™ Meat in their dishes. Impossible™ Meat smells, handles, cooks and tastes just like real meat, but is kinder on the environment as cultivating plants results in a lower carbon footprint than producing meat and dairy products from animals.

We also organised its annual Marina Clean-up on that day, to remove trash before it reaches the open sea. Ocean litter threatens maritime safety, degrades water quality, imperils marine life and people's health, and has adverse effects on tourism and fishing. Over 100 land volunteers and divers joined in to help out at the event. The two-hour event produced 60kg of metal rubbish and 8kg of plastic trash. Among the junk were glass bottles, traffic cones, a skateboard, bicycle and even a rusty shopping cart.

To keep up its efforts in cultivating the ONE°15 Marina – Seakeepers Asia Coral Garden project, we also invited Members and partners to become sponsors in the Plant-A-Coral-Today (PACT) initiative. Marina Technology & Construction signed up to be a sponsor of the project, in which divers from the National University of Singapore (NUS)' Tropical Marine Science Institute also played their part by planting corals at the Marina.

Corporate Social Responsibility

CARING FOR THE UNDER-PRIVILEGED

SUTL Group of companies has made a significant contribution to set up the SUTL Scholarship at Singapore Management University (SMU), to motivate undergraduates to achieve academic excellence and recognise their accomplishments. SMU President Professor Ms Lily Kong and SUTL Chairman and CEO Mr Arthur Tay officiated the scholarship presentation ceremony, which was held at SMU on 12 November 2019.

The inaugural recipient of the scholarship was Mr Nguyen Tung Lam, a first-year student from the SMU School of Economics. Mr Nguyen hopes to one day set up a similar fund in order to make tertiary education accessible to students from low-income families such as himself.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lew Syn Pau
Non-Executive Chairman and Independent Director

Arthur Tay Teng Guan
Executive Director and Chief Executive Officer

Peter Tay Teng Hock
Non-Executive Director

Chan Kum Tao
Non-Executive Director

Colin Ng Teck Sim
Independent Director
(retired 30 December 2019)

Yeo Wee Kiong
Independent Director
(Appointed 7 August 2019)

REGISTERED OFFICE

100J Pasir Panjang Road
SUTL House, #05-00
Singapore 118525
T : (65) 6590 7100
F : (65) 6590 7101

COMPANY REGISTRATION NUMBER

199307251M

AUDIT COMMITTEE

Lew Syn Pau
Chairman

Colin Ng Teck Sim*
Member

Chan Kum Tao
Member

Yeo Wee Kiong#
Member

NOMINATING COMMITTEE

Colin Ng Teck Sim*
Chairman

Lew Syn Pau
Member

Arthur Tay Teng Guan
Member

Yeo Wee Kiong#
Member

REMUNERATION COMMITTEE

Lew Syn Pau
Chairman

Colin Ng Teck Sim*
Member

Chan Kum Tao
Member

Yeo Wee Kiong#
Member

ISIN CODE
SG1163883082

COMPANY SECRETARY

Adrian Chan Pengee
Lee & Lee

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01
Singapore Land Tower,
Singapore 048623

AUDITOR

Ng Boon Heng
Partner-in-charge (Since 2016)
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

SHARE LISTING

The Company's shares are listed on the Singapore Exchange Securities Trading Limited (SGX-ST) Main Board since 2000

PRINCIPAL BANKERS

Overseas - Chinese Banking Corporation Limited
DBS Bank Ltd
Malayan Bank Berhad
CIMB Bank Berhad
Australia and New Zealand Banking Group Limited
RHB Bank Berhad
The Hongkong and Shanghai Banking Corporation Limited

GENERAL ENQUIRY/ INVESTOR RELATIONS

For further information about SUTL Enterprise Limited, please contact the Secretariat at the Registered Office
E : investors_relations@sutl.com
W : www.sutlenterprise.com

* *Retired on 30 December 2019.*
\# *Appointed on 7 August 2019.*

Financial Contents

Corporate Governance

The Board of Directors ("**Board**" or "**Directors**") and the management (the "**Management**") of SUTL Enterprise Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") recognise the importance of good corporate governance practices. In compliance with Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), this report describes the Group's corporate governance practices with specific references to the principles and provisions of the Code of Corporate Governance 2018 ("**Code**"). The Company confirms that it has complied with the principles of the Code and where the Company's practices vary from any provisions of the Code, this is stated with an explanation of the reason for the variation and an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

(A) BOARD MATTERS

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 Company is headed by an effective Board. The Board is collectively responsible and works with Management for the long-term success of the Company.[1]

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company and hold Management accountable for performance.[2]

The Group has put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organization culture, and ensures proper accountability within the Group.[3] To acquaint the Group's employees with the policies and procedures of the Group, which are relevant to their employment, an employee handbook is made available to all employees. The employee handbook sets out, *inter alia*, an introduction to the Group's business, its vision and mission statement, and the Group's policies and procedures on unlawful harassment, gratuities and gifts, and prohibited conduct.

Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.[4] The Company's Constitution provides, *inter alia*, that a Director who is in any way whether directly or indirectly interested in a transaction or proposed transaction with the Company shall declare the nature of his interest at a meeting of the Directors, and shall not vote in respect of any transaction or proposed transaction or arrangement with the Company in which he has directly or indirectly a personal material interest and if he shall do so his vote shall not be counted.

Board orientation and development

Directors understand the Company's business as well as their directorship duties.[5]

Directors are encouraged to attend relevant training courses conducted from time to time by external third parties, such as the Singapore Institute of Directors or the SGX-ST, to keep themselves abreast of developments affecting listed companies. As and when required, the Directors may request to attend training and development courses at the Company's expense.[6] Updates on relevant legal, accounting and regulatory developments are also provided to Directors in written hand-outs, or by way of briefings and presentations by the external auditors and/or the lawyers from time to time during Board meetings.

During the financial year ended 31 December 2019 ("**FY2019**"), Mr Yeo Wee Kiong was appointed as an Independent Director on 7 August 2019. Mr Yeo Wee Kiong has prior experience as a director of several issuers listed on the SGX-ST.

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1 Principle 1 of the Code
2 Provision 1.1 of the Code
3 Provision 1.1 of the Code
4 Provision 1.1 of the Code
5 Provision 1.2 of the Code
6 Provision 1.2 of the Code

Mr Yeo Wee Kiong as a newly appointed Director was given an orientation on the Group's business strategies, operations and organisation structure as well as the statutory and regulatory obligations of being a Director to ensure that he is aware of the responsibilities and obligations of being an Independent Director.[7]

Board approval

The Board decides on matters that require its approval. Written guidelines are established to specify which material transactions require the Board's approval, and such guidelines are clearly communicated to Management.[8]

Matters which are reserved for the Board's decision are as follows:[9]

(a) approving announcements for the quarterly and full year financial results;

(b) approval of annual audited financial statements for the Group and the Directors' Statement thereto;

(c) approving the appointments and remuneration of directors;

(d) approving material acquisitions and disposal of assets (materiality thresholds applicable - any transaction outside the ordinary course of business amounting to 3% or more of the relative figures set out in Rule 1006 of the Listing Manual);

(e) share issuances (including stock options or other equity awards), dividends and other capital transactions and returns to shareholders;

(f) any interested person transaction of a value equal to, or more than, 3% of the Group's latest audited net tangible assets;

(g) creating any fixed or floating charge, lien (other than a lien arising by operation of law) or other encumbrance over the whole or substantially the whole of the undertaking, property or assets of any company of the Group;

(h) the Group giving any guarantee or indemnity to secure the liabilities or obligations of any third party amounting to more than S$2.0 million;

(i) the Group entering into any contract, arrangement, commitment or transaction of any nature whatsoever amounting to more than S$2.0 million, that is not entered into in the ordinary and proper course of business on arm's length terms;

(j) capital expenses of the Group amounting to more than S$2.0 million; and

(k) any matters involving a conflict or potential conflict of interest involving a substantial shareholder or a director.

The Board has established board committees, which are the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively referred to as the "**Board Committees**"). Each Board Committee has its own written terms of references setting out their compositions, authorities and duties, including reporting back to the Board. The names of the Board Committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities are disclosed respectively in the sections headed "Audit Committee", "Nominating Committee" and "Remuneration Committee" below.[10]

Directors' attendance at Board and Board Committee meetings in FY2019

Directors attend and actively participate in Board and Board Committee meetings. The number of such meetings and each individual director's attendances at such meetings in FY2019 is disclosed in the table below.[11]

7 Provision 1.2 of the Code
8 Provision 1.3 of the Code
9 Provision 1.3 of the Code
10 Provision 1.4 of the Code
11 Provision 1.5 of the Code

Meetings	Main Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	1	1
Directors				
Lew Syn Pau (Independent)	4	4	1	1
Tay Teng Guan Arthur (Executive)	4	NA	1	NA
Tay Teng Hock (Non-Executive)	4	NA	NA	NA
Chan Kum Tao (Non-Executive)	4	4	NA	1
Ng Teck Sim Colin (Independent)(1)	2	2	1	1
Yeo Wee Kiong (Independent)(2)	2	2	–	–

Notes:

(1) Mr Ng Teck Sim Colin has retired from the Board with effect from 30 December 2019.

(2) Mr Yeo Wee Kiong was appointed as an Independent Director and a member of the AC, NC and RC on 7 August 2019. In FY2019 and during the period of Mr Yeo Wee Kiong's appointment as a Director of the Company, there were 2 meetings of the Main Board, 2 meetings of the AC and no meetings of the NC and the RC.

Directors are allowed to hold directorships in companies outside the Group. The NC and the Board have determined that a Director should not have more than ten listed company board representations. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.[12] As part of the assessment of the performance of the individual Directors, further details of which are set out on pages 10 to 11, this included an assessment of the individual Directors' commitment of time, contributions at meetings, and where a Director has a significant number of listed company directorships and principal commitments, the adequacy of the carrying out of the Director's duties. The Board has considered the results of the assessment and is satisfied that all Directors were able to and have adequately carried out their duties as a Director of the Company for FY2019.

Access to information

To enable the Directors to make informed decisions and discharge their duties and responsibilities, the Management provides the Board with complete, adequate and timely information prior to meetings and on an on-going basis.[13]

On an on-going basis, the Directors have separate and independent access to Management, the corporate secretarial agent, and external advisers (where necessary) at the Company's expense. The corporate secretarial agent attends all Board Meetings. The appointment and removal of the company secretary is subject to the approval of the Board as a whole.[14]

Overall, the Board's role is to:

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

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

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

(d) constructively challenge Management and review its performance;

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

12 Provision 1.5 of the Code
13 Provision 1.6 of the Code
14 Provision 1.7 of the Code

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

(g) decide on matters that require its approval and communicate such matters clearly to Management in writing.

In discharging these responsibilities, the Directors rely on, among other things, the Company's officers and external advisers.

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.

Under Provision 2.1 of the Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations[15], its substantial shareholders[16] or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.[17]

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

The Chairman of the Board is Mr Lew Syn Pau, who is an Independent Director.[18] The Board currently comprises five Directors, of which two are Independent Directors based on the provisions relating to independence as set out in the Code[19] and the Listing Manual of the SGX-ST, and two are Non-Executive Directors. During FY2019, Mr Yeo Wee Kiong was appointed to the Board as an Independent Director on 7 August 2019 and Mr Ng Teck Sim Colin, an Independent Director, retired from the Board with effect from 30 December 2019. During FY2019, non-executive Directors made up a majority of the Board[20] and Independent Directors made up at least one-third of the Board.[21] The Company is in compliance with Rule 210(5)(c) of the Listing Manual of the SGX-ST, which requires the Board to have at least two non-executive Directors who are independent and free of any material business or financial connection with the Company.

The Board is of the view that the current size of the Board and the Board Committees is adequate and appropriate after taking into account the size of the Group and the costs involved.[22] Together, the Directors bring a wide range of business, legal and financial experiences relevant to the Group and provide an appropriate balance and diversity of skills, knowledge, experience and other aspects of diversity.[23] They also provide core competencies such as accounting or finance, business or management experience and strategic planning experience.

