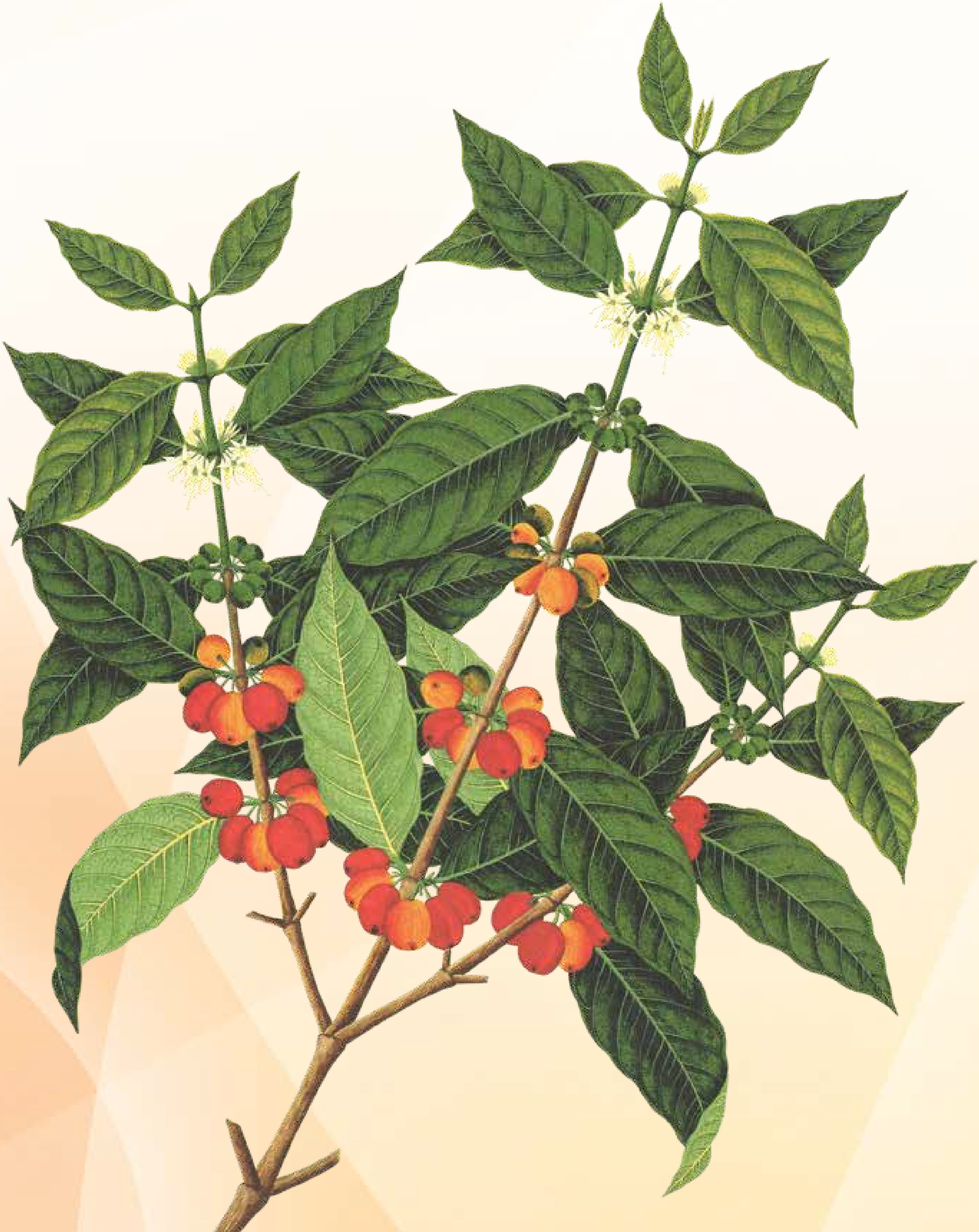
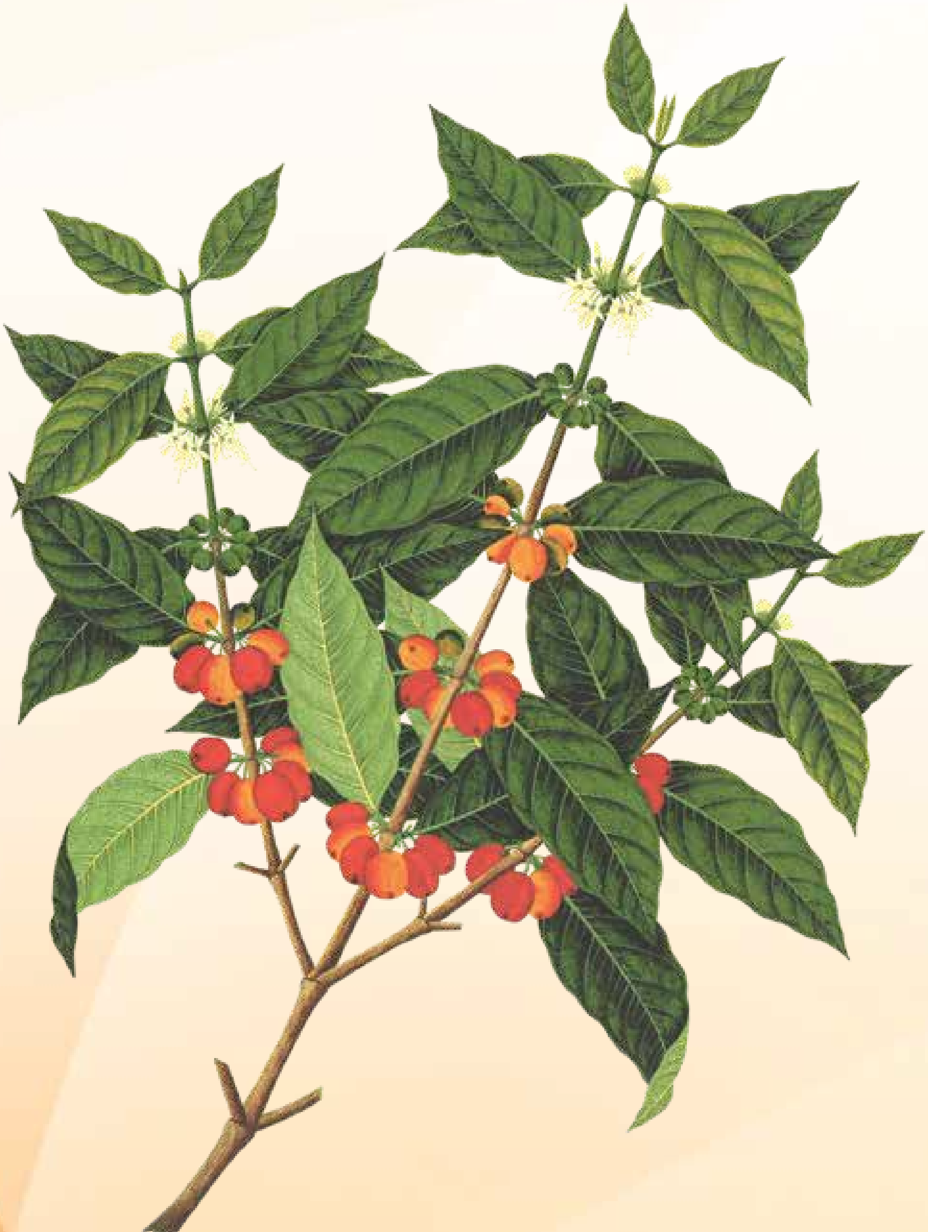
G. K. GOH HOLDINGS LIMITED

Annual Report 2019



CONTENTS



Coffee (Kopi)

Coffea Arabica

The William Farquhar Collection
of Natural History Drawings

Chairman's Statement

Dear Fellow Shareholder,

2019 was a mixed year for the Group. In aggregate, net profits after tax amounted to S$8.5 million (compared with a loss of S$3.7 million in 2018). However, the continued weakness of the Australian dollar affected the carrying value of some of our major assets, and our long-term investment portfolio contributed unrealised losses of S$8.0 million, mainly because of the weak share price performance of Eastern & Oriental Berhad ("E&O"). Our total comprehensive income attributable to shareholders for the year amounted to a loss of S$3.4 million (FY18: loss of S$19.4 million).

Group Financial Results for the Year Ended	2019 (S$'million)	2018 (S$'million)
Revenue	116.9	90.2
Net profit / (loss) after tax	8.5	(3.7)
Fair value loss on long-term investments	(8.0)	(0.6)
Share of other comprehensive income of associates	0.3	–
Net gain / (loss) on cash flow hedge	0.2	(0.2)
Net gain on hedge of net investment	–	0.8
Foreign currency translation	(3.9)	(15.2)
Other comprehensive loss	(11.4)	(15.2)
Total comprehensive loss	**(2.9)**	**(18.9)**
Non-controlling interests	(0.5)	(0.5)
Total comprehensive loss attributable to Owners of the Company	**(3.4)**	**(19.4)**
Earnings per share (cents)	2.45	(1.35)
Net asset value per share (cents)	127.60	133.49

We divide our investments into two broad categories: Operating Businesses, where we exercise some degree of strategic control, and Financial Investments, spanning listed and unlisted equities, public market funds, private equity funds and venture capital investments. In all instances, our focus is on the potential for long-term returns.

We have two groups of Operating Businesses: Aged Care, and Corporate Services.

Aged Care – Singapore and Australia

This segment is dominated by our 48% stake in Opal Aged Care Group ("Opal"), one of the leading providers of residential aged care in Australia. We are also invested in Australia's retirement living sector through Habitat Assets Pte Ltd ("Habitat"). In Singapore, Allium Healthcare ("Allium") has opened its first nursing home Allium Care Suites, having earlier started two senior day care centers.

Opal contributed S$10.4 million to our net earnings. Whilst like-for-like operating returns were only marginally better, the main reason for the increase against the S$6.7 million contributed in 2018 was that Opal's earnings in 2018 were affected by one-time items, such as an adjustment for over-accrual of deferred tax asset, and the 2019 return was helped in part by a one-time increase in government funding.

Australia's residential aged care sector has been going through a particularly challenging period, with an overall decline in occupancy, cuts in government funding in recent years, and higher compliance and operating costs. According to the latest StewartBrown report, 51% of Australia's residential aged care homes are operating at a loss. Opal's scale (with 77 homes and capacity of over 7,300 beds) enables it to operate more efficiently, but it is also investing actively to improve care quality, to enhance its workforce, and to add a substantial number of new beds over the next five years.

A Royal Commission into Aged Care Quality and Safety has been underway since October 2018, and it will deliver its final report in November 2020. This is expected to recommend fundamental and major changes to policy as well as funding mechanisms in order to improve care quality across the sector.

Apart from the uncertainty over the Royal Commission's recommendations, Opal may also be affected if the COVID-19 virus spreads widely in Australia, given the higher risks for older and less healthy persons. Opal's management has put in place policies and processes to minimise the risk to its residents and staff.

Allium Healthcare

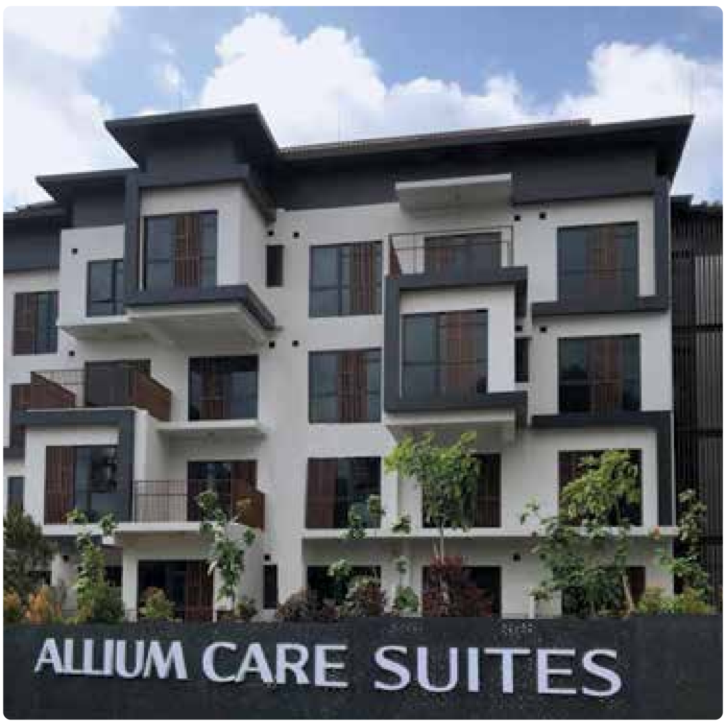
In November, the 129-bed Allium Care Suites took in its first resident. This is Allium's first nursing home in Singapore, offering a unique model of customer-centered care to those needing full-time residential aged care or respite care. We expect occupancy at Allium Care Suites to grow steadily across 2020, and staffing will grow commensurately. Allium also operates two senior day care centers (Allium Care Studios) in Joo Chiat and Seletar Hills.

Allium Healthcare recorded a full year loss of S$6.1 million. This includes both staff and operating costs incurred ahead of the opening, as well as S$1.8 million in depreciation and assets expensed off. We expect Allium to report losses over the next two years as the Care Suites grows towards steady state occupancy.

Corporate Services – Boardroom Limited

Boardroom Limited ("Boardroom") is a provider of corporate services, including share registry, corporate secretarial work, accounting, tax and payroll services and employee share plan management. It operates primarily in Singapore, Malaysia, Australia, Hong Kong and China, and works through affiliates in other Asian markets.

Largely through a general offer that concluded in July 2019, we raised our stake in Boardroom from 81% to 92%, increasing our investment in Boardroom by S$20.8 million. Boardroom was consequently delisted from the Singapore Exchange.



In 2019, Boardroom grew its revenues by 16% to S$106.1 million (FY18: S$91.5 million). A substantial part of this increase was the full year impact of the August 2018 merger of Boardroom's Malaysian businesses with those formerly owned by Symphony House to create Malaysia's largest corporate services company. The business integration was largely completed in the second half of 2019, and the expected merger synergies are beginning to come through.

Boardroom's Australian share registry business continued to grow its market share, while Boardroom Singapore is seeing productivity improvements as well as revenue growth resulting from business transformation strategies implemented in recent years. Boardroom Hong Kong's operating results were affected by the substantial slowdown in new issue activity since the middle of 2019, following the escalation of public protests.

We expect Boardroom to deliver stable earnings in 2020. This forecast is made with a significant degree of uncertainty because of the potential impact of the evolving COVID-19 crisis on corporate and new issue activity. The reversion of many companies in Singapore from quarterly to half-yearly financial reporting will also have a minor negative impact on revenues. Boardroom is gaining ground in various lines of business, and is well-positioned to benefit when capital markets activity in its key territories picks up. Such an upturn seems unlikely until after pandemic fears have subsided.

Investments

In aggregate, our financial investments make up 40% of our total assets. All these investments are made in growth sectors and with a focus on long-term potential returns, adjusted for risk.

Unfortunately, things do not always work out as one would like in the short-term, even if the long-term thesis remains intact. Our investment in E&O contributed significantly to the markdown in the fair value of our long-term investments. E&O owns the iconic hotel in Penang, and has a sizable piece of reclaimed land off Gurney Drive in Penang, as well as the right to reclaim a further 500 acres of land. We believe that these assets still have substantial long-term value, but poor sentiment in the Malaysian property and stock markets, along with the weak ringgit, have necessitated a markdown of S$12.7 million in 2019 to our E&O investment.

Longer-term investors will remember that, along with our partners, we sold our stake in euNetworks in 2017 and booked a sizable profit. We reinvested 15% of our original investment into the new structure as we believed that the original thesis of continuing high demand growth for fiber capacity would lead to greater returns over time. This stake in euNetworks is the second largest single investment in our investment portfolio.

Over 2019, we continued to add to our portfolio of venture investments, both through funds and in a few cases, direct investments in companies. Many of our venture investments have involved spinouts from United Kingdom universities, and thematically, the underlying companies span a range of sectors including healthcare, genomics and food innovation. We have also made investments in venture funds based in Singapore, China and the United States. Exposures to individual companies are carefully sized to limit individual-company risk.

We have also invested in private equity funds and companies focused on certain broad industry themes, including global infrastructure, healthcare, network infrastructure and Japan tourism assets.

Our short-term investment portfolio remains substantially tilted towards the Japanese stock market where we continue to find undervalued and well-managed companies.

Balance Sheet

Group Investments as at 31 December 2019	Carrying Value (S$'million)	% of Total Assets
Opal Aged Care Group	148.9	25%
Boardroom Limited	132.4	23%
Allium Healthcare Group	49.3	8%
Habitat Assets Pte Ltd	22.0	4%
Operating Assets (A)	**352.6**	**60%**
Eastern & Oriental Berhad	16.3	3%
Public Equities & Funds	47.2	8%
Listed Investments (B)	**63.5**	**11%**
euNetworks	15.8	3%
Venture Capital & Funds	42.9	7%
Private Equities & Funds	117.3	19%
Non-listed Investments (C)	**176.0**	**29%**
Investment Assets (B+C)	**239.5**	**40%**
Total Assets (A+B+C)	**592.1**	**100%**
Net Debt	(177.7)	30%
Net Assets	**414.4**	**70%**

The Group's net asset value per share dropped to S$1.276 (FY18: S$1.335). The decline reflects the net comprehensive loss reported above, along with the payout of a 2-cent dividend.

Net debt for the Group at the end of 2019 was S$177.7 million, with the level of gearing rising from 23% to 30%. The increase resulted mostly from the privatisation of Boardroom and the construction completion of Allium Care Suites.

During the year, we also took the opportunity to refinance our loans, terming out the durations for up to three years. Consequently, net current liabilities have declined from S$28.6 million to S$5.1 million. Taking into account the diversified nature of the Group's investments and the moderate gearing ratio, the Group will be able to meet its liabilities as and when they fall due.

Prospects

We expect Boardroom and Opal to remain profitable, while Allium will continue to register losses in its first full year of operations. For our aged care businesses, the COVID-19 virus situation adds significantly to uncertainty, both in the risk it poses to the health of older residents, and in deterring admissions to aged care homes in the short-term. We have mitigated some of the currency risk in our investments by shifting some of our borrowings into Australian dollars and entering into currency swaps, but our returns may still be affected to some degree by currency movements. Our earnings will also be impacted by changes in the value of our listed investments.

