

Company Registration No. 198601009N

Allgreen Properties Limited and
its subsidiary companies

Annual Report
For the financial year ended 31 December 2019



Allgreen Properties Limited and its subsidiary companies

Directors' Statement

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

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Kuok Oon Kwong
Lee Yew Kwung
Teo Keng Chiong
Suraya Bte Abdullah @ Kuok Suon Kwong
Yong Hsin Yue
Simon Ho
Thai Kum Foon
Andy Soh, Alternate Director to Yong Hsin Yue

In accordance with Article 94 of the Company's Articles of Association, Yong Hsin Yue and Lee Yew Kwung retire from the Board at the Annual General Meeting and being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

According to the Register of Directors' Shareholdings' required to be kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of the related corporations, either at the beginning of the financial year or at the end of the financial year.

Allgreen Properties Limited and its subsidiary companies

General Information

Directors

Kuok Oon Kwong
Lee Yew Kwung
Teo Keng Chiong
Suraya Bte Abdullah @ Kuok Suon Kwong
Yong Hsin Yue
Simon Ho
Thai Kum Foon
Andy Soh, Alternate Director to Yong Hsin Yue

Company Secretary

Tan Isoo
Ooi Pooi Teng (Appointed on 2 July 2019)

Registered Office

1 Kim Seng Promenade
#07-01 Great World City
Singapore 237994

Principal Bankers

Standard Chartered Bank
DBS Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Malayan Banking Berhad
Overseas-Chinese Banking Corporation Limited
United Overseas Bank Limited

Auditor

Ernst & Young LLP

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Allgreen Properties Limited and its subsidiary companies

Directors' Statement

Options

No options were granted during the financial year to take up unissued shares of the Company or of its subsidiary companies.

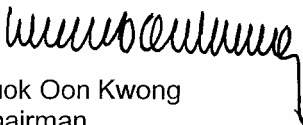
No shares were issued by virtue of the exercise of options.

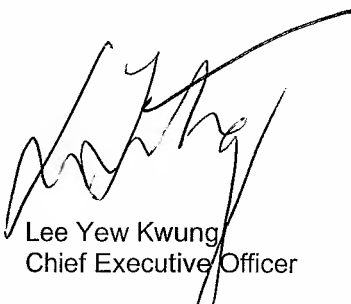
There were no unissued shares of the Company or of its subsidiary companies under option at the end of the financial year.

Auditors

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

On behalf of the board of directors:


Kuok Oon Kwong
Chairman


Lee Yew Kwung
Chief Executive Officer

Singapore

5 JUN 2020

Allgreen Properties Limited and its subsidiary companies

**Independent Auditor's Report
For the financial year ended 31 December 2019**

Independent Auditor's Report to the Member of Allgreen Properties Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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.

Allgreen Properties Limited and its subsidiary companies

**Independent Auditor's Report
For the financial year ended 31 December 2019**

Independent Auditor's Report to the Member of Allgreen Properties Limited (cont'd)

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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Allgreen Properties Limited and its subsidiary companies

**Independent Auditor's Report
For the financial year ended 31 December 2019**

Independent Auditor's Report to the Member of Allgreen Properties Limited (cont'd)

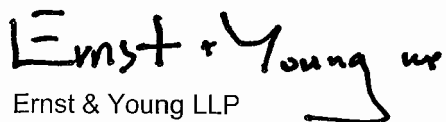
Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

5 JUN 2020

Allgreen Properties Limited and its subsidiary companies

Balance Sheets As at 31 December 2019

	Note	Group			Company		
		31 December		1 January	31 December		1 January
		2019	2018	2018	2019	2018	2018
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
			(Restated)	(Restated)		(Restated)	(Restated)
ASSETS							
Non-current assets							
Property, plant and equipment	4	504,273	500,345	497,058	489	175	309
Investment properties	5	2,303,000	2,120,000	2,102,000	—	—	—
Right-of-use assets		154	—	—	—	—	—
Deposits	12	215,775	—	99,382	—	—	14,493
Other assets		942	20,614	495	—	—	—
Subsidiary companies	6	—	—	—	1,909,619	1,505,058	1,313,998
Associated companies	7	626,040	662,874	692,130	—	—	—
		3,650,184	3,303,833	3,391,065	1,910,108	1,505,233	1,328,800
Current assets							
Inventories	8	46	46	45	—	—	—
Development properties	9	1,335,750	1,367,921	157,727	206,742	195,417	6,685
Contract cost	9	5,096	—	—	464	—	—
Trade receivables	10	7,096	6,996	6,409	—	507	—
Other receivables	11	43,000	44,698	41,981	509	449	337
Deposits	12	675	443	316	63	168	111
Prepayments		1,504	1,590	1,458	181	251	37
Cash and cash equivalents	13	63,272	430,396	589,308	3,221	395,721	506,966
		1,456,439	1,852,090	797,244	211,180	592,513	514,136
Total assets		5,106,623	5,155,923	4,188,309	2,121,288	2,097,746	1,842,936
EQUITY AND LIABILITIES							
Equity attributable to owner of the Company							
Share capital	14	1,177,185	1,177,185	1,177,185	1,177,185	1,177,185	1,177,185
Reserves	15	181,762	187,192	196,139	—	—	—
Retained earnings		1,276,469	1,106,866	1,018,269	568,167	540,128	334,647
		2,635,416	2,471,243	2,391,593	1,745,352	1,717,313	1,511,832
Non-controlling interests	16	434,772	366,626	380,870	—	—	—
Total equity		3,070,188	2,837,869	2,772,463	1,745,352	1,717,313	1,511,832

Allgreen Properties Limited and its subsidiary companies

Balance Sheets
As at 31 December 2019

	Note	Group			Company	
		31 December	1 January		31 December	1 January
		2019	2018	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000	\$'000
		(Restated)	(Restated)		(Restated)	(Restated)
Non-current liabilities						
Long-term borrowings	17	931,104	2,086,532	1,186,500	143,790	136,933
Lease liabilities		41	–	–	–	–
Rental deposits	18	17,554	10,658	12,136	–	–
Deferred tax liabilities	19	87,229	85,637	81,839	–	–
Derivative financial liabilities	20	3,886	3,923	1,884	–	238
		1,039,814	2,186,750	1,282,359	143,790	137,171
Current liabilities						
Trade payables	21	35,674	64,592	58,937	5,067	3,751
Rental deposits	18	6,851	11,774	8,587	–	–
Other payables	22	19,827	6,588	3,925	1,552	395
Advances from subsidiary companies	23	–	–	–	223,888	237,700
Advances from associated companies		50	50	50	–	–
Borrowings	17	924,251	31,000	31,000	–	–
Lease liabilities		118	–	–	–	–
Provision for taxation		9,136	17,300	30,988	1,489	1,416
Derivative financial liabilities	20	714	–	–	150	–
		996,621	131,304	133,487	232,146	243,262
Total liabilities		2,036,435	2,318,054	1,415,846	375,936	380,433
Total equity and liabilities		5,106,623	5,155,923	4,188,309	2,121,288	2,097,746
Net current assets/(liabilities)		459,818	1,720,786	663,757	(20,966)	349,251
Net assets		3,070,188	2,837,869	2,772,463	1,745,352	1,717,313

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

Allgreen Properties Limited and its subsidiary companies

**Consolidated Income Statement
For the financial year ended 31 December 2019**

		Group	
	Note	2019 \$'000	2018 \$'000 (Restated)
Revenue	24	230,351	297,391
Cost of sales		(120,124)	(144,039)
Gross profit		110,227	153,352
Other income	25	42,058	9,413
Distribution and selling expenses		(11,685)	(14,707)
Administrative expenses		(25,144)	(25,107)
Other expenses		(19,149)	(24,375)
Finance costs		(42,668)	(22,223)
Share of results of associated companies		16,965	24,114
Profit before fair value changes on investment properties and financial derivatives		70,604	100,467
Fair value gain on investment properties	5	115,459	18,001
Net change in fair value of derivative financial liabilities	20	(677)	(2,039)
Profit before taxation	26	185,386	116,429
Taxation	27	(11,252)	(20,366)
Profit for the year		174,134	96,063
Profit attributable to:			
Owner of the Company		169,603	88,597
Non-controlling interests		4,531	7,466
		174,134	96,063

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

Allgreen Properties Limited and its subsidiary companies

**Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2019**

		Group	
	Note	2019 \$'000	2018 \$'000 (Restated)
Profit for the year		174,134	96,063
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation surplus on property, plant and equipment	4	19,462	19,475
Deferred tax liabilities on revaluation surplus		(3,309)	(3,311)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		(10,692)	(17,896)
Other comprehensive income for the year, net of taxation		5,461	(1,732)
Total comprehensive income for the year		179,595	94,331
Total comprehensive income attributable to:			
Owner of the Company		164,173	79,650
Non-controlling interests		15,422	14,681
		179,595	94,331