Provision 2.4 of the Code provides, *inter alia*, that the board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the annual report. Principle 2 of the Code states that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company. The Board does not have a written board diversity policy, which constitutes a variation from Provision 2.4 of the Code. The Company is of the view that the intent of Principle 2 was met, as during the evaluation of the effectiveness of the Board as a whole, the criteria considered by each Director in submitting his assessment of the performance of the Board included whether the Board has

15 The term "related corporation", in relation to the company, has the same meaning as currently defined in the Companies Act (Chapter 50) of Singapore, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.

16 A "substantial shareholder" is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the Securities and Futures Act (Chapter 289) of Singapore.

17 Provision 2.1 of the Code

18 Provision 2.2 of the Code

19 Provision 2.2 of the Code

20 Provision 2.3 of the Code

21 Footnote 7 to Provision 2.2 states that: "Rule 210(5)(c) of the SGX Listing Rules (Mainboard) / Rule 406(3)(c) of the SGX Listing Rules (Catalist) requires independent directors to make up at least one-third of the Board. This rule will be come into effect on 1 January 2022. Prior to 1 January 2022, the corresponding Guideline 2.1 in the 2012 Code of Corporate Governance will continue to apply."

22 Provision 2.4 of the Code

23 Provision 2.4 of the Code

adequate diversity, for example in terms of skills, experience, gender and knowledge of the Company, and the score given by the Board was relatively high.

During FY2019, the AC met without the presence of the Management regularly and at least once annually. The AC comprises 2 Independent Directors and 1 Non-Executive Director, and the Chairman of the AC is the Chairman of the Board. The Chairman provides feedback to the Board as appropriate.[24]

Chairman and Chief Executive Officer

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

The Chairman, Mr Lew Syn Pau, and the Chief Executive Officer ("**CEO**"), Mr Tay Teng Guan Arthur, are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.[25] Mr Lew Syn Pau and Mr Tay Teng Guan Arthur are not immediate family members.[26]

Provision 3.2 provides that the Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO. Principle 3 states that there is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making. The Board has not established and set out in writing the division of responsibilities between the Chairman and the CEO, which constitutes a variation from Provision 3.2 of the Code. The Company is of the view that the intent of Principle 3 was met, as the Chairman and the CEO have been carrying out different roles and responsibilities, and these respective roles and responsibilities are set out below. In addition, the Chairman has extensive experience as a director of companies listed on the SGX-ST, and has been an Independent Director of the Company since 2000 and Chairman of the Board since 2009, which was before the current CEO was appointed as a Director of the Company in 2010. Mr Tay Teng Guan Arthur has been the CEO of the Company since 2010. In 2015, the Company acquired the marina and yacht chartering business, which was operated by SUTL Marina Development Pte. Ltd. ("**SUTL Marina**") and One15 Luxury Yachting Pte. Ltd. ("**One15 Luxury Yachting**"). Mr Tay Teng Guan Arthur has been involved in the management of SUTL Marina since 2004 and of One15 Luxury Yachting since 2007.

The Chairman provides leadership to the Board. He also reviews and approves the meeting agenda for Board meetings and seeks to ensure that adequate time is available for discussion of all agenda items, in particular strategic issues. The Chairman assumes the lead role in overseeing the corporate governance processes. The Chairman also seeks to ensure that Board members engage the Management in constructive debate on various matters including strategic issues, facilitates the effective contribution of non-executive Directors in particular, ensures effective communication with shareholders and that the Directors receive complete, adequate and timely information before meetings.[27]

The CEO is responsible for the day-to-day management of the affairs of the Group. He is accountable to the Board for the overall performance of the Group's business operations and strategic planning, and also executes the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of the Group's business through management reports.[28]

The Group's business is conducted by its employees, managers and corporate officers led by the CEO, with oversight from the Board. The Board works with the CEO to elect/appoint other officers who are charged with managing the businesses of the Group. The CEO has the responsibility of overseeing and directing the officers to ensure that the interests of the Company are served.[29]

The Company has not appointed a lead independent director as the Chairman is independent.[30]

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24 Provision 2.5 of the Code
25 Provision 3.1 of the Code
26 Rule 1207(10A) of the Listing Manual of the SGX-ST
27 Provision 3.2 of the Code
28 Provision 3.2 of the Code
29 Provision 3.2 of the Code
30 Provision 3.3 of the Code

Board Membership

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

Nominating Committee

According to the written terms of reference of the NC, the NC's duties and responsibilities are as follows:[31]

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

(i) the review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;[32]

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

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

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

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

(c) prior to 1 January 2022, conducting a rigorous review of the independence of any Director who has served on the Board for more than nine (9) years from the date of his first appointment and the reasons for considering him as independent;

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

(e) deciding whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company, and where a Director holds a significant number of listed company directorships and principal commitments[33], assessing the ability of the Director to diligently discharge his or her duties;

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

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

(h) reporting to the Board from time to time on its activities.

The NC currently comprises three Directors, two of whom, including its Chairman, are Independent Directors.[34]

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31 Provision 4.1 of the Code

32 The term "key management personnel" shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

33 The term "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

34 Provision 4.2 of the Code

For FY2019, the members of the NC were:[35]

Mr Ng Teck Sim Colin, Chairman of the NC[(1)]	(Independent Director)
Mr Lew Syn Pau, Member of the NC	(Independent Director)
Mr Tay Teng Guan Arthur, Member of the NC	(Executive Director and CEO)
Mr Yeo Wee Kiong, Member of the NC[(1)]	(Independent Director)

Note:

(1) Mr Ng Teck Sim Colin has retired from the Board with effect from 30 December 2019. Prior to that, Mr Ng Teck Sim Colin was an Independent Director and Chairman of the NC. Mr Yeo Wee Kiong was appointed as an Independent Director and a member of the NC on 7 August 2019, and has been appointed as Chairman of the NC with effect from 26 February 2020.

Nomination and selection of Directors

The Company has in place a process for selecting and appointing new Directors to the Board.[36] The search and nomination process for new Directors will be via contacts and recommendations. The NC evaluates potential candidates and their suitability, and makes recommendations to the Board for approval.[37] The criteria considered by the NC include the qualifications and experience of the candidate and his likely contributions to the Board.[38] The screening process is handled by the NC with direct input from the other Directors.

The Company has in place a process for the re-appointment of Directors to the Board.[39] The Company's Constitution provides, *inter alia*, that one-third of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest one-third, shall retire from office at each Annual General Meeting ("**AGM**") of the Company, provided that all Directors shall retire from office at least once in every 3 years. Retiring Directors are selected on the basis of those who have been longest in office since their last election, failing which they shall be selected by agreement or by lot.[40] The NC will consider and recommend the re-appointment of the retiring Directors to the Board. The Board will consider and approve the recommendation of the NC, and will recommend that the re-appointment of the retiring Directors be submitted to the shareholders for approval at the AGM.[41]

Continuous review of Directors' independence

The NC determines annually, and as and when circumstances require, the independence of each Independent Director, having regard to the circumstances set forth in Provision 2.1 of the Code and the Listing Manual of the SGX-ST.[42] Annually, each Independent Director completes and executes a form declaring and affirming his independence and acknowledging that any relationship with the Company, its related corporations, its substantial shareholders or its officers which may affect his independence should be disclosed.[43]

The NC and Board were satisfied that Mr Lew Syn Pau and Mr Yeo Wee Kiong are independent in light of the provisions of the Code and Rule 210(5)(d) of the Listing Manual of the SGX-ST. The NC also considered the Directors' evaluation results in respect of the performance of the Independent Directors, including the evaluation of their independence of judgement and contributions to the Board.

Guideline 2.4 of the Code of Corporate Governance ("**2012 Code**") continues to apply prior to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST coming into effect on 1 January 2022. Guideline 2.4 of the 2012 Code requires the independence of any Director who has served on the Board beyond nine years to be subject to particularly rigorous review.

35 Provision 4.2 of the Code
36 Provision 4.3 of the Code
37 Provision 4.3 of the Code
38 Provision 4.3 of the Code
39 Provision 4.3 of the Code
40 Provision 4.3 of the Code
41 Provision 4.3 of the Code
42 Provision 4.4 of the Code
43 Provision 4.4 of the Code

As Mr Lew Syn Pau has served on the Board for more than nine years, the NC (excluding Mr Lew Syn Pau in respect of the deliberation of this matter) has conducted a particularly rigorous review of his contributions to the Board to determine if he has maintained his independence.[44] This review included an assessment by all the other members of the Board of Mr Lew Syn Pau's independence of judgement in view that Mr Lew Syn Pau has served on the Board for more than nine years and his independence should be subject to particularly rigorous review. The NC also considered the form executed by Mr Lew Syn Pau declaring and affirming his independence.

The NC is satisfied with Mr Lew Syn Pau's performance and that Mr Lew Syn Pau has remained independent in his judgement and can continue to discharge his duties objectively, notwithstanding the tenure of his service. In its review, the NC noted that Mr Lew Syn Pau has been an Independent Director since April 2000 and has served on the Board for more than 9 years. The NC considered that there has been a change in the controlling shareholder in December 2009, when SUTL Global Pte. Ltd. acquired shares of the Company representing 23.36% of the total number of issued shares from Mr Henry Lim Yong Choon, who was then the controlling shareholder of the Company. The NC also considered that there was a substantial change in the Group's business in 2015 when the Company acquired the entire issued and paid-up share capital of SUTL Marina and One15 Luxury Yachting. The NC further considered that Mr Lew Syn Pau has demonstrated independence in character and judgement, through, *inter alia*, his contributions to Board discussions and deliberations, and ability and preparedness to constructively challenge the Board.

Pursuant to the new Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will come into effect on 1 January 2022, a director will not be independent if, *inter alia*, he has been a director for an aggregate period of more than 9 years and his continued appointment as an independent director has not been sought and approved in 2 separate resolutions by certain classes of shareholders.[45]

<u>Directors' time commitments</u>

The NC ensures that new Directors are aware of their duties and obligations.[46] During FY2019, Mr Yeo Wee Kiong was appointed as an Independent Director on 7 August 2019. Mr Yeo Wee Kiong has prior experience as a director of companies listed on the SGX-ST (which companies are in different industries), and Mr Yeo Wee Kiong has professionally practiced as a corporate lawyer before his retirement.

The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a director of the Company.[47] The NC considered and was satisfied that all Directors were able to and have adequately carried out their duties as a Director of the Company for FY2019.

The listed company directorships and principal commitments of each Director are disclosed on pages 10 to 11 of the Annual Report.[48]

Directors are allowed to hold directorships in companies outside the Group. The NC and the Board have determined that a Director should not have more than ten listed company board representations.[49] During FY2019, none of the Directors exceeded the limit on listed company Board representations.

Provision 1.4 of the Code recommends, *inter alia,* that a summary of the NC's activities be disclosed in the annual report. During FY2019, the NC, *inter alia*, made recommendations to the Board on the appointment and re-appointment of Directors, determined if a Director is independent (having regard to the circumstances set forth in Provision 2.1 of the Code, the Listing Manual of the SGX-ST, and the Code Practice Guidance), and conducted a rigorous review of the independence of any Director who has served on the Board for more than nine (9) years from the date of his first appointment.

44 Guideline 2.4 of the 2012 Code
45 Provision 2.1 of the Code
46 Provision 4.5 of the Code
47 Provision 4.5 of the Code
48 Provision 4.5 of the Code
49 Provision 4.5 of the Code

Board Performance

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

The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director to the Board.[50]

Annually, each Director submits an assessment of the performance of the Board, its Board Committees, and of each of the other individual Directors for the financial year under review. These assessment forms assess various aspects, including matters relating to the Director's experiences as a member of the Board, his perception of the focus of the Board, the structure and functioning of the Board Committees, the contributions as Chairman by the Chairman of the Board and the Chairman of a Board Committee, and the individual Directors' contributions at meetings. The responses are collated by the external corporate secretarial agent and a consolidated report is submitted to the Board. The responses are then discussed by the Board.[51]

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

<u>Remuneration Committee</u>

According to the written terms of reference of the RC, the RC's duties and responsibilities are as follows:[52]

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

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

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

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

(b) reviewing the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;

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

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

(e) considering the advice from the AC on risk weighting to be applied to performance objectives incorporated in executive remuneration;

(f) reviewing whether executive directors, non-executive and independent Directors and key management personnel should be eligible for options, share incentives, awards and other benefits under the schemes; and

50 Provision 5.1 of the Code
51 Provision 5.2 of the Code
52 Provision 6.1 of the Code

(g) reporting to the Board from time to time on its activities.