Dividend

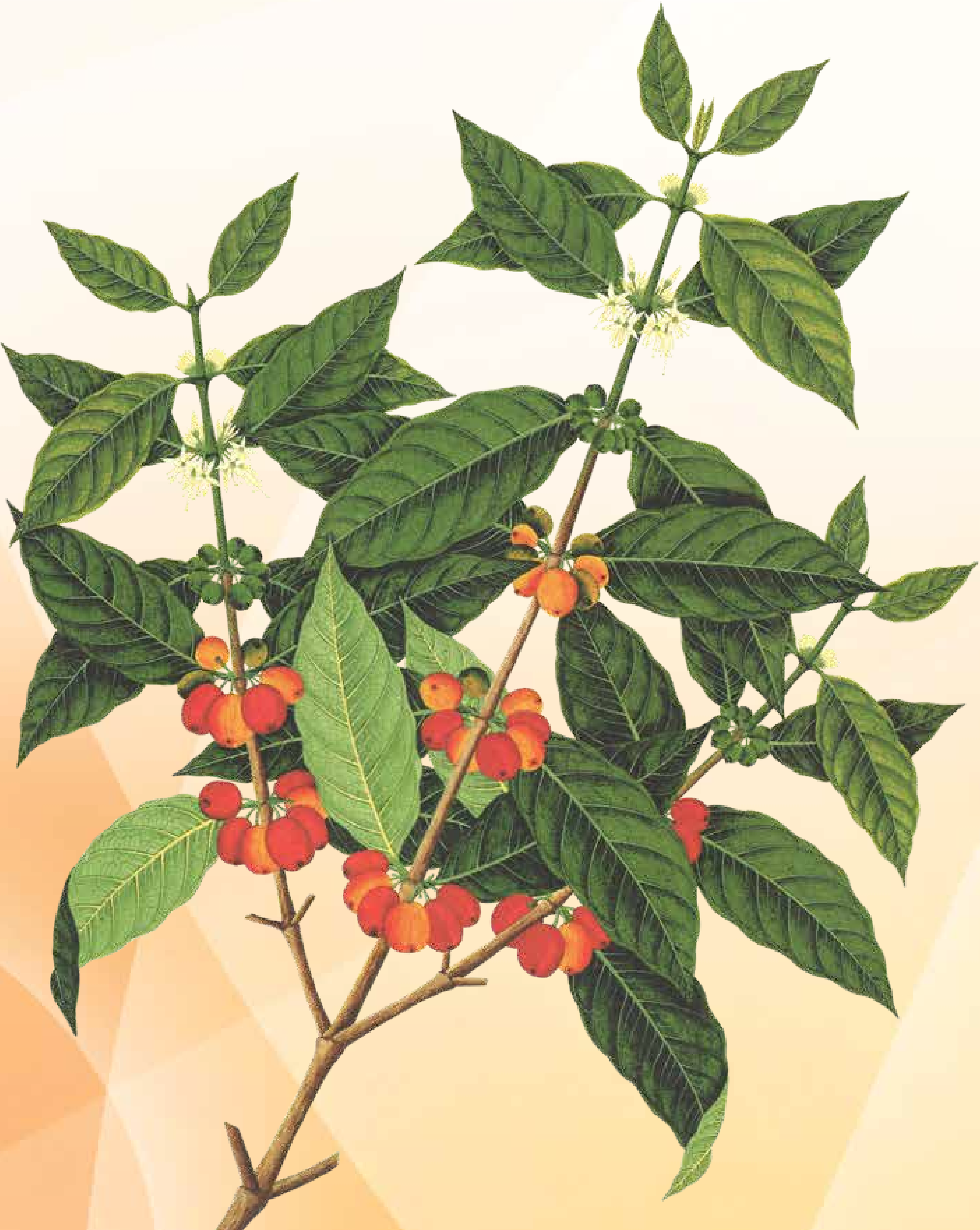
The Directors propose an unchanged first and final dividend of 2 cents per share. This is below our target to pay 3 cents each year and reflects the relatively weak overall results for 2019.

Acknowledgements

I am grateful to the staff and management of all our businesses for their dedication and hard work in the past year; to our asset managers for their stewardship of our capital; to our bankers and financial advisers for supporting our ambitions; and most of all to our shareholders for their continuing commitment and support.

Goh Geok Khim
Executive Chairman

Board of Directors



Board of Directors

Goh Geok Khim

Mr Goh Geok Khim has been Executive Chairman of the Company since his appointment as Director on 28 March 1990. He is a member of the Nominating Committee, and was last re-elected on 25 April 2019.

Mr Goh started his career in his family's business, which was active in trading, rubber, property and manufacturing steel products. He left in 1968 to join the stockbroking industry, starting the G. K. Goh stockbroking group in 1979.

Mr Goh is Chairman of the Boards of Boardroom Limited, Temasek Foundation International CLG Limited and Federal Iron Works Sdn Bhd.

Mr Goh holds a Bachelor of Science degree in Civil Engineering from the University of Colorado.

Goh Yew Lin

Mr Goh Yew Lin has been an executive director of the Company since 28 March 1990, and was appointed as the Managing Director on 1 March 2008. He joined the G. K. Goh Group in 1984. He was last re-elected on 30 April 2005.

Mr Goh is an Alternate Director to Mr Goh Geok Khim for Boardroom Limited, and serves as a non-executive director on the Board of Temasek Holdings Pte Ltd. He is the Chairman of Seatown Holdings Pte Ltd, Singapore Symphonia Company Ltd, and Duke-NUS Medical School.

Mr Goh holds a Bachelor of Science (Economics) degree from the University of Pennsylvania's Wharton School.

Thomas Teo Liang Huat

Mr Thomas Teo joined the Company as its Chief Financial Officer on 12 April 2006 and was appointed the Executive Director on 13 August 2018. His executive responsibilities include financial and investment management as well as board representation on various subsidiaries and associates of the Group. He was last re-elected on 25 April 2019.

Prior to joining the Group, Mr Teo was with a regional private equity group for ten years, responsible for direct investments in the Asean region. He also spent eight years with Ernst and Young, Singapore and has had extensive experience in audit and corporate finance.

Mr Teo is a non-executive director of Boardroom Limited. He is also an independent director of an Australian listed company, OM Holdings Limited, serving as its Audit Committee Chairman and a Remuneration Committee Member.

Mr Teo holds a Master of Business in Information Technology from the Royal Melbourne Institute of Technology and a Bachelor of Accountancy from the National University of Singapore. He is also a Fellow of the Institute of Singapore Chartered Accountants.

Lee Soo Hoon

Mr Lee Soo Hoon has been an independent director of the Company since 2 January 2002. He is currently Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. He was last re-elected on 25 April 2019.

Mr Lee worked as an auditor in the United Kingdom and on his return to Singapore, joined the predecessor firm of Ernst & Young. He was made partner of Ernst & Young in 1978 and was Staff Partner for five years. Mr Lee currently manages a consultancy firm assisting companies in management and financial matters.

Mr Lee is also an independent director of Estate and Trust Agencies (1927) Ltd, LMIRT Management Ltd, Kluang Rubber Company (M) Bhd, Kuchai Development Bhd and Sungei Bagan Rubber Company (M) Bhd.

Mr Lee is a Fellow Member of the Institute of Chartered Accountants of England and Wales, Institute of Singapore Chartered Accountants, Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Singapore Institute of Directors.

David Lim Teck Leong

Mr David Lim was appointed as an independent director of the Company on 23 April 2013. He is currently Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee. He was last re-elected on 23 April 2018.

Mr Lim is the founder and Managing Partner of David Lim & Partners LLP with over thirty years of experience in corporate finance and litigation. He has represented multiple corporations from a myriad of sectors including finance and banking, fund management, private equity, oil and gas, healthcare, construction, information technology and communications, among others. He was a member of the Corporate Governance Council 2017/2018 and is a Fellow of the Singapore Institute of Directors.

Mr Lim qualified as a barrister-at-law at Gray's Inn, London. He is admitted as an Advocate & Solicitor of the Supreme Court of Singapore.

Marie Elaine Teo

Ms Marie Elaine Teo was appointed as an independent director of the Company on 1 September 2017. She is currently a member of the Remuneration, Nominating and Audit Committees. She was last re-elected on 23 April 2018.

Ms Teo has over twenty years of investment experience, primarily with the Capital Group companies where she focused on Asian banks and global emerging markets, both as an analyst and an investment manager. She was formerly the Chairman of Capital International Research Group and Managing Director of Capital International Inc., Asia. Ms Teo was also previously a senior advisor and partner of the Holdingham Group.

She is currently a non-executive independent director of Olam International Limited and a director of Mapletree Investments Pte Ltd. She also serves as a director of Caregivers Alliance Ltd, as well as the Chairman of The Teng Ensemble.

A former student of CHIJ St Nicholas Girls' School, Ms Teo holds a Bachelor of Art (Honours) in Experimental Psychology from St Edmund Hall, Oxford University and a Masters in Business Administration from INSEAD, Fontainebleau.

Key Executives

Key Executives

Bernie Poh Boon Nee

Mr Bernie Poh joined the Group as the Senior Vice President for Aged Care in January 2013 and was appointed the Executive Director and Chief Executive Officer of Allium Healthcare Holdings Pte Ltd in April 2017. He also represents the Group as a Director on the Board of Opal Aged Care Group.

Mr Poh has over twenty years of extensive experience in both the private and public healthcare sectors. Prior to joining the Group, he had served in various senior executive roles, which included Chief Executive Officer of Mount Elizabeth Hospital in Parkway Holdings Ltd (now IHH Healthcare Berhad) and Deputy Chief Executive Officer of the formerly SGX-listed Pacific Healthcare Holdings Ltd. During his employment in the public sector, he was a director at Health Sciences Authority.

Mr Poh graduated from National University of Singapore with a bachelor's degree in Business Administration. He also holds a Master of Business Administration from the Frankfurt School of Finance and Management and a Master of Social Work from the University of Hong Kong.

Kim Teo Poh Jin

Mr Kim Teo was appointed as the Executive Director and Group Chief Executive Officer of Boardroom Limited on 5 August 2009. He is responsible for the overall management and strategic direction of the Boardroom Limited Group.

Mr Teo is the Chairman of the Investment Committees of Principal Asset Management Berhad and Principal Islamic Asset Management Sdn Bhd. He is a member and Governor of United World College of South East Asia, a member of the Governance Committee, a member of the Foundation Investment and Disbursement Committee, and a trustee of The UWCSEA Foundation Limited. In addition, Mr Teo is a member of the Resource Panel of the National Crime Prevention Council, Singapore.

Mr Teo holds a Bachelor of Arts (Economics) degree from the Heriot-Watt University of Edinburgh.

Corporate Data

Board of Directors

Executive
Goh Geok Khim (Executive Chairman)
Goh Yew Lin (Managing Director)
Thomas Teo Liang Huat (Executive Director & Chief Financial Officer)

Non-Executive
Lee Soo Hoon (Independent)
David Lim Teck Leong (Independent)
Marie Elaine Teo (Independent)

Audit Committee

Lee Soo Hoon (Chairman)
David Lim Teck Leong
Marie Elaine Teo

Remuneration Committee

David Lim Teck Leong (Chairman)
Lee Soo Hoon
Marie Elaine Teo

Nominating Committee

David Lim Teck Leong (Chairman)
Goh Geok Khim
Lee Soo Hoon
Marie Elaine Teo

Secretaries

Ngiam May Ling
Thomas Teo Liang Huat

Bankers

Australia and New Zealand Banking Group Limited
CIMB Bank Berhad
Malayan Banking Berhad
United Overseas Bank Limited

Registered Office

50 Raffles Place #33-00
Singapore Land Tower
Singapore 048623

Tel: (65) 6336 1888
Fax: (65) 6533 1361

Website: www.gkgoh.com

Share Registrar

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

Tel: (65) 6536 5355
Fax: (65) 6536 1360

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Audit Partner-in-charge

Tan Swee Ho (since 2019)

Group Structure

As at 31 December 2019

Singapore

Allium Healthcare Holdings Pte Ltd (100%)
Allium Healthcare Services Pte Ltd (100%)
Allium Healthcare (Singapore) Pte Ltd (100%)
Allium Investments Pte Ltd (100%)
Boardroom Limited (92%)
Cacona Pte Ltd (100%)
G. K. Goh Nominees Pte Ltd (100%)
G. K. Goh Strategic Holdings Pte Ltd (100%)
Habitat Assets Pte Ltd (36%)
Perilla Pte Ltd (100%)
Salacca Pte Ltd (100%)
Saliendra Pte Ltd (100%)
Solanum Investment Pte Ltd (100%)

Australia

Allium Holdings Pty Ltd (100%)
ACIT Finance Pty Ltd (50%)
DAC Finance Pty Ltd (48%)
Principal Healthcare Finance Trust (48%)
Principal Healthcare Finance Pty Ltd (50%)

British Virgin Islands

Ardisia Limited (100%)
Value Monetization III Limited (29%)

Cayman Islands

Bromius Capital Limited (20%)

Philippines

G. K. Goh Holdings (Philippines), Inc. (100%)

Corporate Offices

G. K. Goh Holdings Limited

50 Raffles Place #33-00
Singapore Land Tower
Singapore 048623

Tel: (65) 6336 1888
Fax: (65) 6533 1361

Allium Healthcare Holdings Pte Ltd

51 Goldhill Plaza
#17-03/04/05
Singapore 308900

Tel: (65) 6715 9788
Fax: (65) 6715 9789

Corporate Governance

The Board of Directors and Management of the G. K. Goh Group continue to uphold the highest standards of corporate governance and confirm compliance with the principles contained in the Code of Corporate Governance 2018 ("Code").

This report outlines the Company's corporate governance practices and activities for the financial year ended 31 December 2019 in relation to each of the principles of the Code. The Company has complied with the principles of the Code and substantially all the provisions set out thereunder, save for Provisions 2.2, 2.3, 11.4 and 11.5 deviations from which are explained in this report. Unless otherwise stated, the corporate governance processes were in place during the financial year.

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 principal functions of the Board are to:

- Supervise the management of the business and affairs of the Group;
- Approve the Group's strategic plans, key operational initiatives, major investments, disposals and funding decisions;
- Identify the Group's business risks and ensure the implementation of appropriate systems to manage these risks;
- Monitor and review the Group's financial performance;
- Review Management's performance;
- Approve the nominations and re-election of Directors to the Board and the appointment of key personnel; and
- Assume responsibility for corporate governance.

Directors, as fiduciaries, are required to discharge their duties and responsibilities objectively at all times. Each Director is expected to act in good faith and in the best interests of the Company in the discharge of his or her duties and exercise of his or her powers as a Director. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board is assisted in its duties by Board Committees, specifically, the Audit Committee ("AC"), the Remuneration Committee ("RC") and the Nominating Committee ("NC"). The Board Committees are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The day-to-day management functions are performed by senior Management, headed by the Managing Director ("MD").

The Board has put in place financial authorisation limits for operating and capital budgets, bank signatory and procurement of goods and services. Approval sub-limits are also provided at the Management level to facilitate operational efficiency. Matters requiring Board approval are clearly communicated to Management in writing. Matters that are specifically reserved for the Board's decisions include, in particular, interested person transactions, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividend payments to shareholders, and other transactions of a material price sensitive nature requiring announcement under the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Board, based on the AC's recommendation, approves the quarterly and full year financial results for release on SGXNET.

The Board meets at least four times a year. Ad-hoc meetings are convened as and when circumstances require. The Company's Constitution provides for Directors to participate in Board meetings by conference telephone and similar means of communication. The Directors' attendances at meetings of the Board and the respective Board Committees are disclosed at the end of this report.

The NC ensures that new Directors are made aware of their duties and obligations. Upon appointment, new Directors will be provided with a formal letter outlining a director's duties and obligations under applicable laws and the Listing Manual. They will also be briefed on the Group's operations and furnished with information and updates on the Group's corporate governance practices at the time of appointment, as well as the latest updates in laws and regulations affecting the Group's business. With effect from 1 January 2019, unless the NC is of the view that training is not required because he or she has other relevant experience, a new Director appointed who has no prior experience as a director of an issuer listed on the SGX-ST will be required to undergo training in his or her roles and responsibilities.

Directors are encouraged to attend seminars, workshops and receive training in areas such as directors' duties and responsibilities, changes in regulations and regulatory framework (including financial reporting standards and the Listing Manual) which are relevant to the Company's business and operations, so as to enable them to perform effectively as Directors. The Company arranges and funds the training of Directors.

Non-Executive Directors are routinely briefed by the Executive Directors and/or Management at Board meetings or separate sessions, and provided with all necessary updates on regulatory and policy changes as well as developments affecting the Company and the Group. All Directors are provided with monthly performance reports. In addition, field visits are arranged as and when necessary to enable the Directors to better understand the Group's business operations.

The Directors have separate and independent access to the Company Secretaries and Management at all times. At least a week prior to each meeting, the Directors are provided with the agenda, reports and up-to-date information in regard to the Group's operations in preparation for each meeting. Additional information is provided to Directors, as and when needed, to enable them to make informed decisions. Where necessary, the Company will, upon the request of the Directors, provide them with independent professional advice, at the Company's expense, to enable them to discharge their duties.

The Company Secretaries or their representatives attend all Board meetings. Their duties include minute taking, assisting the Executive Chairman and the Chairman of the respective Board Committees in ensuring that procedures are followed, and communicating changes in the Listing Manual or other regulations affecting corporate governance and compliance where appropriate. The Company's Constitution empowers the Board to appoint and remove any Company Secretary.

Board composition and guidance

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

The current Board consists of six members, three of whom are independent and non-executive. The other three members of the Board, comprising the Executive Chairman, MD and an Executive Director, are part of the management team. The Executive Chairman and the MD are immediate family members. Independent and non-executive members of the Board provide balance within the workings of the Board and oversight for minority shareholders' interests. There are no material relationships (including immediate family relationships) between each independent Board member and the other Board members, the Company, its related corporations, its substantial shareholders or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the independent Board member's independent business judgment in the best interests of the Company. The independent Non-Executive Directors are Mr Lee Soo Hoon, Mr David Lim Teck Leong and Ms Marie Elaine Teo.

The independence of each independent Non-Executive Director is reviewed by the NC. Under the Listing Manual, with effect from 1 January 2019, a director will not be independent if he is employed by the company or any of its related corporations for the current or any of the past three financial years, or if he has any immediate family member who is employed or has been employed by the company or any of its related corporations for the past three financial years, and whose remuneration is determined by the remuneration committee of the company. As the above listing rules do not apply to any of the independent Non-Executive Directors, they are considered independent under the Listing Manual.

Mr Lee Soo Hoon would have served on the Board for more than nine years by the Thirty-first Annual General Meeting ("AGM"). The NC has determined that he be considered independent notwithstanding that he has served on the Board beyond nine years as Mr Lee has continued to demonstrate independence in conduct, character and judgement in the discharge of his responsibilities as a Director of the Company and there are no relationships or circumstances that could or are likely to affect his judgement and ability to discharge his responsibilities as an independent Director. The NC also noted that Mr Lee had been forthcoming in expressing his individual viewpoints and active in providing constructive input, and objective in his scrutiny and debating issues. The Board having rigorously reviewed the NC's recommendation, and having weighed the need for progressive renewal of the Board against tenure and familiarity with the business and affairs of the Group, deems Mr Lee as independent and agrees with the NC that his years of service has not compromised his judgment and ability to discharge his responsibilities as an independent Director.

Mr David Lim Teck Leong and Ms Marie Elaine Teo have served for less than nine years on the Board since their first appointment. In its annual review of the independence of the Directors, the NC has determined that each of Mr Lim and Ms Teo are independent in conduct, character and judgement, and that there are no relationships or circumstances which could or are likely to affect his or her judgement and ability to discharge his or her responsibilities as an independent Director.

