



G. K. GOH HOLDINGS LIMITED

ANNUAL REPORT 2018

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CENGKEH (CLOVE)

Syzygium Aromaticum

The William Farquhar Collection
of Natural History Drawings

CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

After the strong profits made in 2017, it is disappointing to report that our Group lost S\$3.7 million in 2018. Our 2018 returns were affected by weak equity markets in the final quarter of the year, leading to portfolio losses for the year totaling S\$2.9 million, compared with profits of S\$23.9 million last year.

In addition, our reported numbers were affected by a number of unrelated but cumulatively significant non-recurring charges in our operating businesses. These are explained below. If these non-recurring items were excluded, the Group's core earnings after tax would have been S\$3.8 million. However, these charges brought our full year after tax loss to S\$3.7 million (FY17: profit of S\$25.6 million).

Group Financial Results for the Year Ended	2018 (S\$'million)	2017 (S\$'million)
Revenue	90.2	107.9
Net (loss) / profit after tax from continuing operations	(3.7)	26.1
Fair value gain on EUN	–	68.2
Fair value (loss) / gain on other long-term investments	(0.6)	1.7
Net loss on cash flow hedge	(0.2)	–
Net gain / (loss) on hedge of net investment	0.8	(0.2)
Foreign currency translation	(15.2)	(2.1)
Other comprehensive (loss) / income	(15.2)	67.6
Total comprehensive (loss) / income from continuing operations	(18.9)	93.7
Loss from discontinued operations	–	(0.4)
Non-controlling interests	(0.5)	(1.0)
Total comprehensive (loss) / income attributable to Owners of the Company	(19.4)	92.3
Earnings per share (cents)	(1.35)	7.60
Net asset value per share (cents)	133.49	144.17

At the total comprehensive income level, the Group lost S\$18.9 million (FY17: profit of S\$93.3 million, benefiting from two substantial asset sales). The largest part of this resulted from the 7% weakening of the Australian dollar relative to our home currency over the course of 2018, leading to S\$15.2 million in foreign currency translation losses.

Longer-term shareholders will be aware that our assets fall into two broad categories: Operating Businesses, where we have some degree of management control or board influence; and Financial Investments, which includes listed and unlisted equities, managed public market funds, private equity funds and venture capital funds. In all cases, we invest for returns over the long-term.

Our Operating Businesses at present fall into two areas: Aged Care, and Corporate Services.

Aged Care

Allium Healthcare Holdings Pte Ltd ("Allium") is our holding company for our aged care and senior living investments in Australia and Singapore. Allium has three main investments: Opal Aged Care Group ("Opal") (48%-owned), one of Australia's largest operators of residential aged care homes, acquired over 5 years ago for approximately S\$160 million; Allium Healthcare (Singapore) Pte Ltd ("Allium Singapore") (100%-owned), which is about to open its first nursing home in Singapore; and Habitat Assets Pte Ltd ("Habitat") (36%-owned), which develops and operates retirement villages in Australia.

Opal has been a good investment for us, and has expanded in 5 years from 4,600 beds capacity to over 7,000 beds today. A further 2,000 beds are in various stages of planning and construction, and will be completed by the end of 2021. There is no other Australian aged care operator making an investment commitment of this scale.

CHAIRMAN'S STATEMENT (CONTINUED)

Opal's margins have been affected since the Australian government in 2016 implemented changes to funding for residential aged care, with most of the impact felt progressively over a three-year period. Management has worked hard to improve operating efficiencies, but inevitably profit margins have weakened. Average occupancy has also slipped because of the pace of new openings (new homes take time to fill up). Finally, Opal's rapid capacity growth has led to a rise in borrowings, leading to higher interest payments.

Opal contributed S\$6.7 million to our net profits in 2018, compared with S\$18.5 million in 2017. A number of non-recurring charges affected Opal's results in 2018, the most significant of which was an accounting adjustment for the over-accrual of deferred tax asset from past acquisitions. Without these non-recurring charges, Opal's contribution would have been S\$11.2 million (approximately 39% lower than in 2017).

The Australian aged care industry is currently under intense scrutiny from a Royal Commission established by the government to investigate reports of sub-standard care and to recommend changes for the nation's aged care policy. In the meantime, the Morrison government has already announced an interim supplementary package that may lead to improved funding for residential aged care services. The Royal Commission will issue its interim report by October 2019 and its final report by April 2020. The interim and final reports may include recommendations on the structure and funding of the Australian aged care sector. While we cannot predict what these recommendations will be, we are confident that the outcomes of the Royal Commission will lead to a stronger and sustainable aged care sector, with improved care for Australian seniors. Opal remains committed

to supporting this vital sector in Australia and is continuing to grow its network of homes. For financial year 2019, we expect Opal's core recurring profits to be stable.

In Singapore, Allium Singapore opened its first Allium Care Studio in Joo Chiat in August 2018, and a second facility in Seletar Hills in March 2019. In the second quarter of 2019, Allium Care Suites, our first Singapore nursing home, will begin operations in Thomson. Revenues to-date have been minimal, whilst pre-opening costs have been growing as staff have been brought on board ahead of the opening dates. Allium's Singapore operations contributed a loss of S\$3.4 million in 2018, and will remain in the red in 2019.

We are also invested in Australia's retirement living sector through Habitat. Habitat has built a portfolio of about 800 retirement village units in Western Australia and Victoria, with capacity to build a further 700 units, most of them at Hidden Valley to the north of Melbourne. Habitat continues to search for acquisition opportunities in the retirement living sector. In 2018, Habitat contributed profits of S\$0.6 million.

Corporate Services

2018 was a big year for our corporate services subsidiary Boardroom Limited ("Boardroom"). Boardroom Pty Limited in Australia acquired Corporate Counsel Pty Limited, a provider of corporate secretarial services, for A\$2.3 million (S\$2.4 million) to widen the suite of services that it can offer to its growing client base. Boardroom (Malaysia) Sdn Bhd merged with the corporate services businesses of Symphony House, creating Malaysia's largest corporate services group. The S\$53.6 million transaction was funded in part by the issuance of new Boardroom shares, hence the dilution of the Group's stake from 87% to

CHAIRMAN'S STATEMENT (CONTINUED)

81%. I am very pleased to have Symphony House, headed by Tan Sri Mohamed Azman bin Yahya and Dato Abdul Hamid bin Sheikh Mohamed, as our new equity partner in Boardroom.

Boardroom's revenues grew 14%, but net profits were lower at S\$7.0 million (FY17: S\$10.6 million). These results were affected by a number of issues, especially the costs associated with the Symphony House merger, the subsequent business integration and the increased interest expenses relating to debt taken on to partially fund the transaction. In addition, the adoption of a new accounting standard SFRS(I) 9 led to a S\$2.1 million charge to Boardroom's profit and loss account. This came about because Boardroom's investment in its Australian subsidiary is largely held through redeemable preference shares ("RPS"). The new accounting standard treats RPS as debt, and any unrealised foreign exchange differences are taken into the profit and loss account, rather than recognised as foreign currency translation in "Other Comprehensive Income". Excluding this accounting change and other non-recurring charges in this year's account, Boardroom's profits would have come in at S\$10.0 million. Another way to look at Boardroom's underlying performance is to look at the trend in its earnings before interest, tax and depreciation ("EBITDA"). Boardroom's recurring EBITDA grew by 13% to S\$17.1 million in 2018.

Boardroom operates in a very competitive industry, but over 2018 the team has steadily grown market share and profits, particularly in Australia and, from a low base, Hong Kong. Singapore's lackluster stock market has provided relatively few opportunities, and Malaysia's corporate services market has been moribund of late. Boardroom has responded to this trend by boosting its range of services and competencies, in particular payroll and poll voting services.

Investments

Our financial investments are organised across a number of long-term investment themes.

The largest single position is a 6% stake in Eastern & Oriental Berhad ("E&O"), which apart from owning Penang's flagship hotel, is also reclaiming for development a further 500 acres of prime land off Penang's Gurney Drive. We first invested in 2006, sold the bulk of our holdings successfully in 2011 and added back to our stake when prices had retreated substantially from our exit price. Penang's economy is relatively robust in the Malaysian context, but the overall property sector in Malaysia has been moribund for some time. E&O's share price fell by 22% in 2018, valuing our stake at S\$29.0 million. It has since dropped a further 23% after its announcement of a capital raising plan in February. The underlying value of E&O's assets remains substantially greater than its share price, and we believe it will recover in time.

We have kept our short-term equity portfolio relatively light at S\$30.3 million in comparison with past years, in view of the accumulation of unpredictable geopolitical and macroeconomic risks around the world. We continue to maintain a substantial focus on undervalued companies in Japan.

We had made smaller investments in private equity and venture capital in the past, but with the cash from our asset sales in 2017, we added holdings in general venture capital funds as well as specialist funds in global infrastructure, Japan tourism assets, food innovation, biosciences and medical technology, and science-based spinouts from top British universities. These investment themes are deliberately diverse so that we do not become too exposed to any one area, but each

CHAIRMAN'S STATEMENT (CONTINUED)

offers the potential for significant returns. In some cases, we have co-invested with these funds in specific companies. In aggregate, our non-listed investments amounted to S\$152.4 million or 27% of our total assets at the end of 2018. Private equity ("PE") and fund investments accounted for S\$119.4 million (21% of total assets) while venture capital investments accounted for S\$33.0 million (6% of total assets).

Balance Sheet

Group Investments as at 31 December 2018	Carrying Value (S\$'million)	% of Total Assets
Opal Aged Care Group	155.5	28%
Boardroom Limited	120.8	21%
Allium Healthcare Group	34.2	6%
Habitat Assets Pte Ltd	24.3	4%
Operating Assets (A)	334.8	59%
Eastern & Oriental Berhad	29.0	5%
Public Equities & Funds	49.8	9%
Listed Investments (B)	78.8	14%
Venture Capital & Funds	33.0	6%
Private Equities & Funds	119.4	21%
Non-listed Investments (C)	152.4	27%
Investment Assets (B+C)	231.2	41%
Total Assets (A+B+C)	566.0	100%
Net Debt	(132.4)	23%
Net Assets	433.6	77%

The Group's net asset value per share dropped to S\$1.3349 (FY17: S\$1.4417). The decline includes the 6 cents of dividends paid out during the year.

The Group's balance sheet remains robust, with net gearing at 23%. We ended the financial year with net current liabilities of S\$28.6 million because one of our long-term secured loans has come within 12 months of maturity. This loan is being

renegotiated and our management is confident that the new terms will be agreed and signed by the end of June.

Dividend

Our policy is to deliver a base dividend of 3 cents per share in an average year. Last year, we boosted this with a special dividend of 3 cents per share to reflect the large profits made from asset sales. For the 2018 financial year, we ended the year with a small loss. However, taking into account that many of the factors leading to this loss are non-recurring in nature, your Directors recommend a first and final dividend of 2 cents per share.

Prospects

We expect our operating businesses to deliver satisfactory earnings in the year ahead, with the exception of Allium Singapore which will see increased losses because of the launch and initial costs of Allium Care Suites. As we have seen in 2018, our large Australian exposure also makes us vulnerable to currency swings. Our results will also be affected by changes to the market prices of our listed investments. Nonetheless, we look to the future with cautious optimism.

Acknowledgements

There are many people I need to thank: our Directors for their collective wisdom and dedication; our bankers who have been stalwart in their support of our businesses; our partners, fund managers, associates and colleagues for their enthusiasm and curiosity in finding good investments and building great businesses. I especially want to thank my fellow shareholders: we appreciate your support and understanding.

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 24 April 2017.

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, Japfa Ltd 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 and Singapore Symphonia Company Ltd, and is Deputy Chairman of the National Arts Council. He is also a member of the National University of Singapore Board of Trustees and chairs the NUS Investment Committee.

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

BOARD OF DIRECTORS (CONTINUED)

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.

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 23 April 2018.

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 CSE Global Ltd, 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.

BOARD OF DIRECTORS (CONTINUED)

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. Ms Teo is also a member of the International Advisory Panel of CIMB Group Holdings Berhad.

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 an Alternate 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 CIMB-Principal Asset Management Berhad and CIMB-Principal Islamic Asset Management Sdn Bhd. He is a member of the Investment Committee of National Kidney Foundation and a member of the Resource Panel of National Crime Prevention Council. Furthermore, he is a member and governor of United World College of South East Asia and a trustee of The UWCSEA Foundation Limited.

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
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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

Nagaraj Sivaram (since 2017)

GROUP STRUCTURE

As at 31 December 2018

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* (81%)
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%)

* Please refer to Boardroom Limited's Annual Report 2018 for details of its subsidiaries.

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



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 2012 (the “Code”).

This report outlines the Company’s corporate governance practices and activities for the financial year ended 31 December 2018 in relation to each of the principles of the Code. The Company has complied in all material aspects with the principles, guidelines and recommendations in the Code, and deviations are explained. Unless otherwise stated, the corporate governance processes were in place during the financial year.

BOARD MATTERS

The Board's conduct of affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

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.

In addition, 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.

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 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 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.

CORPORATE GOVERNANCE (CONTINUED)

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.

