GALLANT VENTURE

2019 ANNUAL REPORT

CREATING VALUE

ACCELERATING GROWTH

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OUR PROFILE

Gallant Venture Ltd is an Indonesia focused investment holding company headquartered in Singapore. We are an integrated automotive group with coverage across Indonesia and a master planner for industrial parks and resorts in Batam and Bintan.

With vision and perseverance, we have successfully developed Batam and Bintan into an investment and tourist destination offering integrated businesses and services such as industrial parks, utilities, property development and resort operations. Our businesses are well-positioned to leverage on the strategic alliance between the Singapore and Indonesia governments and close proximity to Singapore.

Lagoi Bay Development is our latest integrated project with resorts/hotels, commercial activities and residential plots in Bintan. We will continue to expand and develop new tourism offerings to bring our Bintan Resorts to new heights and significantly enhance the business prospects on the island.

With our automotive arm – PT Indomobil Sukses Internasional Tbk ("IMAS"), we have deepened our roots into Indonesia and diversified our portfolio from a single location-focused business to a country-focused investment holding company.

AUTOMOTIVE

Gallant Venture's Automotive business includes distribution of passenger vehicles, commercial vehicles, heavy equipment, vehicle and equipment financing, supply of spare parts, vehicle servicing and vehicle rental and logistics services.

IMAS is an Indonesia based integrated automotive group that maximise business throughout the supply chain from vehicle distribution to after-sales services, financing, spare parts distribution, automotive parts/components manufacturing and other related supporting services.

IMAS manages and distribute well-known international passenger vehicle brands such as Nissan, Audi, Suzuki, Volkswagen, KIA and Datsun. For its commercial vehicle and heavy equipment include brands such as Hino, Volvo, Renault, Kalmar, John Deere and Manitou. IMAS has extensive and well-distributed sales and after sales branch network to capture higher sales penetration across Indonesia.

UTILITIES

Gallant Venture, a private utilities provider in Batam and Bintan, provides electricity, telecommunications, water and waste management services to its Industrial Parks' and Resorts' customers. The Group has invested approximately S$435 million in the construction and development of utilities infrastructure and resources including power generation and distribution facilities, portable water treatment facilities, sewage treatment plants and waste water treatment facilities and landfills.

Our facilities include 18 dual-fired generators at Batamindo Industrial Park, 3 generators at Bintan Industrial Estate, and 4 generators at Bintan Resorts. The installed capacities of the Group's generators are 125MW, 10MW, and 24MW respectively.

In order to cope with any potential increase in electricity consumption and provide steady power supply to its customers, we cater approximately 30% of our installed capacity as standby reserve. In addition, we maintain a strategic fuel reserve so to ensure continuous and uninterrupted power generation even in the event of disruption in fuel supply.

INDUSTRIAL PARKS

Gallant Venture owns and manages Batamindo Industrial Park in Batam and the Bintan Industrial Estate in Bintan. We offer the convenience of one-stop manufacturing environment with ready access to Singapore's financial, infrastructure and logistics network. Our activities include the development of the industrial parks, lease of prepared industrial land as well as the provision of ready-built factories and dormitory.

Our parks encompass net lettable area of 550,000sqm in Batamindo Industrial Park and 100,000sqm in Bintan Industrial Estate. Our industrial parks are designed with flexible layouts and ease of set-up. Separate areas are broadly designed for offices, productions, as well as loading and unloading of goods. To meet the needs of investors and tenants, whom may require specifications unique to their operations in the factories, the factories may be customised so to achieve operational efficiency and effectiveness.

Our Batamindo Industrial Park is the first industrial park in the Asia-Pacific to be certified ISO 9001:2000 and ISO 14001, hallmarks of manufacturing site that is efficient, cost effective and environmentally friendly.

PROPERTY DEVELOPMENT

Gallant Venture is the master planner and infrastructure provider in our properties situated in Batam and Bintan. We master planned land parcels for industrial, commercial, residential and resort projects and the Group's land inventory in Bintan is approximately 18,000 hectares.

Located in Northern Bintan, Lagoi Bay Development is our latest integrated resort project covering approximately 1,300 hectares of land. It will be home to resorts, residential sites, shopping malls, restaurants, entertainment and sea-sport facilities. Some of the investors in Lagoi Bay include the world's leading resorts and hotels marques such as The Sanchaya, Four Point by Sheraton, Ibis style & Novotel by Accor Asia Pacific and Dialoog Hotels by Malka and The Haven.

Over the next few years, it will add over 150 new businesses, approximately 10 new hotel properties, condominiums and housing compounds, contributing more than 5,000 room keys to Bintan Resorts' current 1,900 key count.

RESORT OPERATIONS

Gallant Venture provides overall support facilities and services to resorts located in within Bintan Resorts. We undertake the overall planning, development, operations and marketing of Bintan Resorts and provide services to the hotels and resorts located within Bintan Resorts that include ferry services and ferry terminal operations, tour operations, property rental, workers' accommodation, medical support and estate and township maintenance such as road maintenance and drainage as well as operation of a 24-hour crisis centre.

Bintan Resorts continue to be a popular tropical resort destination with both Singapore residents and International travellers, famed for its pristine beaches and gorgeous scenery. With the opening of new hotels, shopping malls and new attraction in Lagoi Bay, we have witnessed strong growth in tourist arrivals especially the China market to Bintan Resorts. With the new Bintan Resorts International Airport coming online, it will further enhance connections with overseas countries and stimulate tourism growth in Bintan Resorts.

LETTER TO SHAREHOLDERS

DEAR FELLOW SHAREHOLDERS

The US-China trade war and the Indonesia Presidential elections have caused great uncertainties to business in Indonesia. While our revenues rose by around 7%, we are reporting a loss of $222 million for 2019. Without trying to minimize this result, we would encourage you to read this annual report carefully to understand the underlying conditions of our company rather than been overwhelmed by this headline numbers. In addition, since both our subsidiaries PT Indomobil Sukses International Tbk (stock code: IMAS) and its rental, logistics and financing subsidiary PT Indomobil Multi Jasa Tbk (stock code: IMJS) are listed on the Indonesian Stock Exchange – we encourage you to download their annual reports and analyst coverage reports.

As you read through this annual report, you will see that a significant portion (over $200 million) of the $222 million loss derived from non-cash items, including both recurring (such as depreciation and adjustment due to difference in accounting standards of our Indonesia subsidiaries) and one-off adjustment (such as write-down of goodwill). Our cash and cashflow is still good. Our balance sheet remains asset rich. We have reduced holding company debt by an additional 10%. That being said, we do not look lightly at this significant loss. We are, and continue to be, very pro-active in managing our businesses efficiently to move to a profit-making position as soon as possible. Therefore, we would like to take this opportunity to share with you some of the highlights we see over the next few years for our company.

AUTOMOTIVE

IMAS has transformed itself over the past years from a diversified assembler/distributor/vendor of cars into a more focused two major lines of business: traditional vehicle sales and service (conducted under IMAS) and other businesses including financial services, logistics, rental and other businesses (conducted under IMJS). Some highlights to look forward to in 2020 include: (1) the addition of Kia to its passenger car portfolio should add around 4,000 units of sales through 17 dealerships in 2020, (2) our logistics company (Seino) is targeted to operate 5,400 trucks (largest fleet in Indonesia) by the end of 2020 (up from 2,800 today), and (3) our petrol kiosk business (under the Mobil brand)

Mr Eugene Cho Park
Chief Executive Officer
Executive Director

Mr Lim Hock San
Non-Executive Chairman
Independent Director

LETTER TO SHAREHOLDERS

is expected to achieve 1,500 locations in 2020 on its way to an ultimate target of 10,000 locations. These last two businesses are in high growth mode, and their asset heavy business models may result in higher depreciation expenses as well as some losses in the initial growth phase. However we expect significant contributions from both businesses in the very near future.

UTILITIES

We expect that the demand for electricity, water and telecommunication services we provide in Bintan and Batam will have meaningful growth in the coming years starting in 2020 on the back of increasing demand from the existing resorts in Bintan, new projects in Bintan (eg Obayashi JV), and the significant growth in customers and demand in our industrial parks. While we still able to cope with the increased demand, we are exploring replacing some of the higher cost production units with lower cost solutions (including renewables). The cloud on the horizon at the moment of writing this letter is the effects that the COVID-19 virus may have on tourism disruption to the supply chains and the global economy, especially since around 30% of our tourism visitors in 2019 came from China – although the resorts utility demand is less than 20% of our total utility business.

INDUSTRIAL PARKS

Our industrial parks business is running well, as both the Bintan and Batam parks have increased their tenancies significantly during the course of 2019 – although the full financial effects will only be seen in 2020. We also have a significant pipeline of additional demand for factory units (which we will need to construct) that would increase our capacity by more than 10%. As these develop over the course of 2020, we should see continuing growth in our industrial parks business well into the next 3-5 years.

PROPERTY DEVELOPMENT

Our property development business continues to move forward as we saw new properties coming online in 2019 (like the 2nd glamping property called Anmon) as well as the Marine Life Discovery Park (an experiential "swim with the fishes" aquarium) covering 28,000 square meters. There are another 2,500 rooms currently under development which should keep us busy through the opening of our new international airport. Other developments include the Green Agritech Park JV with Obayashi of Japan, which further develops Bintan as one of the premier eco-tourism experiential learning destinations in Asia.

RESORT OPERATIONS

We saw around 1.1 million tourist arrivals to Bintan Resorts in 2019 – another new record number. All things being equal that trend should continue – however the effects of the COVID-19 virus on tourism and travel may seriously affect visitor arrivals in 2020. We have a significant number of arrivals from China and from the cruise industry – both of which are being impacted as we write this letter. We will closely monitor this situation. In response to lower passenger arrivals in January we have already temporarily reduced ferry schedules. We will make use of the downtime to improve our infrastructure – such as the ferry terminal renovation.

As you can see, we have a lot of good projects in the pipeline and believe the future of our company is strong. We thank you for your continuing support and we look forward to providing you with good results in the near future.

Sincerely,

MR LIM HOCK SAN
Non-Executive Chairman
Independent Director

MR EUGENE CHO PARK
Chief Executive Officer
Executive Director

BUSINESS REVIEW

The ongoing US-China trade war has resulted in the weakening global economy and disruption to supply chains. Business and consumer confidence were impacted while corporations' profit margin was weighted down by punitive tariff imposed by USA and China. With this backdrop, many large companies in Asia have started diversifying their manufacturing out of China so to avoid or mitigate punitive tariff imposed by the USA. Throughout 2019, we experienced relocation of manufacturing activities from China to South Asia, and our Industrial Park in Batam and Bintan have benefited from the shift. With introduction of a few major tenants, we are seeing some of the upstream suppliers co-locating their facilities in our Industrial Parks, thus providing a strong factory lease pipeline running into Year 2021. In late 2019, the outbreak of COVID-19 in Wuhan, China, has dampened consumer demand and impacted tourism in South Asia. For Indonesia, despite higher budget deficit in 2019, the economy was performing better than peer countries in the region but Year 2020 outlook remains uncertain as economic impact from the COVID-19 widen. With the re-election of President Joko Widodo for a second term, we see his continuing focus on infrastructure development, spending on social programs and continued push for reform of Indonesia's sclerotic bureaucracy and regulations. Certain policy changes will have positive impact on Foreign Direct Investments and our Industrial Parks and Resorts segment will benefit tremendously.

The Group reported a net loss of S$222.0 million in FY2019 as compared to FY2018's S$73.7 million was mainly due to goodwill impairment charge in the automotive segment and higher finance expenses. Excluding the goodwill impairment, the Group's net loss was S$121.9 million. Furthermore, the Group's consolidated results for FY2019 excluded S$69.5 million gain on divestment of PT Multistrada Arah Sarana Tbk ("MASA") and IMAS' investment properties revaluation gain of S$28.6 million. The exclusion was mainly due to difference in accounting policies adopted by the Group. Should both gains were taken into the Consolidated Group FY2019's net loss will be lower than FY2018.

The Group's revenue has increased by 7% comparing to preceding year. IMAS' financial services and vehicle rental related business continued to achieve double-digit growth. Sales of passenger cars has picked up with the successful debut of Nissan's New Livina model. The Group's Industrial Park occupancy in Batam rose to 92%, the highest in more than a decade while the occupancy in Bintan improved with expansion from new and existing tenants. Our Industrial Park's lease backlog will run into FY2021. Bintan Resorts hit record high tourist arrivals with China contributed significant part of the growth. For utilities segment, consumption continues to grow in tandem with expansion in both Industrial Parks and Bintan Resorts. With continuing fulfillment of factory lease backlog and opening of new hotels in Bintan, our utilities segment will continue to grow with increasing demand for electricity.

The Group continues to focus on expansion of its industrial park portfolio and work with major investors in completion of new hotels in Bintan. While we crossed Year 2019 with COVID-19 outbreak impacting tourism and consumer sentiment, the Group is well positioned with its diversified portfolio to cope with disruption to the global economy.

AUTOMOTIVE

IMAS's revenue increased from S$1,666.6 million in FY2018 to S$1,792.2 million in FY2019, registered an increase of 8%. Financial services and vehicle rental related business continue double-digit growth of 16% and 25%, respectively. Revenue from passenger vehicle grew by 24% with more

BUSINESS REVIEW

Nissan cars sold during the year due to the successful debut of its new Livina model. Sales of trucks and heavy duty equipment suffered a dip due to uncertainty over government's future policy on the continual infrastructure spending amidst the presidential election in 2019. The recent partnership with ExxonMobil on mini petrol station business to sell motorcycle spare parts, petrol, diesel and lubricant oil raked in S$128.6 million in revenue. Excluding the MASA's gain and the revaluation gain on investment properties reported by IMAS and with the goodwill impairment charge, this segment suffered an operating loss of S$69.4 million as compared to a profit of S$33.3 million in FY2018. For the full year, the segment reported a loss of S$169.5 million as compared to FY2018's loss of S$21.7 million. This segment would have reported a net loss of S$0.8 million if IMAS's gain from the divestment of MASA, revaluation gain on investment properties and goodwill impairment charges were not adjusted.

The underlying businesses of IMAS remains strong and its integrated business model maximise value throughout the supply chain from vehicle distribution to after-sales service, financing and other related businesses. The Group is confident that this segment will turn profitable and pose for growth as:

(i) Kia Motor, South Korean automaker, has appointed IMAS as its importer and distributor for its passenger cars and commercial vehicles in Indonesia. The new brand will add to IMAS' dealership portfolio and offer a competitive entry price range to the consumers;

(ii) Raising sales of commercial vehicles from the Indonesia government's continual spending on infrastructure development under the brands Hino and Volvo trucks which have strong presence in Indonesia;

(iii) Strong cash flows from its car leasing business as IMAS became largest rental company, by fleet size, in Indonesia. Its corporate clients range from banks, Grab and leading FMCG manufacturers;

(iv) Expansion of its higher margin logistic business. IMAS's key competitive advantage is its large vehicle fleet (target to operate 5,400 trucks by 2020) and well-developed IT based technology attracted reputable FMCG clients such as Indofood, Unilever, Mayora Indah, Indah Kiat pulp and paper products, McDonald's Indonesia, Nestle, P&G and Pocari Sweat. Indonesia's economic growth, improving road infrastructure coupled with rapid growth in e-commence sector will fuel significant demand for logistic services;

(v) IMAS's financing arm, IMFI, has strong track record and extensive experience in financing products, such as vehicle financing, through its distribution network of more than 200 service points and IMAS's other subsidiaries; and

(vi) The Indonesia 2-Wheelers market will continue to grow and this will have positive impact on IMAS's mini petrol kiosk business that provides spare part, petrol and lubricant oil.

UTILITIES

Power consumption in the industrial parks has expanded in tandem with introduction of new tenants but yet to achieve its peak capacity as many have yet to enter full-scale production in their factories. The Group is confident that once the tenants begin full-scale production, the power consumption will increase significantly. Hike in natural gas price squeezed our profit margin in Batam and the Group is actively seeking alternative fuel sources, including renewable energy, so to diversify from its dependent on natural gas. Power consumption in the Resorts segment increased by approximately 8% due to increase in tourist arrivals and tourism related activities in Bintan. The Group expects new hotels opening and commercial developments in the coming years would provide sustainable growth in the utilities segment. The Group is confident that profitability in this segment will ride along growth in the Industrial Parks and Resorts segment.

INDUSTRIAL PARKS

Our industrial park in Batam has performed exceptionally well in 2019 with occupancy rate surpassing 90%, highest occupancy rate in the past decade. With the ongoing trade tension between USA and China, many manufacturers have diversified their productions out of China and co-locate in South East Asia. Several have joined our Industrial Parks to take advantage of our close proximity to Singapore that provides excellent logistic infrastructure. Net expansion of 40,283 sqm in 2019 from new and existing tenants accounted approximately 9% of our total factory space in Batam. With pipeline running into Year 2021, our Batamindo Industrial Park will achieve full occupancy and is embarking construction of new factory units so to fulfill the backlog. For our Bintan Industrial Estate, occupancy has improved with additional of new manufacturing clusters – Offshore Marine and Food processing related businesses. In a move to revitalize our Bintan industrial Estate and shifting the focus from electronics and general manufacturing tenant base, high tech farming/food innovation hub and Bintan Offshore Marine Centre ("BOMC") were established within the industrial estate. The Group is targeting industrial players in the agriculture and aquaculture high tech farming, AgriTech startups and food manufacturing and processing industries. Our competitive advantages that distinct from other industrial parks are mainly due to availability of well master-planned industrial space, support facilities, portable water and been one of the few Halal certified zone for food processing. Following the success of phase one development, BOMC is undertaking second phase development to set up a world longest spool base facility for fabrication of undersea pipeline designated specifically for offshore oil & gas customers.

Our Bintan Industrial Estate is located in close proximity to the new Bintan Resorts International Airport and Aerospace Park. This has positive impact and beneficial to the growth of our Bintan Industrial Estate. The plan by the Indonesia government to connect Batam and Bintan with a 7km bridge so to boost connectivity in the Riau Islands province so to spur economic growth bodes well for demand of industrial

spaces. Overall, the occupancy and rental rates in our industrial parks have improved and the Group expects the industrial space pipeline remains robust.

PROPERTY DEVELOPMENT

The Group is co-developing new hotels and resorts with investors so to speed up development in Bintan Resorts and increase room inventory. Developing in tandem with the construction of Bintan Resorts International Airport, to be operational by 2023, Bintan Resorts is well position to capture bigger tourist market. The Plaza Lagoi Mall is now fully occupied with new retail stores offering more diverse products and dining options to the consumers. The Group plans to extend the mall connecting hotels in the vicinity so to enhance hotel stay experience in Lagoi Bay.

Updates on property development:–

(a) New Development

Chiva-Som Resort and Wellness Centre, located at the exclusive part of Lagoi. Upon completion, it will house a wellness hotel, wellness centre and luxury villa estates build amidst natural mangroves and overlooking the pristine white sandy beaches. It is scheduled to open in the 3rd quarter of 2022.

(b) New Attraction

Treasure Bay Bintan – Marine Life Discovery Park; The park opened in 4th quarter 2019, spans approximately 2.8 hectares that house more than 70 species and approximately 15,000 fishes. It aims to showcase marine life species in a tropical habitat and enable up-close interaction with marine life in an open, yet safe and controlled environment. The park also exhibits wildlife such as marine birds, mangrove native flora and fauna to facilitate learning and appreciation of the marine wildlife ecosystem.

Treasure Bay Bintan – Organic Farm; The farm provides guided tours and workshops to educate the visitors on the benefits of organic farming and promote farm-to-table dinning and selling herbs native to the Indonesian rainforest.

(c) New Activities

The International Bintan Marathon is the newest addition to the suite of world-class sporting events here, alongside with the Bintan Triathlon and Ironman 70.3 Bintan.

RESORT OPERATION

Tourist arrival to Bintan Resorts reached a record high of 1,094,442 for the second straight year with the Chinese visitors contributing substantial part of the growth. Our ferries' ridership has increased by 6.4% and more than 400,000 passengers had passed through our ferry terminal in Bintan with introduction of port call by international cruise ships. While the Group expects continued growth in tourism segment, the outbreak of COVID-19 in China and fast spreading globally which have significant impact to the tourism industry in near term. China outbound market, which is a substantial growth engine to our tourism business, is expected to drop significantly with the group travel ban imposed by the Chinese Authority. We expect the demand for our ferry services and tourism related services to be severely affected. During this challenging period, the Group will implement measures to cope with the slowdown and to ensure that it is able to resume to full operation once the health and travel alert are lifted.

The Group believes that the COVID-19 outbreak is unlikely to last long and is confident that travel demand will pick up significantly after the crisis. Bintan Resorts remains popular with the local and international travelers and we continue to

BUSINESS REVIEW

develop new products and attractions during this period. There is series of initiatives and developments to promote Bintan as key tourist destination and stimulate growth to the island's tourist industry:

(i) The Indonesia government's ongoing initiatives to increase tourist arrivals and designated tourism as one of the main industrial sector for investment. Bintan Resorts is one of the tourist destination identified by the Indonesia government to attract Foreign Direct Investment.

(ii) The new Bintan Resorts International Airport, which is currently under construction, and the upcoming construction of 7km sea bridge linking Batam and Bintan will increase Bintan Resorts' connectivity and attractiveness as tourist destination. These will be our key pillars to promote Bintan as a "Work, Live and Play" destination.

(iii) The development of Cruise tourism with Genting Dream Cruise offering two-night weekend Bintan Cruise and Royal Caribbean's Voyager of the Seas making its maiden call at Bintan in May 2019. A scheduled port call by international cruises will boost tourist segment in Bintan and drive growth in tourism related services in the island.

(iv) The Group entered into cooperative agreement with the Obayashi Group to build a Green Agritech Park designed as an eco-tourism destination. This widen the island's appeal as a tourism destination with wide-ranging experiences for different tourists including families adventure-seekers, photography enthusiasts, MICE and business travelers, students and more. There will also be a visitor and education centre for tourists and students, promoting agri-technology as part of the park's drive to become an eco-tourism destination.

GOING FORWARD

Despite the COVID-19 crisis and the on-going trade war between the USA and China, the Group will remain vigilant and the Group is confident that it will overcome these challenges by focusing on its strengths and core competencies by implementing strategies to:–

(i) Better working capital management to improve and conserve cash flow;

(ii) Actively manage its cash and debt portfolio;

(iii) Reduce costs and improve productivity and operational efficiency;

(iv) Continue to innovate the industrial parks and drive tourism and investment into Bintan;

(v) Capital investments to improve utilities' margin that protect the environment;

(vi) Accelerate construction of new factory units so to fulfill increased demand for industrial spaces;

(vii) Expand sustainable and high margin automotive related businesses; and

(viii) Focus on long-term earnings growth and a strong balance sheet.