The independent Non-Executive Directors constructively challenge and assist in the development of proposals on strategy, assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Non-Executive Directors (led by the lead independent Director) will have discussions amongst themselves without the presence of Management and the Executive Directors. The lead independent Director provides any relevant feedback to the Board or Executive Chairman as appropriate. In general, such discussions are informal and conducted either before the start, or after the conclusion, of a scheduled meeting of the Board or a Board Committee.

The Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness as part of its Board diversity policy. Following the appointment of Ms Marie Elaine Teo as an independent Director on 1 September 2017, the Board's target to have at least one female represented on the Board has been met. The Board has maintained this target for the financial year 2019. In terms of gender representation, the current Board consists of five men and one woman, or is 83% male and 17% female, and, as among the independent Directors, the female gender representation is 33%. The Board also recognises that gender diversity is only one aspect of Board diversity. In terms of qualifications and competencies, members of the Board include seasoned professionals in stockbroking, investment, financial, accounting and legal fields. The Board believes that its members' different backgrounds, experience, age, gender and skill sets provide a diversity of perspectives which contribute to the quality of its decision-making. The profiles of the Directors are on pages 8 to 10 of the Annual Report.

Provision 2.2 of the Code provides that independent directors should make up a majority of the Board where the Chairman is not independent, and Provision 2.3 of the Code provides that non-executive directors should make up a majority of the Board. Notwithstanding its deviation from Provisions 2.2 and 2.3 of the Code, the Company is of the opinion that there is an appropriate level of independence and diversity of thought and background in its composition to enable the Board to make decisions in the best interests of the Company. In particular, the independent Directors chairing the AC, RC and NC have sufficient standing and authority to look into any matter which the Executive Chairman or MD fails to resolve. The NC will make recommendations to the Board on changes to the Board composition, as appropriate, as part of the Board's renewal process, including the observation of Provisions 2.2 and 2.3 of the Code.

Accordingly, the NC is of the view that the current Board comprises persons who, as a group, provide an appropriate level of independence and diversity of skills, experience and knowledge of the Company, as well as the necessary core competencies and that the current Board size is appropriate, taking into consideration the nature and scope of the Group's operations.

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 offices of Executive Chairman and MD are held by separate individuals. Mr Goh Geok Khim is the Executive Chairman of the Group while his son, Mr Goh Yew Lin, is the MD. They are also regarded as controlling shareholders of the Company. At the operational level, the Executive Chairman ensures that the senior management team led by the MD, provide decisiveness and clarity in the implementation of corporate policies and objectives. This serves to align the interests of the controlling shareholders with those of minority shareholders in the Company's goals for enhancing shareholder value. Thus, it is felt that it is not necessary in the circumstances for the office of Chairman to be held by an independent Director.

As the Executive Chairman and the MD are related, Mr Lee Soo Hoon, a member of the NC and also the Chairman of the AC, has been appointed as the lead independent Director. The lead independent Director's role is to be available to shareholders when they have concerns, which contact through the normal channels of the Executive Directors has failed to resolve or for which such contact is inappropriate.

The Board establishes and sets out in writing the division of responsibilities between the Executive Chairman and the MD. As Chairman of the Board, the Executive Chairman ensures that Board meetings are held when necessary and sets the Board meeting agenda. The Executive Chairman reviews all Board papers before they are presented to the Board and ensures that procedures are in place to provide Directors with timely and comprehensive analyses necessary for exercising informed judgement and decisions. Management staff who have prepared the papers, or who can provide additional insight in the matters to be discussed, are sometimes invited to attend and present the papers at the Board meeting. The Executive Chairman also ensures that the members of the Board work together with the Management team, and have the capability and moral authority to engage Management in constructive debate on various matters, including strategic issues and business planning processes. The day-to-day management functions are performed by senior Management, headed by the MD.

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.

The NC comprises four members, three of whom are independent Non-Executive Directors. The Chairman of the NC, Mr David Lim Teck Leong, is an independent Director. The other members of the NC are Mr Goh Geok Khim, Mr Lee Soo Hoon and Ms Marie Elaine Teo.

Based on the written terms of reference approved by the Board, the principal functions of the NC are to:

- Review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- Identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise;
- Determine annually, and if circumstances require, the independence of a Director;
- Review the ability of a Director to adequately carry out his duties as Director when he has multiple board representations;
- Recommend to the Board the re-election by shareholders of any Director under the "retirement by rotation" provisions in the Company's Constitution;
- Assess the effectiveness of the Board as a whole and its Board Committees;
- Review and make recommendations to the Board on the succession plans for Directors, in particular the appointment and/or replacement of the Executive Chairman, the MD and key management executives; and
- Review and make recommendations to the Board on the training and professional development programmes for the Board and the Directors.

The Board is of the view that setting a maximum number of listed company board representations which a Director may concurrently hold would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they were in full-time employment and their personal commitments or responsibilities. All Directors had confirmed that notwithstanding the number of listed company board representations and other principal commitments which they held, they were able to devote sufficient time and attention to the affairs of the Company. The NC takes this into consideration when evaluating whether the individual is able to or has been adequately discharging his or her duties as a Director.

The NC reviews and recommends all Director appointments. Candidates may be put forward or sought through contacts and recommendations. Candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender, age and skill sets. The Company endeavours to include female candidates in its search pool. The selection of candidates is evaluated taking into account various factors including the relevant expertise of the candidates and their potential contributions to the current and mid-term needs and goals of the Group. The independence of each Director is reviewed upon appointment, and thereafter annually and if circumstances require, by the NC. Independent Directors are required to notify the NC promptly of any relationships or circumstances which arise that are likely to affect, or could appear to affect, the Director's independence.

None of the Directors has an alternate Director. As a Director is expected to be able to commit time to the affairs of the Company, the NC will generally not support the appointment of an alternate Director.

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.

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and of its Board Committees, taking into account the contributions of individual Directors to the effectiveness of the Board and the Board Committees on which they serve. The performance criteria include evaluation in respect of board size and composition, board processes, board information and accountability, board performance in relation to discharging its principal functions and responsibilities, constitution of Board Committees and performance of the Board Committees' delegated roles. The Board believes that engaging in a regular process of self-assessment and evaluation of Board performance in order to identify key strengths and areas for improvement is essential to effective stewardship. The evaluation process is administered annually by the NC.

Each Director is required to complete assessment forms to evaluate the Board and Board Committees. The Company Secretaries collate the completed forms and prepares a consolidated report for the Chairman of the NC. The NC discusses the report and concludes the performance results during the NC meeting. In consultation with the NC, the Executive Chairman would act on the results of the performance evaluation with a view to strengthening the Board with new members and/or seeking resignation of Directors where appropriate in order to enhance the effectiveness of Board Committees and/or the Board as a whole. Although the Directors are not evaluated individually, the factors taken into consideration for the re-nomination of the Directors at the AGM are based on the Directors' attendance at meetings held during the financial year, preparedness for meetings, analytical skills and the contribution made by the Directors at the meetings.

The Board is of the view that while financial indicators such as share price performance and return-on-equity allow for benchmarking of the Board's performance relative to that of competitors and industry peers, non-financial indicators such as feedback received from investors (institutional and/or retail) and market analysts also serve as useful qualitative analysis by external parties. For the long-term success and value creation of the Company, the Board believes that its performance and that of individual Board members is reflected in, and evidenced by, proper guidance, diligent oversight and able leadership of the Company, and the support that it lends to Management in steering the Company and the Group to achieve strategic goals. Having regard to its composition and mix, the Board has endeavoured through each Director's unique contributions and diversity of experience, to ensure that balanced and well-considered decisions are made in the best interests of the Company.

The NC has access to professional advice to facilitate the evaluation process whenever there is a need to consult externally. There was no necessity for external advice to be obtained during the financial year.

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.

Level and mix of remuneration

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

Disclosure on remuneration

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

The RC comprises three members, all of whom are independent Non-Executive Directors. Mr David Lim Teck Leong chairs the RC. The other members of the RC are Mr Lee Soo Hoon and Ms Marie Elaine Teo.

Based on the written terms of reference approved by the Board, the principal functions of the RC are to:

- Review and submit to the Board a framework of remuneration policies for Directors and senior Management;
- Review and submit to the Board the specific remuneration packages and terms of employment of each Director and senior Management, covering all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and

- Review and submit to the Board the setting up of share option schemes or long-term incentive schemes.

As part of its review, the RC will take into consideration the salary and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual Directors and senior Management. When deciding on performance-related remuneration, the RC also takes into account the risk policies of the Company, the risk outcomes and the time horizon of risks that might be undertaken. The RC, in carrying out its tasks, has access to professional advice on human resource matters whenever there is a need to consult externally. There was no necessity for external advice to be obtained during the financial year.

Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee fees. In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of Non-Executive Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account. Comparisons are made periodically against directors' fees of other listed companies with similar market capitalisation as the Company to ensure that the Directors' fees are within market norms and commensurate with responsibilities of the Non-Executive Directors. Executive Directors do not receive Directors' fees as they are remunerated as executive employees. No Director is involved in deciding his or her own remuneration. The Directors' fees will only be paid upon approval by the shareholders at the AGM. These measures serve to assure that the independence of the Non-Executive Directors is not compromised by their compensation.

The Executive Chairman and MD are under service contracts with the Company, which stipulate a fixed component in the form of base salary and a variable component linked to the Group's total comprehensive income and return-on-equity. The RC reviews the service contracts annually and any revisions are subject to its approval. The service contracts were renewed for the financial year 2019.

The remuneration framework for all employees comprises a fixed component in the form of a base salary and a variable component in the form of a bonus that is given to the employee after the financial year-end. The bonus is linked to the Group's and the employee's performance. Such performance-linked remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Group. The Company currently does not operate any share-based or long-term incentive schemes for employees. The RC will consider a suitable scheme for executive employees as and when it deems necessary. For the present, the RC is of the view that share-based incentives are not needed as motivational tools to encourage retention of the Executive Directors and key management executives.

There are no termination or retirement benefits that are granted to the Directors and key management executives of the Group. The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management executives in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

The remuneration of Directors for the financial year is set out below:

Directors	Salary S$'000	Bonus S$'000	Fees S$'000	Other Benefits S$'000	Total S$'000
Goh Geok Khim	1,085	–	–	70	1,155
Goh Yew Lin	969	–	–	78	1,047
Thomas Teo Liang Huat	491	80	–	–	571
Lee Soo Hoon	–	–	71	–	71
David Lim Teck Leong	–	–	69	–	69
Marie Elaine Teo	–	–	67	–	67
Total	2,545	80	207	148	2,980

The remuneration of key management executives for the financial year is set out below:

Key Management Executives	Salary %	Bonus %	Fees %	Other Benefits %	Total %
S$1,000,000 to below S$1,250,000					
Kim Teo Poh Jin	50	45	–	5	100
S$250,000 to below S$500,000					
Bernie Poh Boon Nee	86	14	–	–	100
Below S$250,000					
Tang Chon Luang	93	7	–	–	100

The aggregate remuneration paid to the above key management executives for the financial year was S$1,547,000.

Other than the Executive Chairman and MD, there were no employees of the Company who are substantial shareholders of the Company or immediate family members of a Director, the MD or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during the financial year.

The Board responds to queries from shareholders at AGMs on matters pertaining to remuneration policies and directors' remuneration.

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 considers the management of major business risks to be an important and integral part of the Group's overall internal controls framework. The practice of risk management is undertaken by the Executive Directors and senior Management under the purview of the Board. The Company's approach to risk management focuses on ensuring that appropriate controls are in place to effectively manage those risks. Measures are adopted to manage such risks, and risk management policies are monitored by Management, and periodically reviewed and approved by the Board. The financial risk management objectives and policies of the Group are discussed under Note 32 of the Notes to the Financial Statements.

The Board has received assurance from the MD and the Executive Director & Chief Financial Officer ("ED") at the Board meeting on 24 February 2020 that:

- The financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2019 give a true and fair view of the Group's operations and finances; and

- The system of risk management and internal controls in place within the Group are adequate and effective in addressing the material financial, operational, information technology and compliance risks in the Group. The MD and ED have obtained similar assurances from the business and corporate executive heads in the Group.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management, as well as assurance from the MD and ED, the Board, with the concurrence of the AC, is of the opinion that the internal controls and risk management systems are adequate and effective as at 31 December 2019 to address the financial, operational, information technology and compliance risks which the Group considers relevant and material to its operations. Both the Board and the AC did not identify any material weaknesses in the internal controls and risk management systems during the financial year.

The Board, with the assistance of the AC, continually reviews the Group's internal control processes and risk management practices for their adequacy and effectiveness. The system of internal controls maintained by Management and that was in place throughout the financial year provides reasonable assurance against material financial misstatements or loss. Key areas of internal control include the safeguarding of assets, maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee

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

The AC comprises three members, all of whom are independent Non-Executive Directors. Mr Lee Soo Hoon chairs the AC. The other members of the AC are Mr David Lim Teck Leong and Ms Marie Elaine Teo.

The Board is of the view that the AC members have the relevant expertise to discharge the functions of an AC. The Chairman of the AC is a qualified chartered accountant. Collectively, the AC members have extensive experience in the accounting, financial and investment fields. Reasonable resources have been made available to the AC to enable them to discharge their duties. The AC members also take measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through attendance at trainings and updates by professionals and external auditor.

None of the AC members was a former partner of the Company's existing external auditor, Ernst & Young LLP, within the previous two years or has any financial interest in the firm.

Based on the written terms of reference approved by the Board, the principal functions of the AC are to:

- Review the audit plans of the internal and external auditors of the Company, and review the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by Management to the internal and external auditors;

- Review the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the Board;

- Review effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;

- Review the assurance from the MD and ED on the financial records and financial statements;

- Meet with the external auditor, other Board Committees, and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Review the cost effectiveness and the independence and objectivity of the external auditor;

- Review the nature and extent of non-audit services provided by the external auditor;

- Recommend to the Board the external auditor to be nominated, approve the compensation of the external auditor, and review the scope and results of the audit;

- Report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and

- Review interested person transactions in accordance with the requirements of the Listing Manual.

The Company has outsourced its internal audit function to PricewaterhouseCoopers Risk Services Pte Ltd. Its personnel assigned to perform the internal audit function are expected to be suitably qualified professionals with the requisite experience and necessary skill sets. The internal auditor is expected to meet or exceed the standards set by nationally or internationally recognised bodies, including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The annual internal audit plan is prepared in consultation with, but independent of Management, and submitted to the AC for approval. The AC ensures that the internal audit function has appropriate standing within the Company. The internal auditor reports directly to the AC and the findings and recommendations made have been adequately followed through and implemented by Management in the financial year. The AC participates in and approves the hiring, removal, evaluation and compensation of the internal audit function. The internal auditor is given unfettered access to all company documents, records, properties and personnel, including access to the AC. The adequacy and effectiveness of the outsourced internal audit function is reviewed by the AC at least annually. In doing so, the AC takes into consideration the service level, attentiveness, professionalism and caliber of the assigned personnel who carried out the internal audit activities during the financial year. The AC is satisfied that the internal audit function is independent, adequately resourced and effective.

The AC convened four meetings during the financial year.

In the review of the financial statements, the AC discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The AC also considered the clarity of disclosures on significant matters in the financial statements. Among other matters, the following key audit matters as reported by the external auditor for the financial year ended 31 December 2019 were reviewed and discussed by the AC with Management and the external auditor:

- Impairment assessment of goodwill;

- Valuation of long-term unquoted investments; and

- Investment in associates.

Following the review and discussions, the AC was satisfied with the approach and appropriateness of methodologies used by Management, as adopted and disclosed in the financial statements, and recommendation was made by the AC to the Board to approve the financial statements.

The AC has met with internal and external auditors, without the presence of Management, at least once during the financial year. The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of Management and the internal auditor and has full discretion to invite any Director or executive officer to attend its meetings. The auditors, both internal and external, have unrestricted access to the AC.

The AC has reviewed the non-audit services provided by the external auditor, which comprise tax services, and is satisfied with the independence of the external auditor. For details of fees payable to the Company's external auditor, Ernst & Young LLP, in respect of the audit and non-audit services, please refer to Note 4 of the Notes to the Financial Statements.

The AC has also put in place a policy, whereby staff of the Group may raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters. The AC oversees this "whistle-blowing" policy and its related procedures, and ensures that arrangements are in place for independent investigations of such matters and appropriate follow up actions. Employees are encouraged to report, in confidence, any behaviour or action that might constitute a contravention of any rules, regulations, accounting standards or internal policies.

Where relevant, the AC makes reference to the best practices and guidance in (among others) practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore ("ACRA") and the Guidance to Audit Committees on ACRA's Audit Quality Indicators Disclosure Framework.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder rights and conduct of general meetings

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

Engagement with shareholders

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

The Company's main dialogue with its shareholders, which includes institutional and retail investors, takes place at its AGMs. Shareholders are encouraged to attend AGMs. The Board and Management, as well as the external auditor, are in attendance at AGMs to address shareholders' questions on issues relevant to the Company and resolutions proposed at the AGMs. The Directors' attendances at general meetings of shareholders are disclosed at the end of this report.

Shareholders can vote in person or appoint up to two proxies to attend, speak and vote on their behalf at general meetings of shareholders, with the exception that shareholders such as nominee companies, which provide custodial services for securities, are able to appoint more than two proxies to attend, speak and vote at general meetings. All resolutions are tabled separately unless they are interdependent and linked, and the reasons and material implications are explained.

For greater transparency in the voting process, the Company implements electronic poll voting at general meetings. An independent scrutineer is appointed by the Company to ensure that satisfactory procedures of the voting process are in place before the general meeting, and to oversee the count of the votes cast in person or through proxy. Shareholders and proxies in attendance at the meeting are informed of the house rules and voting procedures. The detailed results of the votes cast, for or against, on each resolution polled are tallied and disclosed instantaneously at the general meeting. These detailed voting results are also announced by the Company after the meeting in accordance with relevant requirements of the Listing Manual.

Provision 11.4 of the Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders (such as via mail, email or fax). As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia.

The Company Secretaries prepare the minutes of the Company's general meetings, including AGMs, which include relevant comments and queries from shareholders and the corresponding responses from the Board and Management. Provision 11.5 of the Code provides that a company should publish the minutes of general meetings of shareholders on its corporate website as soon as practicable after such meetings. Although the Company does not have a practice of publishing the minutes of its general meetings (which, by their nature, are essentially closed-door proceedings attended by shareholders or their duly appointed proxies) on its corporate website, the Company is of the view that shareholders generally would have the opportunity to understand about the Group's strategy and portfolio of key assets and investments, as well as the Group's performance, position and prospects, from other readily accessible content available on the Company's website at www.gkgoh.com. In any event, in accordance with statutory requirements, the Company makes minutes of its general meetings available to shareholders upon request and upon authentication of the shareholder's identity.

The Company does not distribute a fixed amount or fixed percentage of earnings by way of dividend in any financial year. Rather, in fixing a dividend for any year, the Board considers a number of factors, including current and forecast earnings, capital expenditure requirements, growth options and the Company's debt/equity position. As a matter of policy, the Company aims to pay a consistent and sustainable base dividend to shareholders over the long term by balancing growth with prudent capital management. Historically, based on the dividends paid by the Company over the past five years, the average base dividend per annum was about 3 cents per share. In exceptional years, the Company endeavours to pay special dividends to reflect the large profits made from asset sales.