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

Allgreen Properties Limited and subsidiary companies

Statements of Changes in Equity
For the financial year ended 31 December 2019

Group	Attributable to owner of the Company					Equity attributable to owner of the Company, total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital (Note 14) \$'000	Reserves, total \$'000	Asset revaluation reserve (Note 15) \$'000	Foreign currency translation reserve (Note 15) \$'000	Retained earnings \$'000			
As at 1 January 2019	1,177,185	187,192	181,765	5,427	1,106,866	2,471,243	366,626	2,837,869
Profit for the year	–	–	–	–	169,603	169,603	4,531	174,134
<u>Other comprehensive income</u>								
Revaluation surplus on property, plant and equipment	–	10,782	10,782	–	–	10,782	8,680	19,462
Deferred tax expense on revaluation surplus	–	(1,833)	(1,833)	–	–	(1,833)	(1,476)	(3,309)
Foreign currency translation	–	(14,379)	–	(14,379)	–	(14,379)	3,687	(10,692)
Other comprehensive income for the year	–	(5,430)	8,949	(14,379)	–	(5,430)	10,891	5,461
Total comprehensive income for the year, net of tax	–	(5,430)	8,949	(14,379)	169,603	164,173	15,422	179,595

Allgreen Properties Limited and subsidiary companies

Statements of Changes in Equity
For the financial year ended 31 December 2019

Group	Attributable to owner of the Company					
	Share capital (Note 14) \$'000	Reserves, total \$'000	Asset revaluation reserve (Note 15) \$'000	Foreign currency translation reserve (Note 15) \$'000	Retained earnings \$'000	Equity attributable to owner of the Company, total \$'000
						Non-controlling interests \$'000
						Total equity \$'000
<u>Contribution by and distributions to owner</u>						
Liquidation of subsidiaries companies	-	-	-	-	-	(10,556)
Repayment of quasi-equity loans	-	-	-	-	-	(30)
Dividends paid to non-controlling interests of a subsidiary company	-	-	-	-	-	(6,386)
Total transactions with owner in its capacity as owner	-	-	-	-	-	(16,972)
Loan from non-controlling interest of subsidiary companies	-	-	-	-	-	69,696
As at 31 December 2019	1,177,185	181,762	190,714	(8,952)	1,276,469	2,635,416
					434,772	3,070,188

Allgreen Properties Limited and subsidiary companies

Statements of Changes in Equity
For the financial year ended 31 December 2019

Group	Attributable to owner of the Company					Total equity \$'000
	Share capital (Note 14) \$'000	Reserves, total \$'000	Asset revaluation reserve (Note 15) \$'000	Foreign currency translation reserve (Note 15) \$'000	Retained earnings \$'000	Equity attributable to owner of the Company, total \$'000
As at 1 January 2018						
As previously reported	1,177,185	196,139	172,810	23,329	1,019,343	2,773,638
Effect of prior year adjustments (Note 34)	–	–	–	–	(1,074)	(1,175)
As restated	1,177,185	196,139	172,810	23,329	1,018,269	2,772,463
Profit for the year	–	–	–	–	88,597	96,063
<u>Other comprehensive income</u>						
Revaluation surplus on property, plant and equipment	–	10,789	10,789	–	–	19,475
Deferred tax expense on revaluation surplus	–	(1,834)	(1,834)	–	–	(3,311)
Foreign currency translation	–	(17,902)	–	(17,902)	–	(17,896)
Other comprehensive income for the year	–	(8,947)	8,955	(17,902)	–	(1,732)
Total comprehensive income for the year, net of tax	–	(8,947)	8,955	(17,902)	88,597	94,331

Allgreen Properties Limited and subsidiary companies

Statements of Changes in Equity
For the financial year ended 31 December 2019

Group	Attributable to owner of the Company					
	Share capital (Note 14) \$'000	Reserves, total \$'000	Asset revaluation reserve (Note 15) \$'000	Foreign currency translation reserve (Note 15) \$'000	Retained earnings \$'000	Equity attributable to owner of the Company, total \$'000
					Non-controlling interests \$'000	Total equity \$'000
Contribution by and distributions to owner						
Dividends paid to non-controlling interests of a subsidiary company	-	-	-	-	-	(28,925)
Total transactions with owner in its capacity as owner	-	-	-	-	-	(28,925)
As at 31 December 2018	1,177,185	187,192	181,765	5,427	1,106,866	2,471,243
					366,626	2,837,869

Allgreen Properties Limited and its subsidiary companies

**Statements of Changes in Equity
For the financial year ended 31 December 2019**

	Share capital (Note 14) \$'000	Retained earnings \$'000	Total equity \$'000
Company			
As at 1 January 2019	1,177,185	540,128	1,717,313
Profit for the year	—	28,039	28,039
Total comprehensive income for the year, net of tax	—	28,039	28,039
As at 31 December 2019	1,177,185	568,167	1,745,352
As at 1 January 2018			
As previously reported	1,177,185	334,722	1,511,907
Effect of prior year adjustments (Note 34)	—	(75)	(75)
As restated	1,177,185	334,647	1,511,832
Profit for the year	—	205,481	205,481
Total comprehensive income for the year, net of tax	—	205,481	205,481
As at 31 December 2018	1,177,185	540,128	1,717,313

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

Allgreen Properties Limited and its subsidiary companies

Consolidated Statement of Cash Flows
For the financial year ended 31 December 2019

	Group
	2019
	\$'000
	2018
	\$'000
	(Restated)
Cash flows from operating activities	
Profit before taxation	185,386
Adjustments for:	116,429
Depreciation of property, plant and equipment	16,956
Depreciation of right-of-use assets	255
Fair value gain on investment properties	(115,459)
Loss on disposal of property, plant and equipment	55
Interest income	(3,872)
Interest expense	41,821
Share of results of associated companies	(16,965)
Gain on disposal of investment in subsidiary companies	(33,127)
Write-back for impairment loss of trade receivables, net	(2)
Amortisation of capitalised cost	1,937
Provision for impairment loss on loan to non-controlling interest	–
Net change in fair value of financial derivatives	677
Net effect of currency alignment	3,476
Operating cash flows before working capital changes	81,138
Increase in inventories	–
Decrease/(increase) in development properties	32,171
Increase in capitalised costs	(7,034)
Increase in deposits for purchase of properties	(76,169)
(Increase)/decrease in trade and other receivables	(11,015)
(Decrease)/increase in trade and other payables	(23,974)
Increase in rental deposits	1,973
Cash generated from/(used in) operations	(2,910)
Interest paid	(43,131)
Income tax paid	(20,579)
Net cash generated from/(used in) operating activities	(66,620)
Cash flows from investing activities	
Proceeds from disposal of property, plant and equipment	–
Additions to investment properties	(38,864)
Additions to property, plant and equipment	(1,477)
Proceeds from capital reduction in an associated company	26,445
Non-controlling interests share of liquidation of subsidiaries	(34,163)
Dividends from associated companies	21,553
Deposits for purchase of properties	(139,606)
Repayment of loans from non-controlling shareholders	10,828
Proceeds from disposal of subsidiary companies	49,618
Interest received	4,184
Net cash (used in)/generated from investing activities	(101,482)

Allgreen Properties Limited and its subsidiary companies

**Consolidated Statement of Cash Flows
For the financial year ended 31 December 2019**

	Group	
	2019	2018
	\$'000	\$'000
		(Restated)
Cash flows from financing activities		
Quasi-equity loans from non-controlling interests	69,696	—
Repayment of quasi-equity loan to non-controlling interests	(30)	—
Payment of principal portion of lease liabilities	(204)	—
Dividends paid to non-controlling interests of subsidiary companies	(6,386)	(28,925)
Drawdown of bank borrowings	252,881	1,484,979
Repayment of bank borrowings	(515,058)	(584,947)
Net cash (used in)/generated from financing activities	(199,101)	871,107
Net decrease in cash and cash equivalents	(367,203)	(160,446)
Cash and cash equivalents at 1 January	430,396	589,308
Effect of exchange rate changes on cash and cash equivalents	79	1,534
Cash and cash equivalents at 31 December (Note 13)	63,272	430,396

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

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements For the financial year ended 31 December 2019

1. Corporate information

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated and domiciled in the Republic of Singapore. The immediate and ultimate holding company is Brookvale Investments Pte Ltd.

The registered office and principal place of business of the Company is located at 1 Kim Seng Promenade, #07-01 Great World City, Singapore 237994. The Company also undertakes property development activities at the following location:

- (a) Suite@Orchard
Handy Road, Singapore
- (b) Juniper Hill
39 Ewe Boon Road, Singapore

The principal activities of the Company are that of investment holding and to develop properties for sale. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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 (FRS).

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial period beginning on 1 January 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Group and Company.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2019**

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 and FRS 8: <i>Definition of Material</i>	1 January 2020
Amendments to FRS 103: <i>Definition of a Business</i>	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 39, 107 and 109 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to FRS 110 <i>Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or contribution of Assets between Investor and its Associate or Joint Venture</i>	Date to be determined

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

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 January 2010

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

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

Subsidiary companies 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.

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

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

(a) Basis of consolidation (cont'd)

Basis of consolidation prior to 1 January 2010

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

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

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

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to zero. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of the net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 has not been restated.

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

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

(b) Business combinations and goodwill

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

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

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

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 the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose 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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

2.5 Property, plant and equipment, and depreciation

Hotel property, which includes interests in leasehold land and buildings and their integral fixed plant and machinery and fittings, is stated at valuation, less accumulated depreciation. It is stated at directors' valuation based upon the advice of professional valuers on the open market value at the end of the reporting period.

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

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

On disposal of the hotel property, the net surplus on revaluation is transferred directly to retained earnings.

All other items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to profit or loss as incurred. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

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

Leasehold land	-	lease term of 95 years
Buildings	-	50 years
Plant, machinery, furniture, fittings, equipment and computers	-	3 to 10 years
Motor vehicles	-	5 to 10 years
Operating supplies	-	5 years

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

2.5 *Property, plant and equipment, and depreciation (cont'd)*

Construction-in-progress comprises materials and contractors' costs based on architects' certification in relation to refurbishment of the hotel property. No depreciation is provided for construction-in-progress.