FINANCIAL REVIEW

The Group's revenue grew by 7% from FY2018's S$1,832.7 million to S$1,965.7 million in FY2019. Higher revenue was mainly from automotive, utilities, industrial parks and resort operation segments. IMAS's finance companies, passenger vehicle sales, vehicle rental and distribution of fuel and lubricant have contributed positively to the Group's revenue but trucks and heavy equipment sales remain lower due to slower infrastructure spending in Indonesia. Higher revenue from the utilities, industrial parks and resort operation were mainly due to increased industrial parks' occupancy rate and higher tourist arrivals into Bintan.

The Group reported a higher net loss attributable to shareholders of S$222.0 million as compared to S$73.7 million loss in the previous year and was mainly due to goodwill impairment charge of S$100.1 million and higher interest expenses in the automotive segment. Furthermore, the Group's consolidated results for FY2019 excluded S$69.5 million gain on divestment of PT Multistrada Arah Sarana Tbk ("MASA") and IMAS' investment properties revaluation gain of S$28.6 million. Excluding the impairment charge and without exclusion of one-time gains in IMAS, the Group's net loss would be lower than the previous period.

The Group's EBITDA was S$73.7 million as compared to 2018's S$181.1 million. Excluding the impairment charge of S$100.1 million, the EBITDA would be S$173.8 million. EBITDA contributions from our five business segments were S$37.9 million (FY2018: S$145.3 million) from Automotive, S$34.4 million (FY2018: S$38.0 million) from Utilities, S$19.6 million (FY2018: S$20.1 million) from Industrial Parks, -S$11.6 million (FY2018: -S$9.8 million) from Property Development and S$2.0 million (FY2018: S$2.3 million) from Resort Operations.

Basic and diluted net loss per share was 4.15 cents per share for the period under review. The Group's Net Asset Value ("NAV") per share as at 31 December 2019 was 22.98 cents.

AUTOMOTIVE

IMAS achieved revenue growth of 8% from S$1,666.6 million in FY2018 to S$1,792.2 million in FY2019. Revenue growth was mainly from its passenger vehicle sales, financial services and vehicle rental related business. New business from distribution of fuel and lubricant for the 2W market has contributed positively. While the sales of trucks and heavy equipment are lagging, financial services and vehicle rental related business continued to achieve double digit growth. IMAS's operating income increased from S$131.0 million to S$176.3 million including the gain on the divestment of MASA and revaluation gain on investment properties. For the full year 2019, IMAS reported a higher net profit of S$14.3 million as compared to 2018's net profit of S$9.6 million due to gain on the divestment of MASA and higher revaluation gain on investment properties. IMAS's gain of S$69.5 million on the divestment of MASA and investment properties' revaluation gain of S$28.6 million were excluded from the segment as the Group adopts different accounting policies on investment in equity and investment properties. After the segmental adjustments and goodwill impairment charge of S$100.1 million, the adjusted net loss was S$169.5 million as compared to 2018's adjusted net loss of S$21.7 million. The Group is confident that the automotive segment will turn profitable in due course with IMAS's expanding brand franchises in passenger and commercial vehicles coupled with its sustainable growth in its financial services and vehicle rental related business. IMAS's trucks and duty equipment is expected to growth alongside with the Indonesia government's continual spending on infrastructure development.

UTILITIES

Revenue increased from S$100.2 million in FY2018 to S$104.5 million in FY2019. Power consumption from Bintan Resorts increased by 8% while consumption in the industrial parks is still lagging behind as new tenants yet to achieve full production at their facilities. The Group is confident that once the tenants in the industrial parks begin full-scale production, the consumption for the power will increase significantly. Profit declined from S$15.5 million to S$13.4 million and was mainly due to increase in natural gas price in Batam but was partially mitigated by higher margin in Bintan. The Group expects this segment to continue to generate healthy profit with strong industrial rental pipeline and more hotels commence operation in Bintan.

FINANCIAL REVIEW

INDUSTRIAL PARKS

Revenue increased from S$36.2 million in FY2018 to S$37.7 million in FY2019. Factory rental and related income increased as a result of improved occupancy in the industrial parks but partially offset by lower revenue from the housing project in Batam. The loss increased marginally from S$10.6 million in FY2018 to S$10.7 million in FY2019. With more manufacturers co-locating their operations in South East Asia, the Group expects more manufacturers joining our industrial parks and will contribute positively to the business. Currently, our backlog will run into Year 2021.

PROPERTY DEVELOPMENT

The net loss in our Property Development segment increased by 13% from S$13.9 million in FY2018 to S$15.1 million and was mainly due to higher operating expenses. Bintan Resorts remains as one of favourite tourist destination and the Group is confident that it will continue to attract investments into Bintan. While the outbreak of COVID-19 has slowed down tourist traffic, new hotel developments continue and will be ready to receive tourists after the crisis. The upcoming Bintan Resorts International Airport will further integrate regional outbound market to Bintan and accelerate development growth in this segment.

RESORT OPERATIONS

The number of tourist arrival increased by 3% from 1,063,458 visitors in 2018 to 1,094,442 in 2019. Ferry passenger load continues to grow in tandem with increased tourist arrivals. Our ferry services performed well while other tourism related services have improved. Resort Operations loss increased from S$4.3 million in FY2018 to FY2019's S$5.1 million was mainly due to higher expenses, partially mitigated by improved profit in our ferry business. Our resort segment will be affected by the outbreak of COVID-19 but the Group is confident that Resort Operations will recover once regional outbound markets lift travel restrictions between countries.

FINANCIAL HIGHLIGHTS

	FY2019	FY2018
INCOME STATEMENTS (IN S$ MILLION)		
Revenues	**1,965.7**	1,832.7
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**73.7**	181.1
Earnings Before Interest and Tax (EBIT)	**(61.6)**	65.4
Earnings After Tax Attributable to Shareholders	**(222.0)**	(73.7)
SEGMENTAL REVENUE (IN S$ MILLION)		
Utilities	**104.5**	100.2
Industrial Parks	**37.7**	36.2
Resorts	**31.2**	29.7
Property Developments	**0.1**	–
Automotives	**1,792.2**	1,666.6
EBITDA BY SEGMENT (IN S$ MILLION)		
Utilities	**34.4**	38.0
Industrial Parks	**19.6**	20.1
Resorts	**2.0**	2.3
Property Developments	**(11.6)**	(9.8)
Automotives	**37.9**	145.3
Corporate	**(8.6)**	(14.8)
STATEMENT OF FINANCIAL POSITION (IN S$ MILLION)		
Cash and Cash Equivalents	**230.5**	228.9
Investment Properties	**101.8**	182.2
Land and Other Inventories	**869.8**	954.2
Trade, Other Receivables and Financing Receivables	**2,070.0**	1,903.0
Total Assets	**5,569.0**	5,250.3
Total Borrowings	**3,291.2**	2,799.3
Shareholders' Equity	**1,246.5**	1,438.4
CASH FLOW (IN S$ MILLION)		
Net Cash used in Operating Activities	**(32.2)**	(277.6)
Net Cash used in Investing Activities	**(394.8)**	(230.1)
Net Cash generated from Financing Activities	**425.2**	483.7
Net decrease in Cash and Cash equivalents	**(1.8)**	(24.0)
FINANCIAL RATIOS		
Current Ratio	**1.1**	1.1
Debt-to-Equity Ratio (Gross Debt)	**264.0%**	194.6%
Debt-to-Equity Ratio (Net Debt)	**245.5%**	178.7%
EBITDA Margin	**3.7%**	9.9%
Return on Equity	**-17.81%**	-5.12%
Return on Assets	**-3.99%**	-1.40%
STOCK INFORMATION (IN S$ EXCEPT AS INDICATED)		
Stock Price – Year-end	**0.12**	0.13
Market Capitalisation as at 31 December (S$' billion)	**0.646**	0.710
NAV per Share (cents)	**22.98**	26.95
Earnings per Share – basic (cents)	**(4.153)**	(1.382)
Earnings per Share – diluted (cents)	**(4.153)**	(1.382)

GROUP STRUCTURE

SUBSIDIARIES		
Entities	**Effective percentage of ownership**	**Domicile**
PT Batamindo Investment Cakrawala	100%	Batam
PT Bintan Inti Industrial Estate	100%	Bintan
Bintan Resorts International Pte. Ltd.	100%	Singapore
PT Buana Megawisatama	100%	Jakarta
BU Holdings Pte Ltd	100%	Singapore
PT Taman Indah	100%	Bintan
PT Surya Bangun Pertiwi	100%	Jakarta
Lagoi Dreams Limited	100%	British Virgin Islands
Verizon Resorts Limited	100%	Malaysia
Batamindo Investment (S) Ltd	100%	Singapore
PT Suakajaya Indowahana	100%	Jakarta
Win Field Limited	100%	British Virgin Islands
Bintan Power Pte. Ltd.	100%	Singapore
Golf View Limited	100%	Seychelles
Treasure Home Ltd	100%	British Virgin Islands
PT Gallant Lagoi Abadi	100%	Jakarta
PT Gallant Lagoi Berjaya	100%	Jakarta
PT Gallant Lagoi Cemerlang	100%	Jakarta
PT Gallant Lagoi Damai	100%	Jakarta
PT Gallant Lagoi Elok	100%	Jakarta
PT Gallant Lagoi Fenomena	100%	Jakarta
PT Gallant Lagoi Gemilang	100%	Jakarta
PT Gallant Lagoi Harmoni	100%	Jakarta
PT Gallant Lagoi Inti	100%	Jakarta
PT Gallant Lagoi Jaya	100%	Jakarta
GV Airport Holdings Pte Ltd	100%	Singapore
GO Greenhouse Investments Pte Ltd	100%	Singapore
PT Batam Bintan Telekomunikasi	95%	Batam
Bintan Resort Ferries Private Limited	90.74%	Singapore
PT Bintan Resort Cakrawala	86.77%	Bintan
PT Batamindo Executive Village	77.50%	Batam
PT Indomobil Sukses Internasional Tbk	71.49%	Jakarta
PT Auto Euro Indonesia	71.49%	Jakarta
PT Central Sole Agency	71.49%	Jakarta
PT IMG Bina Trada	71.49%	Jakarta
PT Indomobil Trada Nasional	71.49%	Jakarta
PT Indomobil Wahana Trada	71.49%	Jakarta
PT Multicentral Aryaguna	71.49%	Jakarta
PT Wahana Indo Trada	71.49%	Tangerang
PT Wahana Prima Trada Tangerang	71.49%	Tangerang
PT Wahana Wirawan	71.49%	Jakarta
PT Wahana Wirawan Manado	71.49%	Manado
PT Wahana Wirawan Palembang	71.49%	Palembang
PT Sentra Trada Indostation	71.49%	Tangerang
PT Indomobil Sukses Energi	71.49%	Jakarta
PT Wahana Wirawan Riau	71.49%	Riau

SUBSIDIARIES		
Entities	**Effective percentage of ownership**	**Domicile**
PT Indomatsumoto Press & Dies Industries	71.49%	Bekasi
PT IMG Sejahtera Langgeng	71.48%	Jakarta
PT Indomobil Multi Trada	71.48%	Jakarta
PT Indomurayama Press & Dies Industries	71.48%	Bekasi
PT Wahana Inti Central Mobilindo	71.48%	Jakarta
PT Wahana Inti Selaras	71.48%	Jakarta
PT National Assemblers	71.47%	Jakarta
PT Wangsa Indra Permana	71.44%	Jakarta
PT Garuda Mataram Motor	71.42%	Jakarta
PT Indo Swedish Motor Assembly Corporation	70.91%	Jakarta
PT Unicor Prima Motor	70.80%	Jakarta
PT Indomobil Prima Niaga	70.80%	Jakarta
PT Jasa Kencana Utama	70.78%	Jakarta
PT Indojaya Tatalestari	70.77%	Jakarta
PT Prima Sarana Gemilang	70.77%	Jakarta
PT Indobuana Autoraya	68.16%	Jakarta
PT Wahana Rejeki Mobilindo Cirebon	67.31%	Cirebon
PT Indomobil Finance Indonesia	65.76%	Jakarta
PT CSM Corporatama	65.75%	Jakarta
PT Duta Indi Jasa	65.75%	Jakarta
PT Indomobil Bintan Corpora	65.75%	Bintan
PT Kharisma Muda	65.75%	Jakarta
PT Wahana Indo Trada Mobilindo	65.75%	Jakarta
PT Indomobil Multi Jasa Tbk	65.75%	Jakarta
PT Indomobil Edukasi Utama	65.75%	Jakarta
PT Indomobil Ekspress Truk	65.75%	Jakarta
PT Indomobil Energi Lestari	64.69%	Jakarta
PT Indomobil Prima Energi	64.41%	Jakarta
PT Rodamas Makmur Motor	64.34%	Batam
PT Marvia Multi Trada	57.18%	Tangerang
PT Indo Traktor Utama	53.61%	Jakarta
PT Indotruck Utama	53.61%	Jakarta
PT Wahana Senjaya Jakarta	50.47%	Jakarta
PT Seino Indomobil Logistics	49.25%	Jakarta
PT Data Arts Experience	46.46%	Jakarta
PT Multistrada Agro International	45.43%	Jakarta
PT Mitra Jaya Nusa Indah	45.27%	Jakarta
PT Sylvaduta Corporation	45.17%	Jakarta
PT Meranti Laksana	44.71%	Jakarta
PT Meranti Lestari	44.55%	Jakarta
PT Kreta Indo Artha	42.89%	Jakarta
PT Prima Sarana Mustika	42.89%	Jakarta
Teachcast Global Pte Ltd	42.89%	Singapore
PT Eka Dharma Jaya Sakti	42.89%	Jakarta
PT Indomobil Summit Logistics	39.45%	Jakarta
PT Lippo Indorent	39.45%	Jakarta

GROUP STRUCTURE

SUBSIDIARIES		
Entities	Effective percentage of ownership	Domicile
PT Wahana Niaga Lombok	39.32%	Lombok
PT United Indo Surabaya	36.46%	Surabaya
PT Wahana Adidaya Kudus	36.46%	Kudus
PT Wahana Inti Nusa Pontianak	36.46%	Pontianak
PT Wahana Investasindo Salatiga	36.46%	Salatiga
PT Wahana Jaya Indah Jambi	36.46%	Jambi
PT Wahana Jaya Tasikmalaya	36.46%	Tasikmalaya
PT Wahana Lestari Balikpapan	36.46%	Balikpapan
PT Wahana Megahputra Makassar	36.46%	Makassar
PT Wahana Persada Jakarta	36.46%	Bogor
PT Wahana Sumber Baru Yogya	36.46%	Yogyakarta
PT Wahana Sumber Lestari Samarinda	36.46%	Samarinda
PT Wahana Sumber Mobil Yogya	36.46%	Yogyakarta
PT Wahana Sumber Trada Tangerang	36.46%	Tangerang
PT Autobacs Indomobil Indonesia	36.46%	Tangerang
PT Furukawa Indomobil Battery Sales	36.46%	Karawang
PT Indo Auto Care	36.46%	Jakarta
PT Makmur Karsa Mulia	36.45%	Jakarta
PT Indomobil Sugiron Energi	36.45%	Jakarta
PT Kyokuto Indomobil Distributor Indonesia	36.45%	Jakarta
PT Indosentosa Trada	36.10%	Bandung
PT Wahana Delta Prima Banjarmasin	36.10%	Banjarmasin
PT Wahana Persada Lampung	36.10%	Lampung
PT Wahana Sun Hutama Bandung	36.10%	Bandung
PT Wahana Sun Motor Semarang	36.10%	Semarang
PT Wahana Sun Solo	36.10%	Solo
PT Wahana Trans Lestari Medan	36.10%	Medan
PT Indomobil Cahaya Prima	36.10%	Lombok Barat
PT Indomobil Sumber Baru	35.75%	Semarang
PT Indotama Maju Sejahtera	35.75%	Jakarta
PT Wahana Sugi Terra	35.75%	Jakarta

ASSOCIATES		
Entities	**Effective percentage of ownership**	**Domicile**
Batamindo Carriers Pte Ltd	36%	Singapore
PT Indo Citra Sugiron	35.75%	Jakarta
PT Indo Trada Sugiron	35.75%	Jakarta
PT Kyokuto Indomobil Manufacturing Indonesia	35.03%	Cikampek
PT Indomobil Sompo Japan	34.76%	Jakarta
PT Bintan Aviation Investments	33.33%	Jakarta
PT Seino Indomobil Logistics Services	33.19%	Jakarta
PT Penta Artha Impressi	32.11%	Jakarta
PT Car & Cars Indonesia	32.03%	Jakarta
PT Soxal Batamindo Industrial Gases	30%	Batam
PT Persada Hijau Cemerlang	30%	Bintan
PT Persada Hijau Permai	30%	Bintan
PT Hino Motors Sales Indonesia	28.60%	Jakarta
PT Hino Finance Indonesia	26.30%	Jakarta
PT Indo Masa Sentosa	21.45%	Jakarta
PT Nissan Motor Distributor Indonesia	17.87%	Jakarta
PT Mitsuba Automotive Parts Indonesia	17.87%	Purwakarta
PT Shinhan Indo Finance	17.55%	Jakarta
PT Sumi Indo Wiring Systems	14.66%	Jakarta
PT Karanganyar Indo Auto Systems	14.66%	Karanganyar
PT Vantec Indomobil Logistics	14.30%	Jakarta

BOARD OF DIRECTORS

MR LIM HOCK SAN

Non-Executive Chairman and Independent Director

Date of last election: 30 April 2019

Board Committee

– Chairman, Audit and Risk Management Committee
– Member, Remuneration Committee
– Member, Nominating Committee

Mr Lim was appointed as a Non-Executive Chairman and Independent Director on 1 February 2006.

Mr Lim is presently the President and Chief Executive Officer of United Industrial Corporation Limited. He has a Bachelor of Accountancy from the University of Singapore and a Master of Science (Management) from Massachusetts Institute of Technology. Mr Lim also attended the Advanced Management Programme at Harvard Business School. He is a Fellow of The Chartered Institute of Management Accountants (UK) and a Fellow and past President of the Institute of Singapore Chartered Accountants. He is also a recipient of the Singapore Government Meritorious Service Medal, the Public Administration Medal (Gold) and the Public Service Medal.

Current directorship in other companies listed on Singapore stock exchange

– United Industrial Corporation Ltd
– Indofood Agri Resources Ltd
– Interra Resources Ltd
– Ascendas Fund Management (S) Ltd

MR EUGENE CHO PARK

Executive Director and Chief Executive Officer

Date of last election: 30 April 2018

Board Committee

– Nil

Mr Park was appointed as an Executive Director and Chief Executive Director on 1 February 2006.

Responsible for the overall management of the Company, Mr Park is a co-founder of Parallax Capital Management Group. He has also spent more than 15 years as an investment banker with Credit Suisse First Boston in London, Chase Manhattan Asia Ltd in Hong Kong and Banque Paribas in Singapore. He received a Bachelor of Arts (Chemistry) from Princeton University in the United States of America and a Master of Business Administration from INSEAD in France.

MR GIANTO GUNARA

Executive Director

Date of last election: 28 April 2017

Board Committee

– Nil

Mr Gunara was appointed as an Executive Director on 8 November 2006.

Mr Gunara is the Executive Director/Group Chief Operating Officer overseeing the Group Operations. He started his career with Haagtechno BV-Den Bosch in Holland as a Management Trainee in 1984 and is currently a Non-Executive Director of QAF Limited. He sits on the Board of Director/Commissioner of several subsidiaries of the Group and in other private enterprises.

He holds a Bachelor in Business Administration degree from Simon Fraser University, Vancouver, Canada.

Current directorship in other company listed on Singapore stock exchange

– QAF Limited

MR CHOO KOK KIONG

Executive Director

Date of last election: 28 April 2017

Board Committee

– Nil

Mr Choo was appointed as an Executive Director on 30 April 2014.

Mr. Choo is the Executive Director/Group Chief Financial Officer overseeing the Group and its corporate services. He is also appointed as a Group Risk Officer. Prior to joining the company, he held various management positions in the Sembcorp group. He has over 20 years of finance experience, having held the positions of Vice-President of Finance at Sembcorp Parks Management and Sembcorp Parks Holdings Ltd (now known as Sembcorp Development Ltd), Assistant Vice-President of Finance at Sembcorp Industries Ltd and Accounts Manager with Singapore Precision Industries Pte Ltd. Mr Choo was appointed as a non-executive director of QAF Limited.

He holds a Master in Business Administration from the University of Wales (UK)/Manchester Business School (UK). He had also qualifications from Chartered Institute of Management Accountants (CIMA, UK) and Association of Chartered Certified Accountants (ACCA, UK).

Current directorship in other company listed on Singapore stock exchange

– QAF Limited

MR JUSAK KERTOWIDJOJO

Executive Director

Date of last election: 28 April 2017
Board Committee
– Nil

Mr Kertowidjojo was appointed as an executive Director on 30 April 2014.

Mr Kertowidjojo is the President Director of IMAS. Mr Kertowidjojo was first appointed as the Vice President Director II of IMAS in June 2005 and as the President Director and Chief Executive Officer in June 2011. Currently he also serves as a director in a number of IMAS' subsidiaries. He started his professional career with the IMAS Group in 1982. Mr. Kertowidjojo obtained a Bachelor's Degree in Economics and Accounting from the Parahyangan University in Bandung in 1982.

MR AXTON SALIM

Non-Executive Director

Date of last election: 30 April 2019
Board Committee
– Nil

Mr Axton was appointed as a Non-Executive Director on 30 April 2014.

Mr. Axton Salim was first appointed as Director of PT Indofood Sukses Makmur Tbk based on the resolution of the AGM in 2009 and re-elected in 2015 and 2018. He is concurrently Director of PT Indofood CBP Sukses Makmur Tbk, where he heads the Dairy Division; Non-Executive Director of Indofood Agri Resources Ltd; Director of Art Photography Centre Ltd; Commissioner of PT Salim Ivomas Pratama Tbk and PT London Sumatra Indonesia Tbk. He also serves as Global Co-chair of Scaling Up Nutrition (SUN) Business Advisory Group. Mr. Axton started his career in the Indofood Fritolay Makmur as a Brand Manager and was then after appointed as an Assistant CEO of Indofood Sukses Makmur Tbk.

He holds a Bachelor of Science in Business Administration from University of Colorado, USA.