Non-Executive Directors are routinely briefed by the Executive Directors 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 Non-Executive Directors have access to the Executive Directors, Management and Company Secretaries and may request for additional information from them.

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 interests of the Company at all times in the discharge of his or her duties and exercise of his or her powers as a Director. Any newly-appointed Directors will 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. Upon appointment, a new Director would be provided with a formal letter outlining a director's duties and obligations under applicable laws and the Listing Manual.

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.

An independent Non-Executive Director, Mr Nicholas George, stepped down from the Board on 23 April 2018. Mr Thomas Teo Liang Huat, the Company's Chief Financial Officer, joined the Board as an Executive Director ("ED") on 13 August 2018.

Board composition and balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The independence of each independent Non-Executive Director is reviewed by the NC. The NC has adopted the definition in the Code of what constitutes an independent Director in its review of the independence of each Director. The independence of any Director who has served on the Board beyond nine years from the date of first appointment is subject to particularly rigorous review. The NC confirms that independent Directors made up at least half of the Board for the financial year.

The current Board consists of six members, three of whom are independent and non-executive. The number of independent Board members meets the recommendation in the Code (for at least half of the Board to be independent) as the Executive Chairman is part of the management team and he 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 or its 10% shareholders (as defined

CORPORATE GOVERNANCE (CONTINUED)

in the Code). The independent Non-Executive Directors are Mr Lee Soo Hoon, Mr David Lim Teck Leong and Ms Marie Elaine Teo.

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 Executive Chairman. 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.

Mr Lee Soo Hoon would have served on the Board for more than nine years by the Thirtieth 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 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.

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 independence, the NC has determined that each Mr Lim and Ms Teo are independent in 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 Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness. In terms of gender representation, the current Board consists of five men and one woman, or is 83% male and 17% female. 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.

The NC is of the view that the current Board comprises persons who, as a group, provide an appropriate balance and diversity of skills, experience and knowledge 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 should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

As recommended by the Code, the Chairman and Chief Executive Officer ("CEO") are separate persons. 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 together with the

CORPORATE GOVERNANCE (CONTINUED)

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.

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.

Board membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to 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 (from 23 April 2018). Mr Nicolas George ceased to be a member of the NC on 23 April 2018.

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; and
- Assess the effectiveness of the Board as a whole and its Board Committees.

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.

CORPORATE GOVERNANCE (CONTINUED)

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 Company's Constitution provides for the retirement by rotation of Directors other than the MD at each AGM. The Board believes that as the success of the Company is dependent on the experience and capability of the MD, it is not necessary for the present to include the MD (who is also a controlling shareholder) for periodic retirement by way of rotation, and this would not undermine the corporate governance processes.

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

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 collates 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

CORPORATE GOVERNANCE (CONTINUED)

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.

Access to information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Directors have separate, 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.

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 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.

REMUNERATION MATTERS

Level and mix of remuneration

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Disclosure of remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

CORPORATE GOVERNANCE (CONTINUED)

Procedures for developing remuneration policies

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC comprises three members, all of whom are independent Non-Executive Directors. Mr David Lim Teck Leong chairs the RC. He succeeded Mr Nicholas George as Chairman of the RC from 23 April 2018. The other members of the RC are Mr Lee Soo Hoon and Ms Marie Elaine Teo (from 23 April 2018).

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 individual Director decides 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 2018.

CORPORATE GOVERNANCE (CONTINUED)

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. 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	–	–	36	1,121
Goh Yew Lin	969	–	–	72	1,041
Thomas Teo Liang Huat ⁽¹⁾	205	17	–	–	222
Nicholas George ⁽²⁾	–	–	22	–	22
Lee Soo Hoon	–	–	71	–	71
David Lim Teck Leong	–	–	69	–	69
Marie Elaine Teo	–	–	65	–	65
Total	2,259	17	227	108	2,611

⁽¹⁾ Mr Thomas Teo Liang Huat was appointed as an Executive Director on 13 August 2018. The remuneration disclosed above is prorated for the period 13 August 2018 to 31 December 2018.

⁽²⁾ Mr Nicholas George resigned as a Non-Executive Director on 23 April 2018.

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

Key Management Executives	Salary %	Bonus %	Fees %	Other Benefits %	Total %
S\$250,000 to below S\$500,000					
Thomas Teo Liang Huat ⁽¹⁾	93	7	–	–	100
Bernie Poh	93	7	–	–	100
Below S\$250,000					
Tang Chon Luang	93	7	–	–	100

⁽¹⁾ Mr Thomas Teo Liang Huat was appointed as an Executive Director on 13 August 2018. The remuneration disclosed above is prorated for the period 1 January 2018 to 12 August 2018.

CORPORATE GOVERNANCE (CONTINUED)

The aggregate remuneration paid to the above key management executives for the financial year was S\$793,000.

Excluding the Executive Chairman and MD, there were no employees of the Group who are immediate family members of a Director and whose remuneration exceeded S\$50,000 during the financial year.

An annual remuneration report is not included in this report as the matters required to be disclosed therein have been disclosed above, in the Directors' Statement and in the notes to the financial statements. The Board responds to queries from shareholders at AGMs on matters pertaining to remuneration policies and directors' remuneration.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Company provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 45 days from the end of the quarter. Annual results are released within 60 days from the end of the financial year. In presenting the quarterly and annual financial statements 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.

Risk management and internal controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

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 30 of the Notes to the Financial Statements.

The Board has received assurance from the MD and ED at the Board meeting on 26 February 2019 that:

- The financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2018 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.

CORPORATE GOVERNANCE (CONTINUED)

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 2018 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, but not absolute, 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 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The current 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. Mr Nicholas George ceased as a member of the AC on 23 April 2018.

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;
- 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;

CORPORATE GOVERNANCE (CONTINUED)

- 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 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 2018 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.

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.

CORPORATE GOVERNANCE (CONTINUED)

The AC members 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 12 months or has any financial interest in the firm.

Internal audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

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.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Conduct of shareholder meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company regularly communicates significant developments in its business and operations in addition to its periodic results and Annual Reports. 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. The Company also has a website at www.gkgoh.com where shareholders and the public can access information on the Group. The quarterly and full year financial results are published via SGXNET as well as on the Company's website. Enquiries from shareholders, analysts and the press are handled by specifically

CORPORATE GOVERNANCE (CONTINUED)

designated members of senior Management in lieu of a dedicated investor relations team.

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.

Shareholders can vote in person or appoint not more than 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 notwithstanding the Company's Constitution does not differentiate between the number of proxies which may be appointed by individual shareholders and by nominee companies. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, e-mail or fax. All resolutions are separate unless they are interdependent and linked, and the reasons and material implications are explained. The Company Secretaries prepare the minutes of AGMs, which include relevant comments and queries from shareholders and the corresponding responses from the Board and Management, and makes these minutes available to shareholders upon request.

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.

The Company does not have a stated policy of distributing a fixed percentage of earnings by way of dividend in any financial year. 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.

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.

CORPORATE GOVERNANCE (CONTINUED)

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 2018.

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 2019.

ATTENDANCE OF DIRECTORS AT BOARD AND BOARD COMMITTEE MEETINGS

Name	Number of meetings attended in 2018			
	Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee
Goh Geok Khim	4	–	–	1
Goh Yew Lin	4	–	–	–
Thomas Teo Liang Huat ⁽¹⁾	1	–	–	–
Nicholas George ⁽²⁾	1	1	1	1
Lee Soo Hoon	4	4	1	1
David Lim Teck Leong	4	4	1	1
Marie Elaine Teo ⁽³⁾	4	4	–	–
Number of meetings held in 2018	4	4	1	1

⁽¹⁾ Mr Thomas Teo Liang Huat was appointed as an Executive Director on 13 August 2018.

⁽²⁾ Mr Nicholas George resigned as a Non-Executive Director, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees on 23 April 2018.

⁽³⁾ Ms Marie Elaine Teo was appointed as a member of the Remuneration and Nominating Committees on 23 April 2018.

DIRECTORS' STATEMENT & FINANCIAL STATEMENTS



DIRECTORS' STATEMENT

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") for the financial year ended 31 December 2018 and the balance sheet and statement of changes in equity of the Company as at 31 December 2018.

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 the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial 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 Articles 86 and 93 of the Company's Constitution, Goh Geok Khim, Lee Soo Hoon and Thomas Teo Liang Huat retire and, being eligible, offer themselves for re-election.

DIRECTORS' STATEMENT (CONTINUED)

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 date of appointment or beginning of financial year	At the end of financial year	At the date of appointment or 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	196,361,422
Goh Yew Lin	–	–	196,397,422	196,397,422
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.

None of the directors acquired additional shares in the Company between the end of the financial year and 21 January 2019.

DIRECTORS' STATEMENT (CONTINUED)

Share options

The Company does not have any share option scheme.

Audit committee

The audit committee ("AC") carried out its functions in accordance with Section 201B(5) of the Act, including the following:

- Reviewed the audit plans of the internal and external auditors of the Company and reviewed 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;
- Reviewed 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 of directors;
- Reviewed 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;
- Met 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;
- Reviewed 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;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the financial year. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT (CONTINUED)

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

14 March 2019

INDEPENDENT AUDITOR'S REPORT

To the members of G. K. Goh Holdings Limited

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 2018, 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 2018 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of G. K. Goh Holdings Limited

Key audit matters (cont'd)

1. Goodwill

As at 31 December 2018, the Group recorded goodwill on consolidation of S\$95.8 million. As disclosed in Note 11 *Subsidiaries*, during the financial year, the Group acquired Symphony Corporatehouse Sdn Bhd, its subsidiary and related companies ("Symphony companies") through its wholly-owned subsidiary in Malaysia. This business combination resulted in a significant increase in the amount of goodwill recognised by the Group. 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*.

As auditor of the Group, we reviewed the audit procedures performed by the component auditors in relation to the Group's acquisition of the Symphony companies and the accounting treatment and disclosures accorded to the business combination and recognition of provisional goodwill. We evaluated the audit evidence they obtained as a basis for forming our opinion on the financial statements of the Group as a whole.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of G. K. Goh Holdings Limited

Key audit matters (cont'd)

2. Fair value of long-term unquoted investments

As at 31 December 2018, the Group held long-term unquoted investments of S\$156.5 million. Management has fair valued these investments using inputs which have been classified using the fair value hierarchy disclosed in Note 28 *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 28 *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 2018, the carrying amount of the Group's investment in Opal is S\$155.5 million, and its share of Opal's results for the year then ended was S\$6.7 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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of G. K. Goh Holdings Limited

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of G. K. Goh Holdings Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of G. K. Goh Holdings Limited

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Nagaraj Sivaram.

Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore
14 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Group 2018 S\$'000	2017 S\$'000
CONTINUING OPERATIONS			
Revenue	3	90,183	107,888
Costs and expenses			
Employees' compensation and related costs	25	(54,023)	(63,218)
Office and equipment rental costs		(7,546)	(7,110)
Depreciation and amortisation	8, 9	(6,017)	(5,276)
Technology and information services costs		(2,012)	(1,294)
(Loss) / gain on foreign currency exchange		(3,999)	1,986
Provision for doubtful debts	15	(283)	(856)
Other operating expenses	4	(20,826)	(18,877)
Total costs and expenses		(94,706)	(94,645)
(Loss) / profit from operating activities		(4,523)	13,243
Finance costs	4	(3,635)	(5,153)
Share of profit of associates		7,171	18,792
(Loss) / profit before tax from continuing operations		(987)	26,882
Taxation	5	(2,704)	(831)
(Loss) / profit from continuing operations, net of tax		(3,691)	26,051
DISCONTINUED OPERATIONS			
Loss from discontinued operations, net of tax		-	(407)
(Loss) / profit for the year		(3,691)	25,644

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the financial year ended 31 December 2018

	Note	Group 2018 S\$'000	2017 S\$'000
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Net fair value loss on financial assets		(613)	–
Items that may be reclassified subsequently to profit or loss			
Net fair value gain on financial assets:			
– Fair value gain		–	72,911
– Transferred to profit or loss on disposal		–	(2,987)
Share of other comprehensive income of associates		40	21
Net loss on cash flow hedge		(248)	–
Net gain / (loss) on hedge of net investment		794	(241)
Foreign currency translation		(15,159)	(2,097)
Other comprehensive (loss) / income for the year, net of tax		<u>(15,186)</u>	<u>67,607</u>
Total comprehensive (loss) / income for the year		<u>(18,877)</u>	<u>93,251</u>
Profit / (loss) attributable to:			
Owners of the Company			
– (Loss) / profit from continuing operations		(4,379)	25,224
– Loss from discontinued operations		–	(407)
Non-controlling interests		688	827
		<u>(3,691)</u>	<u>25,644</u>
Total comprehensive income / (loss) attributable to:			
Owners of the Company			
– Total comprehensive (loss) / income from continuing operations		(19,415)	92,628
– Total comprehensive loss from discontinued operations		–	(407)
Non-controlling interests		538	1,030
		<u>(18,877)</u>	<u>93,251</u>
Earnings per share (basic and diluted)			
	7		
– From continuing operations		(1.35)¢	7.72 ¢
– From discontinued operations		–	(0.12)¢
– Total		<u>(1.35)¢</u>	<u>7.60 ¢</u>