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

For acquisitions and disposals during the year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated assets are retained in the books of accounts until they are no longer in use.

The residual values, useful lives and depreciation methods are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

Operating supplies comprise linen, chinaware, glassware and silverware. Items in use are regarded as part of the necessary operating supplies of the hotel and are shown under property, plant and equipment. Items held in the stores are regarded as inventories. Issues from stores for replacement to maintain the level of operating supplies in the hotel are charged to profit or loss.

2.6 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or for sale in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially recorded at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2019

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

2.6 *Investment properties (cont'd)*

Additions, improvements and renewals resulting from subsequent expenditure are capitalised and expenditure for repairs and maintenance are charged to profit or loss when incurred.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.7 *Subsidiary companies*

A subsidiary company 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 subsidiary companies are accounted for at cost, less impairment losses.

2.8 *Associated companies*

An associated company 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 associated companies using the equity method from the date on which it becomes an associated company.

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 is accounted as 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 associated company's profit or loss in the period in which the investment is acquired.

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

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

2.8 Associated companies (cont'd)

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

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 associated companies. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated company is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value, and recognises the amount in profit or loss.

The financial statements of the associated companies are prepared at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are primarily determined on a first-in-first-out basis and include freight and handling charges.

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

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

2.10 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Company's own use, rental or capital appreciation.

Development properties are held as inventories and measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance for foreseeable losses is made when it is anticipated that the net realisable value has fallen below cost.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

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

2.10 Development properties (cont'd)

Commission paid to property agents on the sale of development properties will be capitalised as incremental costs to obtain a contract with customer if these costs are recoverable. These costs are amortised consistently with the pattern of revenue recognised for the related contract to profit or loss.

2.11 Financial instruments

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 instrument.

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.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 is recognised in profit or loss.

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

2.11 Financial instruments (cont'd)

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

Financial liabilities at amortised cost

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 de-recognised, and through the amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, and bank deposits which are subject to an insignificant risk of changes in value, and which form an integral part of the Group's cash management.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that non-financial asset may be impaired. If any indication exists, 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 or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss, except for assets that were 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

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 its revalued amount, in which case the reversal is treated as a revaluation increase.

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

2.14 *Impairment of financial assets*

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

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers 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.

2.15 *Provisions*

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.16 *Rental deposits*

Rental deposits relate to deposits received from tenants at the Group's investment properties. The accounting policy for rental deposits as a financial liability is set out in Note 2.11.

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

2.17 Taxes

(a) Current income tax

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

Current income taxes are recognised in 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 income 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 and associated companies, 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 difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associated companies, 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.

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

2.17 Taxes (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 to taxable income 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.18 Share capital and share issuance expenses

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

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

2.19 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods and 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) Sale of development properties

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

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

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, usually upon transfer of legal title.

(b) Rental income

Rental income arising from operating leases on investment properties and development properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Hotel operations

Revenue from hotel operations is recognised when services are rendered and accepted by customers.

(d) Interest income

Interest income is recognised on a time-apportioned basis using the effective interest method.

(e) Dividend income

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

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

2.20 Leases

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

As a lessee

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

(a) Right-of-use assets

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

Machinery	- 2 years
Other equipment	- 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment based on the accounting policy asset out in Note 2.13.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

2.20 Leases (cont'd)

As a lessee (cont'd)

(b) Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

As a 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. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.18(b). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Employee benefits

(a) Defined contribution plan

The Group makes contributions to the Central Provident Fund ("CPF") in Singapore, a defined contribution pension scheme. CPF contributions 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 accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

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

2.22 Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain general managers are considered key management personnel.

2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.24 Foreign currencies

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

Transactions and balances

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

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

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

2.24 Foreign currencies (cont'd)

Consolidated financial statements

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

In the case of a partial disposal without loss of control of a subsidiary company that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interest and is not recognised in profit or loss. For partial disposals of associated companies that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.25 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.26 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:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

2.27 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary company and fellow subsidiary company is related to the others);
 - (ii) one entity is an associated company or joint venture of the other entity (or an associated company or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associated company of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, 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 could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgment made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements.

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on the evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties, and so accounts for the contracts as operating leases.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Revenue recognition on sale of development properties under construction

The Group recognises revenue for pre-completion sales of development properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured in accordance with the accounting policy set out in Note 2.18(a) to the financial statements. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amount of development properties as well as the revenue from sale of development properties are disclosed in Note 9 (Development Properties) and Note 24 (Revenue) to the financial statements respectively.

3. Significant accounting estimates and judgments (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(ii) *Impairment of non-financial assets*

Development properties held for sale

The Group assesses whether there are any indicators of impairment for development properties held for sale at each reporting date. Impairment for development properties held for sale is made when the net realisable value has fallen below cost. In arriving at estimates of net realisable values, management considered factors such as current market conditions, recent selling prices of the development properties and comparable development properties. The impairment for development properties held for sale is disclosed in Note 9.

Investment in associated companies

The Group assesses at each reporting date whether there is any objective evidence that investments in associated companies are impaired. Where there is objective evidence of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows to be generated by the associated companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows which reflects the risk profile of the investee and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the recoverable amount of the investee. The carrying amount of the investment in associated companies at the reporting date has been disclosed in the Group's balance sheet.

(iii) *Revaluation of hotel property and investment properties*

The Group carries its hotel property and investment properties at fair value, with changes in fair values being recognised in other comprehensive income and profit or loss respectively.

The fair values of the hotel property and investment properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques may consider both Income Method and Comparison Method.

The determination of the fair value of the hotel property and investment properties includes consideration of actual revenue, room rates and occupancy rates, property expenses as well as the projected sustainable income in the following years based on market rent and prevailing market conditions. These estimates are based on local market conditions existing at the end of each reporting period.

3. Significant accounting estimates and judgments (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(vi) Income taxes

Significant judgment is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. 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 period in which such determination is made.

The carrying amounts of the Group's and the Company's provision for taxation at 31 December 2019 were approximately \$9,136,000 (2018: \$17,300,000) and \$1,489,000 (2018: \$1,416,000). The carrying amounts of the Group's and the Company's deferred tax liabilities at 31 December 2019 were \$87,229,000 (2018: \$85,637,000) and \$Nil (2018: \$ Nil) respectively.

(v) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 95 (2018: 3 to 95) years. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 December 2019 are stated in Note 4 to the financial statements. Changes in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2019

4. Property, plant and equipment

Group	Hotel property \$'000	Plant, machinery, furniture, fittings, equipment and computers \$'000	Motor vehicles \$'000	Operating supplies \$'000	Construction- in- progress \$'000	Total \$'000
Cost or valuation						
At 1 January 2018	490,000	27,809	164	1,130	145	519,248
Additions	307	1,142	–	5	26	1,480
Disposals	(11)	(1,790)	–	–	–	(1,801)
Revaluation surplus	4,704	–	–	–	–	4,704
At 31 December 2018 and 1 January 2019	495,000	27,161	164	1,135	171	523,631
Additions	852	363	–	7	255	1,477
Disposals	(439)	(539)	(134)	(56)	–	(1,168)
Revaluation surplus	4,587	–	–	–	–	4,587
At 31 December 2019	500,000	26,985	30	1,086	426	528,527

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

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

Group (cont'd)	Hotel property \$'000	Plant, machinery, furniture, fittings, equipment and computers \$'000	Motor vehicles \$'000	Operating supplies \$'000	Construction- in- progress \$'000	Total \$'000
Accumulated depreciation						
At 1 January 2018	–	21,241	163	786	–	22,190
Depreciation for the year	14,781	2,683	1	41	–	17,506
Disposals	(10)	(1,629)	–	–	–	(1,639)
Revaluation surplus	(14,771)	–	–	–	–	(14,771)
At 31 December 2018 and 1 January 2019	–	22,295	164	827	–	23,286
Depreciation for the year	15,286	1,636	–	34	–	16,956
Disposals	(411)	(568)	(134)	–	–	(1,113)
Revaluation surplus	(14,875)	–	–	–	–	(14,875)
At 31 December 2019	–	23,363	30	861	–	24,254
Net book value						
At 31 December 2019	500,000	3,622	–	225	426	504,273
At 31 December 2018	495,000	4,866	–	308	171	500,345

Hotel property, carried at valuation, consists of leasehold land, building, plant and machinery and fittings with net carrying values of \$378,000,000 (2018: \$369,000,000), \$113,423,000 (2018: \$112,153,000), \$2,562,000 (2018: \$2,331,000) and \$6,015,000 (2018: \$11,516,000) respectively as at 31 December 2019.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2019**

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

Group (cont'd)

Revaluation of hotel property

	Group	
	2019	2018
	\$'000	\$'000
Hotel property		
Transfer to asset revaluation reserve	19,462	19,475

The Group engaged Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent firm of professional valuers, to determine the fair value of the hotel property as at 31 December 2019. The property was valued on the basis of open market value. As at 31 December 2019, the market value of the hotel property was assessed to approximate \$500,000,000 (2018: \$495,000,000).