Current directorship in other company listed on Singapore stock exchange
– Indofood Agri Resources Ltd

DR TAN CHIN NAM

Non-Executive Director

Date of last election: 30 April 2018
Board Committee
– Nil

Dr Tan was appointed as a Non-Executive Director on 25 May 2009.

Dr Tan is currently a Senior Adviser of the Salim Group and Chairman of Global Fusion Capital Pte Ltd. He is also a Member of the Centre for Liveable Cities Advisory Board, BankInter Foundation for Innovation (Spain) Board of Trustees, and Eight Inc Advisory Board.

Dr Tan had 33 years of distinguished service in the Singapore Public Service holding various key appointments before completing his term as a Permanent Secretary in 2007. He held various top public leadership positions including as General Manager and Chairman, National Computer Board; Managing Director, Economic Development Board; Chief Executive, Singapore Tourism Board; Permanent Secretary, Ministry of Manpower; Permanent Secretary, Ministry of Information, Communications and the Arts; Chairman, National Library Board; and Chairman, Media Development Authority. He played a leading role in the information technology, economic, tourism, manpower, library, media, arts and creative industries development of Singapore.

Previously, Dr Tan also held various corporate appointments including Chairman, Temasek Management Services Pte Ltd; Chairman, One North Resource Advisory Panel; Senior Adviser, Singbridge Corporate Pte Ltd; Senior Adviser, Zana Capital Pte Ltd, as well as Board Member of Raffles Education Corporation Pte Ltd, PSA International Pte Ltd, Stamford Land Ltd, Yeo Hiap Seng Ltd and Sino-Singapore Guangzhou Knowledge City Investment and Development Co Ltd, and Member of the International Advisory Board, Economic Development Board Rotterdam.

Dr Tan holds degrees in industrial engineering and economics from the University of Newcastle, Australia and an MBA from University of Bradford, UK. He also holds two honorary doctorates degrees awarded by both universities. He attended an Advanced Management Programme at the Harvard Business School and is an Eisenhower Fellow. He was awarded four Public Administration Medals by the Government of Singapore.

BOARD OF DIRECTORS

MR FOO KO HING

Non-Executive and Independent Director

Date of last election: 30 April 2018

Board Committee

– Chairman, Remuneration Committee
– Member, Audit and Risk Management Committee
– Member, Nominating Committee

Mr Foo was appointed as an Independent Director on 8 December 2004.

After leaving Price Waterhouse Coopers in 1986, Mr Foo joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") group in the Trust and Fiduciary Business in Singapore. He was later seconded to HSBC Bank Jersey C.I in 1989 and was subsequently promoted to Executive Director, covering fiduciary activities, private banking, compliance and investment functions. He returned to Singapore in 1991 and resumed responsibilities with the HSBC Investment Bank Group for Private Banking and Trust Services as an Executive Director and Head of Business Development. Mr Foo is also a co-founder and Director of Cerealtech Pte Ltd, a food technology company specialising in enzyme application and micro ingredient development for the industrial baking sector. He is also currently the Independent Director and Audit Committee Chairman of Amara Holdings Ltd. He has over 15 years of experience in investment origination, structuring, monitoring and strategic growth assistance, with emphasis on the private equity investment and capital markets. He has previously served on the boards of various companies in various sectors listed on the SGX-ST. He holds a BA Honours Degree in Economics and Accounting from University of Newcastle Upon Tyne, United Kingdom.

Current directorship in other company listed on Singapore stock exchange

– Amara Holdings Ltd

MR RIVAIE RACHMAN

Non-Executive and Independent Director

Date of last election: 30 April 2019

Board Committee

– Chairman, Nominating Committee
– Member, Audit and Risk Management Committee
– Member, Remuneration Committee

Mr Rachman was appointed as an Independent Director on 8 December 2004.

Mr Rachman is presently the Independent Director of Riau Development Bank and Surya Dumai Palmoil Plantation & Industry Group in Indonesia. He was also the Vice Governor of Riau Province from 1994 to 1999, Head of Riau Economic Planning Board for ten years, Head of Riau Investment Coordination Board for six years and President Director of Riau Development Bank from 1965 to 1968.

ADDITIONAL INFORMATION ON DIRECTORS

	Eugene Cho Park	Lim Hock San	Foo Ko Hing
Date of appointment	01 February 2006	01 February 2006	08 December 2004
Date of last re-appointment	30 April 2018	30 April 2019	30 April 2018
Age	60	74	63
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Not applicable as Mr Park is not subject to re-election at the AGM 2019.	Not applicable as Mr Lim is not subject to re-election at the AGM 2019.	Not applicable as Mr Foo is not subject to re-election at the AGM 2019.
Whether appointment is executive, if so, the area of responsibility	Yes, he is responsible for the overall management of the Group.	No, the appointment is non-executive	No, the appointment is non-executive
Job title (e.g. Lead ID, ARMC, Chairman, ARMC Member, etc.)	– Chief Executive Officer	– Chairman of ARMC – Member of Remuneration Committee – Member of Nominating Committee	– Chairman of Remuneration Committee – Member of ARMC – Member of Nominating Committee
Professional qualifications	Bachelor of Arts (Chemistry) from Princeton University in the United States of America and a Master of Business Administration from INSEAD in France.	Bachelor of Accountancy from the University of Singapore and Master of Science (Management) from Massachusetts Institute of Technology. Mr Lim also attended the Advanced Management Programme at Harvard Business School. He is a Fellow of The Chartered Institute of Management Accountants (UK) and a Fellow and past President of the Institute of Singapore Chartered Accountants.	BA Honours Degree in Economics and Accounting from University of Newcastle Upon Tyne, United Kingdom.
Working experience and occupation(s) during the past 10 years	Mr Park has spent more than 15 years as an investment banker with Credit Suisse First Boston in London, Chase Manhattan Asia Ltd in Hong Kong and Banque Paribas in Singapore. He has been with the Group since 2006.	Mr Lim has been with the Group since 2006. He is presently the President and Chief Executive Officer of United Industrial Corporation Limited.	Mr Foo has over 15 years of experience in investment origination, structuring, monitoring and strategic growth assistance, with emphasis on the private equity investment and capital markets. He has been with the Group since 2004.

ADDITIONAL INFORMATION ON DIRECTORS

	Eugene Cho Park	Lim Hock San	Foo Ko Hing
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 200,000 shares, 0.0037%	Direct interest of 1,714,000 shares, 0.0316%	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive office, the issuer and/or substantial shareholder of the listed issuer or of any of its principle subsidiaries	None	None	None
Conflict of interests (including any competing business)	None	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (listing Rule 704(7))	Yes	Yes	Yes
Other Principal Commitments including Directorship	• **Past (for the last 5 years)** – PT Multistrada Arah Sarana Tbk • **Present:** – Subsidiaries of Gallant Venture Group – PT Citatah Tbk – PVP XVIII Pte Ltd – Echo Holdings Pte Ltd – GDM Resources Pte Ltd – Great Resources Pte Ltd – Xin Yuan Investments Pte Ltd	• **Past (for the last 5 years)** – None • **Present:** – United Industrial Corporation Ltd – Singapore Land Limited – Indofood Agri Resources Ltd – Interra Resources Limited – Ascendas Funds Management (S) Limited – Marina Centre Holdings Pte Ltd – Realty Management Services (Pte) Ltd – Singapore-Suzhou Township Development Pte Ltd – UIC Technologies Pte Ltd – Aquamarina Hotel Pte Ltd – Marina Bay Hotel Pte Ltd – Hotel Marina City Pte Ltd	• **Past (for the last 5 years)** – None • **Present:** – Amara Holdings Ltd – Cerealtech Pte Ltd

	Eugene Cho Park	Lim Hock San	Foo Ko Hing
The general statutory disclosures of the Directors are as follows:			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS

	Eugene Cho Park	Lim Hock San	Foo Ko Hing
The general statutory disclosures of the Directors are as follows:			
(c) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(d) Whether there is any unsatisfied judgement against him?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

	Eugene Cho Park	Lim Hock San	Foo Ko Hing
The general statutory disclosures of the Directors are as follows:			
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(h) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS

	Eugene Cho Park	Lim Hock San	Foo Ko Hing
The general statutory disclosures of the Directors are as follows:			
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

	Eugene Cho Park	Lim Hock San	Foo Ko Hing
The general statutory disclosures of the Directors are as follows:			
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company?	Not applicable	Not applicable	Not applicable
Attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?	Not applicable	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable	Not applicable

ADDITIONAL INFORMATION ON DIRECTORS

	Dr Tan Chin Nam	Axton Salim	Rivaie Rachman
Date of appointment	25 May 2009	30 April 2014	08 December 2004
Date of last re-appointment	30 April 2018	30 April 2019	30 April 2019
Age	70	41	86
Country of principal residence	Singapore	Indonesia	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Not applicable as Dr Tan is not subject to re-election at the AGM 2019.	Not applicable as Mr Axton is not subject to re-election at the AGM 2019.	Not applicable as Mr Rachman is not subject to re-election at the AGM 2019.
Whether appointment is executive, if so, the area of responsibility	No, the appointment is non-executive	No, the appointment is non-executive	No, the appointment is non-executive
Job title (e.g. Lead ID, ARMC, Chairman, ARMC Member, etc.)	– Nil	– Nil	– Chairman of Nominating Committee – Member of ARMC – Member of Remuneration Committee
Professional qualifications	Degrees in industrial engineering and economics from the University of Newcastle, Australia and an MBA from University of Bradford, UK. He also holds two honorary doctorate degrees awarded by both universities. He attended an Advanced Management Programme at Harvard Business School and is an Eisenhower Fellow.	Bachelor of Science in Business Administration from University of Colorado, USA.	
Working experience and occupation(s) during the past 10 years	Dr Tan had 33 years of distinguished service in Singapore Public Service holding various key appointments before completing his term as a Permanent Secretary in 2007. He is Senior Adviser of the Salim Group. He is also Adviser of Eight Inc. as well as Member of the Centre for Liveable Cities Advisory Board and the Bankinter Foundation for Innovation (Spain) Board of Trustees. Advisory Board and member of Singapore Symphony Council.	Mr Axton serves as Global Co-chair of Scaling Up Nutrition (SUN) Business Advisory Group.	Mr Rachman is presently the Independent Director of Riau Development Bank and Surya Dumai Palmoil Plantation & Industry Group in Indonesia. He was the Head of several Riau Government board for over 20 years.

	Dr Tan Chin Nam	Axton Salim	Rivaie Rachman
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive office, the issuer and/or substantial shareholder of the listed issuer or of any of its principle subsidiaries	None	Son of Mr Anthoni Salim who is a substantial shareholder of the Company.	None
Conflict of interests (including any competing business)	None	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (listing Rule 704(7))	Yes	Yes	Yes
Other Principal Commitments including Directorship	• **Past (for the last 5 years)** – Yeo Hiap Seng Ltd – Raffles Education Corporation Ltd – Singapore Symphony Council – Stamford Land Corporation Ltd – Temasek Management Services Pte Ltd – PSA International Pte Ltd – Zana Capital Pte Ltd – Singbridge Corporate Pte Ltd – Litmus Group Pte Ltd – Sino-Singapore Guangzhou Knowledge City Investment and Development, Co. Ltd • **Present:** – Global Fusion Capital Pte Ltd	• **Past (for the last 5 years)** – None • **Present:** – Indofood Agri Resources Ltd – Art Photography Centre Ltd – Several private enterprises in Indonesia	• **Past (for the last 5 years)** – None • **Present:** – Riau Development Bank and Surya Dumai Palmoil Plantation & Industry Group in Indonesia.

ADDITIONAL INFORMATION ON DIRECTORS

	Dr Tan Chin Nam	Axton Salim	Rivaie Rachman
The general statutory disclosures of the Directors are as follows:			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

	Dr Tan Chin Nam	Axton Salim	Rivaie Rachman
The general statutory disclosures of the Directors are as follows:			
(c) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(d) Whether there is any unsatisfied judgement against him?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS

	Dr Tan Chin Nam	Axton Salim	Rivaie Rachman
The general statutory disclosures of the Directors are as follows:			
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(h) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

	Dr Tan Chin Nam	Axton Salim	Rivaie Rachman
The general statutory disclosures of the Directors are as follows:			
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS

	Dr Tan Chin Nam	Axton Salim	Rivaie Rachman
The general statutory disclosures of the Directors are as follows:			
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company?	Not applicable	Not applicable	Not applicable
Attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?	Not applicable	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable	Not applicable

	Choo Kok Kiong	Gianto Gunara	Jusak Kertowidjojo
Date of appointment	30 April 2014	08 November 2006	30 April 2014
Date of last re-appointment	28 April 2017	28 April 2017	28 April 2017
Age	51	57	63
Country of principal residence	Singapore	Singapore	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Choo as a Director of the Company at the AGM 2019 was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Choo's contributions, qualifications, expertise and past experiences.	The re-election of Mr Gunara as a Director of the Company at the AGM 2019 was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Gunara's contributions, qualifications, expertise and past experiences.	The re-election of Mr Kertowidjojo as a Director of the Company at the AGM 2019 was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Kertowidjojo's contributions, qualifications, expertise and past experiences.
Whether appointment is executive, if so, the area of responsibility	Yes, he is responsible to overseeing the Group and its corporate services.	Yes, he is responsible to overseeing the Group Operations.	Yes, he is responsible for the overall management of IMAS Group.
Job title (e.g. Lead ID, ARMC, Chairman, ARMC Member, etc.)	– Chief Financial Officer/ Chief Risk Officer	– Chief Operating Officer	– Executive Director
Professional qualifications	Master in Business Administration from the University of Wales (UK)/ Manchester Business School (UK). He also had qualifications from Chartered Institute of Management Accountants (CIMA, UK) and Association of Chartered Certified Accountants (ACCA, UK).	Bachelor in Business Administration degree from Simon Fraser University, Vancouver, Canada.	Bachelor's Degree in Economics and Accounting from the Parahyangan University in Bandung, Indonesia.
Working experience and occupation(s) during the past 10 years	Mr Choo has over 20 years of finance experience, he has been the Vice-President of Finance at Sembcorp Parks Management and Sembcorp Development Ltd. He is a Non-Executive Director of QAF Limited since 2014.	He has been with the Group since 2006. He also sits on the Board of Director/Commissioner of several subsidiaries of the Group and in other private enterprises. Mr Gunara is a Non-Executive Director of QAF Limited since 2014.	He was the Vice President Director II of IMAS in June 2005 and as the President Director and Chief Executive Officer in June 2011. He also serves as a director in a number of IMAS' subsidiaries. Mr Kertowidjojo has been with IMAS Group since 1982.

ADDITIONAL INFORMATION ON DIRECTORS

	Choo Kok Kiong	Gianto Gunara	Jusak Kertowidjojo
Shareholding interest in the listed issuer and its subsidiaries	Nil	Direct interest of 200,000 shares, 0.0037%	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive office, the issuer and/or substantial shareholder of the listed issuer or of any of its principle subsidiaries	None	None	None
Conflict of interests (including any competing business)	None	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (listing Rule 704(7))	Yes	Yes	Yes
Other Principal Commitments including Directorship	• **Past (for the last 5 years)** – S&P 1821 Pte Ltd • **Present:** – QAF Limited – Subsidiaries of Gallant Venture Group – Batamindo Carriers Pte Ltd – Nirwana Pte Ltd – Singapore-Bintan Resort Holdings Pte Ltd – Straits-CM Village Hotel Pte Ltd – Straits-KMP Resort Development Pte Ltd – Teachcast Global Pte Ltd	• **Past (for the last 5 years)** – S&P 1821 Pte Ltd – Big Venture Pte Ltd • **Present:** – QAF Limited – Subsidiaries of Gallant Venture Group – Avonian Pte Ltd – Nirwana Pte Ltd – Sembcorp Parks Management Pte Ltd – Singapore-Bintan Resort Holdings Pte Ltd – Straits-CM Village Hotel Pte Ltd – Straits-KMP Resort Development Pte Ltd – Tropical Bintan Pte Ltd	• **Past (for the last 5 years)** – None • **Present:** – Subsidiaries of IMAS Group – Several private enterprises in Indonesia

	Choo Kok Kiong	Gianto Gunara	Jusak Kertowidjojo
The general statutory disclosures of the Directors are as follows:			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS

	Choo Kok Kiong	Gianto Gunara	Jusak Kertowidjojo
The general statutory disclosures of the Directors are as follows:			
(c) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(d) Whether there is any unsatisfied judgement against him?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

	Choo Kok Kiong	Gianto Gunara	Jusak Kertowidjojo
The general statutory disclosures of the Directors are as follows:			
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(h) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS

	Choo Kok Kiong	Gianto Gunara	Jusak Kertowidjojo
The general statutory disclosures of the Directors are as follows:			
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

	Choo Kok Kiong	Gianto Gunara	Jusak Kertowidjojo
The general statutory disclosures of the Directors are as follows:			
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company?	Not applicable This is a re-election of a director.	Not applicable This is a re-election of a director.	Not applicable This is a re-election of a director.
Attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?	Not applicable	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable	Not applicable

KEY EXECUTIVES

Certain information on the business and working experience of the Group's key executives is set out below:

MR EUGENE CHO PARK

Responsible for the overall management of the Company, Mr Park is a co-founder of Parallax Capital Management Group. He has also spent more than 15 years as an investment banker with Credit Suisse First Boston in London, Chase Manhattan Asia Ltd in Hong Kong and Banque Paribas in Singapore. He received a Bachelor of Arts (Chemistry) from Princeton University in the United State of America and a Master of Business Administration from INSEAD in France.

MR JUSAK KERTOWIDJOJO

Mr Kertowidjojo is the President Director of IMAS. Mr Kertowidjojo was first appointed as the Vice President Director II of IMAS in June 2005 and as the President Director and Chief Executive Officer in June 2011. Currently he also serves as a director in a number of IMAS' subsidiaries. He started his professional career with the IMAS Group in 1982. Mr. Kertowidjojo obtained a Bachelor's Degree in Economics and Accounting from the Parahyangan University in Bandung in 1982.

MR GIANTO GUNARA

Mr Gunara is the Executive Director/Group Chief Operating Officer overseeing the Group Operations. He started his career with Haagtechno BV-Den Bosch in Holland as a Management Trainee in 1984 and is currently a Non-Executive Director of QAF Limited. He sits on the Board of Director/Commissioner of several subsidiaries of the Group and in other private enterprises. He holds a Bachelor in Business Administration degree from Simon Fraser University, Vancouver, Canada.

MR CHOO KOK KIONG

Mr. Choo is the Executive Director/Group Chief Financial Officer overseeing the Group and its corporate services. He is also appointed as a Group Risk Officer. Prior to joining the company, he held various management positions in the Sembcorp group. He has over 20 years of finance experience, having held the positions of Vice-President of Finance at Sembcorp Parks Management and Sembcorp Parks Holdings Ltd (now known as Sembcorp Development Ltd), Assistant Vice-President of Finance at Sembcorp Industries Ltd and Accounts Manager with Singapore Precision Industries Pte Ltd. Mr Choo was appointed as a non-executive director of QAF Limited. He holds a Master in Business Administration from the University of Wales (UK)/Manchester Business School (UK). He had also qualifications from Chartered Institute of Management Accountants (CIMA, UK) and Association of Chartered Certified Accountants (ACCA, UK).

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER
200303179Z

REGISTERED OFFICE
3 HarbourFront Place
#16-01 HarbourFront Tower Two
Singapore 099254

DIRECTORS
LIM HOCK SAN
(Non-Executive Chairman and Independent Director)

EUGENE CHO PARK
(Executive Director and Chief Executive Officer)

GIANTO GUNARA
(Executive Director)

JUSAK KERTOWIDJOJO
(Executive Director)

CHOO KOK KIONG
(Executive Director)

DR TAN CHIN NAM
(Non-Executive Director)

AXTON SALIM
(Non-Executive Director)

FOO KO HING
(Non-Executive and Independent Director)

RIVAIE RACHMAN
(Non-Executive and Independent Director)

AUDIT AND RISK MANAGEMENT COMMITTEE
LIM HOCK SAN (Chairman)
FOO KO HING
RIVAIE RACHMAN

NOMINATING COMMITTEE
RIVAIE RACHMAN (Chairman)
LIM HOCK SAN
FOO KO HING

REMUNERATION COMMITTEE
FOO KO HING (Chairman)
LIM HOCK SAN
RIVAIE RACHMAN

COMPANY SECRETARY
CHOO KOK KIONG

SHARE REGISTRAR
KCK CorpServe Pte. Ltd.
333 North Bridge Road #08-00
KH KEA Building
Singapore 188721

PRINCIPAL BANKERS
United Overseas Bank Limited
Standard Chartered Bank Ltd
PT Bank Mandiri (Persero) Tbk, Singapore Branch
PT Bank CIMB Niaga Tbk
DBS Bank Ltd

INDEPENDENT AUDITOR
Foo Kon Tan LLP
Public Accountants and Chartered Accountants
24 Raffles Place #07-03
Clifford Centre
Singapore 048621

Partner-in-charge: HO TEIK TIONG
(Since financial year ended 31 December 2018)

FINANCIAL CONTENTS

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors of Gallant Venture Ltd. (the "**Company**"), is committed to high standards of corporate governance and has adopted the corporate governance practices contained in the 2018 Code of Corporate Governance ("**Code**") so as to ensure greater transparency and protection of shareholders' interests. This statement outlines the key aspects of the Company's corporate governance practices that were in place throughout the financial year.

The Company has complied in all material aspects with the principles and provisions of the Code. Where there are deviations from the Code, the explanations are provided in the relevant sections of this report.

BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Board's Role

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group and to ensure that the necessary financial and human resources are in place for the Company to meet its objectives. The Board establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets, supervises the Management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group and considers sustainability issues of policies and procedures.

Directors' Duties and Responsibilities

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with the Management to take objective decisions as fiduciaries in the interest of the Group.

The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors who are in a conflict-of-interest position on certain issues recuse themselves from discussions and decisions involving the issues.

Delegation of Authority to Board Committees

The Board has formed Board Committees namely, the Audit and Risk Management Committee ("**ARMC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Committees function within clearly defined terms of references and operating procedures, including procedures for dealing with conflicts of interest. A Board Committee member is required to disclose his interest and recuse himself from discussions and decisions involving a conflict of interest. The terms of references are reviewed on a regular basis. The effectiveness of each Committee is also constantly reviewed by the Board. The sections of this statement under Principles 4 to 10 detailed the activities of the ARMC. NC and RC respectively.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 DECEMBER 2019

Meetings of Board and Board Committees

Regular meetings are held to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results.