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

BALANCE SHEETS

As at 31 December 2018

	Note	2018 S\$'000	Group 31 December 2017 S\$'000	1 January 2017 S\$'000
Non-current assets				
Property, plant and equipment	8	37,624	31,420	17,712
Intangible assets	9	143,749	96,933	110,419
Investment properties	10	3,727	3,727	3,727
Associates	12	191,454	208,482	184,073
Long-term investments	13	189,854	254,542	212,705
Other long-term assets		–	–	15,983
Deferred tax assets	5	7,789	7,582	5,770
Current assets				
Assets of disposal group classified as held for sale		–	–	89,445
Trade debtors	15	24,503	19,448	18,360
Other debtors	16	4,146	6,767	15,705
Short-term investments	17	30,252	44,066	35,097
Cash and bank balances	18	35,534	29,413	36,032
		94,435	99,694	194,639
Current liabilities				
Liabilities of disposal group classified as held for sale		–	–	73,718
Amounts due to associates		–	–	2
Trade creditors	19	11,251	9,540	12,057
Other creditors	20	18,228	27,632	14,991
Bank borrowings	21	92,446	82,787	90,108
Provision for taxation		1,144	404	1,588
		123,069	120,363	192,464
Net current (liabilities) / assets		(28,634)	(20,669)	2,175
Non-current liabilities				
Bank borrowings	21	75,451	83,036	104,909
Amounts due to associates		–	–	4,046
Provision for employee benefits		234	254	352
Deferred tax liabilities	5	15,608	15,883	24,569
Net assets		454,270	482,844	418,688
Equity attributable to Owners of the Company				
Share capital	22	191,987	191,987	191,987
Revenue reserve		250,205	194,081	177,243
Fair value adjustment reserve		9,121	96,948	27,024
Foreign currency translation reserve		(11,495)	(2,541)	–
Cash flow hedge reserve		(934)	(774)	(795)
Transactions with non-controlling interests		(5,434)	(9,154)	(7,097)
Capital reserve		137	137	137
		433,587	470,684	388,499
Non-controlling interests		20,683	12,160	30,189
Total equity		454,270	482,844	418,688

BALANCE SHEETS (CONTINUED)

As at 31 December 2018

	Note	2018 S\$'000	Company 31 December 2017 S\$'000	1 January 2017 S\$'000
Non-current assets				
Subsidiaries	11	229,270	70,203	72,802
Long-term investments	13	5,642	5,542	5,802
Current assets				
Amounts receivable from subsidiaries	14	136,791	254,483	301,240
Other debtors	16	440	436	403
Cash and bank balances	18	2,574	572	1,263
		139,805	255,491	302,906
Current liabilities				
Other creditors	20	529	522	684
Bank borrowings	21	18,598	6,249	52,478
Provision for taxation		262	129	188
		19,389	6,900	53,350
Net current assets		120,416	248,591	249,556
Non-current liabilities				
Deferred tax liabilities	5	1,457	1,050	1,361
Net assets		353,871	323,286	326,799
Equity attributable to Owners of the Company				
Share capital	22	191,987	191,987	191,987
Revenue reserve		161,807	131,323	134,575
Fair value adjustment reserve		(60)	(161)	100
Capital reserve		137	137	137
Total equity		353,871	323,286	326,799

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 2018

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 2018

Group 2018	Attributable to Owners of the Company							Equity	
	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	attributable to Owners of the Company S\$'000	Non- controlling interests S\$'000
									Total equity S\$'000
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 contributions by and distributions to Owners	-	(21,402)	-	-	-	-	-	(21,402)	-
Changes in ownership interests in subsidiaries									
Issuance of shares to non-controlling interests	-	-	-	-	-	3,762	-	3,762	8,718
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(611)
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	(42)	-	(42)	(122)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	3,720	-	3,720	7,985
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 2018

Group 2018	Attributable to Owners of the Company							Equity 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				
	-	74,532	(74,532)	-	-	-	-	-	-	-	-
	-	74,532	(74,532)	-	-	-	-	-	-	-	-
Others											
Transfer of gain on disposal of financial assets											
Total others											
Balance at 31 December 2018	191,987	250,205	9,121	(11,495)	(934)	(5,434)	137	433,587	20,683	454,270	

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2018

Group 2017	Attributable to Owners of the Company							Equity 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	Company S\$'000			
Balance at 1 January 2017 (FRS framework)	191,987	193,469	27,024	(16,226)	(795)	(7,097)	137	388,499	30,189	418,688	
Adoption of SFRS(l) 1	-	(16,226)	-	16,226	-	-	-	-	-	-	-
Balance at 1 January 2017 (SFRS(l) framework)	191,987	177,243	27,024	-	(795)	(7,097)	137	388,499	30,189	418,688	
Profit for the year	-	24,817	-	-	-	-	-	24,817	827	25,644	
Other comprehensive income / (loss)											
Net fair value gain on financial assets	-	-	69,924	-	-	-	-	69,924	-	69,924	
Share of other comprehensive income of associates	-	-	-	-	21	-	-	21	-	21	
Net loss on hedge of net investment	-	-	-	(241)	-	-	-	(241)	-	(241)	
Foreign currency translation	-	-	-	(2,300)	-	-	-	(2,300)	203	(2,097)	
Other comprehensive income / (loss) for the year	-	-	69,924	(2,541)	21	-	-	67,404	203	67,607	
Total comprehensive income / (loss) for the year	-	24,817	69,924	(2,541)	21	-	-	92,221	1,030	93,251	

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2018

Group 2017	Attributable to Owners of the Company							Equity 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				
Contributions by and distributions to Owners											
Unclaimed dividend	-	7	-	-	-	-	-	7	-	-	7
Dividend on ordinary shares (Note 6)	-	(9,801)	-	-	-	-	-	(9,801)	-	-	(9,801)
Shares re-purchased	-	(215)	-	-	-	-	-	(215)	-	-	(215)
Total contributions by and distributions to Owners											
	-	(10,009)	-	-	-	-	-	(10,009)	-	-	(10,009)
Changes in ownership interests in subsidiaries											
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(495)	(495)	(495)
Disposal of subsidiary	-	2,030	-	-	-	(2,030)	-	-	(18,488)	(18,488)	(18,488)
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	(27)	-	(27)	(76)	(103)	(103)
Total changes in ownership interests in subsidiaries											
	-	2,030	-	-	-	(2,057)	-	(27)	(19,059)	(19,086)	(19,086)
Total transactions with Owners in their capacity as Owners											
	-	(7,979)	-	-	-	(2,057)	-	(10,036)	(19,059)	(29,095)	(29,095)
Balance at 31 December 2017	191,987	194,081	96,948	(2,541)	(774)	(9,154)	137	470,684	12,160	482,844	482,844

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2018

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2018

Company 2017	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 2017	191,987	134,575	100	137	326,799
Profit for the year	–	6,757	–	–	6,757
Other comprehensive loss					
Net fair value loss on financial assets	–	–	(261)	–	(261)
Total comprehensive income / (loss) for the year	–	6,757	(261)	–	6,496
Contributions by and distributions to Owners					
Unclaimed dividend	–	7	–	–	7
Dividend on ordinary shares (Note 6)	–	(9,801)	–	–	(9,801)
Shares re-purchased	–	(215)	–	–	(215)
Total transactions with Owners in their capacity as Owners	–	(10,009)	–	–	(10,009)
Balance at 31 December 2017	191,987	131,323	(161)	137	323,286

⁽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 Group'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 2018

	Note	Group 2018 S\$'000	2017 S\$'000
Operating activities			
(Loss) / profit before tax from continuing operations		(987)	26,882
Loss before tax from discontinued operations		–	(407)
(Loss) / profit before tax, total		(987)	26,475
Adjustments for:			
Depreciation and amortisation	8, 9	6,017	5,283
Gain on disposal of property, plant and equipment		(170)	–
Gain on disposal of subsidiary	3	–	(2,817)
Finance costs	4	3,635	5,153
Interest income	3	(1,047)	(340)
Dividend income	3	(1,708)	(3,757)
Gain on sale of long-term investments		–	(13,199)
Provision for doubtful debts	15	283	856
Fair value adjustment	3	9,197	(875)
Share of profit of associates		(7,171)	(18,792)
Operating cash flows before changes in working capital		8,049	(2,013)
Decrease / (increase) in debtors		818	(3,430)
Decrease / (increase) in short-term investments		5,755	(4,946)
(Decrease) / increase in creditors		(12,516)	12,542
Cash flows from operations		2,106	2,153
Interest paid		(3,356)	(5,093)
Interest received		1,039	330
Income tax paid		(2,039)	(1,924)
Net cash flows used in operating activities		(2,250)	(4,534)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the financial year ended 31 December 2018

	Note	Group 2018 S\$'000	2017 S\$'000
Investing activities			
Purchase of property, plant and equipment	8	(8,037)	(30,311)
Proceeds from disposal of property, plant and equipment		200	–
Purchase of intangible assets	9	(1,812)	(1,826)
Purchase of long-term investments		(75,479)	(23,277)
Proceeds from sale of long-term investments		138,418	49,535
Acquisition of subsidiaries, net of cash acquired	11	(39,920)	(1,921)
Disposal of subsidiaries, net of cash		–	(63,948)
Investment in associates		(4,274)	–
Net dividend received from associates		14,138	18,715
Dividend income received		1,629	3,429
Net cash flows from / (used in) investing activities		24,863	(49,604)
Financing activities			
Unclaimed dividend		17	7
Dividend paid	6	(19,492)	(9,801)
Shares re-purchased		(1,927)	(215)
Dividend paid to non-controlling interests	11	(611)	(495)
Acquisition of non-controlling interests		(164)	(103)
Proceeds from / (repayment of) bank borrowings	21	972	(18,495)
Net cash flows used in financing activities		(21,205)	(29,102)
Net increase / (decrease) in cash and cash equivalents		1,408	(83,240)
Effect of exchange rate changes in opening cash and cash equivalents		4,713	(801)
Cash and cash equivalents at 1 January	18	29,413	113,454
Cash and cash equivalents at 31 December	18	35,534	29,413

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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		
			2018	2017	
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

1. Corporate information (cont'd)

Name	Principal place of business / Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			2018	2017	
Subsidiaries					
Corporate services					
*#	Boardroom Limited	Singapore	Investment holding	81	87
*#	Boardroom Corporate & Advisory Services Pte Ltd	Singapore	Corporate secretarial and share registry services	81	87
*#	Boardroom Business Solutions Pte Ltd	Singapore	Accounting, taxation and payroll services	81	87
^#	Boardroom Holdings Australia Pty Ltd	Australia	Investment holding	81	87
**#	Boardroom Corporate Services (HK) Limited	Hong Kong	Corporate secretarial, accounting, taxation and payroll services	81	87
**#	Boardroom (Malaysia) Sdn Bhd	Malaysia	Investment holding	81	87
*#	Boardroom China Holdings Pte Ltd	Singapore	Investment holding	81	87
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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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)").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). The financial statements for the financial year ended 31 December 2018 are the first the Group have prepared in accordance with SFRS(I). Information on how the Group adopted SFRS(I) is disclosed in Note 2.2.

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 in the tables are rounded to the nearest thousand ("S\$'000"), except when otherwise indicated.

2.2 First-time adoption of SFRS(I)

The Group adopted SFRS(I) for the first time for the financial year ended 31 December 2018 and SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)* was applied.

As a first-time adopter of SFRS(I), the Group has applied retrospectively, accounting policies based on each SFRS(I) effective as at 31 December 2018, except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In this first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening balance sheet as at the date of transition, 1 January 2017, is presented together with the related notes.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- (a) cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, the loss of S\$16,226,000 in foreign currency translation reserve is reclassified to the opening revenue reserve; and
- (b) the comparative information does not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.2 First-time adoption of SFRS(I) (cont'd)

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

SFRS(I) 9 Financial Instruments

Under SFRS(I) 9, the Group continues to measure its held-for-trading equity securities and quoted warrants at fair value through profit or loss ("FVPL"), and elects to measure its available-for-sale ("AFS") long-term investments at fair value through other comprehensive income ("FVOCI"). Cumulative impairment losses of S\$12,682,000 previously recognised in profit or loss were reclassified from opening revenue reserve to fair value adjustment reserve on 1 January 2018.

Measurement category	Group				
	FRS 39	Re-	SFRS(I) 9	Revenue	Fair value
	carrying amount on 31 December 2017 S\$'000		carrying amount on 1 January 2018 S\$'000	reserve effect on 1 January 2018 S\$'000	adjustment reserve effect on 1 January 2018 S\$'000
FVPL	44,397	-	44,397	-	-
FVPL balances and reclassifications at 1 January 2018	44,397	-	44,397	-	-
FVOCI	240,529	-	240,529	-	-
Reclassified from AFS equity securities carried at cost	-	13,682	13,682	-	-
Reversal of impairment losses	-	-	-	(12,682)	12,682
FVOCI balances and reclassifications at 1 January 2018	240,529	13,682	254,211	(12,682)	12,682

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.2 First-time adoption of SFRS(I) (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

The Group's subsidiary, Boardroom Limited, previously classified the redeemable preference shares issued by its Australian subsidiary as part of its cost of investment in the subsidiary. Foreign currency exchange differences on the cost of investment were recognised in foreign currency translation reserve. On adoption of SFRS(I) 9, the investment is reclassified as a debt instrument at amortised cost and foreign currency exchange differences are recognised in profit or loss. As a result, a loss of S\$5,309,000 was reclassified from foreign currency translation reserve to opening revenue reserve.