If the hotel property was measured using the cost model, the net carrying amount would be as follows:

	Group	
	2019	2018
	\$'000	\$'000
Cost	257,836	257,423
Accumulated depreciation	(118,160)	(109,142)
Net carrying value	139,676	148,281

Company	Furniture, fittings, equipment and computers \$'000
Cost	
At 1 January 2018	1,768
Additions	72
Disposals	(1,037)
At 31 December 2018 and 1 January 2019	803
Additions	508
Disposals	(10)
At 31 December 2019	1,301

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2019**

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

Company (cont'd)	Furniture, fittings, equipment and computers \$'000
Accumulated depreciation	
At 1 January 2018	1,459
Depreciation for the year	99
Disposals	(930)
At 31 December 2018 and 1 January 2019	628
Depreciation for the year	193
Disposals	(9)
At 31 December 2019	812
Net book value	
At 31 December 2019	489
At 31 December 2018	175

5. Investment properties

	Group	
	2019 \$'000	2018 \$'000
Freehold properties	1,980,000	1,797,000
Leasehold property	323,000	323,000
	2,303,000	2,120,000

The movements in investment properties are as follows:

	Group	
	2019 \$'000	2018 \$'000
Balance sheet:		
At 1 January	2,120,000	2,102,000
Additions (subsequent expenditure)	67,541	1
Disposals	—	(2)
Fair value gain recognised in profit or loss	115,459	18,001
At 31 December	2,303,000	2,120,000
Income statement:		
Rental income	92,007	97,353
Direct operating expenses arising from investment properties that generated rental income	(22,271)	(22,440)

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements For the financial year ended 31 December 2019

5. Investment properties (cont'd)

The investment properties which include interests in land and buildings and their integral plant and machinery and fittings, are valued using the Income Method and Comparison Method assessed on 31 December 2019 by a firm of independent professional valuers, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, who have appropriate recognised professional qualifications and recent experience in the location and category of the investment properties being valued. The determination of the fair values of the investment properties includes consideration of actual revenue and occupancy rates, property expenses as well as the projected sustainable income in the following years based on market rent and prevailing market conditions. These estimates are based on local market conditions existing at the end of each reporting date. As at 31 December 2019, the market values of the investment properties of the Group were assessed to be \$2,303,000,000 (2018: \$2,120,000,000).

The investment properties held by the Group as at 31 December are as follows:

Property	Existing use	Tenure	Unexpired lease term
1 Kim Seng Promenade, Singapore 237994	Office/ Retail	Freehold	Freehold
2 Kim Seng Walk, Singapore 239404	Serviced apartment	Freehold	Freehold
91 Tanglin Road, Singapore 247918	Office/ Retail	Freehold	Freehold
163 Tanglin Road, Singapore 247933	Retail	99 years leasehold commencing from 31 May 1991	71 years

Investment properties amounting to \$1,915,000,000 (2018: \$1,732,000,000) have been mortgaged to secure borrowings (Note 17).

6. Subsidiary companies

	Company	
	2019 \$'000	2018 \$'000
Unquoted equity investments, at cost	754,465	790,465
Impairment losses	(239,300)	(231,100)
	515,165	559,365
Loans to subsidiary companies:		
Quasi-equity*	1,148,391	930,964
Interest-bearing**	246,063	14,729
	1,394,454	945,693
Total	1,909,619	1,505,058

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2019

6. Subsidiary companies (cont'd)

An analysis of allowance for impairment on investment in subsidiary companies is as follows:

	Company	
	2019	2018
	\$'000	\$'000
At 1 January	231,100	187,000
Impairment losses	8,200	44,100
At 31 December	239,300	231,100

During the financial year, management performed an impairment test on the investments in Allgreen Properties (Tianjin) Pte. Ltd. and Jeston Investments Pte. Ltd. An incremental impairment loss of \$8,200,000 (2018: \$44,100,000) was recognised.

* These loans are unsecured and form part of the Company's net investment in subsidiary companies. Settlements are neither planned nor likely to occur in the foreseeable future.

** These loans are unsecured and their carrying values approximate their fair values as they bear interest at variable rates which approximate rates for similar types of borrowing arrangements. The effective interest rate is 2.25% (2018: 2.67%) per annum.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

6. Subsidiary companies (cont'd)

a. Composition of the Group

Details of the subsidiary companies are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held by Group		Principal activities
		2019 %	2018 %	
Allgreen Properties (Chengdu) Pte. Ltd.	Singapore	100	100	Investment holding
Allgreen Properties (Qinhuangdao) Pte. Ltd.	Singapore	100	100	Investment holding
Allgreen Properties (Shanghai) Pte. Ltd.	Singapore	100	100	Investment holding
Allgreen Properties (Shenyang) Pte. Ltd.	Singapore	100	100	Investment holding
Allgreen Properties (Tianjin) Pte. Ltd.	Singapore	100	100	Investment holding
Allgreen Properties (Vietnam) Pte. Ltd.	Singapore	100	100	Investment holding
Arcadia Development Pte. Ltd.	Singapore	90	90	Property developer and owner
Asiawide Resources Pte Ltd #	Singapore	92	92	Property developer and owner
Belfin Investments Pte. Ltd.	Singapore	100	100	Investment holding
Benefit Investments Pte. Ltd.	Singapore	100	100	Property developer and owner
Boonridge Pte. Ltd. *	Singapore	—	65	Property developer and owner
Bukit Batok Development Pte. Ltd.	Singapore	90	90	Property developer and owner

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

6. Subsidiary companies (cont'd)

a. Composition of the Group (cont'd)

Details of the subsidiary companies are as follows: (cont'd)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held by Group		Principal activities
		2019 %	2018 %	
Cuscaden Properties Pte. Ltd.	Singapore	55.4	55.4	Owner and operator of a hotel cum shopping complex
Green Bay Pte. Ltd. *	Singapore	–	100	Property developer and owner
GWC Commercial Pte. Ltd.	Singapore	100	100	Owner and operator of a mixed development comprising offices and shops
GWC Serviced Apartments Pte. Ltd.	Singapore	100	100	Owner and operator of serviced apartments
Jeston Investments Pte. Ltd.	Singapore	100	100	Investment holding
Leo Property Management Private Limited	Singapore	100	100	Project and property management, and estate agent
Midpoint Properties Limited	Singapore	100	100	Dormant
Allgreen Treasury Pte. Ltd. (formerly known as Petals Development Pte. Ltd.)	Singapore	100	100	Investment holding
Perfect Bright Pte. Ltd.	Singapore	100	100	Investment holding
Phoenix Commercial Pte. Ltd.	Singapore	70	70	Property developer and owner
Phoenix Residential Pte. Ltd.	Singapore	70	70	Property developer and owner

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2019

6. Subsidiary companies (cont'd)

a. Composition of the Group (cont'd)

Details of the subsidiary companies are as follows: (cont'd)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held by Group		Principal activities
		2019 %	2018 %	
Rufiji Pte. Ltd.	Singapore	100	100	Property developer and owner
Sky Top Investments Pte. Ltd.	Singapore	100	100	Property developer and owner
Tanglin Place Development Pte. Ltd. (1)	Singapore	55.4	55.4	Owner and operator of an office cum shopping complex
Valleypoint Investments Pte. Ltd.	Singapore	100	100	Property developer and owner
Golden Age Joint-Venture Ltd., Co. (2) @	Vietnam	—	65	Property developer and owner
Allgreen Property Management Services Co., Ltd (2)	Vietnam	100	100	Real estate management and consultancy services
Allgreen-Vuong Thanh Company Limited (2)	Vietnam	98	98	Real estate management and consultancy services
Allgreen-Vuong Thanh Properties Company Limited (2)	Vietnam	98	98	Property developer and owner
Allgreen-Vuong Thanh-Trung Duong Co., Ltd (3) @	Vietnam	—	88.2	Property developer and owner
#	In member's voluntary liquidation			
*	Liquidated during the year			
@	Divested during the year			
(1)	Subsidiary company of Cuscaden Properties Pte. Ltd.			
(2)	Subsidiary companies of Allgreen Properties (Vietnam) Pte. Ltd.			
(3)	Subsidiary company of Allgreen-Vuong Thanh Company Limited.			

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

6. Subsidiary companies (cont'd)

b. Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name	Principal place of business	Proportion of ownership interest held by non-controlling interest %	Profit allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
31 December 2019					
Cuscaden Properties Pte. Ltd. and its subsidiary company	Singapore	44.6	4,317	360,166	5,868
31 December 2018					
Cuscaden Properties Pte. Ltd. and its subsidiary company	Singapore	44.6	5,773	354,512	8,325

c. Summarised financial information about subsidiaries with material NCI

	Cuscaden Properties Pte. Ltd. and its subsidiary company	
	2019	2018
	\$'000	\$'000
Summarised balance sheet		
Current assets	9,944	8,063
Non-current assets	894,534	889,788
Total assets	904,478	897,851
Current liabilities	(21,628)	(26,115)
Non-current liabilities	(75,304)	(76,866)
Total liabilities	(96,932)	(102,981)
Net assets	807,546	794,870
Summarised statement of comprehensive income		
Revenue	67,837	68,622
Profit after tax	9,680	12,944
Other comprehensive income	16,153	16,165
Total comprehensive income	25,833	29,109
Other summarised information		
Net cash generated from operating activities	26,972	27,089
Net cash used in investing activities	(1,922)	(1,152)
Net cash used in financing activities	(23,251)	(28,666)

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2019

6. Subsidiary companies (cont'd)

d. Disposal of subsidiary

The Group fully disposed of its interest in Golden Age Joint-Venture Ltd., Co. and Allgreen-Vuong Thanh-Trung Duong Co., Ltd on 13 November 2019 and 27 November 2019 respectively, at their carrying value. The disposal was completed on 13 November 2019 and 27 November 2019, the date which control of Golden Age Joint-Venture Ltd., Co. and Allgreen-Vuong Thanh-Trung Duong Co., Ltd were lost respectively.