For the financial year 2019, the Company provided shareholders with quarterly and annual financial results. Results for the first three quarters were released to shareholders within 45 days from the end of the quarter. Annual results were released within 60 days from the end of the financial year. Going forward, following amendments to Rule 705(2) of the Listing Manual, the Company will release its financial results on a semi-annual basis. Accordingly, the next financial results announcement of the Company will be in respect of the six-month period ending 30 June 2020. The financial results are published via SGXNET as well as on the Company's website. In presenting the financial results to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Company's position and prospects. The Company has in place a system of reporting to maintain compliance with statutory and regulatory reporting requirements, including requirements under the Listing Manual.

The Company's policy is to regularly communicate significant developments in its business and operations in addition to its periodic results and Annual Reports to shareholders and investors. Immediate announcements are made via SGXNET where required under the Listing Manual. Where immediate announcement is not practical, the announcement is made as soon as possible to ensure that shareholders and the public have fair access to the information. Such announcements as well as annual reports, financial highlights and other information pertinent to investors are also made available on the Company's website. This practice is aimed at promoting effective and fair communication with shareholders and the investing public. Aside from the forum of its AGMs where shareholders can provide comments and ask questions relevant to the agenda of the meeting, the Company also provides shareholders, other stakeholders and members of the public with an avenue to submit feedback and questions through the investor relations webpage on the Company's website, and endeavours to ensure that they receive responses in a timely manner. This allows for active engagement and exchange of views with shareholders, investors and others who are interested to learn about the Group. Enquiries from shareholders, analysts and the press are handled by specifically designated members of senior Management (in lieu of a dedicated investor relations team) who observe strict rules against selective disclosure.

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with stakeholders

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

The Board sets the tone from the top for matters such as values and standards (including ethical business practices) and brand reputation. It also oversees the Group's strategic direction and long-term sustainability. Recognising that perceptions of key stakeholders can affect an organisation's reputation, the Executive Directors and senior members of Management actively identify and engage with key stakeholders of the Group, and updates and any relevant feedback received are communicated to the Board.

Key stakeholders are identified through Board and Management discussions. The table below summarises the Group's approach to stakeholder engagement:

Key Stakeholders	Forms of Engagement	Key Concerns
Customers	• Customer feedback • Focus group discussions • Promotional roadshows	• Quality of services • Customer privacy and information confidentiality
Employees	• Team building sessions • Corporate events • Company intranet platform	• Competitive wages and benefits • Opportunities for career growth and development • Work-life balance
Shareholders	• Annual general meetings • Annual reports • Quarterly financial reports • SGX announcements	• Stable and sustainable growth and profitability • Returns to shareholders
Business partners	• Transaction meetings • Annual partners' meetings • Corporate events	• Stable partnerships • Quality referrals • Good investment returns
Governments and Regulators	• Engagements and meetings with local authorities • Consultations with regulatory bodies	• Compliance with regulations • Corporate governance and ethical behaviour
Suppliers	• Requests for quotations and proposals • Supplier briefings	• Fair supplier selection process • Timely payment
Communities	• Donations • Fund raising events	• Corporate social responsibility initiatives

DEALING IN SECURITIES

The Group has adopted a Best Practices Guide with respect to dealings in securities based on the best practices recommendations of the SGX-ST, and extended in application to financial futures, foreign exchange contracts and over-the-counter instruments. The Group has established a policy governing such dealings by its Directors and staff. Directors and staff are prohibited from dealing in the securities of the Company during the periods commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year and one month before the announcement of the Company's financial statements for its full-year in accordance with the guidelines set out in the Best Practices Guide. The prohibition is extended to the listed major investments of the Company. In addition, Directors and staff are required to observe the regulatory requirements of the respective markets that the Group operates in and are expected not to deal in securities and other financial instruments on short-term considerations.

Directors are required to report to the Company Secretaries whenever they deal in the Company's shares. Thereafter, the Company Secretaries update the Register of Directors' Shareholdings and make the necessary announcements on SGXNET.

ETHICAL STANDARDS AND BUSINESS CONDUCT

The Company has developed a code of ethics and business conduct ("Code of Ethics"), which has been fully endorsed by the Board, and disseminated to all employees of the Group. The Code of Ethics, which also deals with subjects such as confidential information and insider trading, is applied in conjunction with relevant laws and regulations. The Code of Ethics is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism. In essence, the Code of Ethics requires that all personnel act with utmost integrity, objectivity and in compliance with both the letter and spirit of the law as well as with company policies and procedures.

INTERESTED PERSON TRANSACTIONS

No interested person transactions (within the meaning of the Listing Manual) of S$100,000 or more in value were entered into during the financial year.

The Company did not obtain a shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual during the financial year.

MATERIAL CONTRACTS

Since the end of the previous financial year, no material contract involving the interest of any Director or controlling shareholder of the Company was entered into by the Company or its subsidiaries, and no such contract subsisted as at 31 December 2019.

SUSTAINABILITY REPORT

The Company will be publishing its Sustainability Report based on the Global Reporting Initiative Standards 2016. Material environmental, social and governance factors identified include Employees, Environment and Anti-corruption. The report will be available on the Company's website www.gkgoh.com by 31 May 2020.

ATTENDANCE OF DIRECTORS AT GENERAL MEETINGS, BOARD AND BOARD COMMITTEE MEETINGS

	Number of meetings attended in 2019				
Name	**Annual General Meeting**	**Board of Directors**	**Audit Committee**	**Remuneration Committee**	**Nominating Committee**
Goh Geok Khim	1	4	–	–	1
Goh Yew Lin	1	4	–	–	–
Thomas Teo Liang Huat	1	4	–	–	–
Lee Soo Hoon	1	4	4	1	1
David Lim Teck Leong	1	4	4	1	1
Marie Elaine Teo	1	4	4	1	1
Number of meetings held in 2019	1	4	4	1	1

Directors' Statement & Financial Statements

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of G. K. Goh Holdings 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,

(a) 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

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Goh Geok Khim	Executive Chairman
Goh Yew Lin	Managing Director
Thomas Teo Liang Huat	Executive Director & Chief Financial Officer
Lee Soo Hoon	
David Lim Teck Leong	
Marie Elaine Teo	

In accordance with Article 94 of the Company's Constitution, Goh Yew Lin and David Lim Teck Leong retire and, being eligible, offer themselves for re-election.

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 objective 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' interest 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 Companies Act, Chapter 50 of Singapore (the "Act"), an interest in the shares of the Company, the Company's holding company and its related companies (other than wholly-owned subsidiaries) as stated below:

	Held in the name of the directors		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
Ordinary shares				
The holding company, GKG Investment Holdings Pte Ltd				
Goh Geok Khim	2,500,500	2,500,500	704,500	704,500
Goh Yew Lin	1,495,000	1,495,000	–	–
The Company, G. K. Goh Holdings Limited				
Goh Geok Khim	–	–	196,361,422	197,089,722
Goh Yew Lin	–	–	196,397,422	197,125,722
Thomas Teo Liang Huat	256,141	256,141	–	–
Lee Soo Hoon	20,000	20,000	–	–
David Lim Teck Leong	10,478	10,478	–	–
Marie Elaine Teo	–	–	164,800	164,800
Subsidiary, Boardroom Limited				
Thomas Teo Liang Huat	150,000	150,000	–	–

By virtue of Section 7 of the Act, Goh Geok Khim and Goh Yew Lin are deemed to be interested in all the shares held by G. K. Goh Holdings Limited in its subsidiaries.

Goh Geok Khim and Goh Yew Lin acquired an additional 64,700 shares in the Company between the end of the financial year and 21 January 2020.

Share options

The Company does not have any share option scheme.

Audit committee

The audit committee ("AC") performed the functions specified in the Act. The functions performed are detailed in the Corporate Governance Report.

Auditor

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

On behalf of the board of directors:

Goh Geok Khim
Executive Chairman

Goh Yew Lin
Managing Director

Singapore
12 March 2020

Report on the audit of the financial statements

Opinion

We have audited the financial statements of G. K. Goh Holdings 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 cash flow statement 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 judgment, 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.

1. *Goodwill*

As at 31 December 2019, the Group recorded goodwill on consolidation of S$95.1 million. Based on the annual impairment test, management has concluded that the goodwill is not impaired. We considered the audit of management's annual goodwill impairment test to be a key audit matter because the assessment process requires management to make assumptions about future market and economic conditions that are subject to significant judgements and estimation uncertainty.

As disclosed in Note 9 *Intangible assets*, goodwill is allocated to the cash-generating units ("CGUs") within the Group's acquired businesses. The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections approved by management. The value in use calculations include assumptions of future profitability, growth rates, expected synergies arising from acquisitions and discount rates.

We updated our understanding of the processes undertaken by management for the impairment assessment of goodwill and its basis to allocate goodwill to the respective CGUs. We checked that the cash flow projections used were derived from approved management forecasts, and evaluated management's forecasting process by comparing previous forecasts to actual results. We evaluated the assumptions made by management based on our understanding of the Group's business plans and by comparing to historical data, recent trends and market outlook. We assessed the discount rates used to determine the present value with the assistance of our internal valuation specialists by comparing them to external comparable data. We also reviewed the sensitivity analysis performed by management on the value in use calculations to changes in key assumptions. In addition, we reviewed the adequacy of the disclosures made in Note 9 *Intangible assets*.

Key audit matters (cont'd)

2. *Fair value of long-term unquoted investments*

As at 31 December 2019, the Group held long-term unquoted investments of S$160.3 million. Management has fair valued these investments using inputs which have been classified using the fair value hierarchy disclosed in Note 30 *Fair value of assets and liabilities*. We considered the valuation of long-term unquoted investments to be a key audit matter because these valuations involve a higher degree of judgement and estimation uncertainty.

We obtained an understanding of the Group's internal controls over the valuation process, including management's approval of the valuation method, controls over the valuation inputs and calculation, and management's review of valuations provided by third parties. For valuations of unquoted unit trust funds, we compared management's valuations to valuations from the third party fund managers and obtained other information including audited financial statements and fund reports to support the valuation. For valuations which are based on comparable prices, we tested the price information available and assessed the comparability of this price to the specific investment. For valuations based on valuation models, we tested the accuracy of the valuation model and compared the inputs used in the model to third party sources where available. In addition, we also reviewed the adequacy of the disclosures relating to the valuation of investments made in Notes 13 *Long-term investments* and 30 *Fair value of assets and liabilities*.

3. *Investment in associates*

The Group holds significant investments in associates that are accounted for using the equity method including a 48% equity investment in Opal Aged Care Group ("Opal"), a provider of aged care services in Australia that is disclosed in Note 1 *Corporate Information* and Note 12 *Associates*. As at 31 December 2019, the carrying amount of the Group's investment in Opal is S$148.9 million, and its share of Opal's results for the year then ended was S$10.4 million. This represents a key audit matter because of the significance of the contribution to group profits and net assets.

Opal is audited by a different component auditor, who report to us on the results of their audit procedures in accordance with the group audit instructions issued and scope assigned by us. We determined the scope of the component auditor's work based on the relative contribution to the consolidated financial statements and the specific audit issues and risks relating to Opal. We were involved in the planning, execution and conclusion of the component auditor's work, including site visits, meetings and conference calls with the component audit team. We reviewed the audit procedures performed and evaluated the audit evidence they obtained as a basis for forming our opinion on the financial statements of the Group as a whole. We also reviewed the adequacy of the disclosures made in the aforementioned notes to the financial statements.

Other information

Management is responsible for 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.

Auditor's responsibilities for the audit of the financial statements (cont'd)

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.

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Swee Ho.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
12 March 2020

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Revenue	3	116,926	90,183
Costs and expenses			
Employees' compensation and related costs	26	(65,168)	(54,023)
Office and equipment rental costs		(2,148)	(7,546)
Depreciation and amortisation	8, 9, 23	(13,339)	(6,017)
Technology and information services costs		(2,478)	(2,012)
Loss on foreign currency exchange		(313)	(3,999)
Provision for doubtful debts	15	(1,269)	(283)
Other operating expenses	4	(24,807)	(20,826)
Total costs and expenses		(109,522)	(94,706)
Profit / (loss) from operating activities		7,404	(4,523)
Finance costs	4	(5,566)	(3,635)
Share of profit of associates		7,686	7,171
Profit / (loss) before tax		9,524	(987)
Taxation	5	(991)	(2,704)
Profit / (loss) for the year		8,533	(3,691)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Net fair value loss on financial assets		(7,974)	(613)
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income of associates		308	40
Net gain / (loss) on cash flow hedge		214	(248)
Net gain on hedge of net investment		–	794
Foreign currency translation		(3,967)	(15,159)
Other comprehensive loss for the year, net of tax		(11,419)	(15,186)
Total comprehensive loss for the year		(2,886)	(18,877)
Profit / (loss) attributable to:			
Owners of the Company		7,943	(4,379)
Non-controlling interests		590	688
		8,533	(3,691)
Total comprehensive income / (loss) attributable to:			
Owners of the Company		(3,444)	(19,415)
Non-controlling interests		558	538
		(2,886)	(18,877)
Earnings per share	7		
– basic and diluted		2.45¢	(1.35)¢

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

Balance Sheets
As at 31 December 2019

	Note	Group 2019 S$'000	Group 2018 S$'000	Company 2019 S$'000	Company 2018 S$'000
Non-current assets					
Property, plant and equipment	8	31,174	37,624	–	–
Right-of-use assets	23	39,413	–	1,769	–
Intangible assets	9	138,925	143,749	–	–
Investment properties	10	3,727	3,727	–	–
Subsidiaries	11	–	–	229,135	229,270
Associates	12	180,536	191,454	–	–
Long-term investments	13	178,701	189,854	4,763	5,642
Lease receivables	23	533	–	–	–
Deferred tax assets	5	11,398	7,789	–	–
Current assets					
Amounts receivable from subsidiaries	14	–	–	163,460	136,791
Trade debtors	15	25,450	24,503	–	–
Other debtors	16	17,469	4,146	378	440
Inventory		5	–	–	–
Lease receivables	23	417	–	–	–
Short-term investments	17	36,710	30,252	–	–
Cash and bank balances	18	29,188	35,534	1,482	2,574
		109,239	94,435	165,320	139,805
Current liabilities					
Trade creditors	19	11,305	11,251	–	–
Other creditors	20	18,676	18,228	431	529
Lease liabilities	23	6,578	–	873	–
Bank borrowings	21	75,247	92,446	43,379	18,598
Provision for taxation		2,495	1,144	166	262
		114,301	123,069	44,849	19,389
Net current (liabilities) / assets		(5,062)	(28,634)	120,471	120,416
Non-current liabilities					
Lease liabilities	23	10,995	–	835	–
Bank borrowings	21	131,675	75,451	17,122	–
Provision for employee benefits		367	234	–	–
Deferred tax liabilities	5	13,072	15,608	1,530	1,457
Net assets		423,236	454,270	336,651	353,871
Equity attributable to Owners of the Company					
Share capital	22	191,987	191,987	191,987	191,987
Revenue reserve		255,178	250,205	145,467	161,807
Fair value adjustment reserve		(2,379)	9,121	(940)	(60)
Foreign currency translation reserve		(15,413)	(11,495)	–	–
Cash flow hedge reserve		(429)	(934)	–	–
Transactions with non-controlling interests		(14,634)	(5,434)	–	–
Capital reserve		137	137	137	137
		414,447	433,587	336,651	353,871
Non-controlling interests		8,789	20,683	–	–
Total equity		423,236	454,270	336,651	353,871

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

Statements of Changes in Equity

For the financial year ended 31 December 2019

Group 2019	Share capital (Note 22) S$'000	Revenue reserve S$'000	Fair value adjustment reserve [1] S$'000	Foreign currency translation reserve [2] S$'000	Cash flow hedge reserve S$'000	Transactions with non-controlling interests S$'000	Capital reserve [3] S$'000	Equity attributable to Owners of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
	Attributable to Owners of the Company									
Balance at 1 January 2019	191,987	250,205	9,121	(11,495)	(934)	(5,434)	137	433,587	20,683	454,270
Profit for the year	–	7,943	–	–	–	–	–	7,943	590	8,533
Other comprehensive income / (loss)										
Net fair value loss on financial assets	–	–	(7,974)	–	–	–	–	(7,974)	–	(7,974)
Share of other comprehensive income of associates	–	–	–	–	308	–	–	308	–	308
Net gain on cash flow hedge	–	–	–	–	197	–	–	197	17	214
Foreign currency translation	–	–	–	(3,918)	–	–	–	(3,918)	(49)	(3,967)
Other comprehensive income / (loss) for the year	–	–	(7,974)	(3,918)	505	–	–	(11,387)	(32)	(11,419)
Total comprehensive income / (loss) for the year	–	7,943	(7,974)	(3,918)	505	–	–	(3,444)	558	(2,886)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2019

Group 2019	Attributable to Owners of the Company									
	Share capital (Note 22) S$'000	Revenue reserve S$'000	Fair value adjustment reserve [1] S$'000	Foreign currency translation reserve [2] S$'000	Cash flow hedge reserve S$'000	Transactions with non-controlling interests S$'000	Capital reserve [3] S$'000	Equity attributable to Owners of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
Contributions by and distributions to Owners										
Dividend on ordinary shares (Note 6)	–	(6,496)	–	–	–	–	–	(6,496)	–	(6,496)
Total contributions by and distributions to Owners	–	(6,496)	–	–	–	–	–	(6,496)	–	(6,496)
Changes in ownership interests in subsidiaries										
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(808)	(808)
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	(9,200)	–	(9,200)	(11,644)	(20,844)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	(9,200)	–	(9,200)	(12,452)	(21,652)
Total transactions with Owners in their capacity as Owners	–	(6,496)	–	–	–	(9,200)	–	(15,696)	(12,452)	(28,148)

Statements of Changes in Equity (Continued)

For the financial year ended 31 December 2019

Group 2019	Attributable to Owners of the Company								Non-controlling interests S$'000	Total equity S$'000
	Share capital (Note 22) S$'000	Revenue reserve S$'000	Fair value adjustment reserve [1] S$'000	Foreign currency translation reserve [2] S$'000	Cash flow hedge reserve S$'000	Transactions with non-controlling interests S$'000	Capital reserve [3] S$'000	Equity attributable to Owners of the Company S$'000		
Others										
Transfer of gain on disposal of financial assets	–	3,526	(3,526)	–	–	–	–	–	–	–
Total others	–	3,526	(3,526)	–	–	–	–	–	–	–
Balance at 31 December 2019	191,987	255,178	(2,379)	(15,413)	(429)	(14,634)	137	414,447	8,789	423,236