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. There was no material impact to the Group upon adoption of the expected credit loss model.

SFRS(I) 15 Revenue from Contracts with Customers

Except for the recognition of reimbursements for out-of-pocket expenses, there was no significant impact from the adoption of SFRS(I) 15. Out-of-pocket expenses are expenses that are incurred by service providers while performing work for their customers. It is common in service arrangements for the parties to agree that the customer will reimburse the service provider for some or all of the out-of-pocket expenses. Under SFRS(I) 15, the Group is the principal in these situations because it controls the specified goods or services before they are transferred to the customers and should therefore recognise reimbursements for out-of-pocket expenses as revenue.

The Group had applied the changes arising from the adoption of SFRS(I) 15 retrospectively to each reporting year presented using the full retrospective approach. As a result, the Group recorded an adjustment of S\$9,427,000 to increase revenue, with a corresponding increase in other operating expenses for the financial year ended 31 December 2017. There was no impact on the net profit for the financial year.

Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as an unbilled receivable. This balance was previously recognised as part of trade creditors (excess of progress billings over work-in-progress) and so had been reclassified. There was no impact on the financial position of the Group as a result of these reclassifications.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.2 First-time adoption of SFRS(I) (cont'd)

Reconciliations of equity and total comprehensive income

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) and the application of the new accounting standards to the balance sheet of the Group on 1 January 2017.

	1 January 2017 (FRS) S\$'000	Group		1 January 2017 (SFRS(I)) S\$'000
		SFRS(I) 1 adjustments S\$'000	SFRS(I) 15 adjustments S\$'000	
Non-current assets				
Property, plant and equipment	17,712	-	-	17,712
Intangible assets	110,419	-	-	110,419
Investment properties	3,727	-	-	3,727
Associates	184,073	-	-	184,073
Long-term investments	212,705	-	-	212,705
Other long-term assets	15,983	-	-	15,983
Deferred tax assets	5,770	-	-	5,770
Current assets				
Assets of disposal group classified as held for sale	89,445	-	-	89,445
Trade debtors	15,469	-	2,891	18,360
Other debtors	15,705	-	-	15,705
Short-term investments	35,097	-	-	35,097
Cash and bank balances	36,032	-	-	36,032
	191,748	-	2,891	194,639
Current liabilities				
Liabilities of disposal group classified as held for sale	73,718	-	-	73,718
Amounts due to associates	2	-	-	2
Trade creditors	9,166	-	2,891	12,057
Other creditors	14,991	-	-	14,991
Bank borrowings	90,108	-	-	90,108
Provision for taxation	1,588	-	-	1,588
	189,573	-	2,891	192,464
Net current assets	2,175	-	-	2,175
Non-current liabilities				
Bank borrowings	104,909	-	-	104,909
Amounts due to associates	4,046	-	-	4,046
Provision for employee benefits	352	-	-	352
Deferred tax liabilities	24,569	-	-	24,569
Net assets	418,688	-	-	418,688
Equity attributable to Owners of the Company				
Share capital	191,987	-	-	191,987
Revenue reserve	193,469	(16,226)	-	177,243
Fair value adjustment reserve	27,024	-	-	27,024
Foreign currency translation reserve	(16,226)	16,226	-	-
Cash flow hedge reserve	(795)	-	-	(795)
Transactions with non-controlling interests	(7,097)	-	-	(7,097)
Capital reserve	137	-	-	137
	388,499	-	-	388,499
Non-controlling interests	30,189	-	-	30,189
Total equity	418,688	-	-	418,688

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.2 First-time adoption of SFRS(I) (cont'd)

Reconciliations of equity and total comprehensive income (cont'd)

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) and the application of the new accounting standards to the balance sheet of the Group on 31 December 2017 and 1 January 2018.

	31 December 2017 (FRS) S\$'000	SFRS(I) 1 adjustments S\$'000	SFRS(I) 15 adjustments S\$'000	Group 31 December 2017 (SFRS(I)) S\$'000	SFRS(I) 9 adjustments S\$'000	1 January 2018 (SFRS(I)) S\$'000
Non-current assets						
Property, plant and equipment	31,420	-	-	31,420	-	31,420
Intangible assets	96,933	-	-	96,933	-	96,933
Investment properties	3,727	-	-	3,727	-	3,727
Associates	208,482	-	-	208,482	-	208,482
Long-term investments	254,542	-	-	254,542	-	254,542
Deferred tax assets	7,582	-	-	7,582	-	7,582
Current assets						
Trade debtors	17,859	-	1,589	19,448	-	19,448
Other debtors	6,767	-	-	6,767	-	6,767
Short-term investments	44,066	-	-	44,066	-	44,066
Cash and bank balances	29,413	-	-	29,413	-	29,413
	98,105	-	1,589	99,694	-	99,694
Current liabilities						
Trade creditors	7,951	-	1,589	9,540	-	9,540
Other creditors	27,632	-	-	27,632	-	27,632
Bank borrowings	82,787	-	-	82,787	-	82,787
Provision for taxation	404	-	-	404	-	404
	118,774	-	1,589	120,363	-	120,363
Net current liabilities	(20,669)	-	-	(20,669)	-	(20,669)
Non-current liabilities						
Bank borrowings	83,036	-	-	83,036	-	83,036
Provision for employee benefits	254	-	-	254	-	254
Deferred tax liabilities	15,883	-	-	15,883	-	15,883
Net assets	482,844	-	-	482,844	-	482,844
Equity attributable to Owners of the Company						
Share capital	191,987	-	-	191,987	-	191,987
Revenue reserve	210,307	(16,226)	-	194,081	7,373	201,454
Fair value adjustment reserve	96,948	-	-	96,948	(12,682)	84,266
Foreign currency translation reserve	(18,767)	16,226	-	(2,541)	5,309	2,768
Cash flow hedge reserve	(774)	-	-	(774)	-	(774)
Transactions with non-controlling interests	(9,154)	-	-	(9,154)	-	(9,154)
Capital reserve	137	-	-	137	-	137
	470,684	-	-	470,684	-	470,684
Non-controlling interests	12,160	-	-	12,160	-	12,160
Total equity	482,844	-	-	482,844	-	482,844

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.2 First-time adoption of SFRS(I) (cont'd)

Reconciliations of equity and total comprehensive income (cont'd)

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) and the application of the new accounting standards to the total comprehensive income of the Group for the financial year ended on 31 December 2017.

	2017 (FRS) S\$'000	Group SFRS(I) 15 adjustments S\$'000	2017 (SFRS(I)) S\$'000
CONTINUING OPERATIONS			
Revenue	98,461	9,427	107,888
Total costs and expenses	(85,218)	(9,427)	(94,645)
Profit from operating activities	13,243	–	13,243
Finance costs	(5,153)	–	(5,153)
Share of profit of associates	18,792	–	18,792
Profit before tax from continuing operations	26,882	–	26,882
Taxation	(831)	–	(831)
Profit from continuing operations, net of tax	26,051	–	26,051
DISCONTINUED OPERATIONS			
Loss from discontinued operations, net of tax	(407)	–	(407)
Profit for the year	25,644	–	25,644
Other comprehensive income items that may be reclassified subsequently to profit or loss	67,607	–	67,607
Other comprehensive income for the year, net of tax	67,607	–	67,607
Total comprehensive income for the year	93,251	–	93,251
Total comprehensive income attributable to:			
Owners of the Company	92,221	–	92,221
Non-controlling interests	1,030	–	1,030
	93,251	–	93,251
Earnings per share (basic and diluted)			
– From continuing operations	7.72 ¢	–	7.72 ¢
– From discontinued operations	(0.12) ¢	–	(0.12) ¢
– Total	7.60 ¢	–	7.60 ¢

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
SFRS(I) 16 <i>Leases</i>	1 January 2019
SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to SFRS(I) 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to SFRS(I) 1-28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of “low value” assets and short-term leases. The standard is effective for annual periods beginning on or after 1 January 2019. 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 plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening revenue reserve at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.3 Standards issued but not yet effective (cont'd)

SFRS(I) 16 Leases (cont'd)

In addition, the Group plans to elect 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 Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019. The Group expects the adoption will result in increases in total assets and total liabilities, EBITDA and gearing ratio.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.4 Significant accounting estimates and judgements (cont'd)

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 2018 were S\$1,144,000 (31 December 2017: S\$404,000; 1 January 2017: S\$1,588,000) and S\$15,608,000 (31 December 2017: S\$15,883,000; 1 January 2017: S\$24,569,000) 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 2018 was S\$7,789,000 (31 December 2017: S\$7,582,000; 1 January 2017: S\$5,770,000) and the unrecognised tax losses at 31 December 2018 was S\$9,867,000 (31 December 2017: S\$677,000; 1 January 2017: S\$4,977,000). Further details may be found in Note 5.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

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

(b) Business combinations and goodwill (cont'd)

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.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.7 Functional and foreign currencies (cont'd)

(b) Foreign currencies (cont'd)

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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.9 Associates and joint ventures (cont'd)

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.

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:

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
Leasehold land	- over lease term

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.11 Intangible assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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 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.

2.18 Uncompleted contracts

Uncompleted contracts in respect of investment transactions are stated at their net contracted values, including related brokerage and other recoveries such as stamp duties.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.21 Leases

(a) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2.22(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.22 Revenue recognition (cont'd)

(a) Corporate services revenue (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.24 Taxation (cont'd)

(a) Current income tax (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

2.24 Taxation (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

3. Revenue

The breakdown of revenue is as follows:

	Group	
	2018	2017
	S\$'000	S\$'000
Corporate services revenue	91,486	80,581
Investment income:		
Fair value adjustment for short-term investments	(8,999)	4,023
Fair value adjustment for long-term investments (Note 13)	(198)	(3,148)
Gain on sale of short-term investments	3,495	2,915
Gain on sale of long-term investments:		
– Transferred from equity on disposal of investments	–	2,987
– Recognised directly in profit or loss	–	10,212
Dividend income	1,708	3,757
Interest income:		
– Bank deposits	977	318
– Others	70	22
Gain on disposal of subsidiary	–	2,817
Other income:		
Deferred management fee income	–	1,263
Rental income	897	854
Others	747	1,287
	<u>90,183</u>	<u>107,888</u>

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	
	2018	2017
	S\$'000	S\$'000
Timing of transfer of service		
At a point in time	45,736	42,856
Over time	45,750	37,725
	<u>91,486</u>	<u>80,581</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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	
	2018	2017
	S\$'000	S\$'000
<i>Included in other operating expenses are:</i>		
Fees paid to Auditor of the Company:		
Audit fees	(504)	(463)
Non-audit fees	(134)	(69)
	<u>(638)</u>	<u>(532)</u>
<i>Finance costs</i>		
Interest expense:		
Bank loans and overdrafts	(3,635)	(5,100)
Others	-	(53)
	<u>(3,635)</u>	<u>(5,153)</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

5. Taxation

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2018 and 2017 were:

	Group	
	2018	2017
	S\$'000	S\$'000
Income statement		
Current income tax:		
Current year	(4,659)	(3,503)
Overprovision in respect of prior years	312	490
Deferred tax:		
Benefits from unutilised tax losses	269	2,062
Unrealised fair value gain	–	(652)
Acquired intangibles	734	428
Undistributed profits in associates	–	129
Foreign interest income	(415)	(214)
Foreign dividend income	(25)	(28)
Differences in depreciation	266	110
Provision for employee benefits	–	(2)
Overprovision in respect of prior years	814	349
	<u>(2,704)</u>	<u>(831)</u>
Statement of comprehensive income		
Deferred tax related to other comprehensive income:		
Net loss on fair value changes of FVOCI equity instruments	1,046	–
Net loss on fair value changes of AFS financial assets	–	243

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

5. Taxation (cont'd)

(b) Relationship between tax expense and accounting profit

The statutory income tax rate applicable to Singapore companies is 17% (2017: 17%).