The RC currently comprises three directors, all of whom are non-executive Directors, and two of which, including its Chairman, are Independent Directors.

For FY2019, the members of the RC were:[53]

Mr Lew Syn Pau, Chairman of the RC	(Independent Director)
Mr Ng Teck Sim Colin, Member of the RC[(1)]	(Independent Director)
Mr Yeo Wee Kiong, Member of the RC[(1)]	(Independent Director)
Mr Chan Kum Tao, Member of the RC	(Non-Executive Director)

Note:

(1) Mr Ng Teck Sim Colin has retired from the Board with effect from 30 December 2019. Prior to that, Mr Ng Teck Sim Colin was an Independent Director and member of the RC. Mr Yeo Wee Kiong was appointed as an Independent Director and a member of the RC on 7 August 2019.

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.[54] No Director is involved in deciding his own remuneration.[55]

For FY2019, the Company did not engage any external remuneration consultant.[56]

Provision 1.4 of the Code recommends, *inter alia*, that a summary of the RC's activities be disclosed in the annual report. During FY2019, the RC considered the framework of remuneration as well as specific remuneration packages for each Director as well as for the key management personnel, and reviewed whether Directors and key management personnel should be eligible for options, share incentives, awards and other benefits.

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.

The remuneration of the Executive Director (who is also the CEO) and key management personnel comprises a fixed component, a variable component and also other benefits and long term incentives where applicable. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Group and each individual's performance.[57] In setting remuneration packages, the RC takes into account the performance of the Group, as well as the performance of the Executive Director and key management personnel.

A meaningful and appropriate portion of Executive Director's and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.[58]

Directors are paid Directors' fees, subject to approval at the Company's AGM. The RC makes a recommendation to the Board of the Directors' fees payable for each year, and seeks to fix Directors' fees that are appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities of Directors.[59]

The remuneration packages are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.[60]

53 Provision 6.2 of the Code
54 Provision 6.3 of the Code
55 Principle 6 of the Code
56 Provision 6.4 of the Code
57 Provision 7.1 of the Code
58 Provision 7.1 of the Code
59 Provision 7.2 of the Code
60 Provision 7.3 of the Code

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 Group's remuneration policy is to provide remuneration packages which are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.[61]

The Group adopts a remuneration policy[62] for the Executive Director (who is also the CEO) and key management personnel comprising a fixed component and a variable component and also other benefits and long term incentives where applicable. The fixed component is in the form of a base salary, and is based on various criteria, including the individual's role and responsibilities, and practices within the industry and comparable companies. The variable component is in the form of a variable bonus that is linked to the performance of the Group and each individual's performance, which is based on various criteria including the Company's profitability and other financial and operational indicators as determined by the Board. Staff appraisals are conducted once a year.

The Group adopts a remuneration policy for non-executive Directors, which takes into consideration the knowledge and expertise of each individual non-executive Director, the responsibilities vested upon them and the effort and time commitment required from the non-executive Directors given the nature of the Group's business.[63]

The breakdown (in percentage terms) of the remuneration for FY2019, of Directors of the Company, is set out below:[64]

Remuneration band & name of Directors	Base/fixed salary	Variable or performance related income/ Bonus	Fees (A)	Benefits And Allowances	Other long term incentives	Total
	%	%	%	%	%	
Above S$250,000 Below S$500,000						
Tay Teng Guan Arthur	80	2	15	–	3	100
Below S$250,000						
Tay Teng Hock	–	–	100	–	–	100
Chan Kum Tao	–	–	100	–	–	100
Lew Syn Pau	–	–	100	–	–	100
Ng Teck Sim Colin	–	–	100	–	–	100
Yeo Wee Kiong (B)	–	–	100	–	–	100

Notes:

(A) Directors' fees in an aggregate amount are subject to approval by shareholders at the Company's forthcoming AGM.

(B) Mr Yeo Wee Kiong was appointed as an Independent Director and a member of the AC, NC and RC on 7 August 2019. The Directors' fees payable to him for FY2019 is pro-rated accordingly.

Provision 8.1(a) of the Code provides, *inter alia*, that the amounts of remuneration of each individual director and the CEO are disclosed in the annual report. Principle 8 of the Code states that the company is transparent on its

61 Provision 7.3 of the Code
62 Provision 8.1 of the Code
63 Provision 8.1 of the Code
64 Provision 8.1(a) of the Code

remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. The Company has not disclosed the amounts of remuneration of each individual Director and the CEO, which constitutes a variation from Provision 8.1(a) of the Code. The Board supports and is aware of the need for transparency. However, after deliberation of, *inter alia*, the competitive pressures and the sensitive nature of the matter, the Board has decided to disclose the remuneration of Directors, including the CEO, in remuneration bands of S$250,000 and by a percentage breakdown in terms of categories and components instead of the specific remuneration for FY2019. The Board is of the view that the intent of Principle 8 was nevertheless met, as the remuneration policies and the procedure for setting remuneration applicable to the Directors, including the CEO, as well as the level and mix of remuneration applicable, are disclosed above.

The breakdown (in percentage terms) of the remuneration for FY2019, of the top five key management personnel who are not also Directors of the Company, is set out below:[65]

Remuneration band & name of Top Key Management Personnel	Base/fixed salary	Variable or performance related income/ bonus	Fees	Benefits and allowances	Other long term incentives	Total
	%	%	%	%	%	
Above S$250,000 Below S$500,000						
Teo Joo Leng	88	3	–	2	7	100
Below S$250,000						
Darren Oh	89	2	–	3	6	100
Tan Choon Kiat	86	2	–	2	10	100
Brian Werner	97	2	–	1	–	100
Sabrina Shi	93	3	–	4	–	100

Total remuneration paid to the above top key management personnel (who are not Directors or the CEO) of the Group for FY2019 was approximately S$784,000.[66]

Mr Tay Teng Guan Arthur, an Executive Director and the CEO, is a sibling of Mr Tay Teng Hock, a Non-Executive Director. Provision 8.2 of the 2018 Code provides, *inter alia*, that the company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds $100,000 during the year, in bands no wider than $100,000, in its annual report. Principle 8 of the 2018 Code states that the company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. For FY2019, the Company wishes to disclose the remuneration of Mr Tay Teng Guan Arthur and Mr Tay Teng Hock in the manner set out above, for the reasons which are also set out above.

Other than the above, during FY2019, the Group did not employ any substantial shareholders of the Company or any immediate family members of any Director or the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during the year.[67]

On 29 April 2011, the Company put in place a share option scheme approved by shareholders (the "**Share Option Scheme 2011**"). Under this scheme, the number of shares in respect of which options may be granted shall be determined at the discretion of the RC who shall take into account, *inter alia*, the rank, past performance, years of service and potential contribution of the employee. Details of the options granted under the Share Option Scheme 2011 are set out in the Directors' Statement on pages 40 to 41 of this Annual Report.[68]

65 Provision 8.1(b) of the Code
66 Provision 8.1(b) of the Code
67 Provision 8.2 of the Code
68 Provision 8.3 of the Code

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The duties and responsibilities of the AC, which are set out in the section headed "Audit Committee" below, include having oversight of risk governance and risk management.[69]

The Board requires and has received assurance from:

(a) the CEO and the Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and[70]

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems.[71]

Audit Committee

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

<u>Audit Committee</u>

According to the written terms of reference of the AC, the AC's duties and responsibilities are as follows:[72]

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

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

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

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

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

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

(g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;[73]

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

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69 Provision 9.1 of the Code
70 Provision 9.2(a) of the Code
71 Provision 9.2(b) of the Code
72 Provision 10.1 of the Code
73 Provision 10.1(f) of the Code

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

(j) carrying out the functions set out in Section 201B of the Companies Act;

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

(l) advising on the Company's overall risk tolerance and strategy;

(m) overseeing and advising on the current risk exposures and future risk strategy of the Company;

(n) in relation to risk assessment:

 (i) keeping under review the Company's overall risk assessment processes that inform the Board's decision making;

 (ii) reviewing regularly and approving the parameters used in these measures and the methodology adopted; and

 (iii) setting a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;

(o) reviewing the Company's capability to identify and manage new risk types;

(p) before a decision to proceed is taken by the Board, advising on proposed strategic transactions, focusing in particular on risk aspects and implications for the risk tolerance of the company, and taking independent external advice where appropriate and available;

(q) reviewing reports on any material breaches of risk limits and the adequacy of proposed action;

(r) providing advice to the RC on risk weightings to be applied to performance objectives incorporated in executive remuneration;

(s) monitoring the independence of risk management functions throughout the organization;

(t) reviewing promptly all relevant risk reports on the Company;

(u) reviewing and monitoring Management's responsiveness to the findings;

(v) reviewing any matters relating to suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority in Singapore, of which the Committee is aware, which has or is likely to have a material impact on the Company's or Group's operating results and/or financial position, and the findings of any internal investigations, and Management's response thereto; and

(w) reporting to the Board from time to time on its activities.

The Group has a "Whistle Blowing Policy", which is made available to employees, which provides an independent and confidential channel for employees to communicate concerns of wrongdoings, malpractices and illegal acts directly to the Chairman of the AC through the method of communication set out in the policy.[74]

The AC currently comprises three directors, all of whom are non-executive Directors, and the majority of which, including its Chairman, are Independent Directors.[75]

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74 Provision 10.1(f) of the Code

75 Provision 10.2 of the Code

For FY2019, the members of the AC were:[76]

Mr Lew Syn Pau, Chairman of the AC	(Independent Director)
Mr Ng Teck Sim Colin, Member of the AC[(1)]	(Independent Director)
Mr Yeo Wee Kiong, Member of the AC[(1)]	(Independent Director)
Mr Chan Kum Tao, Member of the AC	(Non-Executive Director)

Note:

(1) Mr Ng Teck Sim Colin has retired from the Board with effect from 30 December 2019. Prior to that, Mr Ng Teck Sim Colin was an Independent Director and member of the AC. Mr Yeo Wee Kiong was appointed as an Independent Director and a member of the AC on 7 August 2019.

At least two members of the AC (including the Chairman of the AC) have recent and relevant accounting or related financial management expertise or experience.[77]

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.[78]

The primary reporting line of the internal audit function is to the AC.[79] The internal audit function was conducted by the Company's internal auditor. The AC decides on the appointment, termination and remuneration of the internal auditor.[80] The internal auditor has unfettered access to the Group's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company.[81]

To ensure the adequacy and effectiveness of the internal audit function, the AC reviews the scope of work of the internal auditor on an annual basis. Non-compliance and internal control weaknesses noted during internal audits and the recommendations thereof are reported to the AC as part of the review of the Group's internal control system.

The AC is satisfied that, for FY2019, the internal audit function of the Group is independent, effective and adequately resourced.[82]

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

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least once annually.[83]

During FY2019, the AC held 4 meetings. The external auditors were in attendance at 2 of these meetings, and the internal auditor was in attendance at 4 of these meetings.[84]

The AC has reviewed all non-audit services to the Group by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.[85] The independence of the external auditors is reviewed by the AC annually. The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its auditing firms.[86] The audit service and non-audit service fees paid or payable for FY2019 are stated in page 70 of this Annual Report.[87]

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76 Provision 10.2 of the Code
77 Provision 10.2 of the Code
78 Provision 10.3 of the Code
79 Provision 10.4 of the Code
80 Provision 10.4 of the Code
81 Provision 10.4 of the Code
82 Rule 1207(10C) of the Listing Manual of the SGX-ST
83 Provision 10.5 of the Code
84 Provision 10.5 of the Code
85 Rule 1207(6)(b) of the Listing Manual of the SGX-ST
86 Rule 1207(6)(c) of the Listing Manual of the SGX-ST
87 Rule 1207(6)(a) of the Listing Manual of the SGX-ST

The Management has in place a system of internal controls to safeguard shareholders' investments and the assets of the Group. It should be noted such systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. It should be further noted that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Board of Directors and the AC have reviewed the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. Following from the foregoing and based on work done by the internal and external auditors and reviews performed by the Management throughout FY2019, the Board, with the concurrence of the AC, is of the opinion that, for FY2019, the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective in providing reasonable assurance of the effectiveness of the Group in safeguarding its assets and shareholders' value under the current business environment.[88]

Provision 1.4 of the Code recommends, *inter alia*, that a summary of the AC's activities be disclosed in the annual report. During FY2019, the AC considered, *inter alia*, the audit plan, the unaudited quarterly financial statements of the Company, the audit review presented by the auditors, and the scope and results of the internal audits conducted.