The Company's Constitution permits Board meetings to be conducted by way of telephonic or video conference meetings, provided the requisite quorum of majority of the directors is present.

The attendance and participation of the Directors at Board and Committee meetings and the Company's Annual General Meeting in April 2019 is set out below:

	Board	ARMC	NC	RC	AGM
Number of meetings held in FY2019	**4**	**4**	**1**	**1**	**1**
Name of Directors	**Number of meetings attended**				
Mr Lim Hock San	4	4	1	1	1
Mr Foo Ko Hing	4	4	1	1	1
Mr Rivaie Rachman	4	4	1	1	1
Mr Eugene Cho Park	4	4*	–	–	1
Mr Choo Kok Kiong	4	4*	1*	1*	1
Mr Gianto Gunara	4	4*	–	–	1
Dr Tan Chin Nam	4	4*	–	–	1
Mr Axton Salim	3	3*	–	–	1
Mr Jusak Kertowidjojo	2	2*	–	–	1

* Attended the meeting as invitee

Matters reserved for Board's Approval

The Board has adopted internal guidelines on the matters reserved for the Board's decision; and clear directions to Management on matters that must be approved by the Board.

Matters specifically reserved to the Board for its approval are:

(a) matters involving a conflict of interest for a substantial shareholder or a director;
(b) strategic policies of the Group;
(c) annual budgets
(d) material acquisitions and disposal of assets;
(e) corporate or financial restructuring;
(f) share issuances, interim dividends and other returns to shareholders; and
(g) any investment or expenditure which requires Board's approval as set out in the Company's authorization matrix which sets out the financial authority and approval guidelines for capital expenditure, investments, divestments and borrowings.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 DECEMBER 2019

Orientation, briefings, updates and trainings for Directors

New directors joining the Board will be issued formal letters of appointment setting out his duties and obligations. They will be briefed by the Chairman on their duties and obligations and introduced to the Group's business and governance practice and arrangements, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on disclosure of price-sensitive and trade-sensitive information.

New directors will meet up with senior management and the Company Secretary to familiarize himself with his roles, organisation structure and business practices. This will enable him to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary.

The NC is charged with reviewing the training and professional development of the directors. All directors are provided with regular updates on the corporate governance, financial, legal and regulatory requirements. The NC will recommend appropriate trainings and seminars and arrange for training by professional bodies funded by the Company as it deems relevant to improve the performance of the individual director and the whole Board. All directors are encouraged to attend the trainings and seminars arranged by the Company to stay abreast of the relevant changes.

During the financial year reported on, the Directors had received updates on regulatory changes to the Listing Rules, accounting standards and Companies Act. The Chief Executive Officer updates the Board at each Board meeting on business and strategic developments. The management highlights the salient operating issues as well as the risk management considerations for the Group's businesses.

Board's Access to Information

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's executive management. The Board has unrestricted access to the Company's records and information.

The Board meet at least quarterly in a year and are provided Board papers comprising quarterly financial reports, budgets, forecasts with explanations for material variances, and relevant reports relating to the business for discussion timely at each Board meeting. Senior members of management provide information whenever necessary in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

Board's Access to Management, Company Secretary and External Advisers

The Board has separate and independent access to the Company Secretary, the Management or other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary attends all Board meetings and meetings of the Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board Committees' meetings are circulated to the Board. The appointment and removal of the Company Secretary is subject to the approval of the Board.

The Board takes independent professional advice, when necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to discharge its responsibilities effectively.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 DECEMBER 2019

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

As at the date of this Report, the Board of Directors (the "Board") comprises nine members, of whom two are Non-Executive and Non-Independent and three are Non-Executive and Independent Directors. The Independent Directors make up one-third of the Board. The majority of the Board comprises Non-Executive Directors.

1.	Mr Lim Hock San	Non-Executive Chairman and Independent Director
2.	Mr Eugene Cho Park	Executive Director and Chief Executive Officer
3.	Mr Gianto Gunara	Executive Director
4.	Mr Jusak Kertowidjojo	Executive Director
5.	Mr Choo Kok Kiong	Executive Director
6.	Dr Tan Chin Nam	Non-Executive Director
7.	Mr Axton Salim	Non-Executive Director
8.	Mr Foo Ko Hing	Non-Executive and Independent Director
9.	Mr Rivaie Rachman	Non-Executive and Independent Director

The criterion for independence is based on the definition given in the Code and the Listing Rules of the Singapore Exchange Securities Trading Limited ("Listing Rules"). The Code has defined an "Independent" Director as one as one who is independent in conduct, character and judgement and who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interests of the Company. Under the Listing Rules, an independent director is not one who is or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC.

Annual Review of Directors' Independence in 2019

The independence of each Director is reviewed annually by the Nominating Committee, based on the definition of independence as stated in the Code and the Listing Rules.

All the Independent Directors, Mr Lim Hock San, Mr Foo Ko Hing and Mr Rivaie Rachman have confirmed their independence and they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment. They have also confirmed their independence in accordance with the Listing Rules.

Mr Lim Hock San, Mr Foo Ko Hing and Mr Rivaie Rachman have served as Directors for more than nine years. The Board accordingly performed a specific and rigorous review of their independence. The Board deemed that the length of service of a Director should not determine the effectiveness of independence of an Independent Director. In assessing the independence of a Director, the Board considers it more appropriate to have regard to the Director's contribution in terms of professionalism, integrity, objectivity and ability to exercise independence of judgment in his deliberation in the interest of the Company. The Board is of the view that the Independent Directors have over the years developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. Mr Lim Hock San, Mr Foo Ko Hing and Mr Rivaie Rachman have confirmed their independence as aforesaid. After taking into account all these factors, the Board has determined Mr Lim Hock San, Mr Foo Ko Hing and Mr Rivaie Rachman independent. Each of Mr Lim Hock San, Mr Foo Ko Hing and Mr Rivaie Rachman abstained from the Board's deliberation of his independence.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 DECEMBER 2019

Board size and diversity

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, investment and accounting backgrounds. The varied backgrounds of the Directors enable Management to benefit from their respective expertise and diverse background. The Board also considers gender as an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members, as it believes that diversity in the Board's composition contributes to the quality of its decision making. The Company will continue to consider the merits of the candidates in its Board renewal process and believes that doing so will meet its aim of achieving diversity of perspectives as described above.

The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The experiences and credentials of the Board members are set out in the "Board of Directors" section of the Annual Report.

Role of Non-Executive Directors

The Non-Executive Directors assist the Board in performing its role by constructively challenge the development of its strategies and bring to the Board different perspectives based on their experiences. They critically assess and review the progress of the Management in implementing strategies set by the Board. When necessary or appropriate, the Non-Executive Directors (including the Independent Chairman and other Independent Directors) will meet without the presence of the Management and provide inputs to the Board.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The roles of the Chairman and the Chief Executive Officer ("CEO") are separate and distinct, each having their own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The posts of Chairman and CEO are held by Mr Lim Hock San and Mr Eugene Cho Park respectively. The Chairman and CEO are not related.

The Chairman, Mr Lim Hock San is primarily responsible for overseeing the overall management and strategic development of the Company.

His responsibilities include:

- Leading the Board in his role as Chairman of the Board;
- Ensuring regular meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- Preparing meeting agenda (in consultation with the CEO and CFO);
- Reviewing board papers that are presented to the Board;
- Ensuring effective communication with shareholders; and
- Promoting good corporate governance.

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 DECEMBER 2019

In assuming his roles and responsibilities, Mr Lim Hock San consults with the Board, ARMC, NC and RC on major issues and as such, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

The Company's CEO, Mr Eugene Cho Park is responsible for the day-to-day management of the Company and the Group's affairs. Mr Eugene Cho Park reports to the Board and ensures that policies and strategies adopted by the Board are implemented.

There is no requirement for the Company to appoint a Lead Independent Director as the roles of Chairman and CEO are separate and distinct. The Independent Directors meet amongst themselves without the presence of the other directors where necessary for independent discussions and strive to provide constructive feedback to the Board after their meetings.

PRINCIPLE 4: BOARD MEMBERSHIP

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

The NC comprises three members, all of whom including its Chairman are independent. The members of the NC are:

Mr Rivaie Rachman (Chairman)	Non-Executive and Independent Director
Mr Lim Hock San	Non-Executive and Independent Director
Mr Foo Ko Hing	Non-Executive and Independent Director

The primary function of the NC is to determine the criteria for identifying candidates and reviewing nominations for the appointment of directors to the Board and also to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval.

The NC functions under the terms of reference which sets out its responsibilities:

(a) To review board succession plans for directors, in particular, the Chairman,CEO and key management personnel;
(b) To develop the process for evaluation of the performance of the Board, its committees and directors and conduct a formal assessment of the effectiveness of the Board, Board Committees and contribution by each director;
(c) To review the training and professional development programs for the Board;
(d) To recommend to the Board on all board appointments, re-appointments and re-nominations;
(e) To review the independence of the Independent Directors in accordance with the Code and Listing Rules.

The NC has conducted an annual review of the independence of the Independent Directors, using the criteria of independence in the Code and the Listing Rules, and has determined that they are independent.

Multiple Board Representations

The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the company.

The NC considers and it is of the view that it would not be appropriate to set a limit on the number of directorships in listed companies that a Director may hold because directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and for each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

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The NC has reviewed each Director's outside directorships, their principal commitments and attendance and contributions to the Board. Despite the multiple directorships, the NC is satisfied that the Directors have discharged their duties adequately and satisfactorily for FY2019.

Details of the Directors' principal commitments and outside directorships given in the "Board of Directors" section of the Annual Report.

Alternative Directors

There is currently no Alternative Directors on the Board.

Selection, Appointment and Re-appointment of Directors

Annually, the NC reviews the composition of the Board and Board committees having regard to the performance and contribution of each individual director and to ensure diversity of skills and experience within the Board and Board committees.

Where there is a resignation or retirement of an existing director, the NC will re-evaluate the Board composition to assess the competencies for the replacement. The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include among other things, whether the new director can add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board discussions. Candidates are sourced through a network of contacts and identified based on the established criteria. Search can be made through relevant institutions such as the Singapore Institute of Directors ("SID"), professional organisations or business federations or external search consultants. New directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board.

The Constitution of the Company requires that one-third of the Board retire from office by rotation at each Annual General Meeting ("AGM"). Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

Mr Gianto Gunara, Mr Jusak Kertowidjojo and Mr Choo Kok Kiong will retire by rotation pursuant to the Constitution of the Company. The NC has recommended to the Board, their re-election at the forthcoming annual general meeting.

In recommending the above Directors for re-election, the NC has taken into consideration these Directors' contribution and performance. The Board has accepted the NC's recommendation. Each of the Directors has abstained from the Board's deliberation on his re-election.

In accordance with the Listing Rules, the particulars of the directors as set out in Appendix 7.4.1 of the Listing Manual in respect of Mr Gianto Gunara, Mr Jusak Kertowidjojo and Mr Choo Kok Kiong are provided on page 37 to 43 of this Annual Report.

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

Conduct of Board Performance

The NC has established a formal evaluation process to assess the effectiveness of the Board as a whole and peer assessment.

Each year, the Directors were requested to complete evaluation forms to assess the overall effectiveness of the Board and the Board Committees, as well as peer assessment. The results of the evaluation exercise were considered by the NC, which then made recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively. The Chairman should, in consultation with the NC, propose, where appropriate, new members to be appointed to the board or seek the resignation of directors.

The evaluation of Board's performance focuses on Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with Management and standard of conduct. The NC also reviews the Board's performance to enhance shareholders' value in terms of the Company's profitability, liquidity, gearing, dividend yield and total shareholder return against industry peers based on their published financial results.

The NC reviews Individual Director's performance with focus on the contribution by individual Directors to the Board in terms of time commitment and in providing independent and objective perspectives based on their background, experience and competencies in the relevant skills critical to the Company's business and in the development of strategies to enable the Board to have a balance of views and critically assess all relevant issues in its decision makings.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the year under review and is of the view that the performances of the Board and Board Committees have been satisfactory.

The Company does not use any external professional facilitator for the assessments of the Board, Board Committees and individual Directors, and will consider the use of such facilitator as and when appropriate.

REMUNERATION MATTERS

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

The RC comprises three members, all of whom including its Chairman are independent. The members of the RC are:

Mr Foo Ko Hing (Chairman)	Non-Executive and Independent Director
Mr Lim Hock San	Non-Executive and Independent Director
Mr Rivaie Rachman	Non-Executive and Independent Director

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The RC functions under the terms of reference which sets out its responsibilities:

(a) To recommend to the Board a framework for remuneration for the Directors and key management personnel of the Company;
(b) To determine specific remuneration packages for each Executive Director and key management personnel;
(c) To review the appropriateness of compensation for Non-Executive Directors; and
(d) To review the remuneration of employees who are substantial shareholders or immediate family members of a director, the CEO or substantial shareholder to ensure that the remuneration of each of such employee commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her.

All aspects of remuneration, including but not limited to Directors' fee, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. No member of the RC or any Director is involved in the deliberations in respect of any resolution in respect of his remuneration package.

Each of the Executive Director and key management personnel has a service agreement with the Company which can be terminated by either party giving notice of resignation/termination. The RC has reviewed the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. For FY2019, there was no engagement of independent professional advice.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

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

Remuneration of Executive Directors and key management personnel

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. All the Executive Directors, including the CEO, and key management personnel have service agreements with the Company. The service agreements cover the terms of employment, salaries and other benefits.

The remuneration of Executive Directors and key management personnel comprises both fixed and variable components. The variable component is performance related and is linked to the Group/Company's performance as well as individual's performance. Such performance-related remuneration is designed to align with the interests of shareholders and promote long term success of the Group. The Executive Directors are not paid Directors' fee.

Currently, the Company has no long term incentive schemes. The RC has reviewed and is satisfied that the existing compensation structure with variable component paid out in cash has continued to be effective in incentivising performance without being excessively compensated.

The Company does not have claw-back provisions which allow it to reclaim incentive components of remuneration from its Directors and key management personnel.

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Remuneration of Non-Executive and Independent Directors

All the Non-Executive Directors have no service contract and are compensated with Directors' fee taking into considerations their respective contributions and attendance at meetings. Additional variable fees are paid for appointment to board committees according to the level of responsibilities undertaken as chairman or member of the Board committees. The RC reviews the Directors' fee for Non-Executive Directors to ensure that the remuneration is commensurate with their contribution and responsibilities.

The Company will submit the quantum of Directors' fee of each year to the shareholders for approval at each AGM.

The RC has reviewed the fee structure for non-executive directors as being reflective of their responsibilities and work commitments without over-compensation to the extent that their independence will be compromised and recommends the directors' fee for FY2019 to the Board for tabling at the forthcoming annual general meeting for shareholders' approval.

The RC considers that the current fee structure adequately compensates the non-executive directors, and given the size and operations of the Company, any implementation of schemes to encourage non-executive directors to hold shares in the Company may result in over-compensation. The RC will consider recommending such schemes, if appropriate.

PRINCIPLE 8: DISCLOSURE OF REMUNERATION

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

Remuneration of Directors

The remunerations paid to the Directors for the financial year ended 31 December 2019 are as follows:–

	Salary	Bonus	Director's Fee	Other Benefits	Total
	%	%	%	%	%
S$500,000 to S$1,499,999					
Eugene Cho Park Executive Director and CEO	60	33	–	7	100
Gianto Gunara Executive Director	60	33	–	7	100
Jusak Kertowidjojo Executive Director	72	8	–	20	100
Choo Kok Kiong Executive Director	59	33	–	8	100
Below S$500,000					
Lim Hock San Non-Executive Chairman and Independent Director	–	–	100	–	100
Dr Tan Chin Nam Non-Executive Director	–	–	100	–	100
Axton Salim Non-Executive Director	–	–	100	–	100
Foo Ko Hing Non-Executive and Independent Director	–	–	100	–	100
Rivaie Rachman Non-Executive and Independent Director	–	–	100	–	100

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The Executive Directors who sit on the Board hold executive positions in the Group's Indonesian subsidiaries. Under Indonesian governance, there is no requirement for corporations in Indonesia to disclose the detailed remuneration of individual directors and executives. The disclosure in Singapore would affect the confidentiality of their remuneration. The Indonesian subsidiaries would be put into a position of unequal treatment in governing the confidentiality of their employees' remuneration. Such executives who are on the Board would be disadvantaged unfairly. In addition, given the highly competitive conditions in the market place where poaching of executives is not uncommon, it is not in the interest of the Company to disclose the remuneration of individual Executive Directors. The Board is of the view that it would be disadvantageous to the Group to disclose the exact remuneration of the Directors.

Each Independent Director's remuneration comprises wholly directors' fee of not more than S$500,000.

Remuneration of Key Management Personnel

The Code recommends that the Company should name and disclose the remuneration of at least the top five key management personnel in bands of S$250,000.

The Company has many competitors in the same industry which are private companies. By disclosing the top five key management personnel individually in bands of S$250,000, the Company is susceptible to poaching of its personnel in a highly competitive market place vying for talent. The competitors have publicly available information of profile of the Company's key personnel and remuneration benchmark. The Company does not have similar information and is seriously disadvantaged as compared to its competitors in retaining and recruitment of key personnel. Loss of its key personnel involves considerable loss of operational know-how and cost in recruitment of similar talent and gestation period for new key personnel to be fully inducted into the Company's work practices. All this would impact its business competitive edge vis-à-vis its competitors. Disclosure of the names of the key management personnel will be not in the interest of the Company from a business perspective.

The remuneration of 3 the Company's top 5 key management personnel is above S$250,000. The aggregate total remuneration paid to the top 5 key management personnel (who are not directors of the Company or the CEO) in 2019 is approximately S$1,370,146.

Remuneration of employees who are substantial shareholders or immediate family members of a director, the CEO or a substantial shareholder

There was no employee of the Company or its subsidiaries who was an immediate family member of a Director, the CEO or a substantial shareholder and whose remuneration exceeds S$100,000 for the financial year ended 31 December 2019.

Employee share schemes

The Company does not have any employee share scheme for its employees. The RC has reviewed and is satisfied that the existing compensation structure with variable component paid out in cash has continued to be effective in incentivising performance of employees without being excessive.

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ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board is responsible for governing risks and ensuring that the Management maintains a sound system of risk management and internal controls in safeguarding its assets and shareholders' interests.

The ARMC, with the assistance of the internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the of the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management system annually. In this respect, the AC will review the audit plans, and the findings of the auditors and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process.

Currently, the responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARMC together with the Management. There is no separate risk committee formed as Board is of the view that a separate risk committee is not required for the time being and the Board will consider engaging professional consultancy firm to assist the Management, if appropriate.

The Board reviews and determines the Group's level of risk tolerance and risk policies, and oversees the design, implementation and monitoring of the risk management and internal control systems.

The Group has in place a system of internal control and risk management framework for ensuring proper accounting records and reliable financial information as well as management of business risks with a view to safeguarding shareholders' investments and the Company's assets. The risk management framework implemented provides for systematic and structured review and reporting of the assessment of the degree of risk, evaluation and effectiveness of controls in place and the requirements for further controls.

The Board has received the following assurances as at 31 December 2019:

(a) from the CEO and CFO that the financial record have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
(b) from the CEO and Chief Risk Officer that the Group's risk management and internal control systems were adequate and effective to address key financial, operational, compliance and information technology risks.

Based on the internal control and risk management framework established and maintained by the Group, review performed by the Group's internal and external auditors, regular reviews performed by the Management and assurance from the CEO, CFO and Chief Risk officer, the Board is of the that the Group's internal controls addressing financial, operational, compliance and information technology risks and risk management systems, were adequate and effective as at 31 December 2019. The ARMC concurs with the Board.

The Board notes that no system of internal control and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, fraud or other irregularities.

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PRINCIPLE 10: AUDIT AND RISK MANAGEMENT COMMITTEE

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

Audit and Risk Management Committee

The ARMC comprises three members, all of whom including the Chairman are independent. The ARMC comprises the following members:

Mr Lim Hock San (Chairman)	Non-Executive and Independent Director
Mr Foo Ko Hing	Non-Executive and Independent Director
Mr Rivaie Rachman	Non-Executive and Independent Director

The ARMC Chairman has a Bachelor of Accountancy from the University of Singapore. He is a Fellow of The Chartered Institute of Management Accountants (UK) and a Fellow and past President of the Institute of Singapore Chartered Accountants with considerable business, financial and accounting experience. Mr Foo Ko Hing has considerable business, banking, investment and finance experience having held positions in PricewaterhouseCoopers LLC and in the banking industry. Mr Rachman is an Independent Director of Riau Development Bank and Surya Dumai Palmoil Plantation & Industry Group in Indonesia. His previous positions were the Vice Governor of Riau Province, Head of Riau Economic Planning Board, Head of Riau Investment Coordination Board and President Director of Riau Development Bank.

All the ARMC members are kept up to date with changes in accounting standards and issues through updates from the external auditors. The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the ARMC's functions.

The Board is satisfied that the members of the ARMC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The experience and qualifications of the ARMC members are set out in the "Board of Directors" section of the annual report.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARMC.

Roles and Responsibilities of ARMC

The ARMC functions under the terms of reference which sets out its responsibilities as follows:

(a) To review the financial statements of the Company and the Group in particular significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance before submission to the Board;
(b) To review the audit plans of the Company with the internal and external auditors and the internal and external auditors' reports;
(c) To review at least annually with the internal and external auditors, the adequacy and effectiveness of the company's internal controls and risk management systems;
(d) To review the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;
(e) To review and discuss with the internal and external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations;
(f) To review the assurances from the CEO, CFO on the financial records and financial statements; and from the CEO and Chief Risk Officer on the risk management system;
(g) To review the adequacy of the finance functions and the quality of finance staff and co-operation given by the Company's management to the internal and external auditors;

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(h) To make recommendations to our Board on the appointment, re-appointment and removal of the internal and external auditors;
(i) To review interested person transactions and potential conflicts of interest;
(j) To undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising;
(k) To generally undertake such other functions and duties as may be required by the statute, regulations or the Listing Manual, or by such amendments as may be made thereto from time to time; and
(l) To review arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting.

The ARMC has the power to conduct or authorise investigations into any matters within the ARMC's scope of responsibility. The ARMC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. No member of the ARMC or any Director is involved in the deliberations and voting on any resolutions in respect of matters he is interested in.

The ARMC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions. The ARMC meets with both the external and internal auditors without the presence of the Management at least once a year.

External Auditors

The Company confirms that it has complied with Rules 712, 715 and 716 of the Listing Manual in engaging Foo Kon Tan LLP ("FKT") registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and of its Singapore subsidiaries, and other suitable audit firms for its foreign subsidiaries. The ARMC reviews the independence of FKT annually.