The value of assets and liabilities of Golden Age Joint-Venture Ltd., Co. and Allgreen-Vuong Thanh-Trung Duong Co., Ltd recorded in the consolidated financial statements as at 12 November 2019 and 26 November 2019, and the effects of the disposal were:

	Golden Age Joint- Venture Ltd., Co. \$'000	Allgreen- Vuong Thanh- Trung Duong Co., Ltd \$'000
Trade and other receivables	178	1,932
Development properties	26,263	51,204
Less: Impairment of development properties (Note 9)	–	(11,472)
Cash and cash equivalents	1,194	3
Trade and other payables	(18,310)	(26,076)
Loans	(1,941)	–
Carrying value of net assets	7,384	15,591
Total consideration	28,229	28,504
- Deposits	–	–
- Cash	28,229	28,504
Cash and cash equivalents of the subsidiary	(1,194)	(3)
Balance payable	–	(7)
Net cash inflow on disposal of subsidiary	27,035	28,494
	Golden Age Joint- Venture Ltd., Co. \$'000	Allgreen- Vuong Thanh- Trung Duong Co., Ltd \$'000
Total consideration	28,229	28,504
Net assets derecognised	(9,925)	(13,681)
Gain on Disposal	18,304	14,823

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

7. Associated companies

	Group	
	2019	2018
	\$'000	\$'000
Unquoted equity investments, at cost	477,270	477,270
Less: Capital reduction	(26,610)	—
Loans to associated companies	93,918	93,918
Share of foreign currency translation reserve	(4,306)	9,775
Share of other post-acquisition reserves	85,768	81,911
	626,040	662,874

The loans to associated companies comprise foreign currency loans amounting to US\$66,122,000 (2018: US\$66,122,000) and RMB45,000,000 (2018: RMB45,000,000), which form part of the Group's net investment in the associated companies. The loans are unsecured, and settlement is neither planned nor likely to occur in the foreseeable future.

Aggregate information of the Group's investments in associated companies is as follows:

	Group	
	2019	2018
	\$'000	\$'000
Profit after tax	16,965	24,114
Other comprehensive income	(14,081)	(17,985)
Total comprehensive income	2,884	6,129

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2019

7. Associated companies (cont'd)

Details of the associated companies are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held by Group		Principal activities
		2019 %	2018 %	
Central Laundry Pte. Ltd. (1) @	Singapore	13.8	13.8	Provision of laundry services
Hengyun Real Estate (Tangshan) Co., Ltd (2)	China	25	25	Property developer of a mainly residential apartments development
Kerry Development (Chengdu) Ltd. (3)	China	25	25	Property developer of a mainly residential apartments development
Kerry (Shenyang) Real Estate Development Co., Ltd. (4) @	China	15	15	Property developer and owner and operator of a mixed development comprising offices, residences, retail and ancillary facilities
Lucky Billion Development (Qinhuangdao) Co., Ltd. (5) @	China	10	10	Property developer of a mainly residential complex
Ruihe Real Estate (Tangshan) Co., Ltd (2)	China	25	25	Property developer of a mainly hotel development
Shanghai Pudong Kerry City Properties Co., Ltd. (6) @	China	16	16	Property developer and owner and operator of a mixed development comprising offices, serviced apartments, retail and hotel

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements For the financial year ended 31 December 2019

7. Associated companies (cont'd)

Details of the associated companies are as follows: (cont'd)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held by Group		Principal activities
		2019 %	2018 %	
Shangri-La Hotel (Shenyang) Co., Ltd. (4) @	China	15	15	Developer and operator of hotel and hotel management
Sheng Xiang Real Estate (Shenyang) Co., Ltd. (4) @#	China	—	15	Property developer and owner and operator of a mixed development comprising offices, residences, retail and ancillary facilities
Tianjin Kerry Real Estate Development Co., Ltd (7)	China	31	31	Property developer and owner and operator of a mixed development comprising residences, retail and hotel
Wealthy Plaza Development (Chengdu) Ltd. (3)	China	25	25	Property developer of a mainly residential apartments development

@ Deemed to be an associated company as the Group has significant influence over the financial and operating policies of this entity due to its board representation

During the year, the Company's investment in Sheng Xiang Real Estate (Shenyang) Co., Ltd. was transferred to Kerry (Shenyang) Real Estate Development Co., Ltd as these associated companies terminated the split-off that occurred in 2013. These associated companies have been combined as Kerry (Shenyang) Real Estate Development Co., Ltd. as at 31 December 2019.

- (1) Associated company of Cuscaden Properties Pte. Ltd.
- (2) Associated companies of Jeston Investments Pte. Ltd.
- (3) Associated companies of Allgreen Properties (Chengdu) Pte. Ltd.
- (4) Associated companies of Allgreen Properties (Shenyang) Pte. Ltd.
- (5) Associated company of Allgreen Properties (Qinhuangdao) Pte. Ltd.
- (6) Associated company of Allgreen Properties (Shanghai) Pte. Ltd.
- (7) Associated company of Allgreen Properties (Tianjin) Pte. Ltd.

Allgreen Properties Limited and its subsidiary companies**Notes to the financial statements****For the financial year ended 31 December 2019****7. Associated companies (cont'd)**

The summarised financial information in respect of the Group's material investments in associated companies, Shanghai Pudong Kerry City Properties Co., Ltd and Kerry Shenyang Real Estate Co., Ltd based on their financial statements and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follow:

Summarised balance sheet

	Shanghai Pudong Kerry City Properties Co., Ltd	
	2019	2018
	\$'000	\$'000
Current assets	51,131	35,494
Non-current assets	1,323,986	1,347,849
Total assets	1,375,117	1,383,343
Current liabilities	138,426	89,609
Non-current liabilities	246,560	294,943
Total liabilities	384,986	384,552
Net assets	990,131	998,791
Proportion of the Group's ownership	16%	16%
Group's share of net assets	158,421	159,807
Carrying amount of the investment	158,421	159,807

Summarised statement of comprehensive income

	Shanghai Pudong Kerry City Properties Co., Ltd	
	2019	2018
	\$'000	\$'000
Revenue	204,644	215,966
Profit after tax from continuing operations	98,253	127,586
Other comprehensive income	—	—
Total comprehensive income	98,253	127,586

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

7. Associated companies (cont'd)

Summarised balance sheet

	Kerry Shenyang Real Estate Co., Ltd	
	2019	2018
	\$'000	\$'000
Current assets	648,082	507,215
Non-current assets	495,388	501,926
Total assets	1,143,470	1,009,141
Current liabilities	117,237	258,538
Non-current liabilities	16,987	16,190
Total liabilities	134,224	274,728
Net assets	1,009,246	734,413
Proportion of the Group's ownership	15%	15%
Group's share of net assets	151,387	110,162
Carrying amount of the investment	151,387	110,162

Summarised statement of comprehensive income

	Kerry Shenyang Real Estate Co., Ltd	
	2019	2018
	\$'000	\$'000
Revenue	190,809	228,664
Profit after tax from continuing operations	66,632	102,809
Other comprehensive income	—	—
Total comprehensive income	66,632	102,809

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

8. Inventories

	Group	
	2019	2018
	\$'000	\$'000
Balance sheet:		
Operating supplies	46	46
Income statement:		
Inventories recognised as an expense in cost of sales (Note 26)	3,372	3,661

9. Development properties

	Group			Company		
	31 December	1 January		31 December	1 January	
	2019	2018	2018	2019	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		(Restated)	(Restated)		(Restated)	(Restated)
Completed properties held for sale	2,001	2,599	95,843	—	—	7,687
Properties under development	1,333,749	1,376,794	74,358	206,742	195,417	—
Less: Impairment in value of development properties (Note 6(d))	—	(11,472)	(12,474)	—	—	(1,002)
	1,335,750	1,367,921	157,727	206,742	195,417	6,685

The movement of impairments in value of development properties as follows:

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
At 1 January	11,472	12,474	—	1,002
Provision written off on disposal of subsidiaries	(11,472)	—	—	—
Utilisation of provision	—	(1,002)	—	(1,002)
At 31 December	—	11,472	—	—

Income statement:

	Group	
	2019	2018
	\$'000	\$'000
		(Restated)
Development properties recognised as an expense in cost of sales (Note 26)	75,032	100,542

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2019**

9. Development properties (cont'd)

(a) Borrowing costs capitalised during the financial year were paid/payable to:

	Group			Company		
	31 December	1 January	31 December	1 January	31 December	1 January
	2019	2018	2018	2019	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank	7,016	15,187	–	1,532	2,552	–

Borrowing cost ceases to be capitalised when the development properties is ready for its intended use.

(b) Development properties of \$1,336,119,000 (2018: \$1,302,535,000) and \$206,742,000 (2018: \$195,417,000) are pledged for bank facilities granted to the Group and Company respectively (Note 17).