(D) SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders, and informs them of the rules governing general meetings of shareholders, including voting procedures.[89] Shareholders have the opportunity to vote in person or by proxy.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.[90]

All resolutions at general meetings are put to the vote by way of poll and the detailed results of the voting for each of the resolutions are announced on the SGX-ST.

All Directors, senior management and the corporate secretarial agent attend general meetings of shareholders. The external auditors are also present at the AGMs to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.[91] During FY2019, the AGM of the Company was the only general meeting that was held, and this was attended by all the Directors at the time.[92]

Provision 11.4 of the Code provides that the company's constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders. Principle 11 of the Code provides, *inter alia,* that the company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. Voting in absentia by mail, facsimile or email, is currently not permitted by the Company's Constitution, which constitutes a variation from Provision 11.4 of the Code.[93] The Company is of the view that the intent of Principle 11 is met, as the existing arrangement whereby shareholders have the opportunity to vote by proxy is adequate in enabling shareholders to exercise their rights and have the opportunity to vote. Moreover, to allow voting in absentia by mail, facsimile or email would require careful consideration of various factors, including the integrity of information and authentication of the identity of shareholders.

88 Rule 1207(10) of the Listing Manual of the SGX-ST

89 Provision 11.1 of the Code

90 Provision 11.2 of the Code

91 Provision 11.3 of the Code

92 Provision 11.3 of the Code

93 Provision 11.4 of the Code

Provision 11.5 of the Code provides, *inter alia*, that the company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. Principle 11 of the Code provides, *inter alia,* that the company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The Company does not currently publish minutes of general meetings of shareholders on its corporate website, which constitutes a variation from Provision 11.5 of the Code. The Company is of the view that the intent of Principle 11 is met, as the corporate secretarial agent prepares minutes of general meetings, which would be provided to shareholders upon their request made in accordance with the Companies Act. The minutes of general meetings would include substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.[94]

The declaration of first dividends, if any, is to be recommended by the Directors and subject to the approval of the shareholders by ordinary resolution. The Company's dividend policy is to distribute dividends based on the Company's performance, taking into consideration the resources needed for the Company's continuing and future operations and possible future plans.[95] After considering the Company's dividend policy, the Board is of the view that it is in the Company's interest to distribute a dividend of 2 Singapore cents per share representing 69.6% of the Group's net attributable profit to shareholders in FY2019.[96]

Engagement with Shareholders

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

The Company's website is at http://sutlenterprise.com/. The Company provides avenues for communication between the Board and all shareholders.[97] The AGM is the principal forum for dialogue with shareholders. All shareholders of the Company receive a copy of the Annual Report and notice of the Company's AGM. The notice is also advertised in the newspaper and made available via timely SGXNET announcements. The Company encourages active shareholder participation at its general meetings. Shareholders' views are sought at general meetings, and shareholders are given the opportunity to air their views and ask Directors and Management questions regarding the Company and the Group.

The Company's latest annual reports, financial results, corporate announcements and share trading information are available on the Company's website, and the Company also provides an email alert service so that shareholders and investors may be automatically alerted by email once the Company releases any announcements or filings on the SGX-ST.

The Company is committed to providing timely and transparent disclosures to enable the investment community to make reasonable assessments about the Group's performance. From time to time, SGXNET announcements are made in relation to the Group or its business. The Company also regularly conducts analyst briefings for persons who wish to seek a better understanding of the Group's business and operations. Key management personnel would be present at such briefings. This effort enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insight to the Company. Presentation materials for such briefings are made available on SGXNET.

Provision 12.2 of the Code provides that the company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. Principle 12 of the Code provides that the company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company. The Company does not currently have a written investor relations policy, which constitutes a variation from Provision 12.2 of the Code. The Company is of the view that the intent of Principle 12 is met, as there is a section on "Investor Relations" on the Company's website. From this section, the Company's latest annual reports, financial results, corporate announcements and share trading information can be assessed, and the Company also provides an email alert service so that shareholders and investors may be automatically alerted by email once the Company releases any announcements or filings on the

94 Provision 11.5 of the Code

95 Provision 11.6 of the Code

96 Provision 11.6 of the Code

97 Provision 12.1 of the Code

SGX-ST. Shareholders and investors may also communicate with the Company and, as the case may be, submit any notices of interests or questions, via the Company's investor relations email address of investors_relations@sutl.com, through which shareholders may contact the Company with questions and through which the Company may respond to such questions.[98]

(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 Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.[99]

The Company's key stakeholders comprise its members and customers, employees, the community, regulators and policy makers. The Company actively engages in meaningful and productive dialogue with its stakeholders and participate in various industry and government forums to keep abreast of any material stakeholder issues.[100]

Details of the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019 will be set out in the Company's Sustainability Report for FY2019, which will be posted electronically on SGXNET and the Company's corporate website before the end of May 2020.[101]

The Company maintains a current corporate website at http://sutlenterprise.com/, to communicate and engage with stakeholders.[102]

(F) OTHER MATTERS

Interested Person Transactions

For part of FY2019 and up to 24 April 2019, there were no interested person transactions (excluding transactions less than S$100,000) conducted under the shareholder's mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST ("**IPT Mandate**"). With effect from 25 April 2019, the Company does not have an IPT Mandate.

During FY2019, there were no interested person transactions (excluding transactions less than S$100,000) entered into.

Material Contracts

Save as disclosed in this Annual Report, there were no material contracts entered into by the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders which were still subsisting as at 31 December 2019 or if not then subsisting, entered into since 31 December 2018.

Securities Transactions

The Group has adopted and implemented an internal policy governing securities transaction by its officers and employees. Under the internal policy, officers and other employees are reminded that (i) an officer of the Company should not deal in the securities of the Company on short-term considerations; and (ii) the Company and its officers should not deal in the securities of the Company during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before

98 Provision 12.3 of the Code
99 Provision 13.1 of the Code
100 Provision 13.1 of the Code
101 Provision 13.2 of the Code
102 Provision 13.3 of the Code

the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or one month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements), and ending on the date of announcement of the relevant results.

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

Mr Yeo Wee Kiong

Age	65
Country of Principal Residence	Singapore
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1)	Submitted to the Company.
Any prior experience as a director of an issuer listed on the Exchange? **If yes, please provide details of prior experience.** **If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.** **Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).**	Yes. Independent director – Bonvests Holdings Limited Independent director – AF Global Limited Independent director – SMRT Corporation Limited
Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes. In 1990 when Mr Yeo commenced law practice, he attested to the signing of certain documents without requiring the physical presence of the person before him as he knew the person. The documents had to be re-executed and Mr Yeo was fined $200 by the Law Society.

Mr Chan Kum Tao

Age	68
Country of Principal Residence	Singapore
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1)	Submitted to the Company.
Any prior experience as a director of an issuer listed on the Exchange? **If yes, please provide details of prior experience.** **If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.** **Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).**	He is a non-executive director of SUTL Enterprise Ltd since 2010.
Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

Further information relating to the Directors who are proposed to be re-elected to the Board is also set out on pages 10 to 11 of the Annual Report.

The re-election of Mr Yeo Wee Kiong as the Independent Director of the Company and re-election of Mr Chan Kum Tao as the Non-Executive Director were recommended by the NC, and the Board has accepted the recommendations, after taking into consideration each of their qualifications, expertise and overall contributions to the Company from each of their initial appointment as a Director of the Company.

The shareholding interest of Mr Yeo Wee Kiong and Mr Chan Kum Tao in the Group is set out on pages 39 to 40 of the Annual Report.

Mr Yeo Wee Kiong and Mr Chan Kum Tao have individually confirmed that for each of the questions as set out in paragraphs (a) to (j) of Appendix 7.4.1 of the Listing Manual of the SGX-ST, the answer is "no", and the respective answers for the question set out in paragraph (k) of Appendix 7.4.1 of the Listing Manual of the SGX-ST are set out above.

Sustainability Reporting

SUTL Enterprise upholds high standards of responsible, sustainable and socially aware business practices. We are committed to incorporating sustainability in our corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. We prudently balance economic viability with sustainability and social progress for future generations.

Below is a summary table of the material topics in line with the Global Reporting Initiative ("GRI") standards that are relevant to the Group and our stakeholders.

Economic	Environmental	Social
Indirect Economic Impacts Anti-Corruption	Energy Water Biodiversity Effluents and Waste Environmental Compliance	Employment Occupational Health and Safety Training and Education Diversity and Equal Opportunity Local Community Customer Health and Safety Customer Privacy Socioeconomic Compliance

More information on the Group's efforts on sustainability management in FY2019 can be found in our 2019 Sustainability Report which will be posted electronically on SGXNet and our corporate website in May 2020.

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of SUTL Enterprise Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) 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:

Lew Syn Pau
Tay Teng Guan Arthur
Tay Teng Hock
Chan Kum Tao
Yeo Wee Kiong (Appointed on 7 August 2019)

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Company				
Ordinary shares				
Tay Teng Guan Arthur	–	–	47,389,942	47,389,942
Lew Syn Pau	100,000	144,000	44,000	–

Directors' Statement

Directors' interests in shares and debentures (cont'd)

	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Company				
Share options				
Tay Teng Guan Arthur	–	250,000	–	–
Lew Syn Pau	–	125,000	–	–
Chan Kum Tao	–	100,000	–	–
Tay Teng Hock	–	100,000	–	–

By virtue of his direct interest in SUTL Global Pte. Ltd, Mr Tay Teng Guan Arthur is deemed, under Section 7 of the Singapore Companies Act, Chapter 50, to have an interest in all the shares of the Company held by SUTL Global Pte. Ltd.

Mr Tay Teng Guan Arthur, who by virtue of his deemed interest of not less than 50% of the issued share capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly owned by the Group:

	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Sarandra Malaysia Sdn Bhd				
Ordinary shares	–	–	3,480,000	3,480,000
One15 Marina Development Bhd				
Ordinary shares	–	–	5,000,000	5,000,000
One15 Marina Management Sdn Bhd				
Ordinary shares	–	–	–	100

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

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

Share options

Share Option Scheme 2011 for the employees of the Group and directors of the Company ("SOS 2011") was approved by the members of the Company at an Extraordinary General Meeting held on 29 April 2011.

Pursuant to the SOS 2011, participants would be granted options to subscribe for ordinary shares of the Company, and the options granted will have an exercise period expiring at the end of five years (for Non-Executive Directors) and ten years (for the employees of the Group) from the date of the grant.

Share options (cont'd)

The exercise price is at:

- a price which is equivalent to the market price (as determined under the rules of the SOS 2011); or
- a price which is set at a discount to the market price (as determined under the rules of the SOS 2011), provided that the maximum discount shall not exceed 20% of the market price.

The options will be exercisable after the expiration of the first and second anniversaries of the date the options are granted.

The SOS 2011 is administered by the Remuneration Committee whose members are:

Lew Syn Pau (Chairman)
Chan Kum Tao (Member)
Yeo Wee Kiong (Member)

On 5 July 2019, the Company granted options to directors and employees of the Group to subscribe for 1,025,000 shares in the Company. 50% of the share options will be exercisable after the first anniversary of the date of grant. The balance of the share options will be exercisable after the second anniversary of the date of grant, provided that the options granted to the executive employees and executive director shall be exercised before the tenth anniversary of the date of grant, and the share options granted to non-executive directors shall be exercised before the fifth anniversary of the relevant date of grant. The exercise price is S$0.577.