Having reviewed with FKT, it audit plan, scope of work and auditors' report for FY2019, the ARMC was satisfied with their work.

The aggregate amount of audit fees paid and payable by the Group to the external auditors for FY2019 was approximately S$1,962,000 of which audit fees amounted to approximately S$1,888,000 and non-audit fees amounted to approximately S$74,000.

The ARMC, having reviewed the range and value of non-audit services performed by FKT was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. The ARMC recommended that Foo Kon Tan LLP be nominated for re-appointment as auditor at the forthcoming AGM. The ARMC had also reviewed the appointment of the external auditors of those subsidiaries who are not FKT and is satisfied that such appointment would not compromise the standard and effectiveness of the audit.

Whistle-Blowing Policy

The Company has in place a whistle-blowing framework.

Employees are free to bring complaints in confidence to the attention of their supervisors, the Human Resources Department. The recipient of such complaints shall forward them promptly to the ARMC Chairman. The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Following investigation and evaluation of a complaint, the ARMC Chairman shall report to the ARMC on recommended disciplinary or remedial action, if any. The action determined by the ARMC to be appropriated shall then be brought to the Board or to appropriate members of senior management for authorization and implementation respectively. An employee can access the ARMC Chairman directly to raise concern if he feels that it could not be effectively addressed at managerial level.

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The policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

The ARMC confirms that no reports have been received under the whistle-blowing policy in 2019.

Internal Audit Function

The Company's internal audit function is outsourced to an external professional firm, PricewaterhouseCoopers, Indonesia ("**IA**"). The IA reports directly to the ARMC Chairman on all internal audit matters.

The primary functions of internal audit are to help:–

(a) assess if adequate systems of internal controls are in place to protect the assets of the Group and to ensure control procedures are complied with;
(b) assess if operations of the business processes under review are conducted efficiently and effectively; and
(c) identify and recommend improvement to internal control procedures, where required.

PricewaterhouseCoopers, Indonesia has the professionals with relevant qualifications and experience to perform the review and test of controls of the Group's processes which is consistent with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors. The IA has confirmed their independence to the ARMC. The IA performs the internal audit according to standards set by the Institute of Internal Auditors. The IA has unrestricted access to all the Company's documents, records, properties and personnel, including access to the ARMC. The ARMC is satisfied that the Company's internal audit function outsourced to PricewaterhouseCoopers, Indonesia is independent, adequately resourced and effective.

The ARMC has annually reviewed the Company's internal control assessment and based on the internal auditors and external auditors reports and the internal controls in place, it is satisfied that there are adequate and effective internal controls in the Company.

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF MEETINGS

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

The Company's general meetings are the principal forums for dialogue with shareholders to engage the Board to ask questions on the resolutions tabled at the general meetings and to express their views. The Company will consider the use of other forums such as analyst briefings as and when applicable. The Company's Investor Relations team ("IR team") as and when appropriate participates in investor seminars, conference and roadshows to keep the market and investors apprised of the Group's developments and has contact details of the IR team at is website for investors to channel their comments and queries.

Shareholders are encouraged to attend the general meetings of the Company to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Notice of the meeting will be advertised in newspapers and announced on SGXNET.

At previous AGM, the Company had made presentation to shareholders to update them on the Company's performance, position and prospects at general meetings. Presentation materials would be made available on SGXNET and the company's website for the benefit of shareholders. The Company will consider doing likewise at the forthcoming AGM.

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The Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies in his absence to attend and vote in his stead at the general meetings. The Companies Act allows relevant intermediaries that include CPF Approved nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF Approved Nominees' proxies. The Company will have separate resolutions on each distinct issue. For resolutions that are special business, explanations are given in the accompanying notes to the Notice of the AGM. For resolutions on the election or re-election of directors, information on the Directors as set out in Appendix 7.4.1 of the Listing Manual are given in this Annual Report.

The Chairman of each ARMC, RC and NC are normally available at the AGMs to answer any questions relating to the work of these Committees. The Company's external auditors are also present to address queries related to the audit by the shareholders. In 2019, the Company held one general meeting, namely the annual general meeting, which was attended by all the Directors.

In compliance with Listing Rules, all the resolutions at the forthcoming AGM will be put to vote by electronic poll to allow greater transparency and more equitable participation by shareholders.

Voting and vote tabulation procedures are disclosed at the general meetings. Votes cast for, or against, each resolution will be validated by an independent scrutineer and displayed on the screen at general meetings. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET.

The Company prepares minutes of general meetings on the proceedings and questions raised by shareholders and answers given by the Board and Management. The company does not publish minutes of general meetings of shareholders on its corporate website as the Companies Act provides for the minutes to be made available to the company's shareholders without inclusion of the public at large. Any shareholder including those who did not attend the general meeting can request a copy from the Company in accordance with Section 189 of the Companies Act.

The Company does not have a dividend policy. The Board will consider the Group's financial performance, liquidity, capital expenditure commitment and need to repay debt before proposing to declare dividend. The Notice for the forthcoming AGM does not carry a declaration of dividend for FY 2019 as the Company is committing its cash resources to further develop its Resorts, Utilities and Automotive businesses. The Company will consider the declaration of dividend when the cash permits.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

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

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Company's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;
(b) Annual Report prepared and issued to all shareholders;
(c) Press releases on major developments of the Group;
(d) Notices of and explanatory memoranda for general meetings; and
(e) Company's website at www.gallantventure.com which shareholders can access information on the Group.

The Company strives to reach out to shareholders and investors via its online investor relations site within its corporate website www.gallantventure.com where it updates shareholders and investors on the latest news and business developments of the Group. Shareholders and investors are also provided with an investor relations contact at (65) 6389 3535.

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The Company's investor relations policy is to communicate with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET. The Company does not practice selective disclosure and price sensitive or trade sensitive information is publicly released on an immediate basis where required under the Listing Rules.

Price sensitive or trade sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods. The Board also ensures timely and full disclosure of material corporate developments to shareholders. The Board also reviews regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements.

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

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

The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups through its various business units on an on-going basis in the course of their business with suppliers, customers and the CSR programs involving the local community and on an annual basis in conjunction with the preparation of the Company's sustainability report.

The Group's material stakeholders are its shareholders, customers, employees, regulator and suppliers and engagement with them are set out in its Sustainability Report for FY2018 published on 16 May 2019 on SGXNET.

The Group maintains a corporate website at http://www.gallanventure.com at which stakeholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group. The Company has an online investor relations site within its corporate website as an outreach to shareholders and all other stakeholders. Shareholders and stakeholders are provided with an investor relations contact at (65) 6389 3535.

DEALINGS IN SECURITIES

The Company has procedures in place prohibiting dealings in the Company's securities by its directors and employees on short term considerations and during the period commencing two weeks before and up to the announcement of the Company's financial statements for each of the first three quarters of FY2019 and one month before and up to the announcement of the Company's full year financial statements for FY2019. With the adoption of half yearly reporting of the financial statements from FY2020 as announced on 9 March 2020, henceforth, the directors and employees are prohibited from dealing in the Company's Securities one month before and up to the release of the half year and full year financial statements.

SUSTAINABILITY REPORTING

The Board believes that in order to ensure long term success of a business, corporates should integrate sustainability into their operations and strategies. We are committed to conduct our businesses in a sustainable manner and aim to create positive value for all our stakeholders.

During the year, the Sustainability Reporting Committee engaged our internal and external stakeholders to seek feedback to identify areas for improvement for our upcoming report. We continue to benchmark ourselves against our peers and during the process, additional materiality matrix has been identified.

Our Board continues to monitor our progress to ensure we continue to improve our sustainability performance and goals to minimise our impact on the environment and the communities in which we operated and leverage on the sustainability strategy to enhance long-term shareholder's value.

The full sustainability report for FY 2019 in digital form will be available on our website: www.gallantventure.com by 31 May 2020.

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MATERIAL CONTRACTS

Save as may be disclosed in this Annual Report including the Appendix relating to the proposed renewal of the interested person transactions mandate, there were no material contracts entered into by the Company or its subsidiary companies involving the interests of the Chief Executive Officer, any Directors or controlling shareholders of the Company which were still subsisting at the end of FY2019, or if not then subsisting, entered into since the end of FY2018.

INTERESTED PERSON TRANSACTIONS POLICY

The Company adopted an internal policy in respect of any transactions with interested person and has established procedures for review and approval of the interested person transactions entered into by the Group. The Audit Committee has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the shareholders.

The interested person transactions transacted for the financial year ended 31 December 2019 by the Group are as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000
Sales of Goods and Services	
• Salim Group[1]	15,138
• PT Soxal Batamindo Industrial Gases[2]	202
Purchase of Goods and Services	
• Salim Group	3,214
• IMAS Group[3]	797
Interest Income	
• Salim Group	414
Dividend Income	
• IMAS Group	3,906

(1) Salim Group refers to Mr Anthoni Salim and the group of companies controlled by him or, if the context requires, Mr Anthoni Salim.

(2) An associated company.

(3) IMAS Group refers to PT Indomobil Sukses Internasional Tbk, its subsidiaries and associated companies.

There are no Interested Person Transactions conducted outside the Shareholders' Mandate (excluding transactions less than S$100,000).

STATEMENT OF CORPORATE GOVERNANCE

FINANCIAL YEAR ENDED 31 DECEMBER 2019

USE OF SUBSCRIPTION PROCEEDS AS AT DATE OF THIS ANNUAL REPORT

The Company refers to the net proceeds of approximately S$68,173,000 raised from the subscription of 513,045,113 new ordinary shares in the capital of the Company at an issue price of S$0.133 for each Subscription Share on 14 December 2017. The use of proceeds is in accordance with the stated use and is in accordance with the percentage allocated in the Company's announcement dated 27 June 2018.

As at date of this Annual Report, the status on the use of the net proceeds is as follows:–

Intended use of net proceeds	Allocated	Amount allocated	Net proceeds utilised as at this Annual Report	Balance of net proceeds as at date of this Annual Report
	%	**S$ million**	**S$ million**	**S$ million**
General working capital(1)	50	34.085	11.098	22.987
Repayment of loans	50	34.085	24.121	9.964
	100	**68.170**	**35.219**	**32.951**

(1) The breakdown of net proceeds used for general working capital was S$0.950 million for salary related expenses, S$0.414 million for payment to suppliers for operating expenses and S$9.779 million for payment of extension of land rights in Batam.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

We are pleased to present this statement to the members together with the audited consolidated financial statements of Gallant Venture Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position of the Company for the financial year ended 31 December 2019.

In the opinion of the Directors,

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

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, as disclosed in Note 2(a)(h) – Going concern.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of Directors

The Directors of the Company to office at the date of this statement are:

Mr Lim Hock San (Non-Executive Chairman and Independent Director)
Mr Eugene Cho Park (Executive Director and Chief Executive Officer)
Mr Gianto Gunara (Executive Director)
Mr Jusak Kertowidjojo (Executive Director)
Mr Choo Kok Kiong (Executive Director)
Dr Tan Chin Nam (Non-Executive Director)
Mr Axton Salim (Non-Executive Director)
Mr Foo Ko Hing (Non-Executive and Independent Director)
Mr Rivaie Rachman (Non-Executive and Independent Director)

Arrangements to enable Directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of the subsidiaries was a party to any arrangement which the object of which was to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body, other than as disclosed in this statement.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the Directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as follows:

	Number of ordinary shares registered in the name of Director or nominee		Number of ordinary shares in which Director is deemed to have an interest	
The Company	**As at 1.1.2019**	**As at 31.12.2019 and 21.1.2020**	**As at 1.1.2019**	**As at 31.12.2019 and 21.1.2020**
Lim Hock San	1,714,000	**1,714,000**	–	**–**
Eugene Cho Park	200,000	**200,000**	–	**–**
Gianto Gunara	200,000	**200,000**	–	**–**

Share options scheme

There were no share options granted during the financial year to subscribe for unissued shares of the Company or of its subsidiaries.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares under option at the end of the financial year.

Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") at the end of the financial year comprises the following members:

Mr Lim Hock San (Chairman)
Mr Foo Ko Hing
Mr Rivaie Rachman

The ARMC performs the functions set out in Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

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

(iii) the quarterly financial information (where applicable) and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 as well as the auditor's report thereon;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Audit and Risk Management Committee (Cont'd)

(iv) effectiveness of the Company's and the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARMC;

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

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the ARMC to the board of directors with such recommendations as the ARMC considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The ARMC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings. The ARMC also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The ARMC is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the ARMC are provided in the Report on Corporate Governance.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

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EUGENE CHO PARK

....

CHOO KOK KIONG

Dated: 14 April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GALLANT VENTURE LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gallant Venture Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Company and the Group as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial 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 and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Impairment assessment of investments in subsidiaries of the Company (Note 7) and goodwill of the Group (Note 3)

As at 31 December 2019, investments in subsidiaries of the Company amount to S$2.50 billion representing about 97% of the Company's total assets.

As at 31 December 2019, the Group has goodwill with net book value of S$427 million arising from its acquisition of automotive business included in intangible assets, representing about 8% of the Group's total assets.

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GALLANT VENTURE LTD.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

(a) Impairment assessment of investment in subsidiaries of the Company (Note 7) and goodwill of the Group (Note 3) (Cont'd)

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, the higher of fair value less cost to sell and value-in-use ("VIU"). The recoverable amount from VIU calculation is based on certain key assumptions, such as the 5-year cash flow projections and the growth rate, terminal value and discount rate of the cash generating unit ("CGU") in order to calculate the present value of the CGU's future cash flows. These assumptions which are determined by management are judgmental. A small change in the assumptions may have a significant impact to the estimation of the recoverable amount.

In determining appropriate CGU level, the Company and the Group have performed the impairment assessment at the smallest CGU identifiable – either at the business segment or at the entity level.

Our response and work performed

Our audit procedures included among others, evaluating the identification of CGUs within the Group. We obtained the valuation model prepared by management and the inputs and assumptions used.

We engaged auditor's expert to evaluate the valuation model. We assessed whether the auditor's expert has the necessary competency and objectivity for our purposes. We also obtained an understanding of the nature and scope of objectives of that expert's work and evaluating the adequacy of that work.

In the computation of the 5-years discounted cash flow projections (including terminal value), the Group had taken into account the indicative market prices of their goods, and used inputs, such as market growth rate, weighted average cost of capital and other factors, typical of similar industry. Management had applied its knowledge of the business in the review of these estimates.

Through our auditor's expert, we assessed reasonableness of the methodology adopted, inputs and basis and assumptions used to arrive at the recoverable amounts of the CGUs based on the VIU calculations. We also checked the arithmetical accuracy and completeness of the VIU calculations.

We also focused on the adequacy of disclosures of key assumptions and sensitivity. The Group's disclosures on intangible assets and investments in subsidiaries are included in Note 3 and Note 7 to the financial statements respectively.

(b) Impairment assessment of financing receivables (Note 9) and trade receivables (Note 14) of the Group

As at 31 December 2019, total financing receivables of the Group amounts to S$1.40 billion, in which S$0.59 billion is classified under current assets and S$0.81 billion is classified under non-current asset. Total financing receivables represents about 25% of the Group's total assets.

As at 31 December 2019, trade receivables amount to S$229.7 million, representing about 4% of the Group's total assets.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GALLANT VENTURE LTD.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

(b) Impairment assessment of financing receivables (Note 9) and trade receivables (Note 14) of the Group (Cont'd)

The Group applies on a forward-looking basis the expected credit losses ("ECL") associated with its financing receivables and trade receivables in accordance with SFRS(I) 9 Financial Instruments.

The Group elects to assess the ECL on its financing receivables using the general approach. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL is measured as an allowance equal to 12-month ECL for Stage-1 (low credit risk) assets or lifetime ECL for Stage-2 (deterioration in credit risk) or Stage-3 (credit-impaired) assets. For credit exposures for which there has not been a significant increase in credit risk or credit impaired since initial recognition (Stage-1), ECL is 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 or credit-impaired since initial recognition (Stage-2 and Stage-3 respectively), 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 receivables which are trade in nature, the Group applies the simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group establishes a provision matrix that is based on its historical credit loss experience, adjusted for current market conditions and forward-looking factors specific to the debtors and the economic environment.

Assessing the ECL for impairment of receivables requires management to make subjective judgements. ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

Our response and work performed

We evaluated the appropriateness of the general approach and simplified approach used by management, including assessing the reasonableness of assumptions used in determining changes in credit risk and historical default rates adjusted for current conditions and forward-looking information, respectively.

We reviewed the Group's design and operating effectiveness of the controls over the financing receivables' data, receivables' collection process, and the ageing of receivables' balances. These controls included those of credit review and approval.

We reviewed the Group's processes and controls for monitoring and identifying trade receivables with collection risks. We performed audit procedures, amongst others, obtaining trade receivable confirmations, assessing the facts and circumstances surrounding the outstanding amount presented by management, tested the accuracy of the ageing report and reviewed for evidence of collection by way of subsequent receipts after the year end.

We recomputed management's calculation of the ECL. We also reviewed the adequacy and reasonableness of the relevant disclosures. The Group's disclosures on the credit risk are included in Note 39(b) to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GALLANT VENTURE LTD.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

(c) Impairment assessment of property, plant equipment (Note 4)

As at 31 December 2019, the Group's property, plant and equipment amounts to S$1.20 billion, represents about 21% of the Group's total assets.

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, the higher of fair value less cost to sell and value-in-use ("VIU"). The recoverable amount from VIU calculation is based on certain key assumptions, such as cash flow projections covering a five-year period and the perpetual growth rate and discount rate per cash generating unit ("CGU"). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. These assumptions which are determined by management are judgmental.

In determining appropriate CGU level, the Group has performed the impairment assessment of property, plant and equipment according to the smallest CGU identifiable.

Our response and work performed

Our audit procedures included among others, assessing appropriateness of cash-generating units identified by management, evaluating management's assessment for impairment indications, reviewing the valuation model and assumptions used.

We reviewed the appropriateness of cash-generating units ("CGUs") as identified by management.

We evaluated whether there had been significant changes in the external and internal factors considered by the Group in assessing whether indicators of impairment exist.

In the assessment of impairment, the Group takes into account the indicative open market prices of the leasehold land, building and infrastructure, utilities plant and machinery, transportation equipment and vehicles, typical of similar industries. Senior management has applied its knowledge of the business in the review of these estimates.

We reviewed, through the component auditor's expert, management's expert estimates and key assumptions adopted in the valuation methodologies and the recoverable amounts of CGUs associated with the property, plant and equipment.

We have also assessed the competencies and objectivities of the component auditor's expert.

We also focused on the adequacy of disclosures about key assumptions and sensitivity. The disclosures about the Group's property, plant and equipment are included in Note 4.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GALLANT VENTURE LTD.

Report on the Audit of the Financial Statements (Cont'd)

Other Information

Management is responsible for the other information. The other information comprises the "Directors' Statement" section of the Annual Report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the Annual Report which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GALLANT VENTURE LTD.

Report on the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GALLANT VENTURE LTD.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner of the audit resulting in this independent auditor's report is Mr Ho Teik Tiong.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 14 April 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	The Company 31 Dec 2019 $'000	The Company 31 Dec 2018 $'000	The Group 31 Dec 2019 $'000	The Group 31 Dec 2018 $'000
Assets					
Non-Current					
Intangible assets	3	**27**	62	**644,062**	716,234
Property, plant and equipment	4	**158**	310	**1,153,404**	769,129
Right-of-use assets	5	**409**	–	**44,236**	–
Investment properties	6	**–**	–	**101,775**	182,203
Subsidiaries	7	**2,460,620**	2,537,174	**–**	–
Associates	8	**–**	–	**149,940**	116,269
Financing receivables	9	**–**	–	**807,801**	680,318
Deferred tax assets	10	**–**	–	**41,079**	34,542
Other non-current assets	11	**155**	155	**264,380**	345,388
		2,461,369	2,537,701	**3,206,677**	2,844,083
Current					
Land inventories	12	**–**	–	**595,241**	594,654
Other inventories	13	**–**	–	**274,606**	359,552
Financing receivables	9	**–**	–	**587,013**	519,405
Trade and other receivables	14	**76,960**	81,393	**674,981**	703,775
Cash and cash equivalents	15	**1,747**	381	**230,524**	228,879
		78,707	81,774	**2,362,365**	2,406,265
Total assets		**2,540,076**	2,619,475	**5,569,042**	5,250,348
Equity and Liabilities					
Equity					
Share capital	16	**1,958,546**	1,948,307	**1,958,546**	1,948,307
Treasury shares	17	**(50)**	(50)	**(50)**	(50)
Accumulated losses		**(280,912)**	(148,600)	**(547,610)**	(373,273)
Reserves	18	**80,000**	80,000	**(164,388)**	(136,594)
Equity attributable to equity holders of the Company		**1,757,584**	1,879,657	**1,246,498**	1,438,390
Non-controlling interests		**–**	–	**272,642**	293,995
Total equity		**1,757,584**	1,879,657	**1,519,140**	1,732,385
Liabilities					
Non-Current					
Deferred tax liabilities	10	**–**	–	**101,790**	102,209
Borrowings	19	**290,495**	311,489	**1,490,111**	1,030,198
Debt securities	20	**–**	–	**103,369**	163,237
Employee benefits liabilities	21	**–**	–	**43,867**	36,709
Other non-current liabilities	22	**88**	88	**72,056**	32,780
Lease liabilities	23	**165**	–	**6,195**	–
Contract liabilities	27	**–**	–	**12,873**	11,621
		290,748	311,577	**1,830,261**	1,376,754
Current					
Borrowings	19	**404,457**	381,583	**1,610,633**	1,410,338
Debt securities	20	**–**	–	**67,474**	195,560
Lease liabilities	23	**231**	–	**13,405**	–
Trade and other payables	24	**85,307**	45,494	**495,584**	505,260
Contract liabilities	27	**–**	–	**20,153**	15,195
Current tax payable		**1,749**	1,164	**12,392**	14,856
		491,744	428,241	**2,219,641**	2,141,209
Total liabilities		**782,492**	739,818	**4,049,902**	3,517,963
Total equity and liabilities		**2,540,076**	2,619,475	**5,569,042**	5,250,348