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2019

Group 2018	Attributable to Owners of the Company									
	Share capital (Note 22) S$'000	Revenue reserve S$'000	Fair value adjustment reserve [1] S$'000	Foreign currency translation reserve [2] S$'000	Cash flow hedge reserve S$'000	Transactions with non-controlling interests S$'000	Capital reserve [3] S$'000	Equity attributable to Owners of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 January 2018 (FRS framework)	191,987	210,307	96,948	(18,767)	(774)	(9,154)	137	470,684	12,160	482,844
Adoption of SFRS(I) 1	–	(16,226)	–	16,226	–	–	–	–	–	–
Adoption of SFRS(I) 9	–	7,373	(12,682)	5,309	–	–	–	–	–	–
Balance at 1 January 2018 (SFRS(I) framework)	191,987	201,454	84,266	2,768	(774)	(9,154)	137	470,684	12,160	482,844
(Loss) / profit for the year	–	(4,379)	–	–	–	–	–	(4,379)	688	(3,691)
Other comprehensive income / (loss)										
Net fair value loss on financial assets	–	–	(613)	–	–	–	–	(613)	–	(613)
Share of other comprehensive income of associates	–	–	–	–	40	–	–	40	–	40
Net loss on cash flow hedge	–	–	–	–	(200)	–	–	(200)	(48)	(248)
Net gain on hedge of net investment	–	–	–	794	–	–	–	794	–	794
Foreign currency translation	–	–	–	(15,057)	–	–	–	(15,057)	(102)	(15,159)
Other comprehensive loss for the year	–	–	(613)	(14,263)	(160)	–	–	(15,036)	(150)	(15,186)
Total comprehensive (loss) / income for the year	–	(4,379)	(613)	(14,263)	(160)	–	–	(19,415)	538	(18,877)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2019

Group 2018	Share capital (Note 22) S$'000	Revenue reserve S$'000	Fair value adjustment reserve (1) S$'000	Foreign currency translation reserve (2) S$'000	Cash flow hedge reserve S$'000	Transactions with non-controlling interests S$'000	Capital reserve (3) S$'000	Equity attributable to Owners of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
	Attributable to Owners of the Company									
Contributions by and distributions to Owners										
Unclaimed dividend	–	17	–	–	–	–	–	17	–	17
Dividend on ordinary shares (Note 6)	–	(19,492)	–	–	–	–	–	(19,492)	–	(19,492)
Shares re-purchased	–	(1,927)	–	–	–	–	–	(1,927)	–	(1,927)
Total contributions by and distributions to Owners	–	(21,402)	–	–	–	–	–	(21,402)	–	(21,402)
Changes in ownership interests in subsidiaries										
Issuance of shares to non-controlling interests	–	–	–	–	–	3,762	–	3,762	8,718	12,480
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(611)	(611)
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	(42)	–	(42)	(122)	(164)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	3,720	–	3,720	7,985	11,705
Total transactions with Owners in their capacity as Owners	–	(21,402)	–	–	–	3,720	–	(17,682)	7,985	(9,697)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2019

Group 2018	Attributable to Owners of the Company									
	Share capital (Note 22) S$'000	Revenue reserve S$'000	Fair value adjustment reserve [1] S$'000	Foreign currency translation reserve [2] S$'000	Cash flow hedge reserve S$'000	Transactions with non-controlling interests S$'000	Capital reserve [3] S$'000	Equity attributable to Owners of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
Others										
Transfer of gain on disposal of financial assets	–	74,532	(74,532)	–	–	–	–	–	–	–
Total others	–	74,532	(74,532)	–	–	–	–	–	–	–
Balance at 31 December 2018	191,987	250,205	9,121	(11,495)	(934)	(5,434)	137	433,587	20,683	454,270

Company 2019	Share capital (Note 22) S$'000	Revenue reserve S$'000	Fair value adjustment reserve [1] S$'000	Capital reserve [3] S$'000	Total equity S$'000
Balance at 1 January 2019	191,987	161,807	(60)	137	353,871
Loss for the year	–	(9,844)	–	–	(9,844)
Other comprehensive income					
Net fair value loss on financial assets	–	–	(880)	–	(880)
Total comprehensive income for the year	–	(9,844)	(880)	–	(10,724)
Contributions by and distributions to Owners					
Dividend on ordinary shares (Note 6)	–	(6,496)	–	–	(6,496)
Total transactions with Owners in their capacity as Owners	–	(6,496)	–	–	(6,496)
Balance at 31 December 2019	191,987	145,467	(940)	137	336,651

Company 2018	Share capital (Note 22) S$'000	Revenue reserve S$'000	Fair value adjustment reserve [1] S$'000	Capital reserve [3] S$'000	Total equity S$'000
Balance at 1 January 2018	191,987	131,323	(161)	137	323,286
Profit for the year	–	51,886	–	–	51,886
Other comprehensive income					
Net fair value gain on financial assets	–	–	101	–	101
Total comprehensive income for the year	–	51,886	101	–	51,987
Contributions by and distributions to Owners					
Unclaimed dividend	–	17	–	–	17
Dividend on ordinary shares (Note 6)	–	(19,492)	–	–	(19,492)
Shares re-purchased	–	(1,927)	–	–	(1,927)
Total transactions with Owners in their capacity as Owners	–	(21,402)	–	–	(21,402)
Balance at 31 December 2018	191,987	161,807	(60)	137	353,871

(1) This represents the cumulative fair value changes of financial assets until they are derecognised or impaired.

(2) This represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company's functional currency. This also includes net gains and losses on hedge of net investment.

(3) This reserve is not available for distribution as dividend.

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Operating activities			
Profit / (loss) before tax		9,524	(987)
Adjustments for:			
Depreciation and amortisation	8, 9, 23	13,339	6,017
Loss / (gain) on disposal of property, plant and equipment		24	(170)
Impairment of right-of-use asset	23	105	–
Finance costs	4	5,566	3,635
Interest income	3	(928)	(1,047)
Dividend income	3	(3,549)	(1,708)
Provision for doubtful debts	15	1,269	283
Fair value adjustment	3	(6,263)	9,197
Share of profit of associates		(7,686)	(7,171)
Operating cash flows before changes in working capital		11,401	8,049
(Increase) / decrease in debtors		(2,154)	818
Increase in inventory		(5)	–
(Increase) / decrease in short-term investments		(157)	5,755
Decrease in creditors		(61)	(12,516)
Cash flows from operations		9,024	2,106
Interest paid		(5,233)	(3,356)
Interest received		928	1,039
Income tax paid		(3,469)	(2,039)
Net cash flows from / (used in) operating activities		1,250	(2,250)

Consolidated Cash Flow Statement (Continued)

For the financial year ended 31 December 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Investing activities			
Purchase of property, plant and equipment	8	(19,240)	(8,037)
Proceeds from disposal of property, plant and equipment		–	200
Purchase of intangible assets	9	(1,620)	(1,812)
Purchase of long-term investments		(30,929)	(75,479)
Proceeds from sale of long-term investments		19,301	138,418
Acquisition of subsidiaries, net of cash acquired		–	(39,920)
Investment in associates		–	(4,274)
Capital distribution from associates		3,081	–
Net dividend received from associates		12,159	14,138
Dividend income received		3,491	1,629
Net cash flows (used in) / from investing activities		(13,757)	24,863
Financing activities			
Unclaimed dividend		–	17
Dividend paid	6	(6,496)	(19,492)
Shares re-purchased		–	(1,927)
Dividend paid to non-controlling interests	11	(808)	(611)
Acquisition of non-controlling interests		(20,844)	(164)
Repayment of principal portion of lease liabilities	23	(5,418)	–
Proceeds from bank borrowings	21	39,611	972
Net cash flows from / (used in) financing activities		6,045	(21,205)
Net (decrease) / increase in cash and cash equivalents		(6,462)	1,408
Effect of exchange rate changes in opening cash and cash equivalents		116	4,713
Cash and cash equivalents at 1 January	18	35,534	29,413
Cash and cash equivalents at 31 December	18	29,188	35,534

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

1. Corporate information

G. K. Goh Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore.

The Company is a subsidiary of GKG Investment Holdings Pte Ltd which is incorporated in Singapore.

The registered office and principal place of business of G. K. Goh Holdings Limited is located at 50 Raffles Place, #33-00 Singapore Land Tower, Singapore 048623.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed below. There has been no significant change in the nature of these activities during the financial year.

In the financial statements, related companies refer to members of the GKG Investment Holdings Pte Ltd group of companies.

Major subsidiaries and associates of the Group are as follows:

	Name	Principal place of business / Country of incorporation	Principal activities	Proportion (%) of ownership interest 2019	2018
	Subsidiaries				
	Investment holding				
*	Allium Healthcare Holdings Pte Ltd	Singapore	Investment holding and management consultancy services	100	100
*#	Allium Healthcare Services Pte Ltd	Singapore	Healthcare related services	100	100
*#	Allium Healthcare (Singapore) Pte Ltd	Singapore	Nursing home operator	100	100
**#	Allium Holdings Pty Ltd	Australia	Investment holding	100	100
*#	Allium Investments Pte Ltd	Singapore	Investment holding	100	100
*	Ardisia Limited	Hong Kong / British Virgin Islands	Investment holding	100	100
*	Cacona Pte Ltd	Singapore	Investment holding	100	100
*	G. K. Goh Strategic Holdings Pte Ltd	Singapore	Investment holding	100	100
*	Perilla Pte Ltd	Singapore	Investment holding	100	100
*	Salacca Pte Ltd	Singapore	Investment holding	100	100
*	Saliendra Pte Ltd	Singapore	Investment holding	100	100
*	Solanum Investment Pte Ltd	Singapore	Investment holding	100	100

1. Corporate information (cont'd)

	Name	Principal place of business / Country of incorporation	Principal activities	Proportion (%) of ownership interest 2019	2018
	Subsidiaries				
	Corporate services				
*#	Boardroom Limited	Singapore	Investment holding	92	81
*#	Boardroom Corporate & Advisory Services Pte Ltd	Singapore	Corporate secretarial and share registry services	92	81
*#	Boardroom Business Solutions Pte Ltd	Singapore	Accounting, taxation and payroll services	92	81
^#	Boardroom Holdings Australia Pty Ltd	Australia	Investment holding	92	81
**#	Boardroom Corporate Services (HK) Limited	Hong Kong	Corporate secretarial, accounting, taxation and payroll services	92	81
**#	Boardroom (Malaysia) Sdn Bhd	Malaysia	Investment holding	92	81
*#	Boardroom China Holdings Pte Ltd	Singapore	Investment holding	92	81
	Associates				
**#(1)	ACIT Finance Pty Ltd	Australia	Residential aged care services	50	50
**#(1)	DAC Finance Pty Ltd	Australia	Residential aged care services	48	48
**#(1)	Principal Healthcare Finance Trust	Australia	Residential aged care services	48	48
**#(1)	Principal Healthcare Finance Pty Ltd	Australia	Residential aged care services	50	50
*#	Habitat Assets Pte Ltd	Singapore	Investment holding	36	36
*#	Value Monetization III Ltd	Australia / British Virgin Islands	Investment holding	29	29

* Audited by Ernst & Young LLP, Singapore.
** Audited by member firms of EY Global in the respective countries.
^ Audited by Deloitte Touche Tohmatsu Limited, Australia.
\# Held by subsidiaries.
(1) Collectively known as Opal Aged Care Group. Shares and units in these entities are stapled, and as such, an interest in one entity cannot be issued, transferred, redeemed or bought back, unless the equivalent proportion of securities in the other entities are also issued, transferred, redeemed or bought back.

In appointing the auditing firms of the Company, subsidiaries and significant associates, the Company has complied with Listing Rules 712 and 715.

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 a historical cost basis except as disclosed in the accounting policies below.

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised SFRS(I) that are effective for annual periods beginning on or after 1 January 2019. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

SFRS(I) 16 Leases

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. The standard includes two recognition exemptions for lessees – leases of "low value" assets and short-term leases. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and depreciation expense on the right-of-use asset.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

On the adoption of SFRS(I) 16, the Group has chosen to measure 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.

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

2.2 *Changes in accounting policies (cont'd)*

SFRS(I) 16 Leases (cont'd)

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

(a) 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;

(b) to apply the exemption not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and

(c) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The adoption of SFRS(I) 16 as at 1 January 2019 has resulted in increases/(decreases) in the following balance sheet items:

	Group 2019 S$'000
Assets	
Right-of-use assets	38,016
Property, plant and equipment	(23,806)
Lease receivables	1,260
Total assets	15,470
Liabilities	
Lease liabilities	15,475
Other creditors	(5)
Total liabilities	15,470

On adoption of SFRS(I) 16, the Group has reclassified its leasehold land and office equipment with net carrying amount of S$23,806,000 from property, plant and equipment (Note 8) to right-of-use assets (Note 23).

The Group also has subleases on part of its office premises. As an intermediate lessor, the Group recognised a lease receivable of S$1,260,000 and correspondingly derecognised the right-of-use assets on adoption of SFRS(I) 16.

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

2.2 *Changes in accounting policies (cont'd)*

SFRS(I) 16 Leases (cont'd)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	Group 2019 S$'000
Operating lease commitments as at 31 December 2018	17,705
Weighted average incremental borrowing rate as at 1 January 2019	4%
Discounted operating lease commitments as at 1 January 2019	16,559
Less:	
Commitments relating to short-term leases	(1,197)
Commitments relating to leases of low-value assets	(2)
Add:	
Commitments relating to leases previously classified as finance leases	5
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	110
Lease liabilities as at 1 January 2019	15,475

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) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3 *Definition of a Business*	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 SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

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

2.4 *Significant accounting estimates and judgements*

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.

Judgements made in applying accounting policies

(a) *Accounting for Opal Aged Care Group ("Opal") as an associate*

The Group owns 48% of the stapled interest in Opal together with AMP Life Limited, who also owns 48%, and Opal's management who holds the balance. The Group has significant influence over Opal in the form of board representation and participation in policy-making processes, but does not have joint control over the asset management and financing decisions. As such, the Group accounts for Opal as an associate. Further details may be found in Note 12.

Key sources of estimation uncertainty

(a) *Taxation*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for taxation. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due, and judgements as to whether certain transactions are subject to taxation. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made. The carrying amounts of the Group's tax payables and deferred tax liabilities at 31 December 2019 were S$2,495,000 (2018: S$1,144,000) and S$13,072,000 (2018: S$15,608,000) respectively.

Deferred tax assets are recognised for all unutilised losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The carrying value of deferred tax assets at 31 December 2019 was S$11,398,000 (2018: S$7,789,000) and the unrecognised tax losses at 31 December 2019 was S$8,579,000 (2018: S$9,867,000). Further details may be found in Note 5.

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

2.4 *Significant accounting estimates and judgements (cont'd)*

Key sources of estimation uncertainty (cont'd)

(b) *Impairment of intangible assets*

The recoverable amounts of the cash generating units which goodwill, brand name and customer relationships have been allocated to are determined based on value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use are disclosed in Note 9.

(c) *Estimation of fair value of the Group's unquoted financial instruments*

The Group fair values its unquoted unit trust funds at the price or net asset value released by the investment manager or fund administrator as at the end of the reporting period. The fair value of unquoted equity securities is determined using valuation techniques, which may include using recent arm's length market transactions between knowledgeable, willing parties and the current fair value of comparable companies. The final recoverable value of the Group's unquoted investments may be different from the recorded fair value. When the final value on disposal is different from the recorded value, such difference will impact the consolidated statement of comprehensive income in the financial year in which such determination is made. The carrying amounts of the Group's investments are disclosed in Notes 13 and 17.

2.5 *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 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 or 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.

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

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

(b) *Business combinations and goodwill*

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 are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree, are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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 profit or loss on acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

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

2.6 *Transactions with non-controlling interests*

Non-controlling interest represents 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 interests 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.

2.7 *Functional and foreign currencies*

(a) *Functional currency*

The Group's consolidated financial statements are presented in 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 by that functional currency.

(b) *Foreign currencies*

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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

For consolidation purposes, 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 average exchange rates for the financial year. 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 profit or loss.

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

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 its subsidiaries are accounted for at cost less any impairment losses. Details of the subsidiaries are disclosed in Note 1.

2.9 *Associates and joint ventures*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of operations of the associates or joint ventures. Distributions received from associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains or losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

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

2.9 *Associates and joint ventures (cont'd)*

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.10 *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 any accumulated impairment losses.

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

Building	–	27 years
Plant and equipment	–	5 years
Computer and automation equipment	–	3 years
Office equipment	–	3 to 5 years
Furniture, fittings and leasehold improvements	–	3 to 6 years or over lease term, whichever is shorter
Motor vehicles	–	5 years

Assets under construction are not depreciated as these assets are not yet available for use.

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

2.11 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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

2.11 *Intangible assets (cont'd)*

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(a) *Brand name*

The brand name was acquired in business combinations. Following initial recognition, it is carried at cost less accumulated amortisation and any accumulated impairment losses. The brand name has a finite useful life and is amortised over the estimated useful life of 20 years on a straight-line basis.

(b) *Customer relationships*

Customer relationships were acquired in business combinations. Following initial recognition, they are carried at cost less accumulated amortisation and any accumulated impairment losses. Customer relationships have a finite useful life and are amortised over the expected contract period of 3 to 20 years on a straight-line basis.

(c) *Computer software*

Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful lives of 2 to 10 years.

2.12 *Investment properties*

Investment properties are initially recorded at cost, including transaction costs. Subsequent to recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis over the lease term of the properties.

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

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

2.13 *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 an 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 groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, 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 profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

2.14 *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial 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 profit or loss are expensed in profit or loss.

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.

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

2.14 *Financial assets (cont'd)*

Subsequent measurement

(a) *Debt instruments*

The Group's debt instruments are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The debt instruments are measured at amortised costs using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(b) *Equity instruments*

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("FVOCI"). Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss ("FVPL").

(c) *Derivatives*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised when 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 profit or loss.

Regular way purchases and sales

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

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

2.15 *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 instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and 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 profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. On derecognition, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.16 *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 ("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 ("lifetime ECL").

For trade debtors, 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. Summary of significant accounting policies (cont'd)

2.16 *Impairment of financial assets (cont'd)*

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.17 *Hedge accounting*

The Group has entered into a cross currency interest rate swap ("CCIRS") to manage its exposure to interest rate and foreign currency risks. The CCIRS is designated as a hedging instrument and the Group has applied hedge accounting. The hedge is classified as a cash flow hedge.

At the inception of the hedge, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transaction. On an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risks, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

(a) there is an economic relationship between the hedged item and the hedging instrument;

(b) the effect of credit risk does not dominate the value changes that result from that economic relationship; and

(c) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If the hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

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

2.17 *Hedge accounting (cont'd)*

Cash flow hedges (cont'd)

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur, or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

2.18 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and cash with banks or financial institutions, including short-term fixed deposits. These also include bank overdrafts that form an integral part of the Group's cash management.

2.19 *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 economic resources 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.

2.20 *Employee benefits*

(a) ***Defined contribution plan***

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 national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***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 wholly before 12 months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

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

2.21 *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.

(a) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the leases (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:

Leasehold land and office premises	–	over lease term of 2 to 30 years
Office equipment	–	3 to 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 lives of the asset.

The right-of-use assets are also subject to impairment. Accounting policies on impairment of non-financial assets are disclosed in Note 2.13.

(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.

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

2.21 *Leases (cont'd)*

Group as a lessee (cont'd)

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 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 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 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.

Group as a lessor

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

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

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

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

2.22 *Revenue recognition*

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

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

(a) *Corporate services revenue*

Share registry services

The Group provides share registry services predominately to public listed corporations. The services include acting as share registrar, administering employee equity plan, and providing voting and meeting services. Revenue for share registry service is recognised at a point in time upon completion of the services.