Details of the options to subscribe for ordinary shares of the Company granted to directors, controlling shareholders and their associates and employees of the Group pursuant to SOS 2011 are as follows:

Name of holders	Options granted during the financial year under review	Aggregate options granted since commencement of Scheme to end of financial year under review	Aggregate options exercised/ (lapsed) since commencement of Scheme to end of financial year under review	Aggregate options outstanding as at year end of financial year under review
SOS 2011				
Directors				
Lew Syn Pau	125,000	125,000	–	125,000
Chan Kum Tao	100,000	100,000	–	100,000
Ng Teck Sim Colin	100,000	100,000	(100,000)	–
Controlling shareholder and his associates				
Tay Teng Guan Arthur	250,000	250,000	–	250,000
Tay Teng Hock	100,000	100,000	–	100,000
Employees	350,000	350,000	–	350,000
	1,025,000	1,025,000	(100,000)	925,000

Aggregate options granted since commencement of SOS 2011 to end of the financial year under review is 1,255,000 (2018: 230,000).

Directors' Statement

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with the Listing Manual and the Code of Corporate Governance. The functions performed and further details are set out in the Corporate Governance Report.

The AC has nominated Ernst & Young LLP for re-appointment as auditor of the Company at the forthcoming Annual General Meeting.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Tay Teng Guan Arthur
Director

Tay Teng Hock
Director

Singapore
25 March 2020

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SUTL Enterprise Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the 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)") 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 changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters (cont'd)

Impairment of trade receivables

As at 31 December 2019, the Group's gross trade receivables amounted to approximately $3.6m. Allowance for doubtful trade receivables amounted to approximately $0.7m.

The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The Group applies the simplified approach and records lifetime expected credit losses on trade receivables. The Group has also identified two distinct debtor groups, corporate and individual, as they have different credit risk profiles. In applying expected credit loss model for these two distinct debtor groups, the Group uses historical loss rate which was based on bad debts written off in the prior years for each aged bracket. The historical loss was also adjusted with forward-looking information which incorporated forecasted macroeconomic factors. The application of expected credit losses model required significant management judgement and estimation as such, we determined that this is a key audit matter.

As part of the audit, we obtained an understanding of the Group's processes and controls relating to the monitoring of trade receivables and management's consideration of the receivables' aging in determining historical loss rate. As determining the allowance for doubtful debts requires significant management judgement and estimation, we assessed management's estimates on the historical loss rate through analysis of historical ageing of receivables and assessment of significant overdue individual debtors. We also reviewed forward looking adjustments determined by management by comparing to market sources. We also checked the data inputs used and arithmetic accuracy of loss allowance computation. Our procedures also included requesting confirmations for selected debtors and reviewing for collectability by way of obtaining evidence of receipts from the debtors subsequent to the year end. We considered the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk and liquidity risk in Notes 13 and 29 to the financial statements.

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), 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.

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

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

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

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

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

Independent Auditor's Report

To the members of SUTL Enterprise Limited

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Boon Heng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
25 March 2020

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2019

(Amounts expressed in Singapore dollars)

	Note	2019 $'000	2018 $'000
Sales of goods and services	4	20,868	19,881
Membership related fees and management fees	4	10,940	13,127
Other income	5	555	1,796
Total income		32,363	34,804
Items of expense			
Salaries and other employee benefits	6	(11,607)	(10,822)
Advertising, publication and event expenses		(1,558)	(1,162)
Depreciation of property, plant and equipment	10	(5,831)	(5,640)
Cost of sales		(4,568)	(4,420)
Repair, maintenance and cleaning expenses		(1,750)	(2,022)
Utilities		(692)	(722)
Property tax		(879)	(756)
(Allowance)/ write-back of allowance for doubtful receivables		(82)	34
Bank and credit card charges		(409)	(387)
Other operating expenses		(1,857)	(2,151)
Total expenses		(29,233)	(28,048)
Profit before taxation	7	3,130	6,756
Income tax expense	8	(1,336)	(1,145)
Profit for the year		1,794	5,611
Attributable to:			
Owners of the Company		2,484	5,802
Non-controlling interests		(690)	(191)
Profit for the year		1,794	5,611

Earnings per share attributable to owners of the Company (cents)			
Basic	9	2.87	6.71
Diluted	9	2.87	6.71

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2019

(Amounts expressed in Singapore dollars)

	Note	2019 $'000	2018 $'000
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation (loss)/gain, representing total other comprehensive income for the year, net of tax		(4)	9
Total comprehensive income for the year		1,790	5,620
Attributable to:			
Owners of the Company		2,475	5,807
Non-controlling interests		(685)	(187)
		1,790	5,620

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(Amounts expressed in Singapore dollars)

		Group		Company	
	Note	2019	2018	2019	2018
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	78,131	76,598	–	–
Investments in subsidiaries	11	–	–	26,161	25,293
		78,131	76,598	26,161	25,293
Current assets					
Inventories	12	142	148	–	–
Trade and other receivables	13	3,544	3,669	346	836
Prepayments		426	233	5	–
Amounts due from related companies	14	102	92	–	–
Amounts due from subsidiaries	15	–	–	–	274
Cash and bank balances	16	48,129	45,405	36,199	34,355
		52,343	49,547	36,550	35,465
Total assets		130,474	126,145	62,711	60,758
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	17	9,368	6,468	355	354
Amounts due to related companies	14	70	8	3	–
Loan from a subsidiary	18	–	–	6,460	2,501
Deferred membership income	19	3,774	3,802	–	–
Income tax payable		1,682	670	58	21
		14,894	10,948	6,876	2,876
Net current assets		37,449	38,599	29,674	32,589
Non-current liabilities					
Deferred membership income	19	52,070	56,313	–	–
Loan from a non-controlling interest	20	3,996	–	–	–
Deferred tax liabilities	21	1,296	1,019	–	–
		57,362	57,332	–	–
Total liabilities		72,256	68,280	6,876	2,876
Net assets		58,218	57,865	55,835	57,882

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2019

(Amounts expressed in Singapore dollars)

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Equity attributable to owners of the Company					
Share capital	22	46,780	46,780	40,810	40,810
Retained earnings		11,293	10,538	14,966	17,072
Other reserves	23	213	23	59	–
		58,286	57,341	55,835	57,882
Non-controlling interests		(68)	524	–	–
Total equity		58,218	57,865	55,835	57,882
Total equity and liabilities		130,474	126,145	62,711	60,758

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(Amounts expressed in Singapore dollars)

	Equity, total	Attributable to owners of the Company: Equity attributable to owners of the Company, total	Share capital (Note 22)	Retained earnings	Other reserves (Note 23)	Non-controlling interests
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
2019						
Balance as at 1 January 2019	57,865	57,341	46,780	10,538	23	524
Profit for the year	1,794	2,484	–	2,484	–	(690)
Other comprehensive income						
Foreign currency translation (loss)/ gain	(4)	(9)	–	–	(9)	5
Total comprehensive income for the year	1,790	2,475	–	2,484	(9)	(685)
Contributions by and distributions to owners						
Dividends on ordinary shares (Note 24)	(1,729)	(1,729)	–	(1,729)	–	–
Share-based payment expense	59	59	–	–	59	–
Total contributions by and distributions to owners	(1,670)	(1,670)	–	(1,729)	59	–
Others						
Contribution of assets	233	140	–	–	140	93
Total others	233	140	–	–	140	93
Balance as at 31 December 2019	58,218	58,286	46,780	11,293	213	(68)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2019

(Amounts expressed in Singapore dollars)

	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 22)	Retained earnings	Other reserves (Note 23)	Non-controlling interests
		Attributable to owners of the Company				
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
2018						
Balance as at 1 January 2018 (FRS Framework)	57,366	56,655	46,780	9,857	18	711
Cumulative effects of adopting SFRS (I) and SFRS (I)15	(3,392)	(3,392)	–	(3,392)	–	–
Balance at 1 January 2018 (SFRS(I) framework)	53,974	53,263	46,780	6,465	18	711
Profit for the year	5,611	5,802	–	5,802	–	(191)
Other comprehensive income						
Foreign currency translation gain	9	5	–	–	5	4
Total comprehensive income for the year	5,620	5,807	–	5,802	5	(187)
Contributions by and distributions to owners						
Dividends on ordinary shares (Note 24)	(1,729)	(1,729)	–	(1,729)	–	–
Total contributions by and distributions to owners	(1,729)	(1,729)	–	(1,729)	–	–
Balance as at 31 December 2018	57,865	57,341	46,780	10,538	23	524

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(Amounts expressed in Singapore dollars)

	Equity, total	Share capital (Note 22)	Retained earnings	Other reserves (Note 23)
	$'000	$'000	$'000	$'000
Company				
2019				
Balance as at 1 January 2019	57,882	40,810	17,072	–
Loss for the year, representing total comprehensive income for the year	(377)	–	(377)	–
Contributions by and distributions to owners				
Dividends on ordinary shares (Note 24)	(1,729)	–	(1,729)	–
Share-based payment expense	59	–	–	59
Total contributions by and distributions to owners	(1,670)	–	(1,729)	59
Balance as at 31 December 2019	55,835	40,810	14,966	59
2018				
Balance as at 1 January 2018	52,628	40,810	11,818	–
Profit for the year, representing total comprehensive income for the year	6,983	–	6,983	–
Dividends on ordinary shares, representing total distributions to owner (Note 24)	(1,729)	–	(1,729)	–
Balance as at 31 December 2018	57,882	40,810	17,072	–

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2019

(Amounts expressed in Singapore dollars)

	2019 $'000	2018 $'000
Operating activities		
Profit before taxation	3,130	6,756
Adjustments for:		
Depreciation of property, plant and equipment	5,831	5,640
Deferred membership income recognised	(4,271)	(6,777)
Allowance/(write-back of allowance for) doubtful receivables, net	82	(34)
Loss on disposal of property, plant and equipment	–	12
Share-based payment expense	59	–
Currency realignment	(4)	9
Total adjustments	1,697	(1,150)
Operating cash flows before changes in working capital	4,827	5,606
Changes in working capital:		
Decrease in inventories	6	32
(Increase)/decrease in trade, other receivables and prepayments	(150)	172
Increase in due from related companies	(10)	(34)
Increase/(decrease) in trade, other payables and other liabilities	62	(24)
Increase/(decrease) in due to related companies	2,829	(381)
Total changes in working capital	2,737	(235)
Cash flows generated from operations	7,564	5,371
Income tax paid	(48)	(695)
Net cash flows generated from operating activities	7,516	4,676
Investing activity		
Purchase of property, plant and equipment (Note B)	(7,059)	(2,674)
Net cash flows used in investing activity	(7,059)	(2,674)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2019

(Amounts expressed in Singapore dollars)

	2019	2018
	$'000	$'000
Financing activities		
Dividends paid on ordinary shares	(1,729)	(1,729)
Loan from non-controlling interests	3,996	–
Net cash flows generated from/(used in) financing activities	2,267	(1,729)
Net increase in cash and bank balances	2,724	273
Cash and bank balances as at 1 January (Note A)	45,405	45,132
Cash and bank balances as at 31 December (Note A)	48,129	45,405

Note A

Included in cash and bank balances is an amount of $230,000 (2018: Nil) restricted bank deposits. The unrestricted cash and cash equivalents as at 31 December 2019 is $47,899,000 (2018: $45,405,000).

Note B

	2019	2018
	$'000	$'000
Purchase of property, plant and equipment:		
Aggregate cost of property, plant and equipment acquired (Note 10)	7,394	2,762
Adjustments:		
Proceeds from disposal of property, plant and equipment	(30)	(88)
Recognition of right-of-use assets	(71)	–
Contribution of assets from a non-controlling interest	(234)	–
Cash payments to acquire property, plant and equipment	7,059	2,674

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

SUTL Enterprise Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and listed on the Singapore Exchange. The ultimate holding company is SUTL Global Pte. Ltd. which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 100J Pasir Panjang Road, #05-00, SUTL House, Singapore 118525.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS (I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 *New accounting standards effective on 1 January 2019*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Company have adopted all the new and revised standards and Interpretations of SFRS(I) ("SFRS (I) INT") that are effective for annual periods beginning on or after 1 January 2019. Except for SFRS (I) 16 and SFRS (I) INT 23, the adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group an d the Company.