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Revenue	27	**1,965,687**	1,832,713
Cost of sales		**(1,575,443)**	(1,470,278)
Gross profit		**390,244**	362,435
Other income	28	**50,238**	76,400
General and administrative expenses		**(213,134)**	(189,031)
Other operating expenses	29	**(257,334)**	(147,235)
Share of associate companies' results		**(3,744)**	(14,473)
Finance costs	30	**(186,240)**	(136,690)
Loss before taxation	31	**(219,970)**	(48,594)
Taxation	32	**(35,118)**	(27,274)
Loss after taxation		**(255,088)**	(75,868)
Other comprehensive (loss)/income after taxation:			
Items that are/may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges, net of tax	18(iii)	**(17,171)**	(2,620)
Currency translation differences from foreign subsidiaries	18(ii)	**21,211**	(36,752)
Items that will not be reclassified subsequently to profit or loss			
Change in fair value on equity instruments at fair value through other comprehensive income	18(iv)	**10,623**	76,285
Remeasurements of defined benefit plans	18(v)	**(1,079)**	5,871
Other comprehensive income for the year after taxation	33	**13,584**	42,784
Total comprehensive loss for the year		**(241,504)**	(33,084)
Loss attributable to:			
– Equity holders of the Company		**(221,976)**	(73,748)
– Non-controlling interests		**(33,112)**	(2,120)
		(255,088)	(75,868)
Total comprehensive (loss)/income attributable to:			
– Equity holders of the Company		**(212,170)**	(40,257)
– Non-controlling interests		**(29,334)**	7,173
		(241,504)	(33,084)
		Cents	Cents
Loss per share			
– Basic	34	**(4.153)**	(1.382)
– Diluted		**(4.153)**	(1.382)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the Company										
	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Other reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2019	1,948,307	(50)	(105,771)	(108,341)	(2,254)	64,175	15,597	(373,273)	1,438,390	293,995	1,732,385
Loss for the year	–	–	–	–	–	–	–	(221,976)	(221,976)	(33,112)	(255,088)
Other comprehensive income/(loss)	–	–	–	13,666	(12,358)	7,588	910	–	9,806	3,778	13,584
Total comprehensive income/(loss) for the year	–	–	–	13,666	(12,358)	7,588	910	(221,976)	(212,170)	(29,334)	(241,504)
Transactions with owners											
Transfer of fair value reserve of equity Instruments designated as FVOCI	–	–	–	–	–	(47,639)	–	47,639	–	–	–
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	–	–	–	(145)	(145)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(2,450)	(2,450)
Issuance of shares	10,300	–	–	–	–	–	–	–	10,300	–	10,300
Share issuance expenses	(61)	–	–	–	–	–	–	–	(61)	–	(61)
Changes in interest in subsidiaries and effect of transaction with non-controlling interests	–	–	–	–	–	–	10,039	–	10,039	10,576	20,615
Balance at 31 December 2019	1,958,546	(50)	(105,771)	(94,675)	(14,612)	24,124	26,546	(547,610)	1,246,498	272,642	1,519,140

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the Company										
	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Other reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2018, as reported	1,948,307	–	(105,771)	(84,851)	(474)	(18,838)	4,945	(299,198)	1,444,120	267,970	1,712,090
Effects of adoption of SFRS (I) 9	–	–	–	(276)	–	28,549	–	(327)	27,946	11,050	38,996
Balance at 1 January 2018, as restated	1,948,307	–	(105,771)	(85,127)	(474)	9,711	4,945	(299,525)	1,472,066	279,020	1,751,086
Loss for the year	–	–	–	–	–	–	–	(73,748)	(73,748)	(2,120)	(75,868)
Other comprehensive (loss)/income	–	–	–	(23,214)	(1,780)	54,464	4,021	–	33,491	9,293	42,784
Total comprehensive (loss)/income for the year	–	–	–	(23,214)	(1,780)	54,464	4,021	(73,748)	(40,257)	7,173	(33,084)
Transaction with owners											
Purchase of treasury shares (Note 17)	–	(50)	–	–	–	–	–	–	(50)	–	(50)
Dilution in interests of subsidiary with loss of control (Note 7)	–	–	–	–	–	–	–	–	–	79	79
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(376)	(376)
Changes in interest in subsidiaries and effect of transaction with non-controlling interests	–	–	–	–	–	–	6,631	–	6,631	8,099	14,730
Balance at 31 December 2018	1,948,307	(50)	(105,771)	(108,341)	(2,254)	64,175	15,597	(373,273)	1,438,390	293,995	1,732,385

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Cash Flows from Operating Activities			
Loss before taxation		**(219,970)**	(48,594)
Adjustments for:			
Amortisation of intangible assets	3, 31	**16,316**	16,309
Depreciation of property, plant and equipment, investment properties and right-of-use assets	31	**118,928**	99,459
Impairment loss on goodwill		**100,100**	–
Loss on disposal of property, plant and equipment	28	**2,216**	221
Net impairment of financing receivables	9, 31	**53,244**	41,579
Net (reversal)/impairment of trade and other receivables	14, 31	**(551)**	5,345
Loss on sales of foreclosed assets		**12,366**	15,754
Reversal of allowance for inventories obsolescence	13, 31	**(66)**	(73)
Provision for employees' benefits	21, 31	**6,559**	5,776
Write off of other payable	28	**–**	(1,851)
Gain on dilution from a subsidiary to associate	28	**–**	(464)
Gain on disposal from subsidiaries		**(255)**	–
(Gain)/loss on disposal of investment properties		**(358)**	3,001
Reversal of allowance for foreclosed assets	25, 31	**(350)**	(1,903)
Gain on dilution from associate to unquoted equity investments	28	**–**	(16,181)
Interest expense	30	**186,240**	136,690
Interest income	28	**(27,859)**	(22,732)
Share of associate companies' results		**3,744**	14,473
Operating profit before working capital changes		**250,304**	246,809
Increase in land inventories		**(587)**	(2,888)
Decrease/(increase) in other inventories		**98,216**	(112,350)
Increase in operating receivables		**(70,862)**	(296,461)
(Decrease)/increase in operating payables and contract liabilities		**(21,557)**	180,983
Cash generated from operating activities		**255,514**	16,093
Income tax paid		**(73,356)**	(79,590)
Interest paid		**(221,416)**	(220,722)
Interest received		**8,382**	7,860
Employee benefit paid	21	**(1,302)**	(1,234)
Net cash used in operating activities		**(32,178)**	(277,593)
Cash Flows from Investing Activities			
Acquisition of intangible assets		**(142)**	(92)
Acquisition of property, plant and equipment		**(438,910)**	(222,981)
Acquisition of investment properties		**(40,100)**	(4,707)
Dividend from associates		**2,023**	5,560
Proceeds from disposal of property, plant and equipment		**5,882**	2,898
Proceeds from disposal of investment properties		**33**	–
Acquisition of a subsidiary, net of cash acquired	A	**(29,602)**	–
Disposal of subsidiaries, net of cash disposed off	B	**495**	–
Proceeds from sale of equity instruments at fair value through other comprehensive income		**144,943**	–
Addition in investments in associates		**(39,320)**	(10,992)
Interest received on and proceeds from restricted cash and time deposits		**(105)**	254
Net cash used in investing activities		**(394,803)**	(230,060)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Cash Flows from Financing Activities			
Proceeds from issuance of new shares	16	**10,239**	–
Proceeds from issuance of debt securities	C	**–**	209,331
Repayment of debt securities	C	**(195,951)**	(82,917)
Payment of principal portion of lease liabilities	C	**(3,625)**	–
Purchase of treasury shares	17	**–**	(50)
Proceeds from additional capital stock contribution of NCI		**21,794**	5,249
Proceeds from borrowings	C	**4,062,642**	3,538,286
Repayment of borrowings	C	**(3,467,432)**	(3,185,861)
Dividends paid to non-controlling interests		**(2,450)**	(376)
Net cash generated from financing activities		**425,217**	483,662
Decrease in cash and cash equivalents		**(1,764)**	(23,991)
Cash and cash equivalents at beginning of year		**228,879**	258,441
Effect of currency translation on cash and cash equivalents		**3,409**	(5,571)
Cash and cash equivalents at end of year	15	**230,524**	228,879

Note A: Acquisition of subsidiaries

On 25 June 2019, the Group acquired 97.5% of equity interest in PT Prima Sarana Gemilang ("PT PSG"). As a result, the Group's effective interest in PT PSG increased from 1.5% to 98.99%, granting it control of PT PSG. PT PSG engages in coal mining contractor which has significant interest in the Group's heavy equipment products. The acquisition of PT PSG will allow the Group to achieve synergy between PT PSG and the Group on the heavy equipment segment.

Details of the consideration paid, assets acquired, liabilities assumed, and goodwill arising, and the effects on the cash flows of the group are as follows:

	The Group 2019 $'000
Purchase consideration	
Cash	**28,560**
Total purchase consideration	**28,560**
Identifiable assets acquired and liabilities assumed at fair value	
Cash and cash equivalents	**104**
Trade and other receivables	**28,145**
Inventories	**3,611**
Property, plant and equipment	**63,235**
Deferred tax assets	**5,358**
Loan and borrowings	**(22,360)**
Trade and other payables	**(92,033)**
Current tax liabilities	**(1,592)**
Identifiable net liabilities assumed	**(15,532)**
Add: Non-controlling interests	**156**
	(15,376)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Note A: Acquisition of subsidiaries (Cont'd)

	The Group 2019 $'000
Goodwill arising on acquisition	
Consideration transferred	28,560
Less: Fair value of identifiable net liabilities assumed, net of non-controlling interests	(15,376)
Goodwill arising on acquisition	43,936
Effects on cash flows of the Group	
Cash consideration paid	28,560
Less: Cash and cash equivalents in acquiree	(104)
Net cash outflows on acquisition	28,456

On 26 December 2019, the Group converted the convertible bond issued by PT Jasa Kencana Utama ("PT JKU") for 12,500,000,000 new shares in PT JKU, representing 99.01% of the enlarged share capital. The Group took control of PT JKU based on the Preferential Rights Agreement signed on 30 April 2019. PT JKU engages in E-commerce and contract services in forestry sector. The acquisition of PT JKU will expand the Group's business in E-commerce platform and contract services in forestry.

Details of the consideration paid, assets acquired, liabilities assumed, and goodwill arising and the effects on the cash flows of the Group are as follows:

	The Group 2019 $'000
Purchase consideration	
Cash	1,211
Total purchase consideration	1,211
Identifiable assets acquired and liabilities assumed at fair value	
Cash and cash equivalents	66
Trade and other receivables	4,024
Inventories	51
Property, plant and equipment	8,645
Investment properties	6,411
Other non-current asset	53,471
Loan and borrowings	(30,236)
Trade and other payables	(41,365)
Current tax liabilities	(12)
Identifiable net assets acquired	1,055
Add: Non-controlling interests	(10)
	1,045

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Note A: Acquisition of subsidiaries (Cont'd)

	The Group 2019 $'000
Goodwill arising on acquisition	
Consideration transferred	1,211
Less: Fair value of identifiable net assets acquired, net of non-controlling interests	(1,045)
Goodwill arising on acquisition	166
Effects on cash flows of the Group	
Cash consideration paid	1,211
Less: Cash and cash equivalents in acquiree	(66)
Net cash outflows on acquisition	1,145

Note B: Disposal of subsidiaries

On 6 November 2019, the Group disposed the entire equity interest in PT Bumi Bintan Abadi and its subsidiaries ("PT BBA Group") as the proposed joint property development between PT BBA Group and the investors did not materialise.

Details of the disposal are as follows:

	The Group 2019 $'000
Carrying amounts of net assets over which control was lost	
Current assets	732
Current liabilities	(492)
	240
Gain on disposal	
Total consideration received	495
Less: Net assets derecognised	(240)
	255
Effect of the disposal on cash flows	
Cash consideration	495
Cash balance in subsidiaries disposed off	–
Net cash inflows arising on disposal	495

The gain on disposal of subsidiaries is recorded within "other income" in the Consolidated Statement of Comprehensive Income – Profit or Loss.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Note C

The following is the disclosures of the reconciliation of items for which cash flows have been classified as financing activities, excluding equity items.

		Cash flows			Non-cash flows		
	As at 1 January 2019 $'000	Proceeds $'000	Repayment $'000	Interest paid $'000	Interest expenses $'000	The effect of changes In foreign rates $'000	As at 31 December 2019 $'000
Borrowings (Note 19)	**2,440,536**	**4,062,642**	**(3,467,432)**	**(199,139)**	**164,069**	**100,068**	**3,100,744**
Debt securities (Note 20)	**358,797**	**–**	**(195,951)**	**(22,277)**	**20,499**	**9,775**	**170,843**
Lease liabilities (Note 23)	**6,494***	**14,940**	**(3,625)**	**–**	**1,672**	**119**	**19,600**

* adoption of SFRS(I) 16, Leases

The following is the disclosures of the reconciliation of items for which cash flows have been, classified as financing activities, excluding equity items.

		Cash flows			Non-cash flows		
	As at 1 January 2018 $'000	Proceeds $'000	Repayment $'000	Interest paid $'000	Interest expenses $'000	The effect of changes In foreign rates $'000	As at 31 December 2018 $'000
Borrowings (Note 19)	2,020,755	3,538,286	(3,185,861)	(159,284)	105,872	120,768	2,440,536
Debt securities (Note 20)	255,702	209,331	(82,917)	(61,438)	30,818	7,301	358,797

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1 General information

The Company is incorporated and domiciled in Singapore with its registered office and the principal place of business at 3 HarbourFront Place #16-01 HarbourFront Tower Two, Singapore 099254. The Company is listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

2(a) Basis of preparation

The financial statements are prepared in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), and Singapore Financial Reporting Standards (International) ("SFRS(I)") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar which is the Company's functional currency. All financial information, presented in Singapore Dollar, is rounded to the nearest thousand ($'000) unless otherwise stated.

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

Significant judgements used in applying accounting policies

(a) Income taxes (Note 32)

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide 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 recognises 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(a) Basis of preparation (Cont'd)

Significant judgements used in applying accounting policies (Cont'd)

(b) Determination of cash-generating units (CGU)

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Significant judgement is required by management to determine whether multiple assets should be grouped to form a CGU. Management has identified the appropriate CGU level to be either at the business segment or at the entity level.

(c) Classification of properties as investment properties (Note 6)

The Group classifies certain buildings and improvements as investment properties as these are leased out to earn rental income. The Group has assessed and determined that an insignificant portion of investment properties is held for own use in the supply of building management services and/or for administration purposes.

(d) Classification of property leases as operating lease (as lessor) (Note 35)

The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases. The carrying value of the Group's operating leases (as lessor) as of 31 December 2019 is S$104,709,000 (2018 – S$100,215,000).

(e) Determination of functional currency

The Group measures foreign currency translation in the respective currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(f) Allowance for expected credit losses (ECL) of financing receivables (Note 9) and trade and other receivables (Note 14)

Allowance for ECL of receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, current market conditions, assumptions and expectations of future conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(a) Basis of preparation (Cont'd)

Significant judgements used in applying accounting policies (Cont'd)

(f) Allowance for expected credit losses (ECL) of financing receivables (Note 9) and trade and other receivables (Note 14) (Cont'd)

For financing receivables and non-trade receivables, the Group and the Company apply the general approach to determine ECL. ECL is measured as an allowance equal to 12-month ECL for stage-1 (low credit risk) assets, or lifetime ECL for stage-2 (deterioration in credit risk) or stage-3 (credit impaired) assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

For receivables which are trade in nature, the Group and the Company apply the simplified approach and uses a provision matrix to calculate ECL. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust historical credit loss experience with current market conditions and forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

The carrying amount of the Group's financing receivables as at 31 December 2019 is S$1,394,814,000 (2018 – S$1,199,723,000).

The carrying amounts of the Company's and the Group's trade and other receivables as at 31 December 2019 amount to S$76,960,000 (2018 – S$81,393,000) and S$674,981,000 (2018 – S$703,775,000) respectively. A decrease of 10% in the estimated future cash inflows will not lead to further allowance for impairment on the Group's financing and trade and other receivables.

(g) Deferred tax assets (Note 10)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgements are required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The carrying amount of the Group's deferred tax assets as at 31 December 2019 are S$41,079,000 (2018 – S$34,542,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(a) Basis of preparation (Cont'd)

Significant judgements used in applying accounting policies (Cont'd)

(h) Going concern

As at 31 December 2019, the Company's current liabilities exceeded its current assets by S$413,037,000 (2018 – S$346,467,000). The Company's net current liability position is mainly due to loans of S$385,047,000 (2018: S$362,079,000) (Note 19) and amount owing to its subsidiaries of S$69,278,000 (2018 – S$40,776,000) (Note 24). Excluding the loans and amount owing to its subsidiaries, the Company's net current asset is S$41,288,000 (2018 – S$56,388,000) as at 31 December 2019. The financial statements have been prepared on a going concern basis as the Company is able to meet its current liabilities obligation for the next twelve months either through the dividend from its subsidiaries, financing through capital market or the subsidiaries not to recall the loans under the instruction from the Company.

As at 31 December 2019, the Group has cash and cash equivalents (Note 15) of S$230,524,000 (2018 – S$228,879,000) and net current assets of S$142,724,000 (2018 – S$265,056,000) which is able to support its working capital requirements. The Group has outstanding borrowings and debts securities (Notes 19 and 20) of S$1,678,107,000 (2018 – S$1,605,898,000) as at 31 December 2019 which is due within 12 months after end of reporting period.

The Group is of the view that the preparation of financial statements on a going concern basis is appropriate for the following reasons:

- the Group has unutilised credit facilities amounting to approximately S$2.08 billion (2018 – S$1.66 billion) and is able to raise funds through bank borrowings and capital market; and
- the Group is able to collect its total trade receivables (including financing receivables) as they fall due to settle its current liabilities.

(i) Determination of the lease term (Note 23)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of premises, plant and equipment, and motor vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 31 December 2019, potential future cash outflows of S$1,785,196 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies

(a) Pension and employee benefits (Note 21)

The determination of the Group's obligation cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Group's assumptions are recognised in profit or loss as and when they occurred. While the Group believes that its assumptions are reasonable and appropriate, significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of employee benefit liabilities as at 31 December 2019 amounts to S$43,867,000 (2018 – S$36,709,000).

If the discount rate decreases by 1% from management's estimates, the present value of the pension and employee benefits obligation will increase by S$2,371,000 (2018 – S$1,440,000).

(b) Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 80 years. Changes in the expected level of usage and technological development could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

The carrying amount of the Company's and the Group's property, plant and equipment as at 31 December 2019 are S$158,000 (2018 – S$310,000) and S$1,153,404,000 (2018 – S$769,129,000) respectively. If the depreciation of the property, plant and equipment increases/decreases by 10%, the Group's loss for the year will increase/decrease by S$6,316,000 (2018 – S$7,051,000).

(c) Amortisation of intangible assets (Note 3)

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those with finite useful lives. Management estimates the useful lives of these intangible assets to be within 3 to 20 years. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to impairment testing if there are any indicators of impairment. Indefinite life intangibles are subject to annual impairment testing and more frequently, if there are any indicators of impairment.

Intangibles assets are written off where, in the opinion of the management, no further economic benefits are expected to arise. The carrying amounts of the Company's and the Group's intangible assets, excluding goodwill, as at 31 December 2019 are S$27,000 (2018 – S$62,000) and S$216,602,000 (2018 – S$232,776,000) respectively. If the amortisation of intangible assets increases/decreases by 10%, the Group's loss for the year will increase/decrease by S$1,632,000 (2018 – S$1,631,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

(d) Depreciation of investment properties (Note 6)

Investment properties are accounted for using the cost model and are depreciated on a straight-line basis over their estimated useful lives and impaired if necessary. Management estimates the useful lives of these investment properties to be within 3 to 30 years. The carrying value of the investment properties are reviewed when events or changes in circumstances indicate the carrying value may not be recoverable.

The carrying amount of the Group's investment properties as at 31 December 2019 is S$101,775,000 (2018 – S$182,203,000). If the depreciation of the investment properties increases/decreases by 10%, the Group's loss for the year will increase/decrease by S$2,824,000 (2018 – S$2,895,000).

(e) Estimation of the incremental borrowing rate ("IBR") (Note 23)

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity shall use its IBR applicable to the lease asset.

The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amount of the Group's right-of-use assets and lease liabilities are disclosed in Notes 5 and 23 respectively.

An increase/decrease of 50 basis points in the estimated IBR will not significantly decrease/increase the Group's right-of-use assets and vice versa, the lease liabilities.

(f) Fair value of financial instruments

The Group carries certain financial assets and liabilities at fair value. Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of the mathematical models. The inputs to these models are derived from observable market data where possible. Where observable data are not available, judgement are required to establish the fair value. The judgement includes considerations of liquidity and model inputs such as volatility and discount rate, prepayment rates and default rate assumptions, which fair value would differ if the Group utilised different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly the Group's profit or loss.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

(f) Fair value of financial instruments (Cont'd)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is 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 (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring the fair values is included in the following note:

- Note 26 – Derivative financial instruments

  The carrying amount of the Group's derivative financial assets as at 31 December 2019 is S$2,745,000 (2018 – S$23,337,000) and the carrying amount of the Group's derivative financial liabilities as at 31 December 2019 is S$41,424,000 (2018 – S$1,139,000).

  If the fair value of the Group's derivative financial assets and derivative financial liabilities increase/decrease by 10%, the Group's other comprehensive loss for the year will decrease/increase by S$3,870,000 (2018 – S$2,220,000).

(g) Valuation of unquoted equity instruments (Note 11)

The Group owns unquoted equity investments in shares and elected to measure these equity instruments at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

These investments, stated at their fair values (Level 3 of the fair value hierarchy), are based on management valuations using external valuers. Estimating the fair value is a complex process involving judgements and estimates regarding various inputs and underlying assumptions. This is due to the nature of the underlying assets comprising many categories of assets and liabilities recorded in the statement of financial position of the investee. The valuation of these investments is determined using the adjusted net assets method that involves the use of unobservable inputs. The valuations are sensitive to key assumptions applied in deriving at the significant unobservable inputs i.e. a small change in the assumptions may have a significant impact to the valuation.

The fair value amounts ascribed to these investments is disclosed in Note 11. The carrying amount of the Group's equity instruments at FVOCI as at 31 December 2019 is S$132,793,000 (2018: S$251,167,000).

An increase/decrease of 10% in the investments' net asset value, the Group's unquoted equity instruments will increase/decrease by S$13,280,000 (2018 – S$25,120,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

(h) Allowance for decline in market values and obsolescence of land inventories (Note 12) and other inventories (Note 13)

Allowance for decline in market values and obsolescence of inventories is estimated based on the best available facts and circumstances including but not limited to the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated.

The carrying amount of the Group's land inventories and other inventories as at 31 December 2019 are S$595,241,000 (2018 – S$594,654,000) and S$274,606,000 (2018 – S$359,552,000) respectively. If the net realisable value of the inventories decreases by 10% from management's estimates, the Group's loss for the year will increase by S$580,000 (2018 – S$428,000).