Contract costs

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
Capitalised incremental costs of obtaining contract				
– commission costs paid to property agents				
At beginning of the year	–	–	–	–
Additions	7,033	–	673	–
Amortisation	(1,937)	–	(209)	–
At end of the year	5,096	–	464	–

Details of the development properties held by the Group as at 31 December are as follows:

Project Name	Location	Description
<u>Completed properties</u>		
SkySuites@Anson	Enggor Street, Singapore	Remaining unit in the 365-unit, 99 year leasehold development (commencing 20 November 2007)

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2019

9. Development properties (cont'd)

Project Name	Location	Description
<u>Properties under development</u>		
Fourth Avenue Residences	Lot 07301P MK04 at Fourth Avenue, Singapore	476-unit, 99 year leasehold development (commencing 7 March 2018)
Juniper Hill	39 Ewe Boon Road, Singapore	115-unit, freehold condominium development
Royalgreen	Anamalai Avenue, Singapore	285-unit, freehold condominium development

10. Trade receivables

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Trade receivables	7,096	6,983	–	507
Accrued receivables	–	15	–	–
	7,096	6,998	–	507
Less: Allowance for impairment	–	(2)	–	–
Total trade receivables	7,096	6,996	–	507
Add:				
Other receivables (Note 11)	43,000	44,698	509	449
Cash and cash equivalents (Note 13)	63,272	430,396	3,221	395,721
Deposits (Note 12)	675	443	63	168
Less:				
Value-added tax/GST receivables (Note 11)	(12,371)	(3,605)	–	–
Total financial assets carried at amortised cost	101,672	478,928	3,793	396,845

Trade receivables, excluding accrued receivables, generally have average credit terms of 7 to 30 (2018: 7 to 30) days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Accrued receivables represent accrued sales for development properties that have not been served notice to take possession yet.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2019

10. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$1,218,000 (2018: \$2,829,000) that are past due at the end of the reporting period but not impaired. These receivables, which relate primarily to sale of development properties and leasing at investment properties, are secured either via legal recourses that the Group has against the purchasers of development properties in the event of default or rental deposits obtained from the tenants. An analysis of their aging at the end of the reporting period is as follows:

	2019 \$'000	2018 \$'000
Less than 30 days	855	2,071
31 to 60 days	125	439
61 to 90 days	99	259
More than 90 days	139	60
	1,218	2,829

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movements in the allowance account used to record the impairment are as follows:

	Group	
	2019 \$'000	2018 \$'000
Trade receivables - nominal amounts	—	2
Allowance for impairment	—	(2)
	—	—
Movements in allowance account:		
At 1 January	2	7
Charge for the year (Note 26)	19	50
Write-back to income statement (Note 26)	(21)	(55)
	—	2
At 31 December	—	2

During the reporting period, the Group has made an allowance of \$19,000 (2018: \$50,000) for impairment and written back an allowance of \$21,000 (2018: \$55,000) subsequent to a debt recovery assessment.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

11. Other receivables

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Advances to non-controlling interests of subsidiary companies (i)	2,211	13,038	—	—
Non-trade amounts due from subsidiary companies	—	—	363	85
Non-trade amounts due from associated companies of subsidiary companies (ii)	21,110	10,741	—	—
Recoverable expenses	1,353	417	—	—
Value-added tax/GST receivables	12,371	3,605	—	—
Dividend receivables	5,723	15,756	—	—
Others	232	1,141	146	364
	43,000	44,698	509	449
Less: Allowance for impairment on advances to non-controlling interests of subsidiary companies:				
At 1 January	—	10,261	—	—
Current year provision	—	2,327	—	—
Written off	—	(12,588)	—	—
At 31 December	—	—	—	—
Total other receivables	43,000	44,698	509	449

- (i) These advances arise from surplus funds of subsidiary companies. They are advanced in proportion to their respective shareholding structure and are unsecured, interest-free and repayable on demand.
- (ii) These amounts are unsecured, non-interest bearing and are repayable on demand. Included in the balance are amounts of \$13,799,000 (2018: \$10,503,000) that are denominated in USD.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

11. Other receivables (cont'd)

Other receivables denominated in foreign currencies at period end are as follows:

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
United States Dollar	13,799	10,503	—	—
Renminbi	4,565	15,994	—	—

12. Deposits

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current:				
Deposit with a subsidiary company	—	—	58	133
Other deposits	675	443	5	35
	675	443	63	168
Non-current:				
Deposits for professional fees relating to purchase of properties	40,775	—	—	—
Deposits for purchase of properties	177,351	2,381	—	—
Total deposits	218,126	2,381	—	—
Less: Allowance for impairment:				
At 1 January	2,381	2,335	—	—
Exchange difference	(30)	46	—	—
At 31 December	2,351	2,381	—	—
Net carrying value	215,775	—	—	—

Deposits for purchase of properties comprises of the following items:

- (i) 5% of a land value which amounted to USD1,745,000 (2018: USD1,745,000) paid for a site at Dong Nai Riverfront in Vietnam. As the Group does not have the intention to proceed with the project and the counterparty has indicated that they face difficulty in refunding the deposit, a full allowance for impairment loss has been made.
- (ii) 25% of land costs paid for the acquisition of Pasir Ris Central Site for a mixed commercial and residential development. The deposit will be reclassified as development properties under construction and investment properties under construction upon full payment of the land costs.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2019**

13. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Fixed deposits	1,551	402,111	–	393,792
Cash and bank balances:				
Current accounts	61,721	28,285	3,221	1,929
	63,272	430,396	3,221	395,721

Cash and bank balances denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
United States Dollar	3,180	3,250	–	–
Vietnamese Dong	30,229	1,453	–	–
	33,409	4,703	–	–

14. Share capital

	Group and Company	
	2019	2018
	\$'000	\$'000
Issued and fully paid:		
1,590,381,075 (2018: 1,590,381,075) ordinary shares	1,177,185	1,177,185

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at shareholder meetings. All shares rank equally with regard to the Company's residual assets. The ordinary shares have no par value.

15. Reserves

(a) **Asset revaluation reserve**

Asset revaluation reserve represents increases in the fair value of hotel property, net of tax.

(b) **Foreign currency translation reserve**

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

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements For the financial year ended 31 December 2019

16. Loans from non-controlling interest

Included in non-controlling interests are quasi-equity (net investments) loans of \$69,696,000 (2018: \$30,000), which were granted in proportion to their respective shareholdings in the subsidiary companies.

The quasi-equity loans are unsecured and repayments are neither planned nor likely to occur in the foreseeable future. The loans are payable at the sole discretion of the subsidiaries as and when cash flows permit.

17. Borrowings

			Group		Company	
	Interest rates	Maturity	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current:						
Secured loans	1.68% - 2.99% (2018: 1.90% - 2.98%)	2020 (2018: 2019)	859,851	31,000	—	—
Unsecured loans	2.28% - 2.91% (2018: 2.81%)	2020 (2018: 2020)	64,400	—	—	—
			924,251	31,000	—	—
Non-current:						
Secured loans	2.13% - 2.78% (2018: 1.48% - 2.98%)	2021 - 2022 (2018: 2020)	931,104	2,069,532	143,790	136,933
Unsecured term loans	Nil% (2018: 2.81%)	Nil (2018: 2020)	—	17,000	—	—
			931,104	2,086,532	143,790	136,933
Total borrowings			1,855,355	2,117,532	143,790	136,933

The secured loans are secured by:

- assignment of subsidiaries' rights, title and interest in the insurance policies and tenancy agreements relating to the investment properties and all monies standing to the credit of the rental account;
- legal mortgages, assignment of the subsidiaries' rights, title and interests in the building agreements, construction contracts, insurance policies, sale and purchase agreements, and any other contracts in connection with the development properties; and
- corporate guarantee provided by the Company.

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

17. Borrowings (cont'd)

As at 31 December 2019, the Group has complied with the financial covenants imposed by the bank.

Current borrowings of \$640,300,000 have been refinanced subsequent to the year end and a new maturity date in 2025.

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

	1 January	Cash flows	Accretion of	31 December
2019	\$'000	\$'000	interest	\$'000
			\$'000	
Bank borrowings	2,117,532	(262,177)	—	1,855,355
2018				
Bank borrowings	1,217,500	900,032	—	2,117,532

18. Rental deposits

Included in rental deposits are amounts totalling \$554,000 (2018: \$722,000) received from a shareholder of the holding company and its fellow subsidiary companies.

19. Deferred tax liabilities

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
At 1 January	85,637	81,839	—	—
Transfer to income statement:				
- current year (Note 27)	(1,480)	509	—	—
Over provision in respect of prior years (Note 27)	—	(22)	—	—
Others	(237)	—	—	—
Gain on revaluation of property, plant and equipment	3,309	3,311	—	—
At 31 December	87,229	85,637	—	—

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements
For the financial year ended 31 December 2019

19. Deferred tax liabilities (cont'd)

The balance represents tax on the following temporary differences:

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Excess of net book value over tax written down value of qualifying property, plant and equipment	16,719	18,433	—	—
Income recognition of development properties	—	3	—	—
Revaluation surplus of property, plant and equipment	70,510	67,201	—	—
	87,229	85,637	—	—

20. Derivative financial liabilities

The Group entered into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates.

The Group held interest rate swaps with a total notional amount of \$995 million (2018: \$1,016 million) to provide fixed rate funding for terms between 0.3 to 1.7 years till 26 April 2020 to 18 July 2021 (2018: 1.3 to 2.7 years till 26 April 2020 to 18 July 2021).

The carrying value of the Group's derivative financial liabilities represents the total financial liabilities of the Group which are held at fair value through profit or loss.