A reconciliation of the Group's effective tax rate applicable to income for the respective financial years ended 31 December is as follows:

	Group	
	2018	2017
	S\$'000	S\$'000
(Loss) / profit before tax from continuing operations	(987)	26,882
Loss before tax from discontinued operations	-	(407)
Accounting (loss) / profit before tax	(987)	26,475
Statutory tax rate	168	(4,501)
Tax effect of:		
Income not subject to tax	333	3,493
Expenses not deductible for income tax purposes	(2,339)	(1,834)
Share of profit of associates	1,219	3,122
Tax deducted at source	(1,530)	(1,282)
Difference in foreign tax rate	(660)	(692)
Capital allowance and enhanced allowance	689	348
Overprovision in respect of prior years	1,126	839
Deferred tax asset not recognised	(1,511)	-
Benefits from previously unrecognised tax losses	90	20
Qualifying income under concessionary tax rate	10	10
Others	(299)	(354)
Tax expense	(2,704)	(831)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

5. Taxation (cont'd)

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

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

	Group 2018 S\$'000	2017 S\$'000
Gain on sale of long-term investments	–	1,883
Gain on disposal of subsidiary	–	272
Exempt dividend income	151	488
Exchange gain arising from revaluation of non-trade balances	–	348
Tax exempted income	104	464
Others	78	38
	333	3,493

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

	Group 2018 S\$'000	2017 S\$'000
Finance costs	(384)	(637)
Fair value adjustment for long-term investments	(18)	(504)
Exchange loss arising from revaluation of non-trade balances	(563)	–
Provision for doubtful debts	(7)	(35)
Expenses relating to exempt income	(508)	–
Others	(859)	(658)
	(2,339)	(1,834)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

5. Taxation (cont'd)

(c) Deferred tax

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

	Group			Company		
	31 December	1 January		31 December	1 January	
	2018	2017	2017	2018	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax assets						
Unutilised tax losses	7,966	8,188	6,505	-	-	-
Unrealised fair value loss	1,441	896	1,263	-	-	-
Provision for long-term employee benefits	1,131	136	1,010	-	-	-
Differences in depreciation	-	78	-	-	-	-
	10,538	9,298	8,778	-	-	-
Deferred tax liabilities						
Acquired intangibles	(9,829)	(7,801)	(17,273)	-	-	-
Undistributed profits in associates	(6,341)	(8,353)	(8,502)	-	-	-
Foreign interest income not remitted	(1,720)	(1,102)	(1,291)	(1,375)	(968)	(1,279)
Foreign dividend income not remitted	(368)	(343)	(315)	(82)	(82)	(82)
Differences in depreciation	(99)	-	(196)	-	-	-
	(18,357)	(17,599)	(27,577)	(1,457)	(1,050)	(1,361)
Net deferred tax liabilities	(7,819)	(8,301)	(18,799)	(1,457)	(1,050)	(1,361)

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		
	31 December	1 January	
	2018	2017	2017
	S\$'000	S\$'000	S\$'000
Net deferred tax assets recognised in the consolidated balance sheet	7,789	7,582	5,770
Net deferred tax liabilities recognised in the consolidated balance sheet	(15,608)	(15,883)	(24,569)
Net deferred tax liabilities	(7,819)	(8,301)	(18,799)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

5. Taxation (cont'd)

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

At the end of the reporting period, the Group had tax losses of approximately S\$9,867,000 (31 December 2017: S\$677,000; 1 January 2017: S\$4,977,000) 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 due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

(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).

(e) *Unrecognised temporary differences relating to investments in subsidiaries*

At the end of the reporting year, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of subsidiaries as the Company is able to control the timing of the reversal of temporary differences.

Such temporary differences for which no deferred tax liability has been recognised amount to S\$11,694,000 (2017: S\$8,920,000). The deferred tax liability is estimated to be S\$1,169,000 (2017: S\$892,000).

(f) *Unrecognised temporary differences relating to M&A allowance*

During the financial year, the Group, through its subsidiary, Boardroom Limited, acquired 100% equity interest in Symphony Corporatehouse Sdn Bhd, Sky Corporate Services Sdn Bhd, Symphony Share Registrars Sdn Bhd and Malaysian Issuing House Sdn Bhd (collectively the "Symphony Companies"). The acquisition is a qualifying share acquisition that is eligible for tax allowance capped at S\$10 million under the Mergers & Acquisitions ("M&A") scheme in Singapore. The M&A allowance is allowed over five years on a straight-line basis. Any unabsorbed M&A allowance is not available for transfer under the group relief system or carry back to offset against Boardroom Limited's assessable income for the preceding year.

Unabsorbed M&A allowance may be carried forward to offset the future taxable income of Boardroom Limited, subject to the company satisfying the shareholding test as set out in Section 37L(21) of the Income Tax Act. As at the end of the reporting period, Boardroom Limited has a carry forward balance of S\$8 million to be written down over the remaining four years, subject to the company meeting the qualifying conditions under the M&A scheme for each year of assessment and continuing to own more than 50% of the ordinary shares of the Symphony Companies throughout the writing-down period. No deferred tax asset has been recognised in respect of the unabsorbed M&A allowance due to the unpredictability of future income streams.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

6. Dividend

	Group and Company	
	2018	2017
	S\$'000	S\$'000
Final dividend paid: 3.0 cents (2017: 3.0 cents) per ordinary share	9,746	9,801
Special dividend paid: 3.0 cents (2017: Nil) per ordinary share	9,746	–
	<u>19,492</u>	<u>9,801</u>

The directors propose that a final one-tier tax exempt dividend of 2.0 cents (2017: final dividend of 3.0 cents and special dividend of 3.0 cents) per ordinary share, amounting to S\$6,496,000 (2017: S\$19,582,000) be paid for the financial year ended 31 December 2018, 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 loss net of tax attributable to Owners of the Company of S\$4,379,000 (2017: profit of S\$24,817,000), by the weighted average number of ordinary shares outstanding during the financial year:

	Group and Company	
	2018	2017
	'000	'000
Weighted average number of ordinary shares used in the computation of basic and diluted EPS	<u>325,120</u>	<u>326,660</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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 2017	15,300	110	2,314	547	1,706	898	-	20,875
Additions	25,331	-	1,504	44	399	-	3,033	30,311
Capitalisation	-	-	-	-	-	-	698	698
Disposals	-	-	(11)	(6)	(10)	-	-	(27)
Disposal of subsidiaries	(15,701)	(116)	(27)	-	(112)	(135)	-	(16,091)
Currency realignment	379	6	(43)	(7)	(44)	11	-	302
At 31 December 2017 and 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	25,344	268	3,548	641	3,275	871	9,599	43,546

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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 2017	67	21	1,138	221	1,037	679	-	3,163
Charge for the year	15	4	570	79	280	99	-	1,047
Charge for the year capitalised	698	-	-	-	-	-	-	698
Disposals	-	-	(11)	(6)	(7)	-	-	(24)
Disposal of subsidiaries	(93)	(29)	(14)	(1)	-	(27)	-	(164)
Currency realignment	11	4	(44)	(7)	(45)	9	-	(72)
At 31 December 2017 and 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	1,543	23	2,085	326	1,803	142	-	5,922
Net book value								
At 1 January 2017	15,233	89	1,176	326	669	219	-	17,712
At 31 December 2017	24,611	-	2,098	292	674	14	3,731	31,420
At 31 December 2018	23,801	245	1,463	315	1,472	729	9,599	37,624

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

9. Intangible assets

Group	Goodwill on consolidation S\$'000	Brand name S\$'000	Customer relationships S\$'000	Computer software S\$'000	Deferred management fee S\$'000	Total S\$'000
Cost						
At 1 January 2017	57,948	21,098	22,050	5,704	16,853	123,653
Additions	-	-	167	1,659	-	1,826
Acquisition of subsidiary	576	-	1,921	-	-	2,497
Disposals	-	-	-	(1)	-	(1)
Disposal of subsidiaries	-	-	-	-	(17,261)	(17,261)
Currency realignment	(236)	27	(301)	(21)	408	(123)
At 31 December 2017 and 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	95,838	20,332	34,968	9,532	-	160,670

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

9. Intangible assets (cont'd)

Group	Goodwill on consolidation S\$'000	Brand name S\$'000	Customer relationships S\$'000	Computer software S\$'000	Deferred management fee S\$'000	Total S\$'000
Accumulated amortisation						
At 1 January 2017	-	2,967	6,105	932	3,230	13,234
Charge for the year	-	1,062	2,176	565	433	4,236
Disposals	-	-	-	(1)	-	(1)
Disposal of subsidiaries	-	-	-	-	(3,740)	(3,740)
Currency realignment	-	20	(161)	(7)	77	(71)
At 31 December 2017 and 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	-	4,914	10,103	1,904	-	16,921
Net book value						
At 1 January 2017	57,948	18,131	15,945	4,772	13,623	110,419
At 31 December 2017	58,288	17,076	15,717	5,852	-	96,933
At 31 December 2018	95,838	15,418	24,865	7,628	-	143,749

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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
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
	<u>95,838</u>	<u>15,418</u>	<u>24,865</u>
31 December 2017			
Singapore	23,239	7,413	5,723
Australia	28,862	8,607	7,900
Malaysia	3,625	1,056	930
Hong Kong	2,562	–	1,164
	<u>58,288</u>	<u>17,076</u>	<u>15,717</u>
1 January 2017			
Singapore	23,239	7,872	6,408
Australia	28,370	9,163	7,141
Malaysia	3,545	1,096	920
Hong Kong	2,794	–	1,476
	<u>57,948</u>	<u>18,131</u>	<u>15,945</u>

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:

	2018	Group 31 December 2017	1 January 2017
Discount rates	10% to 12%	9% to 13%	8% to 13%
Growth rates	2% to 3%	2% to 3%	2%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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		1 January
	2018	2017	2017
	S\$'000	S\$'000	S\$'000
Freehold land, at cost	3,727	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:

			Fair value		1 January
			2018	2017	2017
			S\$'000	S\$'000	S\$'000
Description and location	Existing use	Tenure			
Four plots of land Mukim Pulau, Johor Bahru, Malaysia	Vacant	Freehold	4,848	6,067	5,933

The fair value has been determined based on valuations performed by an accredited independent valuer. Further details may be found in Note 28.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

11. Subsidiaries

	Company		1 January
	2018	31 December 2017	2017
	S\$'000	S\$'000	S\$'000
Unquoted shares, at cost	82,830	83,967	91,102
Loans to subsidiaries	171,313	–	–
Impairment losses	(24,873)	(13,764)	(18,300)
	<u>229,270</u>	<u>70,203</u>	<u>72,802</u>

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 impairment losses recognised in the financial year were S\$11,109,000 (2017: write-back of S\$4,536,000).

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

The Group's investments in the following subsidiaries have 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
2018				
Boardroom Limited	19%	688	20,683	611
31 December 2017				
Boardroom Limited	13%	1,169	12,160	495
Habitat Assets Pte Ltd	–	(342)	–	–
1 January 2017				
Boardroom Limited	13%	739	11,804	518
Habitat Assets Pte Ltd	45%	(1,227)	18,385	–

During the financial year, Boardroom Limited issued 16,000,000 new shares as part of the purchase consideration for the Symphony Companies. The Group's shareholding in Boardroom Limited was diluted from 87% to 81% as a result.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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 subsidiaries with material NCI are as follows:

Summarised balance sheet

	Boardroom Limited		
	2018	31 December 2017	1 January 2017
	S\$'000	S\$'000	S\$'000
Current			
Assets	49,908	42,997	40,289
Liabilities	(34,922)	(21,042)	(20,549)
Net current assets	14,986	21,955	19,740
Non-current			
Assets	150,406	100,091	99,029
Liabilities	(47,541)	(15,141)	(16,676)
Net non-current assets	102,865	84,950	82,353
Net assets	117,851	106,905	102,093

Summarised statement of comprehensive income

	Boardroom Limited	
	2018	2017
	S\$'000	S\$'000
Revenue	92,945	81,831
Profit before tax	7,429	10,496
Taxation	(1,947)	(1,332)
Profit after tax	5,482	9,164
Other comprehensive loss	(2,174)	(494)
Total comprehensive income	3,308	8,670

Other summarised information

	Boardroom Limited	
	2018	2017
	S\$'000	S\$'000
Net cash flows from operations	14,634	11,440
Purchase of non-current assets	3,132	3,555

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

11. Subsidiaries (cont'd)

(c) Acquisition of Corporate Counsel Pty Limited

On 31 January 2018, the Group, through its subsidiary Boardroom Limited, acquired 100% equity interest in Corporate Counsel Pty Limited ("Corporate Counsel"). Upon acquisition, Corporate Counsel became a subsidiary of the Group.

The fair value of identifiable assets and liabilities of Corporate Counsel as at the acquisition date were:

	Fair value recognised on acquisition S\$'000
Intangible assets	2,429
Deferred tax liabilities	(729)
Total identifiable net assets at fair value	1,700
Goodwill arising from acquisition	729
	<u>2,429</u>
Consideration transferred for the acquisition	
Consideration settled in cash	<u>2,429</u>
Effect of the acquisition on cash flows	
Net cash outflow on acquisition	<u>2,429</u>

Goodwill arising from acquisition

The goodwill of S\$729,000 is attributable to the value of strengthening the Group's operational footprint and presence in Australia. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the acquisition date, Corporate Counsel contributed S\$1,054,000 of revenue and S\$389,000 to the Group's profit for the financial year. If the business combination had taken place at the beginning of the year, the contribution to the Group's revenue and profit would have been S\$1,150,000 and S\$424,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

11. Subsidiaries (cont'd)

(d) Acquisition of the Symphony Companies

The Group acquired 100% equity interest in the Symphony Companies on 28 August 2018. Upon acquisition, these companies became subsidiaries of the Group.