(i) Impairment of goodwill (Note 3)

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The assessment of impairment of goodwill is determined based on the recoverable amount of the Group's smallest cash-generating units ("CGU"), either at the business segment or entity level. The recoverable amount of the CGU is determined based on value-in-use calculation.

This calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and use of estimates (Note 3). The carrying amount of goodwill as at 31 December 2019 is S$427,460,000 (2018 – S$483,458,000).

A decrease of 5% in the gross profit margin or in the growth rate, or an increase of 50 basis points in the discount rate, as applied in the VIU calculations, will not lead to further impairment loss recognised on the goodwill.

(j) Impairment in investment in subsidiaries and associates (Notes 7 and 8)

Determining whether investments in subsidiaries and associates are impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Company and the Group to estimate the future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investments based on such estimates. If the present value of estimated future cash flows decreased by 1% from management's estimates, is not likely to materially affect the carrying amount.

The carrying amount of the Company's investment in subsidiaries and the Group's investment in associates as at 31 December 2019 are S$2,460,620,000 (2018 – S$2,537,174,000) and S$149,940,000 (2018 – S$116,269,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(b) Adoption of new and revised SFRS(I) effective in 2019

New SFRS(I) and amendments in 2019

On 1 January 2019, the Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 16	Leases	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019
SFRS(I) 9	Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation	1 January 2019
SFRS(I) 1-19	Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement	1 January 2019
SFRS(I) 1-28	Amendments to SFRS(I) 1-28: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to SFRS(I) 2015 – 2017 Cycle		
SFRS(I) 1-12	Amendments to Income Tax Consequences of Payments on Financial Instruments Classified as Equity	1 January 2019
SFRS(I) 1-23	Amendments to Borrowing Costs Eligible for Capitalisation	1 January 2019

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as discussed below:

SFRS(I) 16 *Leases*

SFRS(I) 16 Leases supersedes SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases – Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease, and pronounces new or amended requirements with respect to lease accounting.

For lessee accounting, SFRS(I) 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's financial statements are discussed below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019. The Group has elected to transition to SFRS(I) 16 using the cumulative catch-up (or modified retrospective) approach requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 at the date of initial application, without restatement of comparatives under SFRS(I) 1-17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(b) Adoption of new and revised SFRS(I) effective in 2019 (Cont'd)

SFRS(I) 16 *Leases* (Cont'd)

(a) Definition of a lease

The new definition of a lease under SFRS(I) 16 mainly relates to the concept of 'control' that determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration, which is in contrast to the concept of 'risks and rewards' under SFRS(I) 1-17.

The Group has elected to apply the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under SFRS(I) 1-17 continues to be applied to those leases entered into, or modified, before 1 January 2019, and the Group applies the new definition of a lease and related guidance set out in SFRS(I) 16 only to those lease contracts entered into, or modified, on or after 1 January 2019. After the transition to SFRS(I) 16, the Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The new requirements for identifying a lease under SFRS(I) 16 do not change significantly the scope of contracts that will meet the definition of a lease for the Group.

(b) Lessee accounting

(i) Former operating leases

Before the adoption of SFRS(I) 16, the Group's non-cancellable operating lease payments in future reporting periods for office premises, warehouse and land rental, rental of transportation equipment and motor vehicles, were not recognised as liabilities in the statement of financial position but were disclosed as commitments in the notes to the financial statements, and these lease payments were reported as rental expenses in profit or loss over the lease term on a straight-line basis and presented under operating activities in the statement of cash flows. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities in the statement of financial position for these outstanding lease payments, reports depreciation of right-of-use assets and interest expense on lease liabilities in profit or loss, and presents these lease payments as principal repayment and interest paid separately under financing activities in the statement of cash flows.

Under SFRS(I) 16, lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I)1-17, they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

The Group has elected, as a practical expedient of SFRS(I) 16, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to SFRS(I) 9.

For short-term leases and leases of low-value assets, the Group has elected for exemption under SFRS(I) 16 from recognising their right-of-use assets and lease liabilities, and to report their lease expenses in profit or loss on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(b) Adoption of new and revised SFRS(I) effective in 2019 (Cont'd)

SFRS(I) 16 *Leases* (Cont'd)

(b) Lessee accounting (Cont'd)

(i) Former operating leases (Cont'd)

On 1 January 2019, the Group has applied the following SFRS(I) 16 transition provisions under the cumulative catch-up approach for each lease, or each portfolio of leases with reasonably similar characteristics, formerly classified as operating lease under SFRS(I) 1-17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset;
- recognises a right-of-use asset, on a lease-by-lease basis, for office premises, warehouse and land rental, rental of transportation equipment and motor vehicles, at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application; and
- applies SFRS(I) 1-36 Impairment of Assets to perform an impairment review of the right-of-use asset.

The Group has adopted the following SFRS(I) 16 practical expedients when applying the cumulative catch-up transition approach to leases formerly classified as operating lease under SFRS(I) 1-17:

- applies a single discount rate to a portfolio of leases with reasonably similar characteristics;
- elects not to recognise the right-of-use asset and lease liability for a lease with lease term ending within twelve months of the date of initial application;
- excludes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- uses hindsight for determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

On 1 January 2019, with regards to the Group's leases of transportation equipment and motor vehicles that were formerly classified as finance lease under SFRS(I) 1-17, the carrying amounts of the leased assets (in property, plant and equipment) and obligations under finance lease immediately before the date of initial application become respectively the opening balance of the carrying amounts of right-of-use assets and lease liabilities under SFRS(I) 16. Subsequently, the Group accounts for these right-of-use assets and lease liabilities in accordance with SFRS(I) 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(b) Adoption of new and revised SFRS(I) effective in 2019 (Cont'd)

SFRS(I) 16 *Leases* (Cont'd)

(c) Lessor accounting

SFRS(I) 16 has not changed substantially how the Group as lessor accounts for leases, except when it is the intermediate lessor of sublease. Under SFRS(I) 16, the Group continues to classify leases, where it is the lessor, as either finance lease or operating lease and to account for the two types of leases differently. However, SFRS(I) 16 changes and expands the disclosures required, in particular, regarding how the Group as lessor manages the risks arising from its residual interest in leased assets.

Intermediate lessor of sublease

The Group subleases to a non-related party an office premise which the Group leases under a separate head lease arrangement. Prior to the adoption of SFRS(I) 16, the sublease was classified as an operating lease because the head lease was an operating lease. Under SFRS(I) 1-17, the Group as intermediate lessor recorded rental income in respect of the sublease on a straight-line basis over the term of the sublease and recorded rental expense in respect of the head lease on a straight-line basis over the term of the head lease.

Under SFRS(I) 16, lessor accounting by the Group as intermediate lessor depends on the classification of the sublease with reference to the right-of-use asset arising from the head lease rather than the underlying asset.

On 1 January 2019, the Group has reassessed the classification of the sublease to continue to be an operating lease based on the remaining contractual terms and condition of the head lease.

The amendments did not have any significant impact on the Group's financial statements when the Group is intermediate lessor.

(d) Deferred tax effects on adoption of SFRS(I) 16

In certain jurisdictions that the Group operates in, tax deductions are available only for the lease payments as they are paid, and no tax deduction is allowed for the leased asset depreciation or finance cost. On 1 January 2019, these tax circumstances give rise to temporary differences on initial recognition of both the right-of-use asset and lease liability. Management has assessed the deferred tax adjustments arising from the adoption of SFRS(I) 16 and there is no material net impact on the financial statements of the Group.

The effects of adoption of SFRS(I) 16 on the Group's financial statements are disclosed in Note 43.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(b) Adoption of new and revised SFRS(I) effective in 2019 (Cont'd)

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The Group has adopted SFRS(I) INT 23 for the first time in the current year. SFRS(I) INT 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings, as follows:
  - if yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; or
  - if no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

There is no material impact to the Group's and the Company's financial statements.

2(c) SFRS(I) issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 1-1 and SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
SFRS(I) 3	Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Various SFRS (I)s	Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
SFRS(I) 17	Insurance Contracts	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for the following, the Group expects that the adoption of the other standards and amendments above will have no material impact on the Group's financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(c) SFRS(I) issued but not yet effective (Cont'd)

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

The amendments clarify the definition of material and how it should be applied by including in the definition guidance. The new definition of material states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Amendments to SFRS(I) 3: Definition of a Business

The amendments are changes to Appendix A *Defined terms*, the application guidance, and the illustrative examples of SFRS(I) 3 only that:

- clarify that to be considered a business, an acquired set of activities and assets must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

2(d) Significant accounting policies

(i) Consolidation

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

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

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

Losses and other comprehensive income are attributable to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(i) Consolidation (Cont'd)

Subsidiary and existence of control

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

Thus, the Group controls an investee if and only if the Group has all of the following:

– power over the investee;

– exposure, or rights to variable returns from its involvement with the investee; and

– the ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(i) Consolidation (Cont'd)

Changes in ownership interests in subsidiaries without loss of control

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

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;

– de-recognises the carrying amount of any non-controlling interests;

– 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; and

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The investment retained in the former subsidiary at the date when the control is lost is remeasured to its fair value. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(ii) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises:

– the fair values of the assets transferred,

– the liabilities incurred to the former owners of the acquiree,

– the equity interests issued by the Group,

– the fair value of any asset or liability resulting from a contingent consideration arrangement and

– fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of acquiree's identifiable net assets.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(iii) Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing, if there are any indicators of impairment. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the Directors, no further future economic benefits are expected to arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(iii) Intangible assets (Cont'd)

a. Goodwill

Goodwill on acquisition of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries and joint ventures is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisition prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

b. Dealerships and distributorships

Dealerships and distributorships are amortised on straight-line basis over their useful life of 20 years.

c. Computer software

Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful life of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(iv) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to allocate the depreciable amount of these assets over their estimated useful lives as follows:

	Years
Leasehold land	15 – 80
Land improvements	20
Landfill	3
Building and infrastructures	3 – 30
Golf course	36 – 45
Utilities plant and machinery	3 – 30
Machinery and equipment	3 – 15
Vessels and ferry equipment	4 – 15
Working wharf	3
Transportation equipment and vehicles	3 – 8
Medical equipment	7
Furniture, fixtures and equipment	1 – 10
Office equipment	2 – 5
Resort equipment	3 – 5
Reservoir	30
Telecommunication equipment	10 – 30
Leasehold improvements	5

Construction-in-progress is stated at cost. The accumulated costs will be reclassified to the appropriate property, plant and equipment account when the construction is substantially completed and the asset is ready for its intended use. No depreciation is provided on construction-in-progress.

Costs incurred in the general overhaul of the main engines of vessels during dry docking are capitalised and depreciated over 3 to 5 years.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the year of acquisition and to the year before disposal respectively. For acquisitions, less than S$1,000, they are expended as expenses in the profit or loss. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(v) Investment properties

Investment properties consist of buildings and improvements that are held to earn rental yields, including portions of buildings which could not be sold separately, and where an insignificant portion is held for use in the supply of services or for administrative purposes.

The Group applies the cost model. Investment properties are stated at cost less accumulated depreciation, less any impairment in value similar to that for property, plant and equipment. Such costs include the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is computed using the straight-line method over the estimated useful lives of the investment properties of 3 – 30 years, as applicable for each investment property.

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

The carrying value of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from the investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

(vi) Investment in subsidiaries

In the Company's separate financial statements, shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

(vii) Investment in associates

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

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

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 associate's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(vii) Investment in associates (Cont'd)

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

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

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

The financial statements of the associate are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company.

Upon loss of significant influence or joint control over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

When an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(viii) Inventories

a. Land

Land inventories are carried at the lower of cost and net realisable value. Cost of land inventories is recorded at cost. Net realisable value represents the estimated selling price less costs to be incurred in selling the land.

Cost of land inventories includes cost of land, borrowing costs and other costs directly or indirectly related to the acquisition and development of the land for sale. These costs are capitalised during the period such activities that are necessary to get these assets ready for sale are in progress. Capitalisation of these costs will cease when land development is completed and the land is available for sale.

The costs incurred in the development of the resort and common areas/facilities are allocated proportionally to the saleable parcels of land. Other land development costs incurred are allocated to each parcel of land using the specific identification method.

Land inventories are de-recognised when it has been sold as an integral part with sale of land and no future economic benefit is expected from its disposal. Cost of land infrastructure inventory on sale of land or loss from disposal is recognised in the profit or loss in the year of sale or disposal.

b. Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is generally determined on a first-in, first-out basis, specific identification and average methods. The cost of finished goods and work-in-progress comprises goods held for resale, raw materials, labour and an appropriate portion of overheads. Allowance is made for obsolete, slow moving or defective inventory in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(ix) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal rights 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(x) Financial assets

a. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

b. Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c. Measurement

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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(x) Financial assets (Cont'd)

c. Measurement (Cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVOCI are not reported separately from other changes in fair value.

The Group has elected to measure these equity instruments at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(x) Financial assets (Cont'd)

d. Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments not held at FVTPL. ECL 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.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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 receivables which are trade in nature, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(x) Financial assets (Cont'd)

d. Impairment (Cont'd)

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes, as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Measurement of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by the default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(x) Financial assets (Cont'd)

d. Impairment (Cont'd)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the profit or loss.

e. Determination of fair value

The fair values of quoted financial assets are based on quoted market prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(xi) Financing receivables

(a) Consumer financing receivables

Consumer financing receivables are presented net of amounts financed by banks relating to the cooperation transactions of loan channelling, unearned consumer financing income and allowance for impairment loss on consumer financing receivables.

Based on the consumer joint financing agreements (without recourse), the Group only presents the portion of the total instalments receivable financing by the subsidiaries (net approach). The consumer financing income is presented net of amounts of the banks' rights on such income relating to the transactions.

For consumer joint financing, receivable take over and channelling agreements (with recourse), consumer financing receivables represent all customers' instalments and the total facilities financed by creditors are recorded as liability (gross approach). Interest earned from customers is recorded as part of consumer financing income, while interest charged by the creditors is recorded as part of financing charges.

Unearned income on consumer financing, which is the excess of the aggregate instalment payments to be received from the consumers over the principal amount financed, plus or deducted with the financing process administration fees or expenses, is recognised as income over the term of the respective agreement using effective interest rate method.

The processing fees, which are incurred at the first time the financing agreement is signed and directly attributable to consumer financing, are recognised as administration income. Early terminations are treated as cancellation of existing consumer finance contracts and the resulting gain or loss is recognised in profit and loss for the year.

The Group does not recognise consumer financing income contract on receivables that are overdue more than three months. The interest income previously recognised during three (3) months but not yet collected is reversed against interest income. Such income is recognised only when the overdue receivable is collected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xi) Financing receivables (Cont'd)

(b) Net investment in financing leases

Net investment in financing leases represents financing lease receivables plus the guaranteed residual value at the end of the lease period and net of unearned financing lease income, security deposits and allowances for impairment losses. The difference between gross lease receivables and the present value of the lease receivable is recognised as unearned financing lease income.

Unearned financing lease income is recognised as financing lease income based on a constant rate on the net investment using effective interest rate.

(c) Other financing receivables

Other financing receivables are factoring receivables purchased from other companies, without recourse.

Other factoring receivables are initially measured at the purchase price, net of directly attributable transaction costs. They are presented net of purchase price, unearned financing income and allowance for impairment loss on other factoring receivables.

Unearned income on other financing receivables, which is the excess of the aggregate instalment payments to be received from the consumers over the principal amount financed, plus or deducted with the financing process administration fees or expenses, is recognised as income over the term of the respective agreement using effective interest rate method.

(xii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in bank, short term deposits and other short-term investments with maturities of three months or less at the time of placement or purchase that are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short term commitment.

(xiii) Financial liabilities

The Group's financial liabilities include loans and borrowings, debt securities (including bond), obligations under finance leases and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in the profit or loss. Financial liabilities are de-recognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Borrowings and debt securities

Borrowings and debt securities are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings and debt securities are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings and debt securities using the effective interest method. Interest expense is chargeable on the amortised cost over the period of the borrowings and debt securities using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xiii) Financial liabilities (Cont'd)

Gains and losses are recognised in the profit or loss when the liabilities are amortised as well as through the amortisation process.

Borrowings and debt securities which are due to be settled within 12 months after the end of reporting period are included in current liabilities in the statements of financial position even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings and debt securities to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than 12 months after the end of reporting period are included in non-current liabilities in the statements of financial position.

Convertible bonds

Convertible bonds that can be converted into share capital where the number of shares issued does not vary with changes in fair value of the bonds are accounted for as compound financial instruments. The gross proceeds are allocated to the equity and liability components, with the equity component being assigned the residual amount after deducting the fair value of the liability component from the fair value of the compound financial instruments.

Subsequent to initial recognition, the liability component of convertible bonds is measured at amortised cost using the effective interest method. The equity component of convertible bonds is not re-measured. When the conversion option is exercised, its carrying amount will be transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

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.

(xiv) Foreclosed assets

Foreclosed assets acquired in conjunction with settlement of consumer financing receivables are stated at the lower of related consumer financing receivables' carrying value or net realisable value of foreclosed assets. The difference between the carrying value and the net realisable value recorded as part of allowance for impairment losses and loss on foreclosed assets and is recognised in profit or loss.

In case of default, the customer gives the right to the Group to sell the foreclosed assets or take any other actions to settle the outstanding receivables. Customers are entitled to the positive differences between the proceeds from sales of foreclosed assets and the outstanding consumer financing receivables. If the differences are negative, the resulting losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xv) Golf membership

Golf membership is measured initially at cost. Subsequent to initial recognition, golf membership is stated at cost less any accumulated impairment losses, if any. The carrying amount of golf membership is reviewed annually for impairment when an indicator of impairment arises during the reported period indicates that the carrying value may not be recoverable.

The golf membership is assessed as having indefinite life and there is no foreseeable limit to the period over which the memberships are expected to generate cash to the Group. The golf membership is tested for impairment and carried at cost less accumulated impairment loss, if any.

(xvi) Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

(xvii) Contract liabilities and contract assets

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from customer. If the customer pays consideration before the Group transfers good or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Group performs under the contract.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration.

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the services to which the contract costs relate, less the costs that relate directly to providing the services and that have not been recognised as expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xviii) Leases (from 1 January 2019)

(i) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xviii) Leases (from 1 January 2019) (Cont'd)

(i) The Group as lessee (Cont'd)

(a) Lease liability (Cont'd)

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use assets

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xviii) Leases (from 1 January 2019) (Cont'd)

(i) The Group as lessee (Cont'd)

(b) Right-of-use assets (Cont'd)

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

	Years
Office and building	2-10
Transportation equipment and motor vehicles	1-30

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

(ii) The Group as lessor

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16, except for the classification of the sublease entered into that resulted in a finance lease classification.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term within "revenue" in profit or loss. Rental income from subleased property is recognised within "other income" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xviii) Leases (from 1 January 2019) (Cont'd)

(ii) The Group as lessor (Cont'd)

Intermediate lessor in sublease

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the recognition exemption, then it classifies the sublease as an operating lease.

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

Where the Group is the lessee

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment".

Operating leases

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xviii) Leases (before 1 January 2019) (Cont'd)

Where the Group is the lessor

Finance leases

Where assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method, which reflects a constant periodic rate of return.

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(xix) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xix) Derivative financial instruments and hedging activities (Cont'd)

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ("aligned time value") are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xix) Derivative financial instruments and hedging activities (Cont'd)

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

(xx) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Based on Government Regulation of the Republic of Indonesia (RI) No. 71/2008 dated 4 November 2008, companies whose main activity is sales of land and buildings, is subject to final tax for each payment on sales of land and factory (including condominiums and cottages) starting January 1, 2009.

Based on Government Regulation of RI No. 5/2002 dated March 23, 2002, each rental payment on the rental of buildings is subject to final tax of 10% from the gross rental amount starting May 1, 2002.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xx) Income tax (Cont'd)

Deferred income tax is measured:

(i) realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(xxi) Employee benefits

Pension obligations

The Group participates in national pension schemes as defined by the laws of the countries in which it operates. As required by Indonesian Law, the Group makes contributions to the defined contributions state pension scheme, Jamsostek contributions, which are recognised as compensation expense in the same period as the employment that gives rise to the contributions. The ASTEK fund from Jamsostek contributions is responsible for the entire insurance claim relating to accidents incurred by the employees at the work place and for the entire retirement benefit obligations of the related employees under the said state pension scheme.

The Group also makes contributions to a defined contribution pension plan which is administered by legal entity, "Dana Pensiun Lembaga Keuangan Indolife Pensiontama" and "Dana Pensiun Indomobil Group" for certain employees. The contributions are recognised as an expense in the same period as the employment that gives rise to the contributions.

The Company and its subsidiaries operating in Singapore contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to the national pension scheme are charged to the profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xxi) Employee benefits (Cont'd)

Provisions for employee service entitlements

The Group has recognised unfunded employee benefits liability in accordance with Indonesian Labor Law No. 13/2003 dated 25 March 2003 ("the Law").

The calculation is performed annually by qualified actuarists using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(xxii) Impairment of non-financial assets

The carrying amounts of the Company's and Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill or other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xxii) Impairment of non-financial assets (Cont'd)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount represents the value-in-use based on an internal discounted cash flow calculation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued assets was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

(xxiii) 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 Company and the Group 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 Company or the Group or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xxiii) Related parties (Cont'd)

(b) An entity is related to the Company and the Group 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 and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate 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 associate 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).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

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.

(xxiv) Revenue recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or extending a service to the customer, which is when the customer obtains control of the good or derived benefits from the usage of the service. A performance obligation may be satisfied at a point in time or over time. If a performance obligation is satisfied over time, the revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that performance obligation. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xxiv) Revenue recognition (Cont'd)

(a) Sale of goods

Sale of goods includes automobiles, truck and heavy-duty equipment and automotive parts and accessories. Revenue is recognised at a point in time when the control of the goods are transferred, being when the goods are delivered to the customer or collected by customer which signify that all criteria for acceptance have been satisfied.

(b) Financial services

Revenue from consumer financing, finance leases and factoring receivables is recognised over the term of the respective contracts based on a constant rate of return on the net investment using the effective interest method.

(c) Services rendered

Revenue from villa operation, ferry services, golfing, use of social facilities, food and beverages, car rental, logistic services and clinic operation is recognised when the services are rendered or when the supplies are delivered to customers.

Revenue from contract service is recognised by reference to the stage of completion of the contract.

Revenue from golf subscription fees is recognised over the period of the subscription while non-refundable golf club membership is recognised as revenue in the period of sale.