<u>SFRS (I) 16 Leases</u>

SFRS (I) 16 supersedes SFRS (I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, INT SFRS(I) 1-15 Operating Leases-Incentives and SFRS (I) 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SFRS (I) 16 is substantially unchanged from SFRS (I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS (I) 1-17. Therefore, SFRS (I) 16 did not have an impact for leases where the Group is the lessor.

2. Summary of significant accounting policies (cont'd)

2.2 ***New accounting standards effective on 1 January 2019 (cont'd)***

SFRS (I) 16 Leases (cont'd)

The Group adopted SFRS (I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. The Group, on a lese-by-lease basis, measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before 1 January 2019.

In addition, the Group also elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

SFRS(I) INT 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of SFRS(I) 1-12 Income Taxes. It does not apply to taxes or levies outside the scope of SFRS(I) 1-12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to the adjustments arose from the adoption of SFRS (I) 15 in 2018. Based on the tax submission for Year of assessment 2019, a tax deduction is claimed on the deferred membership income of $67 million in accordance with the Section 34I the Singapore Income Tax Act.

Based on the recent tax treatment established through case laws, it was concluded that entrance fees should not be taxed in accordance with revenue recognition and instead should be taxed on cash receipt basis. As such, the Group recognised the additional income tax expense of $829,600 in statement of comprehensive income and income tax payable of $1,603,000 in balance sheets.

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined **
Amendments to SFRS(I) 3 Business Combination: *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
SFRS(I) 17 *Insurance Contracts*	1 January 2021

** The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the ASC in December 2015 via Amendments to Effective Date of Amendment to SFRS(I) 10 and SFRS(I) 1-28

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.4 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the statement of comprehensive income; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to the statement of comprehensive income or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in the statement of comprehensive income.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interest are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the statement of comprehensive income on the acquisition date.

2.5 *Transactions with non-controlling interest*

Non-controlling interest represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in Singapore dollars ("SGD"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the statement of comprehensive income of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency (cont'd)***

(b) ***Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of comprehensive income.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interest and is not recognised in the statement of comprehensive income. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the statement of comprehensive income.

2.7 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in the statement of comprehensive income. A revaluation deficit is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	Remaining lease term
Leasehold building	Remaining lease term
Renovations	5 - 10 years
Furniture and fittings	3 - 7 years
Office and operating equipment	5 years
Motor vehicles	10 years
Pontoons and fixtures	3 - 10 years
Computers	3 - 10 years
Other equipment	5 - 7 years

2. Summary of significant accounting policies (cont'd)

2.7 ***Property, plant and equipment (cont'd)***

Assets under construction included in the property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is de-recognised.

2.8 ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of comprehensive income, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of comprehensive income.

2. Summary of significant accounting policies (cont'd)

2.10 ***Financial instruments***

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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 the statement of comprehensive income are expensed in the statement of comprehensive income.

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of comprehensive income when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in the statement of comprehensive income.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.10 ***Financial instruments (cont'd)***

(b) ***Financial liabilities (cont'd)***

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in the statement of comprehensive income.

2.11 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.13 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.15 ***Employee benefits***

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Employee share option plans***

Employees of the Group may receive remuneration in the form of share options as consideration for services rendered.

The cost of these equity-settled share based payment with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in the statement of comprehensive income, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon the forfeiture of the share option scheme.

(c) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.16 ***Revenue***

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 at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) ***Sales of goods and services***

Sales of goods and services comprise all income and proceeds from sales resulting from the operations of the marina and all facilities therein and are recognised as and when goods and services are provided. Revenue arising from chartering of vessels is accounted for on a straight-line basis over the contracted charter periods.

2. Summary of significant accounting policies (cont'd)

2.16 ***Revenue (cont'd)***

(b) ***Membership related fees and management fees***

Membership related fees comprise all income relating to the club membership.

Subscription fee

Subscription fee is recognised on a straight-line basis over the period of the subscription.

Entrance fee

Entrance fee is recognised on a straight-line basis over the membership tenure period in which the entrance fee is paid. Non-refundable upfront entrance fee is deferred and presented in balance sheet as deferred membership income.

Transfer fee

Transfer fee is recognised upon transfer of membership.

Management fee

Management fee is recognised as and when services are provided.

2.17 ***Taxes***

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the statement of comprehensive income except to the extent that the tax relates to items recognised outside the statement of comprehensive income, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.17 ***Taxes (cont'd)***

(b) ***Deferred tax (cont'd)***

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) ***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

2.18 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.19 ***Leases***

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Summary of significant accounting policies (cont'd)

2.19 ***Leases (cont'd)***

Group as a lessee (cont'd)

(a) ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office and operating equipment	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.9.

(b) ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office and operating equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.20 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

2. Summary of significant accounting policies (cont'd)

2.20 ***Contingencies (cont'd)***

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 ***Judgements made in applying accounting policies***

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") 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 ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs and the carrying amount of the Group's trade receivables is disclosed in Note 13 to the financial statements.

4. Revenue

Disaggregation of revenue

	Group 2019 $'000	Group 2018 $'000
Primary geographical market		
Singapore	31,498	33,008
Malaysia	310	–
	31,808	33,008
Major service lines		
Sales of goods and services	20,868	19,881
Membership related fees and management fees	10,940	13,127
	31,808	33,008
Timing of transfer of services		
At a point in time	20,158	19,368
Over time	11,650	13,640
	31,808	33,008

5. Other income

	Group 2019 $'000	Group 2018 $'000
Bad debts recovered	–	886
Interest income	475	449
Income on insurance claims	–	346
Others	80	115
	555	1,796

6. Salaries and other employee benefits

	Group 2019 $'000	Group 2018 $'000
Wages, salaries and bonuses	9,401	8,648
Contributions to defined contribution plan	918	894
Other short-term benefits	1,288	1,280
	11,607	10,822

6. Salaries and other employee benefits (cont'd)

Share Option Scheme

Under the Share Option Scheme 2011 ("SOS 2011"), the Company may grant options to employees of the Group and directors of the Company. The options granted are exercisable after the expiration of the first and second anniversaries of the date the options are granted. There are no cash settlement alternatives. These options do not entitle the holder to participate, by virtue of the options, in any share issue of any other corporation.

The SOS 2011 is effective from 29 April 2011 for a maximum period of 10 years.

1,025,000 options were granted in the financial year ended 31 December 2019 (2018: Nil). There were 925,000 options outstanding at 31 December 2019 (2018: Nil).

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

The expenses recognised in 2019 for share-based payment is $59,000 (2018: Nil).

Fair value of share options

The fair value of share options is estimated at grant date using Black-Scholes model, taking into account the terms and conditions upon which the share options were granted.

The following table states the inputs to the model used.

	Tranche 1	Tranche 2
Expected volatility (%)	49.6%	48.9%
Risk-free interest rate (%)	1.76%	1.79%
Expected life of options (years)	5.5	6.0
Exercise price (S$)	0.577	0.577
Share price at date of grant (S$)	0.570	0.570

The weighted average fair value of options granted was $0.20 (2018: Nil).

7. Profit before taxation

Profit before taxation is stated after charging/(crediting) the following:

	Group	
	2019	2018
	$'000	$'000
Maintenance expenses	1,530	1,499
Professional fees and insurance fees	735	846
Foreign exchange gain	(86)	(78)
Fees paid/payable to auditor of the Company		
- Audit fees	137	123
- Non-audit fees	46	40
Expenses relating to short-term lease	32	–

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group	
	2019	**2018**
	$'000	$'000
Consolidated statement of comprehensive income:		
Current income tax		
- Current year	859	651
- Under/(over) provision in respect of previous years	200	(9)
	1,059	642
Deferred income tax (Note 21)		
- Current year	307	503
- Over provision in respect of previous years	(30)	–
	277	503
	1,336	1,145

Relationship between income tax expense and profit before taxation

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	$'000	$'000
Profit before taxation	3,130	6,756
Tax at the domestic rates applicable to profits in the countries where the Group operates	413	1,115
Adjustments:		
Non-deductible expenses	228	236
Income not subject to taxation	–	(165)
Tax losses not available to be carried forward	55	90
Deferred tax assets not recognised	414	–
Effect of partial tax exemption and tax relief	(106)	(122)
Under/(over) provision in respect of previous years	200	(9)
Others	132	–
	1,336	1,145

The statutory income tax rates in the countries where the Group operates are as follows:

– Singapore 17%

– Malaysia 24%

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

8. Income tax expense (cont'd)

At the end of the reporting year, the Group has unutilised tax losses of approximate $1,809,000 (2018: Nil) that are available for offset against future taxable profits in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the countries in which the companies operate. These tax losses have no expiry date.

Tax consequences of proposed dividends

There are no income tax consequences (2018: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 24).

9. Earnings per share

Basic earnings per share are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2019	**2018**
Profit, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share ($'000)	2,484	5,802
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	86,461	86,461
Basic and diluted earnings per share (cents)	2.87	6.71

925,000 (2018: Nil) share options granted to employees under the share option scheme have not been included in the calculation of diluted earnings per share because they are anti-dilutive. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date.

10. Property, plant and equipment

	Leasehold land $'000	Freehold land $'000	Leasehold building $'000	Renovations $'000	Furniture and fittings $'000	Office and operating equipment $'000	Right-of-use assets $'000	Motor vehicles $'000	Pontoons and fixtures $'000	Computers $'000	Other equipment $'000	Construction in progress $'000	Total $'000
Group													
Cost													
Balance as at 1 January 2018	32,476	–	64,744	2,728	2,719	2,235	–	479	14,396	2,635	962	502	123,876
Additions	–	–	–	629	62	161	–	261	84	145	450	970	2,762
Disposals	–	–	–	–	(28)	(26)	–	(60)	–	(70)	(5)	–	(189)
Balance as at 31 December 2018 and 1 January 2019	32,476	–	64,744	3,357	2,753	2,370	–	680	14,480	2,710	1,407	1,472	126,449
Additions	–	3,349	9	494	45	66	71	37	493	85	209	2,536	7,394
Disposals	–	–	–	–	(41)	(45)	–	–	(90)	(107)	(37)	–	(320)
Currency realignment	–	–	–	–	–	–	–	–	–	2	–	(2)	–
Balance as at 31 December 2019	32,476	3,349	64,753	3,851	2,757	2,391	71	717	14,883	2,690	1,579	4,006	133,523
Accumulated depreciation and impairment loss													
Balance as at 1 January 2018	6,485	–	16,273	1,011	2,426	1,944	–	459	12,989	2,048	753	–	44,388
Charge for the year	1,531	–	2,872	380	76	140	–	34	302	208	97	–	5,640
Disposals	–	–	–	–	(19)	(24)	–	(60)	–	(69)	(5)	–	(177)
Balance as at 31 December 2018 and 1 January 2019	8,016	–	19,145	1,391	2,483	2,060	–	433	13,291	2,187	845	–	49,851
Charge for the year	1,531	–	2,872	448	78	134	22	37	350	198	161	–	5,831
Disposals	–	–	–	–	(41)	(42)	–	–	(89)	(105)	(13)	–	(290)
	9,547	–	22,017	1,839	2,520	2,152	22	470	13,552	2,280	993	–	55,392
Net carrying amount													
Balance as at 31 December 2018	24,460	–	45,599	1,966	270	310	–	247	1,189	523	562	1,472	76,598
Balance as at 31 December 2019	22,929	3,349	42,736	2,012	237	239	49	247	1,331	410	586	4,006	78,131

11. Investments in subsidiaries

(a) *Unquoted equity shares*

	Company 2019	Company 2018
	$'000	$'000
Unquoted equity shares, at cost	17,593	17,593
Long term advances to a subsidiary	8,568	7,700
	26,161	25,293

Long term advances to a subsidiary are unsecured, non-interest bearing and repayable at the discretion of the subsidiary, only when the cash flows of a subsidiary permit. These amounts relate to contributions from the Company, which form part of the Company's net investment in a subsidiary and are accounted for at cost less accumulated impairment losses.