The fair value of identifiable assets and liabilities of the Symphony Companies as at the acquisition date were:

	Fair value recognised on acquisition S\$'000
Property, plant and equipment	477
Intangible assets	10,609
Deferred tax assets	293
Short-term investments	940
Trade and other debtors	3,527
Cash and bank balances	3,633
	<u>19,479</u>
Trade and other payables	(2,813)
Deferred tax liabilities	(2,473)
	<u>(5,286)</u>
Total identifiable net assets at fair value	14,193
Goodwill arising from acquisition	39,411
	<u>53,604</u>
Consideration transferred for the acquisition	
Cash paid	41,124
Equity instruments issued	12,480
Total consideration transferred	<u>53,604</u>
Effect of the acquisition on cash flows	
Consideration settled in cash	41,124
Cash and bank balances of subsidiaries acquired	(3,633)
Net cash outflow on acquisition	<u>37,491</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

11. Subsidiaries (cont'd)

(d) Acquisition of the Symphony Companies (cont'd)

Equity instruments issued as part of consideration transferred

In connection with the acquisition of the Symphony Companies, Boardroom Limited issued 16,000,000 ordinary shares with a fair value of S\$0.78 each. The fair value of these shares is the published price of the shares at the acquisition date.

Transaction costs

Transaction costs of S\$397,000 related to the acquisition had been recognised in the "Other Operating Expenses" line item in the Group's profit or loss in the financial year.

Trade and other debtors acquired

Trade and other debtors acquired comprised trade debtors with fair values of S\$3,527,000 and gross amounts of S\$4,424,000.

Provisional accounting for the acquisition

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. Goodwill arising from the acquisition and its allocation, customer relationships and its amortisation, carrying amount of deferred revenue and deferred tax liabilities will be adjusted accordingly on a retrospective basis when the purchase price allocation exercise is finalised.

The goodwill is attributable to the value of strengthening the Group's operational footprint and presence in Malaysia, and cost reduction synergies expected to arise from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the acquisition date, the Symphony Companies contributed S\$4,403,000 of revenue and S\$481,000 to the Group's profit for the financial year. If the business combination had taken place at the beginning of the year, the contribution to the Group's revenue and profit would have been S\$14,457,000 and S\$2,389,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

12. Associates

The Group's investments in associates are summarised below:

	2018 S\$'000	Group 31 December 2017 S\$'000	1 January 2017 S\$'000
Opal Aged Care Group	155,451	175,327	176,161
Habitat Assets Pte Ltd	24,250	25,571	-
Other associates	11,753	7,584	7,912
	191,454	208,482	184,073

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\$3,299,000 (31 December 2017: S\$2,811,000; 1 January 2017: S\$2,324,000) of which S\$488,000 (2017: S\$487,000) 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:

	2018 S\$'000	2017 S\$'000
Loss after tax	(1,142)	(3,924)
Other comprehensive income	-	-
Total comprehensive loss	(1,142)	(3,924)

Definitiv Group Pty Ltd

During the financial year, the Group, through its subsidiary Boardroom Limited, acquired 31.5% equity interest in Definitiv Group Pty Ltd ("Definitiv") for a total consideration of S\$3,162,000. Definitiv is incorporated in Australia and is principally engaged in the provision of software to support payroll and human resources services. The acquisition was funded by internal resources.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

	2018 S\$'000	31 December 2017 S\$'000	1 January 2017 S\$'000
Current assets	94,607	134,700	119,944
Non-current assets	1,631,229	1,607,684	1,481,653
Total assets	1,725,836	1,742,384	1,601,597
Current liabilities	(1,160,865)	(1,036,971)	(1,131,349)
Non-current liabilities	(268,508)	(362,933)	(130,658)
Total liabilities	(1,429,373)	(1,399,904)	(1,262,007)
Net assets	296,463	342,480	339,590
Proportion of the Group's ownership	48%	48%	48%
Group's share of net assets	141,176	163,089	161,713
Goodwill on acquisition	15,602	15,602	15,602
Other adjustments	(1,327)	(3,364)	(1,154)
Carrying amount of the investment	155,451	175,327	176,161

Summarised statement of comprehensive income

	2018 S\$'000	2017 S\$'000
Revenue	628,882	627,548
Profit after tax	14,079	38,913
Other comprehensive income	(38)	40
Total comprehensive income	14,041	38,953

Dividends received from Opal Aged Care Group amounted to S\$14,138,000 (2017: S\$18,715,000) during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

13. Long-term investments

	Group			Company		
	31 December	1 January		31 December	1 January	
	2018	2017	2017	2018	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FVOCI						
Quoted equity securities	33,199	-	-	-	-	-
Unquoted unit trust funds	91,639	-	-	-	-	-
Unquoted equity securities	64,883	-	-	5,642	-	-
FVPL						
Quoted warrants	133	331	372	-	-	-
AFS						
Quoted equity securities	-	39,277	61,473	-	-	-
Unquoted unit trust funds, at fair value	-	74,205	69,588	-	-	-
Unquoted equity securities, at fair value	-	127,047	59,531	-	5,542	5,802
Unquoted equity securities, at cost	-	13,682	21,741	-	-	-
	189,854	254,542	212,705	5,642	5,542	5,802

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\$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. Dividend received from investments held at the end of the reporting period amounted to S\$743,000.

During the financial year, the Group redeemed several unquoted unit trust funds due to increase in fund prices, and disposed of an investment in unquoted equity securities due to a takeover offer. The fair value at the date of derecognition amounted to S\$138,418,000. Cumulative gains arising from the redemptions and disposals amounted to S\$74,532,000 and were transferred from fair value adjustment reserve to retained earnings.

Impairment loss

For the financial year ended 31 December 2017, the Group recognised impairment loss of S\$3,148,000 pertaining to the long-term investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

14. Amounts receivable from subsidiaries

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

	2018 S\$'000	Company 31 December 2017 S\$'000	1 January 2017 S\$'000
Repayable on demand at interest of 3.00% (2017: 3.00%) per annum	36,452	16,377	26,945
Repayable on demand at interest of 2.75% to 3.65% (2017: 2.10% to 2.73%) per annum	78,127	59,983	63,039
Repayable on demand at interest of 0.85% to 0.86% (2017: 0.86%) per annum	10,804	3,549	3,696
Repayable on demand at interest of 1.55% to 1.58% (2017: Nil) per annum	7,794	–	–
Repayable on demand at interest of 1.69% to 1.80% (2017: 1.69% to 1.80%) per annum	–	2,700	–
Repayable on demand at interest of 2.11% to 2.51% (2017: 2.11% to 2.51%) per annum	–	–	17,629
Repayable on demand at interest of 2.67% (2017: 2.67%) per annum	–	–	3,500
Repayable on demand, interest-free	3,614	171,874	186,431
	<u>136,791</u>	<u>254,483</u>	<u>301,240</u>

15. Trade debtors

	2018 S\$'000	Group 31 December 2017 S\$'000	1 January 2017 S\$'000
Amounts due from customers	24,295	19,569	16,029
Unbilled receivables	1,835	1,696	2,936
Amounts due from brokers	1,638	–	648
	<u>27,768</u>	<u>21,265</u>	<u>19,613</u>
Allowance for ECLs / impairment	(3,265)	(1,817)	(1,253)
	<u>24,503</u>	<u>19,448</u>	<u>18,360</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

15. Trade debtors (cont'd)

(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 3 days.

(c) Trade debtors that are past due but not impaired

The Group had trade debtors amounting to S\$14,281,000 as at 31 December 2017 and S\$11,730,000 as at 1 January 2017 that were past due at the end of the reporting period but not impaired. These receivables were unsecured and the analysis of their aging is as follows:

	Group 31 December 2017 S\$'000	1 January 2017 S\$'000
Past due one day to three months	10,889	9,169
Past due three to six months	1,442	1,454
Past due over six months	1,950	1,107
	14,281	11,730

(d) Trade debtors that are impaired

The nominal value of trade debtors that were impaired as at 31 December 2017 was S\$2,248,000 (1 January 2017: S\$1,546,000). The movement of the allowance account used to record the impairment is as follows:

	Group 2017 S\$'000
At 1 January	(1,253)
Provision made during the year	(856)
Provision written off	255
Currency realignment	37
At 31 December	(1,817)

The receivables that are individually determined to be impaired as at the end of the reporting period relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

15. Trade debtors (cont'd)

(e) Expected credit losses

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

	Group 2018 S\$'000
At 1 January	(1,817)
Acquisition of subsidiary	(933)
Provision made during the year	(283)
Currency realignment	(232)
At 31 December	<u>(3,265)</u>

16. Other debtors

	Group			Company		
	31 December 2018 S\$'000	31 December 2017 S\$'000	1 January 2017 S\$'000	31 December 2018 S\$'000	31 December 2017 S\$'000	1 January 2017 S\$'000
Prepayments	991	984	3,824	9	11	7
Sundry deposits	1,894	1,682	3,107	376	376	376
Loan to investee company	–	–	5,251	–	–	–
Interest receivable	8	10	15	–	–	–
Others	1,253	4,091	3,508	55	49	20
	<u>4,146</u>	<u>6,767</u>	<u>15,705</u>	<u>440</u>	<u>436</u>	<u>403</u>

17. Short-term investments

	Group		
	31 December 2018 S\$'000	31 December 2017 S\$'000	1 January 2017 S\$'000
FVPL			
Quoted equity securities	29,374	44,066	35,097
Unquoted unit trust funds	878	–	–
	<u>30,252</u>	<u>44,066</u>	<u>35,097</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

18. Cash and bank balances

	Group			Company		
	31 December	1 January		31 December	1 January	
	2018	2017	2017	2018	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Fixed deposits	1,411	3,413	3,160	-	-	-
Other cash and bank balances	34,123	26,000	32,872	2,574	572	1,263
	35,534	29,413	36,032	2,574	572	1,263

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

	Group		
	31 December	1 January	
	2018	2017	2017
	S\$'000	S\$'000	S\$'000
<i>Held under trust</i>			
Clients' bank accounts - contra	68,340	28,446	24,078
Clients' ledger balances - contra	(68,340)	(28,446)	(24,078)
	-	-	-

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 2018 were 0.69% to 3.14% (2017: 0.70% to 1.77%).

19. Trade creditors

	Group		
	31 December	1 January	
	2018	2017	2017
	S\$'000	S\$'000	S\$'000
Customers' advances and deposits	4,435	4,033	4,875
Contract liabilities	4,421	3,966	5,270
Amounts due to suppliers	1,502	1,126	1,664
Amounts due to brokers	429	-	-
GST payable	464	415	248
	11,251	9,540	12,057

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

20. Other creditors

	Group			Company		
	31 December	1 January		31 December	1 January	
	2018	2017	2017	2018	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Accruals	11,365	23,402	11,804	381	372	410
Amounts due to suppliers (non-trade)	2,750	1,642	1,516	1	1	120
Unclaimed dividends	1,086	1,084	1,074	–	–	–
Interest payable	279	60	148	5	3	104
Security deposits from tenants	422	252	219	142	142	50
Derivatives	109	–	–	–	–	–
Others	2,217	1,192	230	–	4	–
	18,228	27,632	14,991	529	522	684

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.

Derivatives

Derivative financial instruments included in the balance sheets as at 31 December 2018 are as follows:

	Group		
	Notional amount	Assets	Liabilities
	S\$'000	S\$'000	S\$'000
Cross currency interest rate swap	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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

21. Bank borrowings

	Group			Company		
	31 December	1 January		31 December	1 January	
	2018	2017	2017	2018	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current						
Revolving credit facility	39,611	44,079	76,502	18,598	6,249	52,478
Money market line facility	1,285	4,908	7,928	-	-	-
Term loan:						
Australian dollar loan 1	-	32,300	4,178	-	-	-
Singapore dollar loan 1	7,000	1,500	1,500	-	-	-
Singapore dollar loan 2	40,000	-	-	-	-	-
Singapore dollar loan 4	750	-	-	-	-	-
Singapore dollar loan 5	3,800	-	-	-	-	-
	92,446	82,787	90,108	18,598	6,249	52,478
Non-current						
Term loan:						
Australian dollar loan 1	-	-	45,963	-	-	-
Australian dollar loan 2	-	-	10,446	-	-	-
Singapore dollar loan 1	-	7,000	8,500	-	-	-
Singapore dollar loan 2	-	40,000	40,000	-	-	-
Singapore dollar loan 3	21,751	19,036	-	-	-	-
Singapore dollar loan 4	16,250	17,000	-	-	-	-
Singapore dollar loan 5	37,450	-	-	-	-	-
	75,451	83,036	104,909	-	-	-
	167,897	165,823	195,017	18,598	6,249	52,478

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

21. Bank borrowings (cont'd)

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

	31 December 2017 S\$'000	Cash flows S\$'000	Non-cash changes Foreign exchange movement S\$'000	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 January 2017 S\$'000	Cash flows S\$'000	Non-cash changes Disposal of subsidiary S\$'000	Other ⁽¹⁾ S\$'000	31 December 2017 S\$'000
Bank borrowings					
Current	90,108	(53,284)	–	45,963	82,787
Non-current	104,909	34,789	(10,699)	(45,963)	83,036
	195,017	(18,495)	(10,699)	–	165,823

⁽¹⁾ This represents the reclassification of non-current portion of bank borrowings due to the passage of time.

(a) Revolving credit facility

The revolving credit loans are unsecured, repayable within 1 month, and bear interest rates from 0.85% to 1.58% (2017: 0.86% to 2.22%).