Corporate secretarial services

The Group provides corporate secretarial services mainly to private limited companies and to public listed corporations. The services include acting as company secretary and provision of corporate secretarial consultancy and assistance.

The performance obligations of corporate secretarial services are satisfied over time because the customer simultaneously receives and consumes the benefits. Revenue is recognised over time, based on the actual hours incurred to-date as a proportion to the total expected hours.

Unbilled receivable is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer or billed the customer in advance. Unbilled receivables are transferred to amounts due from customers when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Accounting, taxation & payroll services

The services include book-keeping, preparation of financial statements, payroll and payment processing, goods and services tax accounting, tax advisory and human resource advisory.

The performance obligations of services are satisfied over time because the customer simultaneously receives and consumes the benefits. Revenue is recognised over time, based on the actual hours incurred to-date as a proportion to the total expected hours.

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

2.22 *Revenue recognition (cont'd)*

(a) *Corporate services revenue (cont'd)*

Accounting, taxation & payroll services (cont'd)

Unbilled receivable is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer or billed the customer in advance. Unbilled receivables are transferred to amounts due from customers when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

(b) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Rental income*

Rental income is accounted for on a straight-line basis over the lease terms.

2.23 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.24 *Taxation*

(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 profit or loss except to the extent that the tax relates to items recognised outside profit or loss, 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.

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

2.24 *Taxation (cont'd)*

(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 temporary differences, except:

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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.

Deferred tax assets are recognised for all deductible temporary differences, the 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 differences 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 the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, 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.

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

2.24 *Taxation (cont'd)*

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

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.

2.25 *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

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

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- 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 value can be reliably determined.

3. Revenue

The breakdown of revenue is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Corporate services revenue	106,120	91,486
Investment income:		
Fair value adjustment for short-term investments	6,301	(8,999)
Fair value adjustment for long-term investments	(38)	(198)
(Loss) / gain on sale of short-term investments	(1,716)	3,495
Dividend income	3,549	1,708
Interest income:		
– Bank deposits	901	977
– Leases	27	–
– Others	–	70
Other income:		
Rental income	414	897
Others	1,368	747
	116,926	90,183

Revenue from contracts with customers

The Group derives its corporate services revenue from the transfer of services over time and at a point in time. A disaggregation of the corporate services revenue for the year is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Timing of transfer of service		
At a point in time	53,504	45,736
Over time	52,616	45,750
	106,120	91,486

3. Revenue (cont'd)

Revenue from contracts with customers (cont'd)

For the services where the Group satisfies its performance obligations over time, management has determined that an hour-based input method provides a faithful depiction of the Group's performance in transferring services to the customers, as it reflects the Group's efforts incurred to-date relative to the total inputs expected to be incurred for the services performed. The measure of progress is based on the hours charged to-date multiplied by the hourly charge rate that management has predetermined.

The management relies on past experience in assessing the estimated hourly charge rate. In making these estimates, management takes into consideration the historical recovery rates of the hourly charge rate incurred in its other similar service contracts.

4. Other operating expenses and finance costs

	Group	
	2019	2018
	S$'000	S$'000
Included in other operating expenses are:		
Fees paid to Auditor of the Company:		
Audit fees	(474)	(504)
Non-audit fees	(116)	(134)
	(590)	(638)
Finance costs		
Interest expense:		
Bank loans and overdrafts	(4,975)	(3,635)
Leases	(588)	–
Others	(3)	–
	(5,566)	(3,635)

Other operating expenses also include legal, investment consulting and advisory fees.

5. Taxation

(a) *Major components of income tax expense*

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

	Group 2019 S$'000	Group 2018 S$'000
Income statement		
Current income tax:		
Current year	(5,684)	(4,659)
Overprovision in respect of prior years	412	312
Deferred tax:		
Benefits from current year tax losses	715	269
Acquired intangibles	1,187	734
Unutilised Mergers & Acquisitions allowance	1,020	–
Undistributed profits in associates	466	–
Foreign interest income	(59)	(415)
Foreign dividend income	(29)	(25)
Differences in depreciation	690	266
Provision for employee benefits	(498)	–
Overprovision in respect of prior years	789	814
	(991)	(2,704)
Statement of comprehensive income		
Deferred tax related to other comprehensive income:		
Net loss on fair value changes of FVOCI equity instruments	1,694	1,046

5. Taxation (cont'd)

(b) *Relationship between tax expense and accounting profit / (loss)*

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

	Group	
	2019	2018
	S$'000	S$'000
Profit / (loss) before tax	9,524	(987)
Statutory tax rate at 17% (2018: 17%)	(1,619)	168
Tax effect of:		
Income not subject to tax	603	333
Expenses not deductible for income tax purposes	(1,326)	(2,339)
Share of profit of associates	1,307	1,219
Tax deducted at source	(434)	(1,530)
Difference in foreign tax rate	(992)	(660)
Capital allowance and enhanced allowance	20	689
Mergers & Acquisitions allowance	1,020	–
Overprovision in respect of prior years	1,201	1,126
Deferred tax asset not recognised	(214)	(1,511)
Benefits from previously unrecognised tax losses	565	90
Qualifying income under concessionary tax rate	29	10
Others	(1,151)	(299)
Tax expense	(991)	(2,704)

5. Taxation (cont'd)

(b) *Relationship between tax expense and accounting profit / (loss) (cont'd)*

The nature of income not subject to tax is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Exempt dividend income	455	151
Tax exempted income	98	104
Others	50	78
	603	333

The nature of expenses that are not deductible for income tax purposes are as follows:

	Group	
	2019	2018
	S$'000	S$'000
Finance costs	(304)	(384)
Depreciation	(299)	–
Fair value adjustment for long-term investments	(1)	(18)
Exchange loss arising from revaluation of non-trade balances	(35)	(563)
Provision for doubtful debts	–	(7)
Expenses relating to exempt income	(100)	(508)
Others	(587)	(859)
	(1,326)	(2,339)

5. Taxation (cont'd)

(c) *Deferred tax*

An analysis of the deferred tax assets and liabilities is as follows:

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Deferred tax assets				
Unutilised tax losses	8,559	7,966	–	–
Unrealised fair value loss	3,135	1,441	–	–
Unutilised Mergers & Acquisitions allowance	1,020	–	–	–
Provision for long-term employee benefits	632	1,131	–	–
Differences in depreciation	237	–	–	–
	13,583	10,538	–	–
Deferred tax liabilities				
Acquired intangibles	(8,536)	(9,829)	–	–
Undistributed profits in associates	(4,836)	(6,341)	–	–
Foreign interest income not remitted	(1,488)	(1,720)	(1,448)	(1,375)
Foreign dividend income not remitted	(397)	(368)	(82)	(82)
Differences in depreciation	–	(99)	–	–
	(15,257)	(18,357)	(1,530)	(1,457)
Net deferred tax liabilities	(1,674)	(7,819)	(1,530)	(1,457)

5. Taxation (cont'd)

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

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated balance sheet. The following is an analysis of the deferred tax balances of the Group for financial reporting purpose:

	Group	
	2019 S$'000	2018 S$'000
Net deferred tax assets recognised in the consolidated balance sheet	11,398	7,789
Net deferred tax liabilities recognised in the consolidated balance sheet	(13,072)	(15,608)
Net deferred tax liabilities	(1,674)	(7,819)

At the end of the reporting period, the Group had tax losses of approximately S$8,579,000 (2018: S$9,867,000) that were available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset was recognised. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

(d) *Tax consequences of proposed dividend*

There are no income tax consequences attached to the dividend to shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 6).

6. Dividend

	Group and Company	
	2019	2018
	S$'000	S$'000
Final dividend paid: 2.0 cents (2018: 3.0 cents) per ordinary share	6,496	9,746
Special dividend paid: Nil (2018: 3.0 cents) per ordinary share	–	9,746
	6,496	19,492

The directors propose that a final one-tier tax exempt dividend of 2.0 cents (2018: final dividend of 2.0 cents) per ordinary share, amounting to S$6,496,000 (2018: S$6,496,000) be paid for the financial year ended 31 December 2019, subject to shareholders' approval at the Annual General Meeting. The financial statements do not recognise this dividend as a liability.

7. Earnings per share

Basic and diluted earnings per share ("EPS") are calculated by dividing the profit net of tax attributable to Owners of the Company of S$7,943,000 (2018: loss of S$4,379,000), by the weighted average number of ordinary shares outstanding during the financial year:

	Group and Company	
	2019	2018
	'000	'000
Weighted average number of ordinary shares used in the computation of basic and diluted EPS	324,810	325,120

8. Property, plant and equipment

Group	Land and building S$'000	Plant and equipment S$'000	Computer and automation equipment S$'000	Office equipment S$'000	Furniture, fittings and leasehold improvements S$'000	Motor vehicles S$'000	Assets under construction S$'000	Total S$'000
Cost								
At 1 January 2018	25,309	–	3,737	578	1,939	774	3,731	36,068
Additions	35	268	495	94	1,298	824	5,023	8,037
Acquisition of subsidiaries	–	–	338	48	80	11	–	477
Capitalisation	–	–	–	–	–	–	845	845
Disposals	–	–	(265)	(39)	(4)	(738)	–	(1,046)
Transfer to intangible assets	–	–	(646)	–	–	–	–	(646)
Currency realignment	–	–	(111)	(40)	(38)	–	–	(189)
At 31 December 2018 and at 1 January 2019	25,344	268	3,548	641	3,275	871	9,599	43,546
Effects of adopting SFRS(I) 16	(25,344)	–	–	(7)	–	–	–	(25,351)
Adjusted balance as at 1 January 2019	–	268	3,548	634	3,275	871	9,599	18,195
Additions	7,462	507	2,004	166	9,081	–	20	19,240
Capitalisation	704	–	–	–	–	–	–	704
Disposals	–	–	(67)	(37)	(184)	–	–	(288)
Reclassification	9,599	–	–	–	–	–	(9,599)	–
Currency realignment	–	–	(32)	(11)	(28)	–	–	(71)
At 31 December 2019	17,765	775	5,453	752	12,144	871	20	37,780

8. Property, plant and equipment (cont'd)

Group	Land and building S$'000	Plant and equipment S$'000	Computer and automation equipment S$'000	Office equipment S$'000	Furniture, fittings and leasehold improvements S$'000	Motor vehicles S$'000	Assets under construction S$'000	Total S$'000
Accumulated depreciation								
At 1 January 2018	698	–	1,639	286	1,265	760	–	4,648
Charge for the year	–	23	867	79	570	120	–	1,659
Charge for the year capitalised	845	–	–	–	–	–	–	845
Disposals	–	–	(260)	(14)	(4)	(738)	–	(1,016)
Transfer to intangible assets	–	–	(76)	–	–	–	–	(76)
Currency realignment	–	–	(85)	(25)	(28)	–	–	(138)
At 31 December 2018 and at 1 January 2019	1,543	23	2,085	326	1,803	142	–	5,922
Effects of adopting SFRS(I) 16	(1,543)	–	–	(2)	–	–	–	(1,545)
Adjusted balance as at 1 January 2019	–	23	2,085	324	1,803	142	–	4,377
Charge for the year	108	73	905	85	1,202	176	–	2,549
Disposals	–	–	(59)	(26)	(179)	–	–	(264)
Currency realignment	–	–	(25)	(7)	(24)	–	–	(56)
At 31 December 2019	108	96	2,906	376	2,802	318	–	6,606
Net book value								
At 31 December 2018	23,801	245	1,463	315	1,472	729	9,599	37,624
At 31 December 2019	17,657	679	2,547	376	9,342	553	20	31,174

9. Intangible assets

Group	Goodwill on consolidation S$'000	Brand name S$'000	Customer relationships S$'000	Computer software S$'000	Total S$'000
Cost					
At 1 January 2018	58,288	21,125	23,837	7,341	110,591
Additions	–	–	–	1,812	1,812
Acquisition of subsidiaries	40,140	–	12,730	308	53,178
Transfer from property, plant and equipment	–	–	–	646	646
Disposals	–	–	–	(10)	(10)
Currency realignment	(2,590)	(793)	(1,599)	(565)	(5,547)
At 31 December 2018 and at 1 January 2019	95,838	20,332	34,968	9,532	160,670
Additions	–	–	–	1,620	1,620
Disposals	–	–	–	(30)	(30)
Currency realignment	(695)	(211)	(434)	(190)	(1,530)
At 31 December 2019	95,143	20,121	34,534	10,932	160,730
Accumulated amortisation					
At 1 January 2018	–	4,049	8,120	1,489	13,658
Charge for the year	–	1,038	2,791	529	4,358
Transfer from property, plant and equipment	–	–	–	76	76
Disposals	–	–	–	(10)	(10)
Currency realignment	–	(173)	(808)	(180)	(1,161)
At 31 December 2018 and at 1 January 2019	–	4,914	10,103	1,904	16,921
Charge for the year	–	1,009	3,337	911	5,257
Disposals	–	–	–	(30)	(30)
Currency realignment	–	(54)	(236)	(53)	(343)
At 31 December 2019	–	5,869	13,204	2,732	21,805
Net book value					
At 31 December 2018	95,838	15,418	24,865	7,628	143,749
At 31 December 2019	95,143	14,252	21,330	8,200	138,925

9. Intangible assets (cont'd)

Impairment testing of goodwill, brand name and customer relationships

Goodwill, brand name and customer relationships arising from the acquisition of subsidiaries have been allocated to four cash-generating units ("CGU") for impairment testing. The carrying amounts allocated to each CGU are as follows:

CGU	Goodwill on consolidation S$'000	Brand name S$'000	Customer relationships S$'000
2019			
Singapore	23,239	6,496	4,366
Australia	26,811	6,833	6,812
Malaysia	42,503	923	9,357
Hong Kong	2,590	–	795
	95,143	14,252	21,330
2018			
Singapore	23,239	6,954	5,038
Australia	27,390	7,473	8,278
Malaysia	42,600	991	10,556
Hong Kong	2,609	–	993
	95,838	15,418	24,865

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections approved by management covering a five-year period. The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Group	
	2019	2018
Discount rates	9% to 11%	10% to 12%
Growth rates	2% to 3%	2% to 3%

9. Intangible assets (cont'd)

Impairment testing of goodwill, brand name and customer relationships (cont'd)

The calculations of value in use are most sensitive to the following assumptions:

Net profitability – Net profitability is based on management's assessment of the expected margins.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital.

Growth rates – The forecasted growth rates are based on management's assessment of the long-term average growth rates of the acquired businesses.

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

10. Investment properties

	Group	
	2019	2018
	S$'000	S$'000
Freehold land, at cost	3,727	3,727

The Group has no restrictions on the realisability of its investment properties.

The investment properties held by the Group are as follows:

Description and location	Existing use	Tenure	Fair value	
			2019	2018
			S$'000	S$'000
Four plots of land Mukim Pulai, Johor Bahru, Malaysia	Vacant	Freehold	4,837	4,848

The fair value has been determined based on valuations performed by an accredited independent valuer. Further details may be found in Note 30.

11. Subsidiaries

	Company 2019 S$'000	Company 2018 S$'000
Unquoted shares, at cost	82,830	82,830
Loans to subsidiaries	170,197	171,313
Impairment losses	(23,892)	(24,873)
	229,135	229,270

The loans to subsidiaries have no fixed repayment dates. The repayment dates are determined by the subsidiaries based on the availability of funds. There are no contractual obligations for the subsidiaries to repay the loans. The Company has classified the loans as investments in subsidiaries.

During the financial year, management performed impairment tests on its subsidiaries. The recoverable amounts of its subsidiaries were determined based on fair value less costs to sell. As the subsidiaries were principally investment holding vehicles and their fair values were determined by the values of their underlying investments, changes in impairment losses were recorded as a result. The write-back of impairment losses recognised in the financial year were S$981,000 (2018: impairment of S$11,109,000).

(a) *Interest in subsidiaries with material non-controlling interests ("NCI")*

The Group's investment in the Boardroom Limited has NCI that are material to the Group:

Name of subsidiary	Proportion of ownership interest held by NCI	Profit / (loss) allocated to NCI during the year S$'000	Accumulated NCI at end of the year S$'000	Dividend paid to NCI S$'000
2019				
Boardroom Limited	8%	590	8,789	808
2018				
Boardroom Limited	19%	688	20,683	611

During the financial year, the Group acquired 23,685,000 Boardroom Limited shares through a general offer. The Group's shareholding in Boardroom Limited increased from 81% to 92% as a result.

11. Subsidiaries (cont'd)

(b) *Summarised financial information of subsidiaries with material NCI*

Summarised financial information, including goodwill on acquisition and consolidation adjustments but before intercompany eliminations, of Boardroom Limited are as follows:

Summarised balance sheet

	2019 S$'000	2018 S$'000
Current		
Assets	46,251	49,908
Liabilities	(36,404)	(34,922)
Net current assets	9,847	14,986
Non-current		
Assets	163,365	150,406
Liabilities	(52,599)	(47,541)
Net non-current assets	110,766	102,865
Net assets	120,613	117,851

Summarised statement of comprehensive income

	2019 S$'000	2018 S$'000
Revenue	107,658	92,945
Profit before tax	9,212	7,429
Taxation	(1,821)	(1,947)
Profit after tax	7,391	5,482
Other comprehensive loss	(436)	(2,174)
Total comprehensive income	6,955	3,308

Other summarised information

	2019 S$'000	2018 S$'000
Net cash flows from operations	15,408	14,634
Purchase of non-current assets	4,805	3,132

11. Subsidiaries (cont'd)

(c) *Acquisition of the Symphony Companies*

The Group acquired 100% equity interest in Symphony Corporatehouse Sdn Bhd, its subsidiary and related companies (collectively the "Symphony Companies") on 28 August 2018. Upon acquisition, these companies became subsidiaries of the Group. As at 31 December 2018, goodwill of S$39,411,000 arising from the acquisition had been determined on a provisional basis as the final results of the independent valuation had not been finalised by the date the financial statements were authorised for issue.

The purchase price allocation exercise was finalised in 2019 and there was no change to the goodwill and its allocation.

12. Associates

The Group's investments in associates are summarised below:

	Group	
	2019	2018
	S$'000	S$'000
Opal Aged Care Group	148,881	155,451
Habitat Assets Pte Ltd	21,953	24,250
Other associates	9,702	11,753
	180,536	191,454

The Group has not recognised losses relating to Bromius Capital Limited where its share of losses exceeds the Group's interest in the associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was S$4,275,000 (2018: S$3,299,000) of which S$976,000 (2018: S$488,000) was the share of current year's losses. The Group has no obligation in respect of these losses.