(b) *Composition of the Group*

The Group has the following Investments in subsidiaries:

Name (Country of incorporation and place of business)	Principal activities	Proportion (%) of ownership interest 2019	Proportion (%) of ownership interest 2018	Cost of investment 2019 $'000	Cost of investment 2018 $'000
Held by SUTL Enterprise Limited					
SUTL Marina Development Pte. Ltd. (1) (Singapore)	Operating and maintaining a marina and its annexes ("One°15 Marina Club")	100	100	17,328	17,328
ONE15 Luxury Yachting Pte. Ltd. (1) (Singapore)	Yacht chartering	100	100	87	87
ONE15 Marina Holdings Pte. Ltd. (1) (Singapore)	Investment holding	100	100	#	#
ONE15 Management and Technical Services Pte. Ltd. (1) (Singapore)	Provision of business and management consultancy services and provision of management and technical services for marina activities	100	100	178	178
				17,593	17,593

Amount is less than $1,000.

11. Investments in subsidiaries (cont'd)

(b) ***Composition of the Group (cont'd)***

Name (Country of incorporation and place of business)	**Principal activities**	**Proportion (%) of ownership interest 2019**	**2018**
Held through ONE15 Marina Holdings Pte. Ltd.			
Sarandra Malaysia Sdn Bhd [(2)] (Malaysia)	Investment holding	60	60
SUTL Marina Holdings Sdn Bhd [(2)] (Malaysia)	Investment holding	100	100
One15 Events Management Pte. Ltd. [(1)]	Event and concert organiser	100	100
Held through Sarandra Malaysia Sdn Bhd			
One15 Marina Development Bhd [(2)] (Malaysia)	Construct, develop and manage a marina, marina club, hotel, recreation centre and other facilities	60	60
One15 Marina Management Sdn Bhd [(2)] (Malaysia)	Managing and developing marina club, and development of building projects for own operation	60	–

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by member firms of Ernst & Young Global in Malaysia

On 30 January 2019, Sarandra Malaysia Sdn Bhd incorporated a 60% owned subsidiary, One15 Marina Management Sdn Bhd ("MMSB") for a cash consideration of $33. MMSB is principally involved in managing and developing marina club, and development of building projects for own operation.

11. Investments in subsidiaries (cont'd)

(c) ***Interest in subsidiaries with material non-controlling interest ("NCI")***

As at 31 December 2019, the Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Loss allocated to NCI during the reporting period	Other comprehensive income allocated to NCI during the reporting period	Contribution of assets	Accumulated NCI at the end of the reporting period
			$'000	$'000	$'000	$'000
31 December 2019:						
Sarandra Malaysia Sdn Bhd and its subsidiary	Malaysia	40%	(690)	5	93	(68)
31 December 2018:						
Sarandra Malaysia Sdn Bhd and its subsidiary	Malaysia	40%	(191)	4	–	524

Significant restrictions:

There was no significant restriction on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

(d) ***Summarised financial information about subsidiaries with material NCI***

Summarised financial information including consolidation adjustments but before intercompany elimination of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Sarandra Malaysia Sdn Bhd and its subsidiaries	
	2019	**2018**
	$'000	$'000
Current assets	6,788	413
Current liabilities	(5,804)	(142)
Net current assets	984	271
Non-current assets	7,706	2,682
Non-current liabilities	(6,994)	–
Net assets	1,696	2,953

11. Investments in subsidiaries (cont'd)

(d) ***Summarised financial information about subsidiaries with material NCI (cont'd)***

Summarised statements of comprehensive income

	Sarandra Malaysia Sdn Bhd and its subsidiaries	
	2019	**2018**
	$'000	$'000
Revenue	377	–
Loss for the year	(1,722)	(477)
Other comprehensive income for the year	(4)	9
Total comprehensive income for the year	(1,726)	(468)

Other summarised information

	Sarandra Malaysia Sdn Bhd and its subsidiaries	
	2019	**2018**
	$'000	$'000
Net cash flows used in operations	(1,038)	(346)
Net cash flows generated from financing activities	10,191	–
Net cash flows used in investing activities	(4,608)	(956)

12. Inventories

	Group	
	2019	**2018**
	$'000	$'000
Balance sheet:		
Food and beverage	99	112
Sundry stores and others	43	36
	142	148

	Group	
	2019	**2018**
	$'000	$'000
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	2,350	2,485

13. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade receivables	3,623	3,408	–	–
Less: Allowance for doubtful receivables	(764)	(928)	–	–
	2,859	2,480	–	–
Refundable deposits	279	237	12	12
	3,138	2,717	12	12
Other receivables	3,219	3,801	334	824
Less: Allowance for doubtful receivables	(2,813)	(2,849)	–	–
	406	952	334	824
	3,544	3,669	346	836

Trade receivables

Trade receivables mainly relate to receivables in respect of subscription fees and marina operations and management. These are non-interest bearing and are normally settled on 30 to 90 days' term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $1,375,000 (2018: $1,020,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2019	2018
	$'000	$'000
Trade receivables past due but not impaired:		
1 to 30 days	457	421
30 to 90 days	261	153
More than 90 days	657	446
	1,375	1,020

Expected credit losses (ECL)

	Group	
	2019	2018
	$'000	$'000
Trade receivables – nominal amounts	850	1,089
Less: Allowance for doubtful trade receivables	(764)	(928)
	86	161

13. Trade and other receivables (cont'd)

Trade receivables (cont'd)

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2019	**2018**
	$'000	$'000
Movement in allowance accounts:		
Balance as at 1 January	928	2,792
Charge/(credit) to the statement of comprehensive income	82	(34)
Written off against allowance	(246)	(1,830)
Balance as at 31 December	764	928

Other receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Debt reassigned	270	755	270	755
Interest receivable on fixed deposits	65	69	65	69
Others	71	128	(1)	–
	406	952	334	824

During the year ended 31 December 2014, in connection with the disposal of non-controlling interest in a subsidiary, the Company entered into a reassignment agreement with a subsidiary to reassign trade debts owing by a customer in the Philippines to the Company and reclassified as Other Receivables. Accordingly, the allowance for doubtful trade receivables had also been reassigned to the Company.

Other receivables that are impaired

The Group's other receivables that are impaired at the end of the reporting period and the movement in allowance for expected credit losses of other receivables computed based on lifetime ECL are as follows:

	Group	
	2019	**2018**
	$'000	$'000
Other receivables – nominal amounts	3,083	3,504
Less: Allowance for doubtful receivables	(2,813)	(2,849)
	270	655
Movement in allowance accounts:		
Balance as at 1 January	2,849	3,646
Write-off against allowance	–	(874)
Currency realignment	(36)	77
Balance as at 31 December	2,813	2,849

13. Trade and other receivables (cont'd)

Trade and other receivables denominated in foreign currency other than functional currencies of the Group companies as at 31 December are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
United States dollars	307	683	270	655

14. Amounts due from/(to) related companies

Amounts due from/(to) related companies are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

15. Amounts due from subsidiaries

Amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

16. Cash and bank balances

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Fixed deposits	34,811	30,742	34,811	30,542
Cash at bank and on hand	13,318	14,663	1,388	3,813
	48,129	45,405	36,199	34,355
Less: Restricted bank deposits	(230)	–	–	–
Cash and cash equivalents	47,899	45,405	36,199	34,355

Fixed deposits of the Group and the Company at the end of the reporting period have an average tenure of 3 months (2018: 3 months) and 3 months (2018: 3 months) respectively. The effective interest rates of fixed deposits of the Group and the Company are 1.5% (2018: 1.1%) and 1.5% (2018: 1.1%) per annum respectively.

Restricted bank deposits are held for Marina Development project only and therefore restricted from use in other operations.

Cash and cash equivalents denominated in foreign currency other than functional currencies of the Group companies as at 31 December are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
United States dollars	499	1,891	492	1,891

17. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade payables	1,412	245	–	–
Deposits	2,178	1,866	–	–
Accrued operating expenses	2,556	1,097	355	354
Accrued staff costs	1,135	1,291	–	–
Deferred revenue	701	698	–	–
Advanced subscription fees	422	418	–	–
Other payables	201	303	–	–
Advances from customers	335	269	–	–
Lease liabilities	120	–	–	–
GST payable	308	281	–	–
	9,368	6,468	355	354

Trade payables/other payables

These amounts are non-interest bearing and are normally settled on 60 days' terms.

18. Loan from a subsidiary

Loan from a subsidiary is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

19. Deferred membership income

	Group	
	2019	2018
	$'000	$'000
Deferred membership income:		
- Non-current	52,070	56,313
- Current	3,774	3,802
	55,844	60,115
Balance as at 1 January	60,115	66,893
Credit to the statement of comprehensive income	(4,271)	(6,778)
Balance as at 31 December	55,844	60,115

20. Loan from a controlling interest

In 2019, loan from a non-controlling interest is non-trade in nature, unsecured, bears interest at 5.5% per annum and not due for repayment within 12 months from the balance sheet date. This loan is to be settled in cash.

21. Deferred tax liabilities

	Group 2019 $'000	Group 2018 $'000
Deferred tax liabilities:		
Balance as at 1 January	(1,019)	(516)
Charge to the statement of comprehensive income	(277)	(503)
Balance as at 31 December	(1,296)	(1,019)

Deferred tax as at 31 December relates to the following:

	Group 2019 $'000	Group 2018 $'000
Deferred tax assets:		
Deferred membership income	9,423	10,220
Others	3	95
	9,426	10,315
Deferred tax liabilities:		
Property, plant and equipment	(10,722)	(11,334)
Deferred tax liabilities, net	(1,296)	(1,019)

22. Share capital

	Group 2019		Group 2018	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
Balance as at beginning and end of the year	86,461	46,780	86,461	46,780

	Company 2019		Company 2018	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
Balance as at beginning and end of the year	86,461	40,810	86,461	40,810

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

23. Other reserves

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Foreign currency translation reserve	14	23	–	–
Share-based payments reserve	59	–	59	–
Capital reserve	140	–	–	–
	213	23	59	–

(a) ***Foreign currency translation reserve***

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

(b) ***Share-based payments reserve***

Share-based payment reserve represents the equity-settled share options granted to directors and employees (Note 6). 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 of the share options to retained earnings.

(c) ***Capital reserve***

Capital reserve represents the contribution of assets from a non-controlling interest.

24. Dividends on ordinary shares

	Group and Company	
	2019	2018
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final exempt (one-tier) dividend for 2018: $0.02 (2017: $0.02) per share	1,729	1,729
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final exempt (one-tier) dividend for 2019: $0.02 (2018: $0.02) per share	1,729	1,729

25. Related party transactions

(a) *Sale and purchases of goods and services*

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

	Group	
	2019	**2018**
	$'000	$'000
Sale of goods and services to directors and director-related companies	479	411
Purchase of goods and services from director-related companies	(341)	(315)
Payment on behalf by director-related companies	144	284
Payment on behalf for director-related company	(8)	(56)

(b) *Compensation of key management personnel*

	Group	
	2019	**2018**
	$'000	$'000
Salaries, bonuses and other costs	992	927
Directors' fee	303	272
Employer's contribution to defined contribution plans	57	54
	1,352	1,253
Comprise amounts paid to:		
Directors of the Company	551	505
Other key management personnel	801	748
	1,352	1,253

26. Service commitments

The Group has entered into commercial contracts for the provision of services. These contracts have an average tenure of between one and five years with renewal options included in the contracts. There are no restrictions placed upon the Group by entering into these commercial contracts. Minimum payments recognised as an expense in the statement of comprehensive income for the financial year ended 31 December 2019 amounted to $1,530,000 (2018: $1,499,000).