The loans are denominated in the following currencies:

	Group			Company		
	31 December 2018 S\$'000	31 December 2017 S\$'000	1 January 2017 S\$'000	31 December 2018 S\$'000	31 December 2017 S\$'000	1 January 2017 S\$'000
Singapore dollar	–	19,700	60,579	–	2,700	41,079
Japanese yen	31,817	24,379	8,220	10,804	3,549	3,696
Pound sterling	7,794	–	–	7,794	–	–
United States dollar	–	–	7,703	–	–	7,703
	39,611	44,079	76,502	18,598	6,249	52,478

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

21. Bank borrowings (cont'd)

(b) *Singapore dollar term loan 1*

The loan is unsecured and bears interest rates from 2.87% to 3.37% (2017: 2.27% to 2.87%). It is repayable in 9 semi-annual instalments of S\$750,000 each and a final instalment of S\$6,250,000 due in December 2019.

(c) *Money market line facility and Singapore dollar term loan 2*

The money market line facility bears interest rates from 2.48% to 3.12% (2017: 2.30% to 2.60%) and is repayable within 3 months. The term loan bears interest rates from 2.48% to 3.12% (2017: 2.30% to 2.60%) and is repayable on 31 December 2019. Both loans are 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) *Singapore dollar term loan 3*

The loan is subject to periodic re-pricing, bears interest rates from 2.88% to 3.66% (2017: 2.88%) and is repayable quarterly from March 2020 to December 2031. 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.

(e) *Singapore dollar term loan 4*

The loan is subject to periodic re-pricing, bears interest rates from 2.45% to 3.09% (2017: 2.45% to 2.58%) and is repayable quarterly from September 2019 to December 2020. 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.

(f) *Singapore dollar term loan 5*

The loan is unsecured and bears interest rates from 3.09% to 3.39% (2017: Nil). 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 assets under construction 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 assets under construction amounted to S\$648,000 (2017: S\$402,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.28% (2017: 2.66%), which was the effective interest rate of the specific borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

22. Share capital

	Group and Company			
	2018		2017	
	Shares	S\$'000	Shares	S\$'000
<i>Issued and fully paid ordinary share capital</i>				
At 1 January	326,484,337	191,987	326,686,537	191,987
Cancellation	(1,674,200)	–	(202,200)	–
At 31 December	324,810,137	191,987	326,484,337	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. Commitments

(a) Operating leases – as lessee

The Group has entered into commercial leases on its office premises and equipment that expire at various dates until the year 2023. Future minimum rental payables under non-cancellable leases at the end of the financial years are as follows:

	Group		
	2018	31 December 2017	1 January 2017
	S\$'000	S\$'000	S\$'000
Not later than one year	6,173	7,559	6,987
Later than one year but not later than five years	11,532	8,668	12,210
Later than five years	–	43	1,160
	17,705	16,270	20,357

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

23. Commitments (cont'd)

(b) Operating leases – as lessor

Future minimum rental receivables under non-cancellable operating leases at the end of the financial years are as follows:

	2018 S\$'000	Group 31 December 2017 S\$'000	1 January 2017 S\$'000
Not later than one year	446	790	585
Later than one year but not later than five years	992	139	733
Later than five years	–	–	27
	1,438	929	1,345

(c) Other commitments

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

	2018 S\$'000	Group 31 December 2017 S\$'000	1 January 2017 S\$'000
Associates	10,437	11,230	12,151
Long-term investments	40,430	29,221	42,142
Land and building	14,580	18,164	24,884
	65,447	58,615	79,177

24. 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\$41,285,000 (31 December 2017: S\$44,908,000; 1 January 2017: S\$47,928,000) loan granted to Salacca Pte Ltd;
- corporate guarantee to a bank for a S\$21,751,000 (31 December 2017: S\$19,036,000; 1 January 2017: Nil) term loan granted to Allium Healthcare (Singapore) Pte Ltd; and
- corporate guarantee to a bank for a S\$17,000,000 (31 December 2017: S\$17,000,000; 1 January 2017: Nil) term loan granted to Allium Healthcare Holdings Pte Ltd.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

25. Employees' compensation and related costs

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

	Group	
	2018	2017
	S\$'000	S\$'000
Employees' benefits expense (including directors)		
Salaries and bonuses	(47,155)	(57,450)
Defined contributions	(4,271)	(3,929)
Other short-term benefits	(2,597)	(1,839)
	<u>(54,023)</u>	<u>(63,218)</u>

26. 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	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Subsidiaries				
Interest income	–	–	3,629	7,511
Professional fees	–	–	63	67
Fellow subsidiaries				
Rental income	46	46	46	46
Service income	60	60	–	–
Company related to a director				
Professional fees	17	28	–	5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

26. Related party disclosures (cont'd)

(b) Compensation of key management personnel

	Group	
	2018	2017
	S\$'000	S\$'000
Short-term employee benefits	3,359	15,190
Defined contributions	45	45
Total compensation	3,404	15,235
Comprise amounts paid to:		
Directors of the Company	2,611	11,828
Other directors of its wholly-owned subsidiaries	793	3,407
	3,404	15,235

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.

27. Segmental results

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments: (1) investment holding; (2) corporate services; and (3) financial services. The financial services segment is deemed to be discontinued following the announcement in 2016 of the disposal of G. K. Goh Financial Services (S) Pte Ltd.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

27. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

27. Segmental results (cont'd)

Year ended 31 December 2017	Investment holding S\$'000	Corporate services S\$'000	Financial services (discontinued operation) S\$'000	Adjustments and elimination S\$'000	Total S\$'000
Revenue					
External revenue	26,177	81,711	313	(313)	107,888
Inter-segment revenue	8	120	3	(131)	–
Total revenue	26,185	81,831	316	(444)	107,888
Results					
Interest income	102	246	11	(19)	340
Finance costs	3,769	1,384	10	(10)	5,153
Depreciation and amortisation	635	4,641	7	(7)	5,276
Fair value adjustments	875	–	–	–	875
Share of profit of associates	18,792	–	–	–	18,792
Segment profit / (loss)	17,344	9,357	(226)	407	26,882
Assets					
Investment in associates	208,482	–	–	–	208,482
Additions to non-current assets	28,582	3,555	–	–	32,137
Segment assets	552,033	142,789	–	(24)	694,798
Unallocated assets					7,582
Total assets					702,380
Liabilities					
Segment liabilities	130,344	72,929	–	(24)	203,249
Unallocated liabilities					16,287
Total liabilities					219,536

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

27. Segmental results (cont'd)

As at 1 January 2017	Investment holding S\$'000	Corporate services S\$'000	Financial services (discontinued operation) S\$'000	Adjustments and elimination S\$'000	Total S\$'000
Assets					
Investment in associates	184,073	–	–	–	184,073
Segment assets	514,408	139,057	89,445	(3,652)	739,258
Unallocated assets					5,770
Total assets					745,028
Liabilities					
Segment liabilities	149,706	76,771	77,358	(3,652)	300,183
Unallocated liabilities					26,157
Total liabilities					326,340

Geographical information

	Revenue from external customers	
	2018	2017
	S\$'000	S\$'000
Singapore:		
Investment holding	(2,640)	26,177
Corporate services	31,537	30,776
Australia	35,691	33,099
Malaysia	12,666	7,247
Hong Kong	11,314	8,944
China	1,615	1,645
Total	90,183	107,888

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

27. Segmental results (cont'd)

Geographical information (cont'd)

	Non-current assets		
	31 December	31 December	1 January
	2018	2017	2017
	S\$'000	S\$'000	S\$'000
Singapore	72,276	66,970	38,883
Australia	50,308	51,546	78,938
Malaysia	58,665	9,557	9,583
Hong Kong	3,806	3,962	4,413
China	45	45	41
Total	185,100	132,080	131,858

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

28. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

(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
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)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

28. 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
31 December 2017				
Assets measured at fair value				
AFS:				
Quoted equity securities	39,277	–	–	39,277
Unquoted unit trust funds	–	14,359	59,846	74,205
Unquoted equity securities	–	–	127,047	127,047
FVPL:				
Quoted warrants	331	–	–	331
Quoted equity securities	44,066	–	–	44,066
	83,674	14,359	186,893	284,926
1 January 2017				
Assets measured at fair value				
AFS:				
Quoted equity securities	61,473	–	–	61,473
Unquoted unit trust funds	–	14,165	55,423	69,588
Unquoted equity securities	–	–	59,531	59,531
FVPL:				
Quoted warrants	372	–	–	372
Quoted equity securities	35,097	–	–	35,097
	96,942	14,165	114,954	226,061

The Group also has investment properties amounting to S\$3,727,000 (31 December 2017 and 1 January 2017: 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

(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.

(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	
	2018	2017
	S\$'000	S\$'000
At 1 January (FRS framework)	186,893	114,954
Impact of SFRS(I) 9 adoption	13,682	–
At 1 January (SFRS(I) framework)	200,575	114,954
Total gains or losses:		
In profit or loss	–	(1,833)
In other comprehensive income	9,784	69,598
Purchases	48,949	9,548
Disposals	(117,967)	(5,374)
At 31 December	141,341	186,893

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

29. Hedging activities

Cash flow hedge

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.

Hedge of net investments in foreign operations

During the financial year, the Group used bank borrowings as a hedge of net investment in Allium Holdings Pty Ltd. The bank borrowings were used to hedge the Group's exposure to foreign exchange risk on the investment. Gains or losses on the revaluation of bank borrowings were transferred to other comprehensive income to offset any gains or losses on translation of net investment in the subsidiary.

There was no ineffectiveness in the years ended 31 December 2018 and 2017.

30. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

(a) Price risk (cont'd)

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

Stock market	Group			
	FVPL investments		FVOCI investments	AFS investments
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	4,640	5,454	-	-
Kuala Lumpur	62	719	29,023	35,671
Tokyo	19,175	30,470	-	-
Australia	3,131	2,068	542	754
Hong Kong	1,102	3,330	-	-
New York	785	982	718	-
London	476	885	2,916	2,852
Others	136	489	-	-
Total	29,507	44,397	33,199	39,277

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% (2017: 5%) with all other variables held constant and all the Group's equity instruments move according to the historical correlation with the index.

Indices	Group			
	Impact on profit		Impact on other comprehensive income	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Straits Times Index	242	123	-	-
Kuala Lumpur Composite Index	4	38	1,178	1,100
Tokyo Stock Price Index	938	1,590	-	-
S&P/ASX 200 Index	147	59	4	9
Hang Seng Index	20	148	-	-
S&P 500 Index	6	52	35	-
FTSE Index	25	6	41	10

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

(a) Price risk (cont'd)

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 and AFS 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.

Sensitivity analysis for interest rate risk

As at 31 December 2018, if market interest rates at that date had been 25 basis points (2017: 25 basis points) higher/lower with all other variables held constant, profit for the financial year would have been S\$416,000 (2017: S\$406,000) lower/higher.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

(c) Foreign currency risk

The Group holds assets and liabilities denominated in currencies other than Singapore dollars, the measurement currency of the Group. 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"), Malaysian ringgit ("MYR") and Australian dollar ("AUD"). 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	MYR S\$'000	AUD S\$'000
2018			
Long-term investments	104,681	29,023	542
Short-term investments	912	940	3,131
Cash and bank balances	4,183	8,860	2,522
Trade and other debtors	127	4,810	6,500
Trade and other creditors	(3)	(6,026)	(4,067)
	<u>109,900</u>	<u>37,607</u>	<u>8,628</u>
2017			
Long-term investments	83,083	35,671	754
Short-term investments	1,201	719	2,068
Cash and bank balances	2,997	3,585	6,691
Trade and other debtors	513	1,464	6,225
Trade and other creditors	(203)	(2,198)	(2,571)
	<u>87,591</u>	<u>39,241</u>	<u>13,167</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

(c) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

At 31 December 2018, 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\$261,000 (2017: S\$225,000) higher/lower, and equity would have been S\$5,234,000 (2017: S\$4,154,000) 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\$429,000 (2017: S\$179,000) higher/lower, and equity would have been S\$1,451,000 (2017: S\$1,784,000) 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\$404,000 (2017: S\$621,000) higher/lower, and equity would have been S\$27,000 (2017: S\$38,000) 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 at least three 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

30. 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
2018				
Trade creditors	11,251	–	–	11,251
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
31 December 2017				
Trade creditors	9,540	–	–	9,540
Other creditors	27,632	–	–	27,632
Bank borrowings	86,453	72,171	17,433	176,057
Operating lease commitments	7,559	8,668	43	16,270
Other commitments	58,615	–	–	58,615
1 January 2017				
Amounts due to associates	2	4,046	–	4,048
Trade creditors	12,057	–	–	12,057
Other creditors	14,991	–	–	14,991
Bank borrowings	94,088	104,408	6,754	205,250
Operating lease commitments	6,987	12,210	1,160	20,357
Other commitments	79,177	–	–	79,177

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

30. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

30. 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.

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

2018	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
Singapore					
Gross carrying amount	2,828	4,536	531	2,954	10,849
ECL	–	(52)	(6)	(1,261)	(1,319)
Other countries					
Gross carrying amount	3,978	6,638	1,346	4,957	16,919
ECL	–	(141)	(11)	(1,794)	(1,946)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

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

(e) Credit risk (cont'd)

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 ECL on other debtors is insignificant.