Aggregate information about the Group's investments in associates that are not individually material is as follows:

	2019	2018
	S$'000	S$'000
Loss after tax	(12,919)	(1,142)
Other comprehensive income	–	–
Total comprehensive loss	(12,919)	(1,142)

12. Associates (cont'd)

Opal Aged Care Group

The summarised financial information in respect of Opal Aged Care Group, based on its financial statements, and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	2019 S$'000	2018 S$'000
Current assets	98,610	94,607
Non-current assets	1,793,571	1,631,229
Total assets	1,892,181	1,725,836
Current liabilities	(1,119,325)	(1,160,865)
Non-current liabilities	(488,878)	(268,508)
Total liabilities	(1,608,203)	(1,429,373)
Net assets	283,978	296,463
Proportion of the Group's ownership	48%	48%
Group's share of net assets	135,230	141,176
Goodwill on acquisition	15,602	15,602
Other adjustments	(1,951)	(1,327)
Carrying amount of the investment	148,881	155,451

Summarised statement of comprehensive income

	2019 S$'000	2018 S$'000
Revenue	702,520	628,882
Profit after tax	21,784	14,079
Other comprehensive income	617	(38)
Total comprehensive income	22,401	14,041

Dividends received from Opal Aged Care Group amounted to S$12,159,000 (2018: S$14,138,000) during the financial year.

13. Long-term investments

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
FVOCI				
Quoted equity securities	18,289	33,199	–	–
Unquoted unit trust funds	101,054	91,639	–	–
Unquoted equity securities	59,264	64,883	4,763	5,642
FVPL				
Quoted warrants	94	133	–	–
	178,701	189,854	4,763	5,642

Investments designated at FVOCI

The largest single investment that is designated at FVOCI is Eastern & Oriental Berhad, whose fair value at reporting date amounted to S$16,305,000 (2018: S$29,023,000).

The Group has elected to measure these investments at FVOCI due to the Group's intention to hold these investments for long-term appreciation. Dividends received from investments held at the end of the reporting period amounted to S$2,821,000 (2018: S$743,000).

During the financial year, the Group redeemed several unquoted unit trust funds due to increase in fund prices. The fair value at the date of derecognition amounted to S$32,376,000 (2018: S$138,418,000). Cumulative gains arising from the redemptions amounted to S$3,526,000 (2018: S$74,532,000) and were transferred from fair value adjustment reserve to retained earnings.

14. Amounts receivable from subsidiaries

The short-term receivables from subsidiaries comprise unsecured loans repayable as follows:

	Company	
	2019 S$'000	2018 S$'000
Repayable on demand at interest of 3.00% (2018: 3.00%) per annum	31,425	36,452
Repayable on demand at interest of 2.85% to 3.85% (2018: 2.75% to 3.65%) per annum	72,271	78,127
Repayable on demand at interest of 2.34% (2018: Nil) per annum	19,727	–
Repayable on demand at interest of 0.85% to 0.90% (2018: 0.85% to 0.86%) per annum	20,740	10,804
Repayable on demand at interest of 1.58% to1.75% (2018: 1.55% to 1.58%) per annum	13,334	7,794
Repayable on demand, interest-free	5,963	3,614
	163,460	136,791

15. Trade debtors

	Group		
	2019 S$'000	2018 S$'000	1.1.2018 S$'000
Amounts due from customers	27,704	24,295	19,569
Unbilled receivables	1,190	1,835	1,696
Amounts due from brokers	–	1,638	–
	28,894	27,768	21,265
Allowance for ECLs	(3,444)	(3,265)	(1,817)
	25,450	24,503	19,448

(a) *Amounts due from customers*

All invoices are due upon presentation.

(b) *Amounts due from brokers*

The amounts are not interest bearing and are settled within 2 days.

15. Trade debtors (cont'd)

(c) *Expected credit losses*

The movement in allowance for ECLs computed based on lifetime ECL is as follows:

	Group	
	2019	2018
	S$'000	S$'000
At 1 January	(3,265)	(1,817)
Acquisition of subsidiary	–	(933)
Allowances made during the year	(1,269)	(283)
Allowances written off	1,071	–
Currency realignment	19	(232)
At 31 December	(3,444)	(3,265)

16. Other debtors

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Proceeds from disposal of investments	13,075	–	–	–
Prepayments	1,601	991	103	9
Sundry deposits	1,928	1,894	275	376
Derivatives	73	–	–	–
Interest receivable	–	8	–	–
Others	792	1,253	–	55
	17,469	4,146	378	440

Derivatives

Derivative financial instruments included in the balance sheets as at 31 December are as follows:

	2019			2018		
Group	Notional amount S$'000	Assets S$'000	Liabilities S$'000	Notional amount S$'000	Assets S$'000	Liabilities S$'000
Cross currency interest rate swap	41,124	73	–	41,124	–	109

Cross currency interest rate swap is a transaction in which counterparties exchange principal and interest cash flows in different currencies over a period of time. These contracts are used to manage currency and/or interest rate exposures.

17. Short-term investments

	Group	
	2019	2018
	S$'000	S$'000
FVPL		
Quoted equity securities	36,531	29,374
Unquoted unit trust funds	179	878
	36,710	30,252

18. Cash and bank balances

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Fixed deposits	662	1,411	–	–
Other cash and bank balances	28,526	34,123	1,482	2,574
	29,188	35,534	1,482	2,574

Client's monies held by Boardroom Limited under trust represent the following:

	Group	
	2019	2018
	S$'000	S$'000
Held under trust		
Clients' bank accounts – contra	35,451	68,340
Clients' ledger balances – contra	(35,451)	(68,340)
	–	–

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits are placed for varying periods from 1 day to 3 months. The effective interest rates for financial year 2019 were 0.97% to 8.79% (2018: 0.69% to 3.14%).

19. Trade creditors

	Group		
	2019	2018	1.1.2018
	S$'000	S$'000	S$'000
Customers' advances and deposits	4,820	4,435	4,033
Contract liabilities	3,683	4,421	3,966
Amounts due to suppliers	1,978	1,502	1,126
Amounts due to brokers	–	429	–
GST payable	824	464	415
	11,305	11,251	9,540

Significant changes in contract liabilities are explained as follows:

	Group	
	2019	2018
	S$'000	S$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	4,351	3,408

20. Other creditors

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Accruals	11,811	11,365	344	381
Amounts due to suppliers (non-trade)	2,952	2,750	12	1
Unclaimed dividends	1,088	1,086	–	–
Interest payable	333	279	20	5
Security deposits from tenants	356	422	55	142
Derivatives	–	109	–	–
Others	2,136	2,217	–	–
	18,676	18,228	431	529

Unclaimed dividends relate to dividends received for shares registered in the name of a subsidiary as nominees of its customers and not claimed by the customers as at the end of the reporting period.

21. Bank borrowings

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Current				
Revolving credit facility	61,218	39,611	40,774	18,598
Money market line facility	–	1,285	–	–
Term loan:				
Australian dollar loan 1	2,605	–	2,605	–
Australian dollar loan 2	5,191	–	–	–
Australian dollar loan 3	1,133	–	–	–
Singapore dollar loan 1	1,300	–	–	–
Singapore dollar loan 2	3,800	3,800	–	–
Singapore dollar loan 3	–	7,000	–	–
Singapore dollar loan 4	–	40,000	–	–
Singapore dollar loan 5	–	750	–	–
	75,247	92,446	43,379	18,598
Non-current				
Term loan:				
Australian dollar loan 1	17,122	–	17,122	–
Australian dollar loan 2	34,044	–	–	–
Australian dollar loan 3	15,574	–	–	–
Singapore dollar loan 1	31,285	21,751	–	–
Singapore dollar loan 2	33,650	37,450	–	–
Singapore dollar loan 5	–	16,250	–	–
	131,675	75,451	17,122	–
	206,922	167,897	60,501	18,598

21. Bank borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	2018 S$'000	Cash flows S$'000	Non-cash changes: Foreign exchange movement S$'000	Non-cash changes: Other [1] S$'000	2019 S$'000
Bank borrowings					
Current	92,446	12,266	(678)	(28,787)	75,247
Non-current	75,451	27,345	92	28,787	131,675
	167,897	39,611	(586)	–	206,922

	2017 S$'000	Cash flows S$'000	Non-cash changes: Foreign exchange movement S$'000	Non-cash changes: Other [1] S$'000	2018 S$'000
Bank borrowings					
Current	82,787	(39,193)	1,102	47,750	92,446
Non-current	83,036	40,165	–	(47,750)	75,451
	165,823	972	1,102	–	167,897

[1] This represents the reclassification of non-current portion of bank borrowings due to the passage of time and refinancing.

(a) *Revolving credit facility*

The revolving credit loans are unsecured, repayable within 1 month, and bear interest rates from 0.85% to 2.43% (2018: 0.85% to 1.58%).

The loans are denominated in the following currencies:

	Group 2019 S$'000	Group 2018 S$'000	Company 2019 S$'000	Company 2018 S$'000
Singapore dollar	6,700	–	6,700	–
Japanese yen	41,184	31,817	20,740	10,804
Pound sterling	13,334	7,794	13,334	7,794
	61,218	39,611	40,774	18,598

21. Bank borrowings (cont'd)

(b) *Australian dollar term loan 1*

The loan is subject to periodic re-pricing, bears interest rate of 2.34% (2018: Nil) and is repayable half-yearly from June 2020 to December 2022. It is secured by a charge over a bank account of Salacca Pte Ltd and the shares of Boardroom Limited that are owned by Salacca Pte Ltd.

(c) *Australian dollar term loan 2*

The loan is subject to periodic re-pricing, bears interest rates from 2.33% to 2.53% (2018: Nil) and is repayable half-yearly from January 2020 to July 2022. It is secured by a charge over a bank account of Salacca Pte Ltd and the shares of Boardroom Limited that are owned by Salacca Pte Ltd. The Company has provided a corporate guarantee on the loan.

(d) *Australian dollar term loan 3*

The loan is subject to periodic re-pricing, bears interest rate of 2.59% (2018: Nil) and is repayable quarterly from June 2020 to December 2022. It is secured by a charge over the shares of Habitat Assets Pte Ltd that are owned by Allium Healthcare Holdings Pte Ltd. The Company has provided a corporate guarantee on the loan.

(e) *Singapore dollar term loan 1*

The loan is subject to periodic re-pricing, bears interest rates from 3.29% to 3.78% (2018: 2.88% to 3.66%) and is repayable quarterly from March 2020 to March 2032. It is secured by a first mortgage over the land and building owned by Allium Healthcare (Singapore) Pte Ltd. The Company has provided a corporate guarantee on the loan.

(f) *Singapore dollar term loan 2*

The loan is is subject to periodic re-pricing, unsecured and bears interest rates from 3.05% to 3.52% (2018: 3.09% to 3.39%). It is repayable in semi-annual instalments of S$1,900,000 each and a final instalment of S$24,150,000 due in August 2023.

(g) *Capitalisation of borrowing costs*

The Group's building include borrowing costs arising from bank loans specifically for the purpose of purchase of leasehold land and construction of the building. During the financial year, the borrowing costs capitalised as building amounted to S$761,000 (2018: S$648,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.67% (2018: 3.28%), which was the effective interest rate of the specific borrowings.

22. Share capital

	Group and Company			
	2019		2018	
	Shares	S$'000	Shares	S$'000
Issued and fully paid ordinary share capital				
At 1 January	324,810,137	191,987	326,484,337	191,987
Cancellation	–	–	(1,674,200)	–
At 31 December	324,810,137	191,987	324,810,137	191,987

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. Leases

Group as a lessee

The Group has lease contracts for various items of land, office premises and office equipment used in its operations. Leases of office premises and office equipment generally have lease terms between 2 to 5 years. The land has a lease of 30 years. The Group's obligations under its leases are secured by the lessors' title to the leased assets.

The Group also has leases of office premises with lease terms of 12 months or less, and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	Land and office premises S$'000	Office equipment S$'000	Total S$'000
At 1 January 2019	37,718	298	38,016
Additions	7,396	518	7,914
Disposals	(82)	–	(82)
Depreciation expense	(5,378)	(155)	(5,533)
Depreciation expense capitalised	(704)	–	(704)
Provision for impairment	(105)	–	(105)
Currency realignment	(92)	(1)	(93)
At 31 December 2019	38,753	660	39,413

23. Leases (cont'd)

Group as a lessee (cont'd)

During the year, the Group vacated one of its office premises and intended to sublease the office premise for its remaining lease term. After considering the market demand and rent rates for office space in the area, the Group determined that there was an adverse impact on the recoverable amount of the office premise. Accordingly, the Group recognised an impairment loss of S$105,000 based on its value in use.

Company	Office premises S$'000
At 1 January 2019	–
Additions	2,547
Depreciation expense	(778)
At 31 December 2019	1,769

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group 2019 S$'000	Company 2019 S$'000
At 1 January 2019	15,475	–
Additions	7,626	2,531
Accretion of interest	588	23
Payments	(6,006)	(846)
Currency realignment	(110)	–
At 31 December 2019	17,573	1,708
Current	6,578	873
Non-current	10,995	835
	17,573	1,708

Payment of S$6,006,000 included principal repayments of S$5,418,000. The maturity analysis of lease liabilities is disclosed in Note 32.

23. Leases (cont'd)

Group as a lessee (cont'd)

The following are the amounts recognised in profit or loss:

	Group 2019 S$'000
Depreciation expense of right-of-use assets	(5,533)
Impairment of right-of-use assets	(105)
Interest expense of lease liabilities	(588)
Expense relating to short-term leases	(1,247)
Expense relating to leases of low-value assets	(26)
Total amount recognised in profit and loss	(7,499)

The Group's total cash outflows relating to leases amounted to S$7,279,000.

The leases for office premises contain extension options for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations.

Group as a lessor

The Group has entered into subleases on part of its office premises. The leases have terms of 3 years. All leases are classified as operating leases from the lessor's perspective except for a sublease, which the Group has classified as a finance lease. Net investment in the sublease classified as a finance lease is recognised under Lease Receivables.

23. Leases (cont'd)

Group as a lessor (cont'd)

The table below analyses the maturity profile of the Group's lease receivables based on contractual undiscounted cash flows:

	Group 2019 S$'000
Within one year	441
After one year but not more than five years	544
Total undiscounted lease payments	985
Less: Unearned interest income	(35)
Net investment in finance lease	950
Current	417
Non-current	533
	950

The following are the amounts recognised in profit or loss:

	Group 2019 S$'000
Finance lease	
Interest income on the net investment in lease	27
Operating lease	
Rental income	414
Total amount recognised in profit and loss	441

24. Other commitments

Other commitments not provided for in the financial statements comprise obligations to make additional investments in the following:

	Group 2019 S$'000	Group 2018 S$'000
Associates	10,302	10,437
Long-term investments	44,330	40,430
Property, plant and equipment	175	14,580
	54,807	65,447

25. Contingent liabilities

In addition to general undertakings on banking facilities granted to subsidiaries, the Company had provided the following guarantees at the end of the reporting period:

- corporate guarantee to a bank for a S$39,235,000 (2018: S$41,285,000) term loan granted to Salacca Pte Ltd;
- corporate guarantee to a bank for a S$16,707,000 (2018: S$17,000,000) term loan granted to Allium Healthcare Holdings Pte Ltd; and
- corporate guarantee to a bank for a S$32,585,000 (2018: S$21,751,000) term loan granted to Allium Healthcare (Singapore) Pte Ltd.

26. Employees' compensation and related costs

Details of employees' compensation and related costs for the respective financial years ended 31 December are as follows:

	Group 2019 S$'000	Group 2018 S$'000
Employees' benefits expense (including directors)		
Salaries and bonuses	(56,580)	(47,155)
Defined contributions	(4,909)	(4,271)
Other short-term benefits	(3,679)	(2,597)
	(65,168)	(54,023)

27. Related party disclosures

(a) *Sale and purchase of services*

The following transactions between the Group and related parties took place on normal commercial terms agreed between the parties during the financial year:

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Subsidiaries				
Interest income	–	–	4,609	3,629
Professional fees	–	–	65	63
Fellow subsidiaries				
Rental income	49	46	49	46
Service income	67	60	–	–
Companies related to directors				
Service income	3	–	–	–
Professional fees	107	17	–	–

(b) *Compensation of key management personnel*

	Group	
	2019 S$'000	2018 S$'000
Short-term employee benefits	4,472	3,359
Defined contributions	55	45
Total compensation	4,527	3,404
Comprise amounts paid to:		
Directors of the Company	2,980	2,611
Other directors of its wholly-owned subsidiaries	1,547	793
	4,527	3,404

Key management personnel of the Group comprise directors of the Company and its wholly-owned subsidiaries. The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

28. Segmental results

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments: (1) investment holding; and (2) corporate services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Inter-segment assets and liabilities relate to intercompany loans and balances.

Year ended 31 December 2019	Investment holding S$'000	Corporate services S$'000	Adjustments and elimination S$'000	Total S$'000
Revenue				
External revenue	9,410	107,516	–	116,926
Inter-segment revenue	–	142	(142)	–
Total revenue	9,410	107,658	(142)	116,926
Results				
Interest income	7	921	–	928
Finance costs	1,432	4,134	–	5,566
Depreciation and amortisation	2,382	10,957	–	13,339
Fair value adjustments	6,291	(28)	–	6,263
Share of profit of associates	7,533	153	–	7,686
Segment profit	1,637	7,887	–	9,524
Assets				
Investment in associates	177,292	3,244	–	180,536
Additions to non-current assets	19,307	24,937	–	44,244
Segment assets	474,676	207,590	(18)	682,248
Unallocated assets				11,398
Total assets				693,646
Liabilities				
Segment liabilities	117,355	137,506	(18)	254,843
Unallocated liabilities				15,567
Total liabilities				270,410

28. Segmental results (cont'd)

Year ended 31 December 2018	Investment holding S$'000	Corporate services S$'000	Adjustments and elimination S$'000	Total S$'000
Revenue				
External revenue	(2,640)	92,823	–	90,183
Inter-segment revenue	–	122	(122)	–
Total revenue	(2,640)	92,945	(122)	90,183
Results				
Interest income	249	798	–	1,047
Finance costs	1,331	2,304	–	3,635
Depreciation and amortisation	347	5,670	–	6,017
Fair value adjustments	(9,197)	–	–	(9,197)
Share of profit of associates	7,166	5	–	7,171
Segment profit / (loss)	(7,163)	6,176	–	(987)
Assets				
Investment in associates	188,295	3,159	–	191,454
Additions to non-current assets	6,717	3,132	–	9,849
Segment assets	484,867	175,986	(10)	660,843
Unallocated assets				7,789
Total assets				668,632
Liabilities				
Segment liabilities	83,290	114,330	(10)	197,610
Unallocated liabilities				16,752
Total liabilities				214,362

28. Segmental results (cont'd)

Geographical information

	Revenue from external customers	
	2019	2018
	S$'000	S$'000
Singapore:		
Investment holding	9,410	(2,640)
Corporate services	32,697	31,537
Australia	39,321	35,691
Malaysia	22,274	12,666
Hong Kong	11,741	11,314
China	1,483	1,615
Total	116,926	90,183

	Non-current assets	
	2019	2018
	S$'000	S$'000
Singapore	91,972	72,276
Australia	52,520	50,308
Malaysia	64,051	58,665
Hong Kong	4,279	3,806
China	417	45
Total	213,239	185,100

Non-current assets consist of property, plant and equipment, right-of-use assets, intangible assets and investment properties.