	Maturity	Group		Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current:					
Derivatives	2021	864	—	150	—
Non-current:					
Derivatives	2021	3,736	3,923	—	238

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2019**

21. Trade payables

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
External parties	35,621	64,571	5,049	3,751
Amount due to subsidiary companies	—	—	18	—
Amounts due to associated company of a subsidiary company	53	21	—	—
Total trade payables	35,674	64,592	5,067	3,751
Add:				
Other payables (Note 22)	19,827	6,588	1,552	395
Advances from subsidiary companies (Note 23)	—	—	223,888	237,700
Advances from associated companies	50	50	—	—
Rental deposits (Note 18)	24,405	22,432	—	—
Borrowings (Note 17)	1,855,355	2,117,532	143,790	136,933
Less:				
GST payable	(827)	(1,226)	—	—
Income received in advance	(2,811)	(3,555)	—	—
Total financial liabilities carried at amortised cost	1,931,673	2,206,413	374,297	378,779

Trade payables generally have average credit term of 30 (2018: 30) days.

Amounts due to subsidiary companies, associated company and related companies are interest-free and generally have average credit terms of 14 (2018: 14) days.

22. Other payables

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Deposits received	94	302	—	—
Retention payables	10,283	1,276	1,189	—
Accruals	6,518	1,725	—	—
Other payables	2,932	3,285	363	395
	19,827	6,588	1,552	395

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2019**

23. Advances from subsidiary companies

These advances are interest free, unsecured and repayable on demand.

24. Revenue

Revenue includes those from sale of development properties, hotel operations, project and property management fees, marketing fees, estate agency fees, rental and related income from investment properties, but excludes applicable goods and services tax. Revenue from sale of development properties, hotel operations, project and property management fees and rental related income are recognised over time. Revenue from marketing fees and estate agencies fees are recognised at a point in time.

Revenue by significant categories is detailed as follows:

	Group	
	2019	2018
	\$'000	\$'000
Sale of development properties	85,576	144,038
Rental and related income from investment properties	93,729	103,485
Revenue from hotel operations	47,898	48,676
Others	3,148	1,192
	230,351	297,391

25. Other income

	Group	
	2019	2018
	\$'000	\$'000
Recovery income – electricity	1,523	2,219
Interest income	3,872	3,747
Advertising and promotion collections	558	1,388
Foreign exchange gain	78	234
Rental income	34	322
Net gain on divestment of interest in subsidiaries (Note 6)	33,127	—
Others	2,866	1,503
	42,058	9,413

Allgreen Properties Limited and its subsidiary companies

Notes to the financial statements

For the financial year ended 31 December 2019

26. Profit before taxation

	Group	
	2019	2018
	\$'000	\$'000
		(Restated)
Profit before taxation is arrived at after including the following:		
Cost of development properties included in cost of sales (Note 9)	(75,032)	(100,542)
Depreciation of property, plant and equipment (Note 4)	(16,956)	(17,506)
Inventories recognised as cost of sales (Note 8)	(3,372)	(3,661)
Loss on disposal of property, plant and equipment	(54)	(126)
Directors' remuneration and fees		
- Salaries, bonuses and fees	(1,897)	(1,849)
- CPF contributions	(24)	(25)
Staff costs (excluding directors' remuneration and fees)		
- Salaries, bonus and other related costs	(27,955)	(26,597)
- CPF contributions	(2,211)	(2,110)
Other expenses		
- Incidental expenses	—	(6,651)
- Foreign exchange loss	(1,872)	(218)
- Net amount written back for impairment loss of trade receivables (Note 10)	2	5
Interest expense from bank loans	(41,821)	(21,189)

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2019**

27. Taxation

	Group	
	2019	2018
	\$'000	\$'000
Current taxation	9,086	16,921
Over provision in respect of prior years	(561)	(580)
Withholding tax	4,207	3,538
	12,732	19,879
Deferred taxation (Note 19)	(1,480)	509
Over provision in respect of prior years (Note 19)	–	(22)
	(1,480)	487
Total	11,252	20,366

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

	Group	
	2019	2018
	\$'000	\$'000
		(Restated)
Profit before taxation	185,386	116,429
Share of results of associated companies, net of taxation	(16,965)	(24,114)
	168,421	92,315
Tax at statutory rate of 17% (2018: 17%)	28,632	15,694
Adjustments:		
Non-deductible expenses	8,836	11,124
Non-taxable income	(32,883)	(10,224)
Exempt income	(113)	(233)
Utilisation of deferred tax assets on temporary differences not recognised in prior years	–	(558)
Deferred tax assets not recognised	2,651	1,718
Over provision of taxation in respect of prior years	(561)	(603)
Withholding tax	4,207	3,538
Tax rebate	(30)	(90)
Others	513	–
	11,252	20,366

At the end of the reporting period, the Group has unutilised tax losses approximately \$13,126,000 (2018: \$8,077,000) that are available for offset against future taxable profits of the Group for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses are subject to the agreement of the Inland Revenue Authority of Singapore and compliance with certain provisions of the Income Tax Act of Singapore. The tax losses have no expiry date.

Allgreen Properties Limited and its subsidiary companies

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28. Commitments

- (a) Commitments contracted but not provided for in the financial statements are as follows:

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Capital expenditure in respect of:				
Development properties	185,289	69,364	26,005	39,116
Investment property	14,086	52,395	—	—
Hotel property	927	2,182	—	—
Mixed development	553,214	—	—	—

- (b) Uncalled capital contributions in subsidiary companies and associated companies in:

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<u>Vietnam</u>				
Ho Chi Minh City	—	379	—	—

- (c) Lease commitment as lessor:

The Group has entered into commercial property leases on its investment properties and its completed properties. These non-cancellable leases have remaining lease terms of between 1 to 68 (2018: 1 to 72) months. The Group has earned contingent rents of \$1,336,000 (2018: \$875,000) during the financial year.

Future minimum lease receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2019	2018
	\$'000	\$'000
Not later than one year	81,790	60,966
Later than one year but not later than five years	161,264	120,288
Later than five years	2,684	8,212
	245,738	189,466

- (d) Indemnities:

	Group	
	2019	2018
	\$'000	\$'000
Indemnities given to financial institutions for performance guarantees granted	466,828	74,358

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2019**

29. Financial support

As at 31 December 2019 and 2018 the Company has provided financial support to certain subsidiary companies to enable them to continue as going concerns. The aggregate net current liabilities and net liabilities position of these subsidiary companies as at 31 December 2019 amounted to \$931,452,000 (2018: \$45,729,000) and \$28,000 (2018: \$51,436,000), respectively.

30. Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Group and the Company with related parties at negotiated rates:

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<u>With subsidiary companies</u>				
Accounting, secretarial and other support service fees received	—	—	4,152	3,636
Property management fees received	—	—	3,000	—
Interest income	—	—	5,408	7,588
Office rental and related charges	—	—	112	676
Marketing and administration fees paid	—	—	266	308
Project management fee paid	—	—	457	—
<u>With corporate shareholder and subsidiary companies of its immediate holding company</u>				
Lease rental received	7,701	6,646	—	—
Treasury and other support service fees paid	2,911	1,667	2,911	1,667
<u>With associated company</u>				
Laundry services paid	823	945	—	—
Lease rental received	41	—	—	—
<u>With related companies</u>				
Hotel management fees and royalties paid	1,426	1,654	—	—
Marketing and administration fees paid	915	928	—	—
<u>With key management personnel</u>				
Salaries, directors' fees and other short-term employee benefits	6,628	6,500	2,742	2,712
CPF contributions	217	200	58	60
Comprise amount paid to:				
Directors of the Company	1,940	1,902	1,940	1,902
Other key management personnel	3,336	4,798	860	870

Allgreen Properties Limited and its subsidiary companies

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31. Financial risk management objectives and policies

The Group is exposed to credit risk, foreign currency risk, interest rate risk, and liquidity risk arising in the normal course of business. Management continually monitors the Group's risk management process to ensure that appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

(a) Credit risk

Credit risk is the risk of a financial loss that may arise on outstanding financial instruments should a counter-party default on its obligation.

Trade receivables comprise mainly from the Group's customers who bought residential units at development properties, tenants of commercial properties and guests of hotel property.

The following situations may give rise to credit risk:

The tenants of investment properties and purchasers of development properties may default on their obligations to pay the amounts owing to the Group. For investment properties, the Group's policy is to obtain sufficient rental deposits or bankers' guarantees, where appropriate, to mitigate credit risk.

For development properties, the Group has policies in place to ensure that sales are made to purchasers after obtaining sufficient security such as deposits. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property. Unless the selling price falls by more than the portion of purchaser's deposits retained, which is remote, the Group would not be in a loss position in selling those properties.

Cash and fixed deposits are placed with financial institutions which are regulated and reputable.

The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the balance sheets, except as follows:

	Company	
	2019	2018
	\$'000	\$'000
Indemnities and corporate guarantees provided to financial institutions on subsidiary companies' utilised credit facilities	56,973	63,176

Credit risk concentration profile

At the end of the reporting period, the Group does not have any significant concentration risk.

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

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

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits are placed with or entered into with reputable financial institutions or counterparties 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 Notes 10 and 11.

(b) ***Foreign currency risk***

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Group is exposed to foreign currency risk on currencies other than Singapore Dollar.