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are with creditworthy debtors with good payment records with the Group. Cash and bank balances and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 *Long-term investments* and Note 15 *Trade debtors*.

31. 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 2018 and 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2018

31. Capital management (cont'd)

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

	Group	
	2018	2017
	S\$'000	S\$'000
Bank borrowings	167,897	165,823
Less: Cash and bank balances	(35,534)	(29,413)
Net debt	132,363	136,410
Equity attributable to Owners of the Company	433,587	470,684
Less: Capital reserve	(137)	(137)
Total capital	433,450	470,547
Capital and net debt	565,813	606,957
Gearing ratio	23%	22%

32. Authorisation of consolidated financial statements

The consolidated financial statements of the Group for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 14 March 2019.

STATISTICS OF SHAREHOLDINGS

As at 28 February 2019

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	44	0.59	1,857	0.00
100 – 1,000	1,175	15.81	1,022,737	0.31
1,001 – 10,000	5,114	68.79	20,175,132	6.21
10,001 – 1,000,000	1,088	14.64	40,623,046	12.51
1,000,001 and above	13	0.17	262,987,365	80.97
Total	7,434	100.00	324,810,137	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	GKG Investment Holdings Pte Ltd	196,361,422	60.45
2	Tay Kwang Thiam	18,500,000	5.70
3	DBS Nominees (Private) Limited	11,078,823	3.41
4	United Overseas Bank Nominees (Private) Limited	8,473,705	2.61
5	Citibank Nominees Singapore Pte Ltd	6,674,501	2.05
6	Raffles Nominees (Pte) Limited	5,421,339	1.67
7	Morph Investments Ltd	3,585,931	1.10
8	OCBC Nominees Singapore Private Limited	3,521,450	1.08
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	Richard Philip Armstrong	1,446,055	0.45
12	See Beng Lian Janice	1,134,964	0.35
13	Phillip Securities Pte Ltd	1,009,175	0.31
14	Lim & Tan Securities Pte Ltd	834,500	0.26
15	Choo Meileen	759,800	0.23
16	Ong Kim Guan or Neo Ah Thin	618,123	0.19
17	Ang Jui Khoon	560,369	0.17
18	UOB Kay Hian Private Limited	534,369	0.16
19	Yeo Ah Moey	500,000	0.15
20	Tan Eng Seng	499,900	0.15
Total		267,294,426	82.27

STATISTICS OF SHAREHOLDINGS (CONTINUED)

As at 28 February 2019

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	196,361,422	60.45	–	–
Goh Geok Khim ⁽¹⁾	–	–	196,361,422	60.45
Goh Yew Lin ⁽²⁾	–	–	196,397,422	60.47
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 28 February 2019.

PUBLIC FLOAT

As at 28 February 2019, 33.7% 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 28 February 2019, the Company does not have any subsidiary holdings (as defined in the Listing Manual of the SGX-ST).

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr Goh Geok Khim	Mr Lee Soo Hoon	Mr Thomas Teo Liang Huat
Date of appointment	28 March 1990	2 January 2002	13 August 2018
Date of last re-appointment	24 April 2017	23 April 2018	Not Applicable
Age	86	76	54
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment	The re-election of Mr Goh Geok Khim as Executive Chairman of the Board 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 Lee Soo Hoon as Lead Independent Director 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 Thomas Teo Liang Huat as an Executive 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 Geok Khim is responsible for the overall management and strategic direction of the Group.	Non-executive	Executive. Mr Thomas Teo Liang Huat's responsibilities include financial and investment management as well as board representation on various subsidiaries and associates of the Group.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman; Member of Nominating Committee	Lead Independent Director; Chairman of Audit Committee; Member of Remuneration and Nominating Committees	Executive Director & Chief Financial Officer
Professional qualifications	Bachelor of Science in Civil Engineering, University of Colorado	- Fellow Member of the Institute of Chartered Accountants in England and Wales - Fellow Member of the Institute of Singapore Chartered Accountants - Fellow Member of the Malaysian Institute of Certified Public Accountants - Fellow Member of the Malaysian Institute of Accountants - Fellow Member of the Singapore Institute of Directors	- Master of Business in Information Technology, Royal Melbourne Institute of Technology - Bachelor of Accountancy, National University of Singapore - Fellow Member of the Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	1990 to Present: Executive Chairman, G. K. Goh Holdings Limited	1984 to Present: Managing Director, Phillip Lee Management Consultants Pte Ltd	2006 to Present: Chief Financial Officer, G. K. Goh Holdings Limited 2018 to Present: Executive Director, G. K. Goh Holdings Limited
Shareholding interest in the listed issuer and its subsidiaries	Refer to Directors' Statement on pages 32 to 35		

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT (CONTINUED)

	Mr Goh Geok Khim	Mr Lee Soo Hoon	Mr Thomas Teo Liang Huat
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 Geok Khim is the father of Mr Goh Yew Lin, Managing Director of G. K. Goh Holdings Limited	None	None
Conflict of interest (including any competing business)	None	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	Yes
Other principal commitments including directorships	<u>Past (for the last 5 years)</u> Directorships: - Orange Valley Healthcare Pte Ltd (now known as Invest Healthcare Pte Ltd) <u>Present</u> Directorships: - Alpha Securities Pte Ltd - Ardisia Limited - Boardroom Limited - Federal Iron Works Sdn Bhd - Fushia Investments Pte Ltd G. K. Goh Holdings (Philippines), Inc G. K. Goh Nominees Pte Ltd G. K. Goh Strategic Holdings Pte Ltd - GKG Investment Holdings Pte Ltd - Japfa Ltd - Medlar Pte Ltd - Salacca Pte Ltd - Saliendra Pte Ltd - Solanum Investment Pte Ltd - Temasek Foundation International CLG Limited - Yew Lian Property and Investments Pte Ltd	<u>Past (for the last 5 years)</u> Directorships: - Heatec Jietong Holdings Ltd - IPC Corporation Ltd - Transcorp Holdings Limited <u>Present</u> Directorships: - CSE Global Limited - Derek Prince Publications Pte Ltd - Estate and Trust Agencies (1927) Ltd - Kluang Rubber Company (M) Bhd - Kuchai Development Bhd - LMIRT Management Ltd - Phillip Lee Management Consultants Pte Ltd - Sungei Bagan Rubber Company (M) Bhd	<u>Past (for the last 5 years)</u> Directorships: - Caritas Singapore Community Council Limited G. K. Goh Capital (S) Pte Ltd G. K. Goh Financial Services (S) Pte Ltd (now known as Haitong International Financial Services (Singapore) Pte Ltd) <u>Present</u> Directorships: - ACIT Finance Pty Ltd - Allium Healthcare Holdings Pte Ltd - Allium Healthcare Services Pte Ltd - Allium Healthcare (Singapore) Pte Ltd - Allium Holdings Pty Ltd - Allium Investments Pte Ltd - Ardisia Limited - Assisi Hospice - Boardroom Limited - Cacona Pte Ltd - DAC Finance Pty Ltd G. K. Goh Nominees Pte Ltd - Habitat Assets Pte Ltd - OM Holdings Limited - Perilla Pte Ltd - Principal Healthcare Finance Pty Ltd - Saliendra Pte Ltd - Solanum Investment Pte Ltd - Value Monetization III Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT (CONTINUED)

	Mr Goh Geok Khim	Mr Lee Soo Hoon	Mr Thomas Teo Liang Huat
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	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	No
(c) Whether there is any unsatisfied judgment against him?	No	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	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	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	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	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	No
(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	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT (CONTINUED)

	Mr Goh Geok Khim	Mr Lee Soo Hoon	Mr Thomas Teo Liang Huat
(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	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	No

NOTICE OF ANNUAL GENERAL MEETING

G. K. GOH HOLDINGS LIMITED

(Company Registration No. 199000184D)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of G. K. Goh Holdings Limited (the “**Company**”) will be held at Cinnamon Room, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on Thursday, 25 April 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditor’s Report. **(Resolution 1)**
2. To declare a first and final dividend of 2.0 Singapore cents per share (one-tier tax exempt) for the financial year ended 31 December 2018 (2017: First and final dividend of 3.0 Singapore cents per share (one-tier tax exempt), and a special dividend of 3.0 Singapore cents per share (one-tier tax exempt)). **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Articles 86 and 93 of the Constitution of the Company respectively:
 - (a) Mr Goh Geok Khim (Retiring under Article 86) **(Resolution 3(a))**
 - (b) Mr Lee Soo Hoon (Retiring under Article 86) **(Resolution 3(b))**
 - (c) Mr Thomas Teo Liang Huat (Retiring under Article 93) **(Resolution 3(c))**

[See Explanatory Note (i)]

Mr Goh Geok Khim will, upon re-election as Director of the Company, remain as Executive Chairman of the Board and a member of the Nominating Committee and will be considered non-independent.

Mr Lee Soo Hoon will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees and will be considered independent.

Mr Thomas Teo Liang Huat will, upon re-election as Director of the Company, remain as Executive Director of the Company and will be considered non-independent.

4. To approve the payment of Directors’ fees of S\$226,968 for the financial year ended 31 December 2018 (2017: S\$230,223). **(Resolution 4)**
5. To re-appoint Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix its remuneration. **(Resolution 5)**

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without any modifications, of which Resolutions 6 to 8 will be proposed as Ordinary Resolutions and Resolution 9 will be proposed as a Special Resolution:

6. Authority to issue shares (General Mandate)

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

- (a) new shares arising from the conversion or exercise of any convertible securities;
- (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(Resolution 6)

[See Explanatory Note (ii)]

7. **Authority to issue shares (Scrip Dividend Scheme)**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares of the Company as may be required to be allotted and issued pursuant to the G. K. Goh Holdings Limited Scrip Dividend Scheme.

(Resolution 7)

[See Explanatory Note (iii)]

8. **Renewal of the Share Purchase Mandate**

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

- (i) market purchases (each a **"Market Purchase"**) on the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) or any other stock exchange on which the Shares may for the time being be listed and quoted (**"Other Exchange"**); and/or
- (ii) off-market purchases (each an **"Off-Market Purchase"**) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **"Share Purchase Mandate"**);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held;
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or
- (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

- (c) in this Resolution:

"Prescribed Limit" means that number of Shares representing 10% of the issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST));

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase of a Share, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase of a Share, 120% of the Average Closing Price,

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, Other Exchange, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market day period; and

“day of the making of the offer” means the day on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. **(Resolution 8)**

[See Explanatory Note (iv)]

9. **Adoption of the new Constitution**

That the regulations contained in the new Constitution submitted to this Meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution. **(Resolution 9)**

[See Explanatory Note (v)]

By Order of the Board

Ngiam May Ling
Thomas Teo Liang Huat
Secretaries

Singapore
27 March 2019

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Explanatory Notes:

- (i) Ordinary Resolutions 3(a) and 3(b) are for the re-election of Mr Goh Geok Khim and Mr Lee Soo Hoon, Directors of the Company who retire by rotation at the Annual General Meeting. Ordinary Resolution 3(c) is for the re-election of Mr Thomas Teo Liang Huat, who joined the Board of Directors of the Company on 13 August 2018, after the last Annual General Meeting. For more information on the Directors, please refer to the “Board of Directors” and “Additional Information on Directors Seeking Re-appointment” sections in the Annual Report 2018.
- (ii) Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro rata basis to shareholders. For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares. As at 28 February 2019, the Company did not have treasury shares or subsidiary holdings.
- (iii) Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, to allot and issue ordinary shares of the Company pursuant to the G. K. Goh Holdings Limited Scrip Dividend Scheme to eligible members of the Company who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

- (iv) Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or the date on which such authority is carried out to the full extent mandated or is varied or revoked by the Company in a general meeting, whichever is the earliest, to exercise the power of the Company to purchase or acquire its shares. The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position cannot be ascertained as at the date of this Notice of the Annual General Meeting, as these will depend on the number of shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the price at which such shares were purchased or acquired and whether the shares purchased or acquired are held in treasury or cancelled. For illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 10% of its ordinary shares (excluding treasury shares and subsidiary holdings) as at 28 February 2019 at a purchase price equivalent to the Maximum Price per share, in the case of a Market Purchase and an Off-Market Purchase respectively, based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2018, and certain other assumptions, are set out in Paragraph 2.8 of the Company's Letter to Shareholders dated 27 March 2019.
- (v) Special Resolution 9, if passed, will approve the adoption of a new Constitution in substitution for, and replacement of, the Company's existing Constitution. The new Constitution contains regulations that take into account the wide-ranging changes to the Companies Act, Chapter 50 of Singapore introduced by the Companies (Amendment Act) 2014 and the Companies (Amendment) Act 2017, respectively, and other updates to the regulatory framework. Please refer to the Company's Letter to Shareholders dated 27 March 2019 for more details.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy must be deposited at the registered office of the Company at 50 Raffles Place #33-00, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the **"Purposes"**), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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G. K. GOH HOLDINGS LIMITED

(Co. Reg. No. 199000184D)

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