Future minimum payments payable under non-cancellable commercial contracts at the end of reporting period are as follows:

	Group	
	2019	**2018**
	$'000	$'000
Not later than one year	885	1,203
Later than one year but not later than five years	210	689
	1,095	1,892

27. Segment information

The Group's primary format for reporting segment information is business segments, with each segment representing a strategic business segment that offers different products/services.

(a) ***Business segments***

The Group is principally engaged in the business of marina operations. The assets, liabilities and capital expenditure of the Group are employed in this sole business segment.

(b) ***Geographical segments***

Segment revenue is based on the location of customers. Segment non-current assets and capital expenditure are based on the location of those assets.

	Singapore		Malaysia		Total	
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	31,498	33,008	310	–	31,808	33,008
Non-current asset	72,303	75,560	5,828	1,038	78,131	76,598
Capital expenditure	2,551	1,804	4,843	958	7,394	2,762

(c) ***Information about major customers***

The Group does not have revenue concentration from major customers. Revenue is spread over a large number of customers.

28. Financial instruments

(a) ***Classification of financial instruments***

	Debts instruments at amortised cost SFRS(I) 9		Financial liabilities at amortised cost SFRS(I) 9	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Group				
Financial assets				
Trade and other receivables	3,544	3,669	–	–
Amounts due from related companies	102	92	–	–
Cash and cash equivalents	48,129	45,405	–	–
Financial liabilities				
Trade and other payables (excluding advance subscription fee, deferred revenue, advances from customers and GST payable)	–	–	7,602	4,802
Amounts due to related companies	–	–	70	8
Loan from a non-controlling interest	–	–	3,996	–
	51,775	49,166	11,668	4,810

28. Financial instruments (cont'd)

(a) ***Classification of financial instruments (cont'd)***

	Debts instruments at amortised cost SFRS(I) 9		Financial liabilities at amortised cost SFRS(I) 9	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Company				
Financial assets				
Trade and other receivables	346	836	–	–
Amounts due from subsidiaries	–	274	–	–
Cash and cash equivalents	36,199	34,355	–	–
Financial liabilities				
Accrued operating expenses	–	–	355	354
Amount due to a related company			3	–
Loan from a subsidiary	–	–	6,460	2,501
	36,545	35,465	6,818	2,855

(b) ***Fair value of financial instruments***

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The Group and the Company do not have assets or liabilities that are measured at fair value on recurring or non-recurring basis in the balance sheet after initial recognition.

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assets and liabilities classes that are not carried at fair value and whose carrying amounts approximate fair values

Trade and other receivables (Note 13), amounts due from/(to) related companies (Note 14), amounts due from subsidiaries (Note 15), cash and cash equivalents (Note 16), trade and other payables (Note 17), loan from a non-controlling interest (Note 20), loan from a subsidiary (Note 18)

The carrying amounts of financial assets and liabilities are reasonable approximations of fair values due to their short-term nature.

29. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group has put in place internal mechanisms to monitor the granting of credit and management of credit exposures which ensure that the sales of products and services are made to creditworthy members and customers.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty has shown strong evidences of inability to make contractual payments, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant repayment difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- There is a disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income.

29. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk (cont'd)***

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in balance sheets.

Credit risk concentration

The Group has no significant concentration of credit risk with any single member.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Other financial assets that are either past due or impaired are disclosed in Note 13 (Trade and other receivables).

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company monitor their liquidity risks and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

		2019 $'000			2018 $'000	
	Less than 1 year	**1 to 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**Total**
Group						
Financial assets						
Trade and other receivables	3,544	–	3,544	3,669	–	3,669
Amounts due from related companies	102	–	102	92	–	92
Cash and cash equivalents	48,129	–	48,129	45,405	–	45,405
Total undiscounted financial assets	51,775	–	51,775	49,166	–	49,166
Financial liabilities						
Trade and other payables (excluding advance subscription fee, deferred revenue, advances from customers and GST payable)	7,602	–	7,602	4,802	–	4,802
Amounts due to related companies	70	–	70	8	–	8
Loan from a non-controlling interest	–	4,216	4,216	–	–	–
Total undiscounted financial liabilities	7,672	4,216	11,888	4,810	–	4,810
Total net undiscounted financial assets/(liabilities)	44,103	(4,216)	39,887	44,356	–	44,356

29. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

	2019 $'000 Less than 1 year	2019 $'000 1 to 5 years	2019 $'000 Total	2018 $'000 Less than 1 year	2018 $'000 1 to 5 years	2018 $'000 Total
Company						
Financial assets						
Trade and other receivables	346	–	346	836	–	836
Amounts due from subsidiaries	–	–	–	274	–	274
Cash and cash equivalents	36,199	–	36,199	34,355	–	34,355
Total undiscounted financial assets	36,545	–	36,545	35,465	–	35,465
Financial liabilities						
Accrued operating expenses	355	–	355	354	–	354
Amount due to a related company	3	–	3	–	–	–
Loan from a subsidiary	6,460	–	6,460	2,501	–	2,501
Total undiscounted financial liabilities	6,818	–	6,818	2,855	–	2,855
Total net undiscounted financial assets	29,727	–	29,727	32,610	–	32,610

(c) ***Foreign currency risk***

The Group and the Company also has trade and other receivables and cash and cash equivalents denominated in currency other than the respective functional currencies of Group entities, primarily United States Dollar ("USD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

		Group Increase/(decrease) Profit before taxation 2019 $'000	Group Increase/(decrease) Profit before taxation 2018 $'000
USD/SGD	- strengthened 10% (2018: 10%)	81	257
	- weakened 10% (2018:10%)	(81)	(257)

30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains sufficient cash in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by the sum of capital and net debt. Net debt includes trade and other payables, amounts due to related companies less cash and cash equivalents. Capital refers to equity attributable to owners of the Company.

As at 31 December 2019 and 31 December 2018, the Group is in a net cash position.

31. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 25 March 2020.

Statistics of Shareholdings

As at 20 March 2020

Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Number of treasury shares	:	Nil (0%)
Number of subsidiary holdings (as defined in the SGX-ST Listing Manual)	:	Nil (0%)

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	10	0.36	391	0.00
100 - 1,000	1,206	43.24	576,926	0.67
1,001 - 10,000	1,227	43.99	5,396,870	6.24
10,001 - 1,000,000	338	12.12	18,514,536	21.41
1,000,001 AND ABOVE	8	0.29	61,971,879	71.68
TOTAL	**2,789**	**100.00**	**86,460,602**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SUTL GLOBAL PTE LTD	47,389,942	54.81
2	HSBC (SINGAPORE) NOMINEES PTE LTD	4,208,400	4.87
3	PHILLIP SECURITIES PTE LTD	2,834,275	3.28
4	DBS NOMINEES (PRIVATE) LIMITED	2,584,341	2.99
5	HONG LEONG FINANCE NOMINEES PTE LTD	1,337,300	1.55
6	OCBC SECURITIES PRIVATE LIMITED	1,280,721	1.48
7	GOH GUAN SIONG (WU YUANXIANG)	1,255,500	1.45
8	RAMESH S/O PRITAMDAS CHANDIRAMANI	1,081,400	1.25
9	CITIBANK NOMINEES SINGAPORE PTE LTD	889,300	1.03
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	886,900	1.03
11	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	848,600	0.98
12	RAFFLES NOMINEES (PTE.) LIMITED	703,600	0.81
13	ABN AMRO CLEARING BANK N.V.	599,600	0.69
14	CHAI CHEE KENG	555,000	0.64
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	522,500	0.60
16	LO JU JIE	458,981	0.53
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	438,900	0.51
18	HO CHOON KENG	436,200	0.50
19	YU MAN-LI	418,000	0.48
20	YEO WEI HUANG	325,000	0.38
	TOTAL	**69,054,460**	**79.86**

Statistics of Shareholdings

As at 20 March 2020

SUBSTANTIAL SHAREHOLDERS

No	Name	Beneficial interest No. of shares	%	Deemed interest No. of shares	%
1.	SUTL Global Pte. Ltd.	47,389,942	54.81	–	–
2.	Tay Teng Guan Arthur [(a)]	0	0	47,389,942	54.81

(a) The deemed interest of Tay Teng Guan Arthur arises by virtue of his direct interest of approximately 51% in the issued and paid up capital of SUTL Global Pte. Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

45.19% of the total number of issued ordinary shares capital of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

GLOBAL LEADER IN MARINA MANAGEMENT

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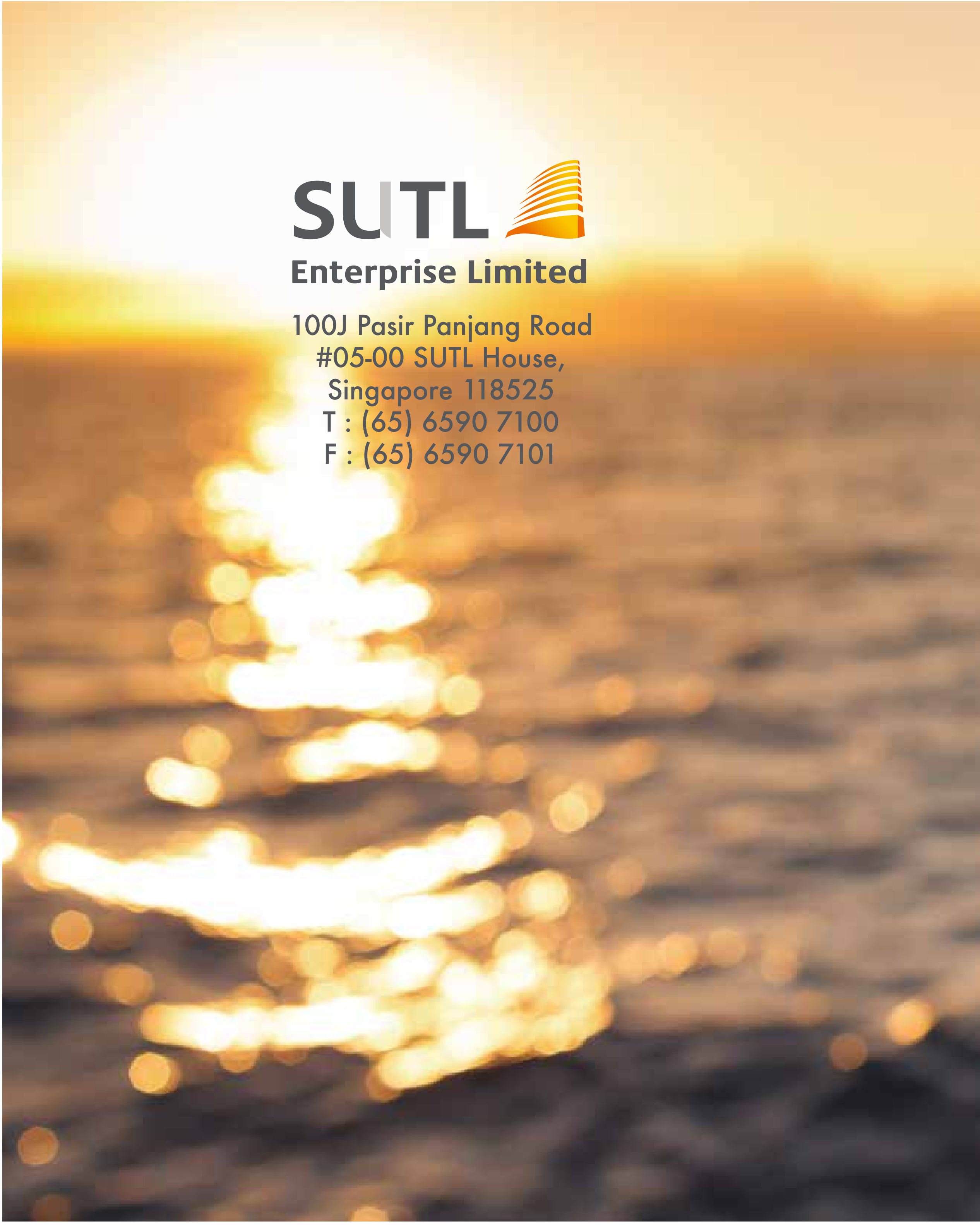

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