29. Financial instruments by category

At the reporting date, the aggregate carrying amounts of the Group's financial instruments were as follows:

	Group		Company	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Financial assets:				
FVOCI				
Quoted equity securities	18,289	33,199	–	–
Unquoted unit trust funds	101,054	91,639	–	–
Unquoted equity securities	59,264	64,883	4,763	5,642
FVPL				
Quoted warrants	94	133	–	–
Quoted equity securities	36,531	29,374	–	–
Unquoted unit trust funds	179	878	–	–
Derivatives	73	–	–	–
At amortised cost				
Amounts receivable from subsidiaries	–	–	163,460	136,791
Trade debtors	25,450	24,503	–	–
Other debtors	13,867	1,261	–	55
Lease receivables	950	–	–	–
Cash and bank balances	29,188	35,534	1,482	2,574
	284,939	281,404	169,705	145,062
Financial liabilities:				
FVPL				
Derivatives	–	109	–	–
At amortised cost				
Trade creditors	7,622	6,830	–	–
Other creditors	18,676	18,119	431	529
Lease liabilities	17,573	–	1,708	–
Bank borrowings	206,922	167,897	60,501	18,598
	250,793	192,955	62,640	19,127

30. Fair value of assets and liabilities

(a) *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 markets 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.

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Quoted prices in active markets for identical instruments (Level 1) S$'000	Significant observable inputs other than quoted prices (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000	Total S$'000
2019				
Assets measured at fair value:				
FVOCI				
Quoted equity securities	18,289	–	–	18,289
Unquoted unit trust funds	–	8,383	92,671	101,054
Unquoted equity securities	–	–	59,264	59,264
FVPL				
Quoted warrants	94	–	–	94
Quoted equity securities	36,531	–	–	36,531
Unquoted unit trust funds	–	179	–	179
Derivatives	–	73	–	73
	54,914	8,635	151,935	215,484

30. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

Group	Quoted prices in active markets for identical instruments (Level 1) S$'000	Significant observable inputs other than quoted prices (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000	Total S$'000
2018				
Assets measured at fair value:				
FVOCI				
Quoted equity securities	33,199	–	–	33,199
Unquoted unit trust funds	–	15,181	76,458	91,639
Unquoted equity securities	–	–	64,883	64,883
FVPL				
Quoted warrants	133	–	–	133
Quoted equity securities	29,374	–	–	29,374
Unquoted unit trust funds	–	878	–	878
	62,706	16,059	141,341	220,106
Liabilities measured at fair value:				
FVPL				
Derivatives	–	(109)	–	(109)

The Group also has investment properties amounting to S$3,727,000 (2018: S$3,727,000) whose fair value is measured using significant unobservable inputs (Level 3). The valuation is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market. There has been no change in the valuation technique.

(c) *Level 2 fair value measurements*

Investments in unquoted unit trust funds are valued at the price or net asset value released by the investment manager or fund administrator as at the end of the reporting period. These funds are categorised as Level 2 as their underlying investments are mainly quoted securities.

30. Fair value of assets and liabilities (cont'd)

(d) *Level 3 fair value measurements*

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (Level 3):

	Group	
	2019	2018
	S$'000	S$'000
At 1 January (FRS framework)	141,341	186,893
Impact of SFRS(I) 9 adoption	–	13,682
At 1 January (SFRS(I) framework)	141,341	200,575
Gains or losses in other comprehensive income	(507)	9,784
Purchases	17,779	48,949
Disposals	(6,678)	(117,967)
At 31 December	151,935	141,341

Investments in unquoted unit trust funds are valued at the price or net asset value released by the investment manager or fund administrator as at the end of the reporting period. As the funds are discretionary and broad-based and the Group has no control over the investments held by each fund, the sensitivity of their fair value to the changes in the unobservable inputs cannot be determined. The fair value of unquoted equity securities is determined using valuation techniques, which may include using recent arm's length market transactions between knowledgeable, willing parties and the current fair value of comparable companies.

31. Hedging activities

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date, as well as the cumulative change in time value and forward element of cross currency interest rate swap not designated as hedging instruments in hedge relationships.

32. 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 risks include price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. The board of directors reviews and agrees on policies for managing each of these risks and they are summarised in the following sections.

(a) *Price risk*

The Group is exposed to price risk on the quoted equity securities and warrants, as well as the unquoted unit trust funds it holds. The prices of quoted equity securities and warrants are monitored daily by the management. The performance of the unquoted unit trust funds is monitored monthly or quarterly by reviewing the financial statements and performance reports from fund managers.

The Group's exposure to quoted equity securities and warrants in the various stock markets is as follows:

	Group			
Stock market	FVPL investments		FVOCI investments	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Singapore	4,945	4,640	–	–
Kuala Lumpur	34	62	16,305	29,023
Tokyo	25,108	19,175	–	–
Australia	1,271	3,131	51	542
Hong Kong	2,454	1,102	–	–
London	2,105	476	1,835	2,916
New York	569	785	98	718
Others	139	136	–	–
Total	36,625	29,507	18,289	33,199

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

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

Sensitivity analysis for price risk

The table below summarises the impact of increases/decreases of the relevant stock market indices on the Group's profit and other comprehensive income for the financial year. The analysis is based on the assumption that the stock market has increased/decreased by 5% (2018: 5%) with all other variables held constant and all the Group's equity instruments move according to the historical correlation with the index.

	Group			
Indices	Impact on profit		Impact on other comprehensive income	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Straits Times Index	312	242	–	–
Kuala Lumpur Composite Index	3	4	689	1,178
Tokyo Stock Price Index	1,386	938	–	–
S&P/ASX 200 Index	46	147	2	4
Hang Seng Index	112	20	–	–
FTSE Index	106	25	14	41
S&P 500 Index	20	6	9	35

Profit for the financial year would increase/decrease as a result of higher/lower gains on quoted equity securities and warrants classified as FVPL financial assets. Other comprehensive income would increase/decrease as a result of higher/lower gains on quoted equity securities classified as FVOCI financial assets.

The unquoted unit trust funds are discretionary and broad-based and the Group has no control over the investments held by each fund. Therefore, the performance of the funds cannot be benchmarked against the stock market index.

(b) *Interest rate risk*

The Group's exposure to interest rate risk relates primarily to its cash deposits with financial institutions, and bank borrowings which bear interest rates pegged to the lender's cost of funds or prevailing market interest rates. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. Interest rate risk is managed by placing deposits on varying maturities and interest rate terms.

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

(b) *Interest rate risk (cont'd)*

Sensitivity analysis for interest rate risk

As at 31 December 2019, if market interest rates at that date had been 25 basis points (2018: 25 basis points) higher/lower with all other variables held constant, profit for the financial year would have been S$516,000 (2018: S$416,000) lower/higher.

(c) *Foreign currency risk*

The Group holds assets and liabilities denominated in currencies other than Singapore dollars, the functional currency of the Company. Consequently, the Group is exposed to foreign currency risk since the value of these assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. Bank borrowings and currency swaps are used to reduce currency exposures. The Group conducts reviews periodically to ensure that the net exposure is kept at an acceptable level.

The Group has net foreign currency exposures mainly in 3 currencies: United States dollar ("USD"), Australian dollar ("AUD") and Malaysian ringgit ("MYR"). The Group's short-term investments denominated in Japanese yen are funded by bank borrowings in the same currency to mitigate the foreign currency risk.

Group	USD S$'000	AUD S$'000	MYR S$'000
2019			
Long-term investments	95,046	51	16,305
Short-term investments	663	1,271	213
Cash and bank balances	1,777	7,396	4,587
Trade and other debtors	13,075	8,557	5,947
Trade and other creditors	(71)	(5,090)	(7,051)
Lease liabilities	–	(4,211)	(4,715)
Bank borrowings	–	(75,670)	–
	110,490	(67,696)	15,286
2018			
Long-term investments	104,681	542	29,023
Short-term investments	912	3,131	940
Cash and bank balances	4,183	2,522	8,860
Trade and other debtors	127	6,500	4,810
Trade and other creditors	(3)	(4,067)	(6,026)
	109,900	8,628	37,607

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

(c) *Foreign currency risk (cont'd)*

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. During the financial year, the structural currency exposure arising from Group's investment in Australian subsidiary Allium Holdings Pty Ltd was partially mitigated by bank borrowings.

Sensitivity analysis for foreign currency risk

At 31 December 2019, if the SGD had weakened/strengthened 5% against the USD with all other variables held constant, profit for the financial year would have been S$773,000 (2018: S$261,000) higher/lower, and equity would have been S$4,752,000 (2018: S$5,234,000) higher/lower.

If the SGD had weakened/strengthened 5% against the AUD with all other variables held constant, profit for the financial year would have been S$3,389,000 lower/higher (2018: S$404,000 higher/lower), and equity would have been S$3,000 (2018: S$27,000) higher/lower.

If the SGD had weakened/strengthened 5% against the MYR with all other variables held constant, profit for the financial year would have been S$51,000 lower/higher (2018: S$429,000 higher/lower), and equity would have been S$815,000 (2018: S$1,451,000) higher/lower.

(d) *Liquidity risk*

The Group manages liquidity risk arising from financial liabilities by maintaining an adequate level of cash and bank balances, and committed stand-by credit facilities with two different banks. The Group monitors its liquidity risk using a recurring liquidity planning tool. This tool considers the maturity of its financial assets and liabilities, including the extent of credit float opportunities, and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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

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

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities, including commitments, at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	One year or less S$'000	One to five years S$'000	Over five years S$'000	Total S$'000
2019				
Trade creditors	7,622	–	–	7,622
Other creditors	18,343	–	–	18,343
Lease liabilities	7,199	10,118	1,891	19,208
Bank borrowings	79,218	114,873	30,994	225,085
Other commitments	54,807	–	–	54,807
Cross currency interest rate swap:				
Cash inflow	(4,704)	(33,893)	–	(38,597)
Cash outflow	5,567	34,197	–	39,764
	168,052	125,295	32,885	326,232
2018				
Trade creditors	6,830	–	–	6,830
Other creditors	18,119	–	–	18,119
Bank borrowings	95,845	66,872	19,732	182,449
Operating lease commitments	6,173	11,532	–	17,705
Other commitments	65,447	–	–	65,447
Cross currency interest rate swap:				
Cash inflow	(5,059)	(39,268)	–	(44,327)
Cash outflow	5,923	40,581	–	46,504
	193,278	79,717	19,732	292,727

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

(e) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the balance sheets. The financial assets are not secured by any collateral or credit enhancements.

Management has a credit policy in place and the exposure to credit risk is managed through credit approvals, credit limits and monitoring procedures on an ongoing basis. Where appropriate, the Group will obtain collateral from its clients.

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 considers that a default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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 forward-looking information which includes the following indicators:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

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

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

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

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

The Group has no significant concentration of credit risks. Cash is placed with a number of creditworthy financial institutions. The Group does not have revenue concentration from major customers.

Trade debtors

The Group provides for lifetime ECL for all trade debtors using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

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

Trade debtors (cont'd)

The following table details the credit risk exposure on the Group's trade debtors based on the provision matrix, grouped by geographical regions.

	Not past due S$'000	More than 30 days past due S$'000	More than 60 days past due S$'000	More than 90 days past due S$'000	Total S$'000
2019					
Singapore					
Gross carrying amount	4,491	1,012	613	4,261	10,377
ECLs	(66)	(13)	(9)	(1,616)	(1,704)
Other countries					
Gross carrying amount	9,044	2,841	1,984	4,648	18,517
ECLs	(186)	(30)	(38)	(1,486)	(1,740)
2018					
Singapore					
Gross carrying amount	2,828	4,536	531	2,954	10,849
ECLs	–	(52)	(6)	(1,261)	(1,319)
Other countries					
Gross carrying amount	3,978	6,638	1,346	4,957	16,919
ECLs	–	(141)	(11)	(1,794)	(1,946)

Other debtors

The Group has assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate, and concluded that there has been no significant increase in the credit risk since initial recognition of the financial assets. Accordingly, the Group has determined that the ECLs on other debtors is insignificant.

33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains an appropriate gearing ratio in order to support its business and maximise shareholders' 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 financial years ended 31 December 2019 and 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to manage the balance sheet prudently with a mixture of capital and debt.

Net debt includes bank borrowings, less cash and bank balances. Total capital includes equity attributable to Owners of the Company, less capital reserve.

	Group	
	2019 S$'000	2018 S$'000
Bank borrowings	206,922	167,897
Less: Cash and bank balances	(29,188)	(35,534)
Net debt	177,734	132,363
Equity attributable to Owners of the Company	414,447	433,587
Less: Capital reserve	(137)	(137)
Total capital	414,310	433,450
Capital and net debt	592,044	565,813
Gearing ratio	30%	23%

34. Authorisation of consolidated financial statements

The consolidated financial statements of the Group for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 12 March 2020.

Statistics of Shareholdings

As at 31 March 2020

Class of equity securities	:	Ordinary share
Number of equity securities	:	324,810,137
Number of treasury shares	:	Nil
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	48	0.66	2,103	0.00
100 – 1,000	1,157	15.99	1,003,889	0.31
1,001 – 10,000	4,961	68.55	19,546,096	6.02
10,001 – 1,000,000	1,058	14.62	39,583,259	12.19
1,000,001 and above	13	0.18	264,674,790	81.48
Total	7,237	100.00	324,810,137	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	GKG Investment Holdings Pte Ltd	197,583,122	60.83
2	Tay Kwang Thiam	18,500,000	5.70
3	DBS Nominees (Private) Limited	12,056,001	3.71
4	United Overseas Bank Nominees (Private) Limited	8,112,942	2.50
5	Citibank Nominees Singapore Pte Ltd	7,072,121	2.18
6	Raffles Nominees (Pte.) Limited	4,596,095	1.42
7	Morph Investments Ltd	3,585,931	1.10
8	OCBC Nominees Singapore Private Limited	3,456,287	1.06
9	Estate of Mrs Lim Kam Foong @ Tai Kam Foong @ Tai Kim Fong, Deceased	3,200,000	0.99
10	Lim Keng Jin	2,580,000	0.79
11	Lim & Tan Securities Pte Ltd	1,754,256	0.54
12	See Beng Lian Janice	1,139,464	0.35
13	Phillip Securities Pte Ltd	1,038,571	0.32
14	Choo Meileen	759,800	0.23
15	Ang Jui Khoon	670,369	0.21
16	Tan Eng Seng	633,100	0.19
17	Ong Kim Guan or Neo Ah Thin	618,123	0.19
18	HSBC (Singapore) Nominees Pte Ltd	506,571	0.16
19	Yeo Ah Moey	500,000	0.15
20	Choo Ah Seng	452,669	0.14
Total		268,815,422	82.76

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

Names of substantial shareholders	No. of shares in which shareholders have a direct interest	% [3]	No. of shares in which shareholders are deemed to have an interest	% [3]
GKG Investment Holdings Pte Ltd	197,648,722	60.85	–	–
Goh Geok Khim [1]	–	–	197,648,722	60.85
Goh Yew Lin [2]	–	–	197,684,722	60.86
Tay Kwang Thiam	18,500,000	5.70	–	–

Notes:

(1) The deemed interest of Mr Goh Geok Khim arises from his controlling interest in GKG Investment Holdings Pte Ltd ("**GKGI**").

(2) Mr Goh Yew Lin is deemed interested in the shares held by GKGI and his family members.

(3) "%" is based on 324,810,137 issued shares as at 31 March 2020.

PUBLIC FLOAT

As at 31 March 2020, 33.3% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

SUBSIDIARY HOLDINGS

As at 31 March 2020, the Company does not have any subsidiary holdings (as defined in the Listing Manual of the SGX-ST).

	Mr Goh Yew Lin	Mr David Lim Teck Leong
Date of appointment	28 March 1990	23 April 2013
Date of last re-appointment	30 April 2005	23 April 2018
Age	60	63
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment	The re-election of Mr Goh Yew Lin as Executive Director and Managing Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration his qualifications, expertise and past experiences.	The re-election of Mr David Lim Teck Leong as Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration his qualifications, expertise and past experiences.
Whether the appointment is executive, and if so, the area of responsibility	Executive. Mr Goh Yew Lin is responsible for overall management and strategic direction of the Group.	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director	Chairman of Remuneration and Nominating Committees; Member of Audit Committee
Professional qualifications	• Bachelor of Science (Economics), University of Pennsylvania's Wharton School	• LLB (Hons), King's College London • Barrister-at-law, Gray's Inn London • Advocate & Solicitor of Supreme Court of Singapore • Fellow Member of the Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	2008 to Present: Managing Director, G. K. Goh Holdings Limited	1990 to Present: Founder & Managing Partner, David Lim & Partners LLP
Shareholding interest in the listed issuer and its subsidiaries	Refer to Directors' Statement on pages 36 to 38	
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Goh Yew Lin is the son of Mr Goh Geok Khim, Executive Chairman of G. K. Goh Holdings Limited	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Additional Information on Directors Seeking Re-Appointment (Continued)

	Mr Goh Yew Lin	Mr David Lim Teck Leong
Other principal commitments including directorships	Past (for the last 5 years) Directorships: • National Arts Council • National University of Singapore Board of Trustees • Yong Siew Toh Conservatory of Music Present Directorships: • Direct and indirect subsidiaries and associates of the G. K. Goh Group • Duke-NUS Medical School • GKG Investment Holdings Pte Ltd • Leedon Park Holdings Pte Ltd • Seatown Capital Pte Ltd • Seatown Holdings Pte Ltd • Singapore Symphonia Company Ltd • Temasek Holdings Pte Ltd • Trailblazer Foundation Ltd	Past (for the last 5 years) Directorships: • Croesus Retail Asset Management Pte Ltd • India Roads Trust Investments Pte Ltd • Inventa Technologies (S) Pte Ltd • L&T IDPL Trustee Manager Pte Ltd • Mahakarya Offshore Services Pte Ltd • Pacific Star Development Limited • T. M. Tarah Pte Ltd Present Directorships: • Allium Healthcare (Singapore) Pte Ltd • Argo Group Pte Ltd • Capital 1818 Pte Ltd • Cepu Pte Ltd • Cybermax Pte Ltd • Dandelion Investment Holdings Limited • Eastlog Holding Pte Ltd • Eastlog Projects Limited • Eastlog Project Services Sdn Bhd • Elite Commercial REIT Management Pte Ltd • Eruca Limited • Growth Asia Investments Limited • Indo Port Holding Pte Ltd • Joy Big Investments Limited • LCG Holdings Pte Ltd • Mezzanine Holdings Limited • New Toyo International Holdings Limited • Quad Energy Pte Ltd • Racha Resort Co Ltd • Spink (Asia) Pte Ltd • Wellcorp Holdings Pte Ltd • Wong Circuits (Holding) Pte Ltd Other principal commitments: • Partner of David Lim & Partners LLP • Commissioner of PT Bahari Sindo Persada • President Commissioner of PT East Java Development • President Commissioner of PT Eastern Logistics • Commissioner of PT Peak Energy

		Mr Goh Yew Lin	Mr David Lim Teck Leong
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

		Mr Goh Yew Lin	Mr David Lim Teck Leong
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

EQUITY

G. K. GOH HOLDINGS LIMITED
(Co. Reg. No. 199000184D)

50 Raffles Place #33-00,
Singapore Land Tower, Singapore 048623
Tel: (65) 6336 1888 Fax: (65) 6533 1361
www.gkgoh.com