Sensitivity analysis for foreign currency risk

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

	Group	
	2019	2018
	Profit	Profit
	before	before
	taxation	taxation
	\$'000	\$'000
<u>Increase/(decrease)</u>		
USD/SGD		
- strengthened by 5% (2018: 5%)	5,304	125
- weakened by 5% (2018: 5%)	(5,304)	(125)
RMB/SGD		
- strengthened by 5% (2018: 5%)	288	788
- weakened by 5% (2018: 5%)	(288)	(788)

Allgreen Properties Limited and its subsidiary companies

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

(c) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its interest-bearing deposits and borrowings from financial institutions.

The Group's policy is to minimise its interest rate risk exposures while obtaining sufficient funds for business expansion and working capital needs. To achieve this, the Group regularly assesses and monitors its cash with reference to its business plans and day-to-day operations. The Group also has interest rate swaps whose details are disclosed in Note 20.

The Group manages its interest cost by using a mix of fixed and variable rate borrowings, and medium-term notes, and close monitoring of the interest rate market.

Sensitivity analysis for interest rate risk

Movement in interest rates will have an impact on the Group's financial assets and liabilities. A change of 50 basis points ("bp") in interest rates at the reporting date would change profit before taxation by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		Company	
	2019	2018	2019	2018
	Profit before taxation		Profit before taxation	
<u>Increase/(decrease)</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest rate				
- decrease by 50 bp	2,213	3,145	(836)	(65)
- increase by 50 bp	(2,213)	(3,145)	836	65

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from the mismatches of maturities of financial assets and liabilities.

The Group monitors its liquidity needs by closely monitoring scheduled debt servicing payments for financial institutions and its cash outflows due to day-to-day operations, as well as ensuring the availability of funding through an adequate amount of credit facilities, both committed and uncommitted.

The Group also monitors its gearing closely. Details of its gearing are set out in Note 33 to the financial statements.

Allgreen Properties Limited and its subsidiary companies

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

(d) Liquidity risk (cont'd)

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

Group	2019			2018		
	Less than 1 year \$'000	2 to 5 years \$'000	Total \$'000	Less than 1 year \$'000	2 to 5 years \$'000	Total \$'000
Financial assets:						
Trade and other receivables	37,725	—	37,725	48,089	—	48,089
Deposits	675	—	675	443	—	443
Cash and cash equivalents	63,272	—	63,272	430,396	—	430,396
Total undiscounted financial assets	101,672	—	101,672	478,928	—	478,928
Financial liabilities:						
Trade and other payables and rental deposits	58,714	17,554	76,268	78,173	10,658	88,831
Advances from associated companies	50	—	50	50	—	50
Borrowings (interest-bearing)	956,035	977,802	1,933,837	89,275	2,160,792	2,250,067
Derivative financial liabilities	2,759	917	3,676	1,323	3,950	5,273
Total undiscounted financial liabilities	1,017,558	996,273	2,013,831	168,821	2,175,400	2,344,221
Total net undiscounted financial liabilities	(915,886)	(996,273)	(1,912,159)	310,107	(2,175,400)	(1,865,293)

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
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31. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

Company	2019			2018		
	Less than 1 year \$'000	2 to 5 years \$'000	Total \$'000	Less than 1 year \$'000	2 to 5 years \$'000	Total \$'000
Financial assets:						
Trade and other receivables	509	—	509	956	—	956
Deposits	63	—	63	168	—	168
Cash and cash equivalents	3,221	—	3,221	395,721	—	395,721
Loans to subsidiary companies (interest-bearing)	—	269,927	269,927	—	16,575	16,575
Total undiscounted financial assets	3,793	269,927	273,720	396,845	16,575	413,420
Financial liabilities:						
Trade and other payables	6,619	—	6,619	4,146	—	4,146
Advances from subsidiary companies	223,888	—	223,888	237,700	—	237,700
Borrowing	3,341	144,571	147,912	3,490	141,226	144,716
Derivative financial liabilities	150	—	150	210	68	278
Total undiscounted financial liabilities	233,998	144,571	378,569	245,546	141,294	386,840
Total net undiscounted financial assets/(liabilities)	(230,205)	125,356	(104,849)	151,299	(124,719)	26,580

Construction delays can result in loss of revenue. The failure to complete construction of a project according to its planned specifications or schedule may result in liabilities, reduced project efficiency and lower returns. The Group manages this risk by closely monitoring the progress of all projects through all stages of construction.

32. Fair values 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 market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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

Level 2 fair value measurements

Derivative financial instruments

The fair value of interest rate swap contracts is obtained from an independent financial institution. Valuation techniques using assumptions based on market conditions existing as at balance sheet date are used in the determination of the fair value of interest rate swaps.

Level 3 fair value measurements

The Group's hotel property and investment properties are categorised within Level 3 of the fair value hierarchy as the properties' fair values are determined based on comparable market transactions adjusted for significant unobservable inputs such as capitalisation rates, size, condition and remaining tenure relating to the specific property.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
For the financial year ended 31 December 2019**

32. Fair values of assets and liabilities (cont'd)

(a) Fair value hierarchy (cont'd)

Level 3 fair value measurements (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 31 December 2019	Valuation techniques	Unobservable inputs	Range
Hotel property	\$500,000,000 (2018: \$495,000,000)	Comparison method	Open market value on per room key basis	\$885,000 (2018: \$876,000)
		Income method	Capitalisation rate	4.55% (2018: 4.75%)
Investment properties	\$2,303,000,000 (2018: \$2,120,000,000)	Comparison method	Open market value on net lettable area basis (commercial and retail)	\$1,690 - \$2,179 (2018: \$1,693 - \$1,848) psf
			Open market value on per room key basis (serviced apartment)	\$1,450,000 (2018: \$1,450,000)
		Income method	Capitalisation rate	3.25% - 4.75% (2018: 3.25% - 4.75%)

A significant increase/(decrease) in the open market value used in management's assumptions would result in a significantly higher/(lower) fair value measurement.

A significant increase/(decrease) in the capitalisation rate used in management's assumptions would result in a significantly lower/(higher) fair value measurement.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts may, to the extent practicable, use a minimum of two valuation approaches to allow for cross-checks.

Allgreen Properties Limited and its subsidiary companies

**Notes to the financial statements
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32. Fair values of assets and liabilities (cont'd)

(b) *Fair values of assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying values of the following financial assets and liabilities are reasonable approximations of fair values either due to their short-term nature or that they are repriced at market rates at or near the end of the reporting period or the difference between their carrying values and fair values is not significant: Cash and cash equivalents, trade and other receivables, deposits, advances from subsidiary companies and associated companies, rental deposits, bank borrowings and trade and other payables.

The interest-bearing portion of the loans to subsidiary companies is a reasonable approximation of its fair value, as it is a floating instrument repriced to market interest rates on annual basis.

33. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings, subject to the provisions of the Company's Memorandum and Articles of Association, and the Singapore Companies Act, Cap 50. The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group's current strategy is to maintain the gearing ratio below 1.2 times.

	Group		
	31 December 2019	31 December 2018	1 January 2018
	\$'000	\$'000	\$'000
		(Restated)	(Restated)
Borrowings (Note 17)	1,855,355	2,117,532	1,217,500
Less: Cash and cash equivalents (Note 13)	(63,272)	(430,396)	(589,308)
Net debt	1,792,083	1,687,136	628,192
Total equity	3,070,188	2,837,869	2,772,463
Gearing	0.58	0.59	0.23

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34. Comparative figures

Before 1 January 2019, the Group capitalised borrowing costs incurred on development properties throughout their construction period. The Group recognises revenue on the sale of these properties using percentage of completion method.

In March 2019, the IFRS Interpretations Committee (the "IFRSIC") concluded its views that borrowing costs relating to such development properties should cease capitalisation once the properties are ready for their intended sale rather than being capitalised throughout the entire construction period. Based on this conclusion, the Group assessed that it had over-capitalised borrowing costs by \$1,175,000 and \$33,000 respectively which were included in the carrying values of development properties as at 1 January 2018 and 31 December 2018. In line with guidance issued by the Institute of Singapore Chartered Accountants, the Group effected prior year adjustments to reduce the carrying values of development properties at 1 January 2018 and 31 December 2018 and increased the profit margin arising from the sale of properties for the year ended 31 December 2018 by \$1,142,000.

Effects of the prior year adjustments are shown below:

	Group		Company	
	31 December	1 January	31 December	1 January
	2018	2018	2018	2018
	\$'000	\$'000	\$'000	\$'000
<u>Statement of financial position</u>				
Decrease in development properties	(33)	(1,175)	–	(75)
Decrease in retained earnings	(30)	(1,074)	–	(75)
Decrease in non-controlling interest	(3)	(101)	–	–
<u>Statement of comprehensive income</u>				
Decrease in cost of sales	(1,142)			
Increase in profit attributable to owner of the company	1,044			
Increase in non-controlling interest	98			

35. Events occurring after the reporting period

Allgreen Treasury Pte. Ltd., a wholly-owned subsidiary of the Group, launched and priced \$250 million in aggregate principal amount of 3.15% notes due in year 2025. The notes have been issued on 16 January 2020 by the subsidiary, as issuer, pursuant to the \$2 billion multicurrency debt issuance programme established by the subsidiary on 5 November 2019.

On 20 February 2020, the subsidiary company has changed its principal activity from investment holding to treasury service company.

COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. No adjustments have been made for its impact on the assets and liabilities reported by the Group. The impact of COVID-19 on the Group's future results, cash flows and financial condition remains uncertain as at the date of these financial statements as it is not practicable to reliably determine its quantitative effect.