(d) Utilities revenue

Revenue from electricity and water is recognised at a point in time upon consumption by the customer.

(e) Rental and service and maintenance

Rental from investment properties is recognised proportionately over the lease term. The service and maintenance is provided evenly over the lease term. The aggregate cost of any incentives as a reduction of rental income is recognised proportionately over the lease term. Rental payments received in advance are recorded as unearned income and amortised proportionately over the lease term using the straight-line method. Deposits received from tenants are recorded as part of other current liabilities.

(f) Telecommunication service

Revenue from telecommunication services is recognised over a period of time as it accrues over the term of the telecommunication contracts. Revenue from telecommunication installation services is recognised when the installations are placed in service. Revenue from network interconnection with other domestic telecommunication carriers is recognised when the time connection takes place.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xxiv) Revenue recognition (Cont'd)

(g) Sales of land and factory

The Group sells land for development and factory in the ordinary course of business. Revenue is recognised at a point of time when the control over the property had been transferred to the customer, which coincides with the transfer of the legal title, as the satisfaction of the performance obligation. In cases where the performance obligation includes specific criteria to be fulfilled in stages, the revenue is recognised over time based on the stages of completion reflecting the progress towards complete satisfaction of that performance obligation.

(h) Interest income

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

(i) Dividends

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

(j) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in the profit and loss account over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(xxv) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of the related asset. Otherwise, borrowing costs are recognised as expenses when incurred. Borrowing costs consist of interests and other financing charges that the Group incurs in connection with the borrowing of funds.

Capitalisation of borrowing costs commences when the activities to prepare the qualifying asset for its intended use are in progress and the expenditures for the qualifying asset and the borrowing costs have been incurred. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets are substantially completed for their intended use.

Foreign exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs.

(xxvi) Bond issuance costs

Costs incurred in connection with the issuance of bonds by the Group were deferred and are being amortised using the effective interest rate method over the term of the bonds.

The balance of deferred bonds issuance costs is presented as a deduction from the outstanding bonds payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xxvii) Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Company and the Group are presented in Singapore Dollar, which is also the functional currency of the Company.

(xxviii) Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates as at the end of reporting period are recognised in the profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designed and qualifying as net investment hedged and net investment in foreign operations are recognised in other comprehensive income and accumulated in the translation reserve.

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within "finance costs". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities

The results and financial position of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

(ii) Income and expenses for each statements presenting profit or loss and other comprehensive income (i.e. including comparatives shall be translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the translation reserve.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Significant accounting policies (Cont'd)

(xxix) Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segment under their charge. The segment managers are directly accountable to their chief executive officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

3 Intangible assets

The Company	Computer software $'000	Total $'000
Cost		
At 1 January 2018 and 31 December 2018	676	676
At 31 December 2019	**676**	**676**
Accumulated amortisation		
At 1 January 2018	566	566
Amortisation for the year	48	48
At 31 December 2018	614	614
Amortisation for the year	**35**	**35**
At 31 December 2019	**649**	**649**
Net book value		
At 31 December 2019	**27**	**27**
At 31 December 2018	62	62

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Intangible assets (Cont'd)

The Group	Goodwill $'000	Dealerships and distributorships $'000	Computer software $'000	Total $'000
Cost				
At 1 January 2018	483,458	324,546	1,864	809,868
Additions	–	–	92	92
Disposal	–	–	(52)	(52)
Exchange translation differences	–	–	(4)	(4)
At 31 December 2018	**483,458**	**324,546**	**1,900**	**809,904**
Acquisition of subsidiaries	**44,102**	**–**	**–**	**44,102**
Additions	**–**	**–**	**142**	**142**
Disposal	**–**	**–**	**(47)**	**(47)**
Exchange translation differences	**–**	**–**	**3**	**3**
At 31 December 2019	**527,560**	**324,546**	**1,998**	**854,104**
Accumulated amortisation and impairment				
At 1 January 2018	–	75,726	1,690	77,416
Amortisation for the year (Note 31)	–	16,227	82	16,309
Disposal	–	–	(52)	(52)
Exchange translation differences	–	–	(3)	(3)
At 31 December 2018	**–**	**91,953**	**1,717**	**93,670**
Amortisation for the year (Note 31)	**–**	**16,227**	**89**	**16,316**
Disposal	**–**	**–**	**(47)**	**(47)**
Impairment loss (Note 31)	**100,100**	**–**	**–**	**100,100**
Exchange translation differences	**–**	**–**	**3**	**3**
At 31 December 2019	**100,100**	**108,180**	**1,762**	**210,042**
Represented by:				
Accumulated amortisation	**–**	**108,180**	**1,762**	**109,942**
Accumulated impairment	**100,100**	**–**	**–**	**100,100**
At 31 December 2019	**100,100**	**108,180**	**1,762**	**210,042**
Net book value				
At 31 December 2019	**427,460**	**216,366**	**236**	**644,062**
At 31 December 2018	483,458	232,593	183	716,234

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Intangible assets (Cont'd)

a. Goodwill

Impairment test for goodwill

For the purpose of goodwill impairment testing, the carrying amount of goodwill is allocated to the automotive business segments.

Summary of the goodwill allocation is as follows:–

The Group	2019 $'000	2018 $'000
Attributable to acquisition of PT IMAS group	**427,460**	483,458
	427,460	483,458

Management determined that PT IMAS group represents the Group's smallest cash-generating units ("CGU"). PT IMAS group is primarily involved in automotive business.

The recoverable amount of a CGU was determined based on value-in-use calculation. The value-in-use calculation is a discounted cash flow model using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond five-year period were extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations:

	2019 Automotive	2018 Automotive
Gross margin(1)	**19.49% to 22.19%**	19.65% to 19.95%
Growth rate(2)	**4.85%**	5.00%
Discount rate(3)	**10.91%**	10.12%

(1) Budgeted gross margin
(2) Weighted average growth rate used to extrapolate cash flows beyond the budgeted period
(3) Pre-tax discount rate applied to the pre-tax cash flows projections

Management determined budgeted gross margin based on past performance and its expectations of the market development. The weighted average growth rates reflected management's forecast relating to the automotive segment. The discount rates used were pre-tax and reflected specific risks relating to the automotive segment.

In 2019, an impairment loss of S$100,100,000 (2018: S$Nil) (Note 31) is charged to "Other operating expenses" in profit or loss. This impairment charge in 2019 has arisen from the automotive segment as the recoverable amount of the CGU is 21% lower than its carrying amount due to decline in sales of vehicle in Indonesia as a result of economic slowdown and declining domestic consumption.

b. Amortisation expense included in the profit or loss is analysed as follows:

The Group	2019 $'000	2018 $'000
General and administrative expenses (Note 31)	**16,316**	16,309
	16,316	16,309

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Property, plant and equipment

The Company	Furniture fixtures and equipment $'000	Office equipment $'000	Leasehold improvements $'000	Total $'000
Cost				
At 1 January 2018	126	242	319	687
Additions	–	31	–	31
At 31 December 2018	126	273	319	718
Adoption of SFRS(I) 16				
– Reclassification to right-of-use assets (Note 5)	–	–	(77)	(77)
At 1 January 2019, as adjusted	126	273	242	641
Additions	–	(11)	–	(11)
Disposals	–	(11)	–	(11)
At 31 December 2019	**126**	**273**	**242**	**641**
Accumulated depreciation				
At 1 January 2018	45	147	80	272
Depreciation for the year	22	49	65	136
At 31 December 2018	67	196	145	408
Adoption of SFRS(I) 16				
– Reclassification to right-of-use assets (Note 5)	–	–	(33)	(33)
At 1 January 2019, as adjusted	67	196	112	375
Depreciation for the year	22	48	49	119
Disposals	–	(11)	–	(11)
At 31 December 2019	**89**	**233**	**161**	**483**
Net book value				
At 31 December 2019	**37**	**40**	**81**	**158**
At 31 December 2018	59	77	174	310

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2019 $'000	Adoption of SFRS(I) 16 Reclassification to ROU Assets (Note 5) $'000	Exchange translation difference $'000	Additions $'000	Reclassification/ transfers $'000	Disposals $'000	Balance at 31.12.2019 $'000
Cost							
Leasehold land	201,909	–	2,834	23,342	40,120	–	268,205
Land improvements	5,291	–	–	–	–	–	5,291
Landfill	4,242	–	–	–	–	–	4,242
Building and infrastructures	351,469	(146)	3,602	3,046	57,077[i]	(236)	414,812
Golf course	25,307	–	–	–	–	–	25,307
Utilities plant and machinery	292,042	–	–	1,474	(67)	(7,095)	286,354
Machinery and equipment	114,189	–	1,962	9,255	62,793[ii]	(112)	188,087
Vessels and ferry equipment	58,617	–	–	3,286	50	(3,539)	58,414
Working wharf	1,685	–	–	–	–	–	1,685
Transportation equipment and vehicles	455,667	(3,251)	13,853	11,118	166,829	(9,221)	634,995
Medical equipment	915	–	–	3	–	–	918
Furniture, fixtures and equipment	19,462	–	35	1,365	3,168	(227)	23,803
Office equipment	68,805	–	1,777	3,224	1,619	(463)	74,962
Resort equipment	3,068	–	5	56	9	(6)	3,132
Reservoir	10,013	–	–	–	–	–	10,013
Telecommunication equipment	13,544	–	247	835	–	(19)	14,607
Leasehold improvements	2,366	–	–	–	–	–	2,366
Construction-in-progress	81,973	–	3,396	298,949	(218,636)	(897)	164,785
Total	**1,710,564**	**(3,397)**	**27,711**	**355,953**	**112,962**	**(21,815)**	**2,181,978**

(i) S$57,077,000 was transferred from investment properties (Note 6) to property, plant and equipment.
(ii) S$49,968,000 was transferred from investment properties (Note 6) to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2019 $'000	Adoption of SFRS(I) 16 Reclassification to ROU Assets (Note 5) $'000	Exchange translation difference $'000	Depreciation for the year (Note 31) $'000	Reclassification/ transfers $'000	Disposals $'000	Balance at 31.12.2019 $'000
Accumulated depreciation							
Leasehold land	101,721	–	1,673	5,252	1	–	108,647
Land improvements	5,026	–	–	50	–	–	5,076
Landfill	3,544	–	–	288	1	–	3,833
Building and infrastructures	248,481	(61)	1,221	13,763	3,046	(106)	266,344
Golf course	13,566	–	–	544	–	–	14,110
Utilities plant and machinery	261,819	–	–	5,839	–	(4,853)	262,805
Machinery and equipment	88,792	–	460	8,305	26,874	1,479	125,910
Vessels and ferry equipment	41,096	–	–	3,223	–	(3,539)	40,780
Working wharf	1,685	–	–	–	–	–	1,685
Transportation equipment and vehicles	82,190	(634)	2,139	18,882	(1,595)	(4,226)	96,756
Medical equipment	614	–	–	10	–	–	624
Furniture, fixtures and equipment	17,419	–	22	1,651	–	(189)	18,903
Office equipment	54,610	–	1,415	4,021	1,160	(452)	60,754
Resort equipment	2,510	–	2	188	(1)	(6)	2,693
Reservoir	7,712	–	–	392	–	–	8,104
Telecommunication equipment	9,459	–	153	746	(2)	–	10,356
Leasehold improvements	1,191	–	–	3	–	–	1,194
Construction-in-progress	–	–	–	–	–	–	–
Total	941,435	(695)	7,085	63,157	29,484	(11,892)	1,028,574

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2018 $'000	Exchange translation difference $'000	Additions $'000	Reclassification/ transfers $'000	Disposals $'000	Balance at 31.12.2018 $'000
Cost						
Leasehold land	202,575	(4,453)	1,654	2,133	–	201,909
Land improvements	5,291	–	–	–	–	5,291
Landfill	4,242	–	–	–	–	4,242
Building and infrastructures	343,549	(5,857)	10,273	4,759	(1,255)	351,469
Golf course	25,307	–	–	–	–	25,307
Utilities plant and machinery	291,606	–	197	239	–	292,042
Machinery and equipment	186,630	(1,739)	8,415	(78,710)	(407)	114,189
Vessels and ferry equipment	57,072	–	1,156	394	(5)	58,617
Working wharf	1,685	–	–	–	–	1,685
Transportation equipment and vehicles	290,186	(13,107)	9,640	173,439	(4,491)	455,667
Medical equipment	996	–	–	–	(81)	915
Furniture, fixtures and equipment	29,595	(107)	838	(1,596)	(9,268)	19,462
Office equipment	68,622	(2,842)	3,953	(196)	(732)	68,805
Resort equipment	3,167	(17)	87	4	(173)	3,068
Reservoir	10,029	–	–	(16)	–	10,013
Telecommunication equipment	12,890	(373)	1,024	3	–	13,544
Leasehold improvements	24,965	–	–	(22,597)	(2)	2,366
Construction-in-progress	36,825	(671)	258,282	(212,024)	(439)	81,973
Total	1,595,232	(29,166)	295,519	(134,168)	(16,853)	1,710,564

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2018 $'000	Exchange translation difference $'000	Depreciation for the year (Note 31) $'000	Reclassification/ transfers $'000	Disposals $'000	Balance at 31.12.2018 $'000
Accumulated depreciation						
Leasehold land	98,888	(2,664)	5,269	228	–	101,721
Land improvements	4,976	–	50	–	–	5,026
Landfill	3,256	–	288	–	–	3,544
Building and infrastructures	248,634	(2,085)	12,016	(9,044)	(1,040)	248,481
Golf course	13,022	–	544	–	–	13,566
Utilities plant and machinery	247,485	–	6,390	7,944	–	261,819
Machinery and equipment	174,259	(1,224)	4,191	(88,058)	(376)	88,792
Vessels and ferry equipment	37,684	–	3,047	370	(5)	41,096
Working wharf	1,685	–	–	–	–	1,685
Transportation equipment and vehicles	76,969	(3,360)	29,872	(18,959)	(2,332)	82,190
Medical equipment	675	–	20	–	(81)	614
Furniture, fixtures and equipment	24,207	(37)	1,722	(9)	(8,464)	17,419
Office equipment	51,954	(2,203)	5,790	(220)	(711)	54,610
Resort equipment	2,494	(4)	192	(5)	(167)	2,510
Reservoir	7,321	–	392	(1)	–	7,712
Telecommunication equipment	8,997	(259)	719	2	–	9,459
Leasehold improvements	14,001	–	3	(12,811)	(2)	1,191
Construction-in-progress	196	–	–	(196)	–	–
Total	1,016,703	(11,836)	70,505	(120,759)	(13,178)	941,435

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Property, plant and equipment (Cont'd)

The Group	Balance at 31.12.2019 $'000	Balance at 31.12.2018 $'000
Net book value		
Leasehold land[iii]	**159,558**	100,188
Land improvements	**215**	265
Landfill	**409**	698
Building and infrastructures	**148,468**	102,988
Golf course	**11,197**	11,741
Utilities plant and machinery	**23,549**	30,223
Machinery and equipment	**62,177**	25,397
Vessels and ferry equipment	**17,634**	17,521
Working wharf	**–**	–
Transportation equipment and vehicles	**538,239**	373,477
Medical equipment	**294**	301
Furniture, fixtures and equipment	**4,900**	2,043
Office equipment	**14,208**	14,195
Resort equipment	**439**	558
Reservoir	**1,909**	2,301
Telecommunication equipment	**4,251**	4,085
Leasehold improvements	**1,172**	1,175
Construction-in-progress	**164,785**	81,973
Total	**1,153,404**	769,129

Depreciation expense

The Group	Note	2019 $'000	2018 $'000
Depreciation expense are charged to profit or loss as follows:			
(a) Cost of goods sold		**38,921**	45,460
(b) Other operating expenses	29	**15,323**	9,570
(c) General and administrative expenses		**8,913**	15,475
	31	**63,157**	70,505

(i) As at 31 December 2019, certain property, plant and equipment with carrying value totalling approximately S$619,000,000 (2018 – S$602,000,000) have been pledged as security to banks to secure borrowing and credit facilities for the Group (Note 19(i) and (iii)).

(ii) In 2018, the total carrying amount of transportation equipment and motor vehicles acquired under finance leases for the Group amounted to S$2,617,000 (Note 19(iv)). From 1 January 2019, these leased assets are reclassified to right-of-use assets in the statement of financial position (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Property, plant and equipment (Cont'd)

Depreciation expense (Cont'd)

(iii) Leasehold land

The details of the leasehold land ("Hak Guna Bangunan"/"HGB") comprise the following:

HGB	Expiration date	Location
PT Bintan Resort Cakrawala	23 September 2023 (35.85 ha), 13 December 2023 (66 ha), 16 February 2025 (68.72 ha) and 16 February 2025 (1,559 ha)	Bintan Island
PT Batamindo Investment Cakrawala	17 December 2039 (224.12 ha) 26 February 2025 (28.31 ha) and 01 July 2031 (1.50 ha)	Batam Island
PT Batamindo Executive Village	31 August 2020 (193 ha)	Batam Island
PT Bintan Inti Industrial Estate (246.44 ha excluding land sold)	24 August 2075 (236.92 ha) and 13 December 2023 (9.52 ha)	Bintan Island
PT Indomobil Sukses Internasional Tbk. and its subsidiaries	04 January 2019 to 04 April 2044 (119.08 ha)	Jakarta

Included in construction in progress relates to PT Indomobil Sukses Internasional Tbk and its subsidiaries amounting to S$164,244,000 (2018 – S$80,280,000), representing all preliminary costs related to the construction of buildings and improvement and vehicles.

The Group evaluates any indication of impairment in the property, plant and equipment at the end of reporting period. Carrying values of property, plant and equipment are reviewed for any impairment and possible write-down of carrying values whenever events or changes in circumstances indicate that their carrying values may not be fully recoverable. Management is of the opinion that the carrying values of all the property, plant and equipment of the Group are fully recoverable, and hence no impairment is necessary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 Right-or-use assets

The Company	Office and building $'000	Total $'000
Costs		
Adoption of SFRS(I) 16:		
– Initial recognition	610	610
– Reclassification from property, plant and equipment (Note 4)	77	77
At 1 January 2019, as adjusted	687	687
Additions	–	–
At 31 December 2019	687	687
Accumulated depreciation		
Adoption of SFRS(I) 16:		
– Initial recognition	–	–
– Reclassification from property, plant and equipment (Note 4)	33	33
At 1 January 2019, as adjusted	33	33
Depreciation for the year	245	245
At 31 December 2019	278	278
Net book value		
At 31 December 2019	409	409
At 1 January 2019	654	654

The Group	Office and building $'000	Transportation equipment and motor vehicles $'000	Total $'000
Costs			
Adoption of SFRS(I) 16:			
– Initial recognition	12,960	818	13,778
– Reclassification from property, plant and equipment (Note 4)	146	3,251	3,397
At 1 January 2019, as adjusted	13,106	4,069	17,175
Exchange translation differences	287	–	287
Additions	2,446	52,577	55,023
At 31 December 2019	15,839	56,646	72,485
Accumulated depreciation			
Adoption of SFRS(I) 16:			
– Initial recognition	–	–	–
– Reclassification from property, plant and equipment (Note 4)	61	634	695
At 1 January 2019, as adjusted	61	634	695
Exchange translation differences	25	–	25
Depreciation for the year (Note 29 and 31)	5,044	22,485	27,529
At 31 December 2019	5,130	23,119	28,249
Net book value			
At 31 December 2019	10,709	33,527	44,236
At 1 January 2019	13,045	3,435	16,480

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 Right-or-use assets (Cont'd)

Depreciation expense

The Group	Note	2019 $'000
Depreciation expenses are charged to profit or loss as follows:		
(a) cost of goods sold		**22,340**
(b) other operating expenses	29	**5,189**
	31	**27,529**

Leased properties are located in Singapore and Indonesia.

Information about the Group's leasing activities are disclosed in Note 35.

6 Investment properties

The Group	2019 $'000	2018 $'000
Cost		
Balance at beginning of year	**694,548**	716,479
Additions	**40,100**	4,707
Disposals	**(395)**	(3,101)
Translation differences	**13,927**	(23,537)
Transfer to property, plant and equipment (Note 4)	**(107,045)**	–
Balance at end of year	**641,135**	694,548
Accumulated depreciation		
Balance at beginning of year	**512,345**	483,854
Depreciation for the year (Note 31)	**28,242**	28,954
Disposals	**(4)**	(100)
Translation differences	**(1,223)**	(363)
Balance at end of year	**539,360**	512,345
Net book value	**101,775**	182,203
Rental income (Note 31)	**29,706**	32,744
Direct operating expenses arising from investment property that generated rental income (Note 31)	**(23,989)**	(19,476)
Gross profit arising from investment properties	**5,717**	13,268

Investment properties of the Group are held mainly for use by tenants under operating leases.

The following are the details of the investment properties of the Group:

Description and location	Gross Area (approximately)
Factories, dormitories, commercial complex and housing in Batamindo Industrial Park, Batamindo Executive Village and Bintan Inti Industrial Estate situated at Batam Island, Bintan Island and Villas	1,079,559 sqm
Office buildings situated in Jakarta	213,549 sqm

As of 31 December 2019, the fair value of the investment properties situated at Batam and Bintan Island of S$514,072,000 (2018 – S$498,936,000) was based on valuation using the income approach/replacement cost approach by independent professional valuers, KJPP Rengganis, Hamid & Rekan after taking into consideration the prevailing market conditions and other factors considered appropriate by the Directors, except for PT Batamindo Executive Village (PT BEV)'s investment properties. The net carrying values of PT BEV's investment properties as of 31 December 2019 amounted to S$88,000 (2018 – S$113,000) which approximates fair value based on management's estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6 Investment properties (Cont'd)

As of 31 December 2019, the fair value of the investment properties situated in Jakarta of S$480,685,000 (2018 – S$507,074,000) was based on valuation using the market approach, discounted cash flow and replacement cost approach by independent professional valuers, (i) KJPP Tri, Santi and Rekan, (ii) KJPP Benedictus Darmanpuspita and Rekan, (iii) KJPP Amin, Nirwan, Alfantori and Rekan.

7 Subsidiaries

The Company	2019 $'000	2018 $'000
At cost:		
– quoted equity securities	**1,328,805**	1,328,805
– unquoted equity securities		
– Balance on beginning of year	**1,208,369**	1,208,602
– Additions(1)	**–**	–
– Disposals(2)	**(19)**	(233)
– Impairment loss(3)	**(76,535)**	–
– Balance at end of year	**1,131,815**	1,208,369
	2,460,620	2,537,174

Notes:

(1) During the year, the Company has incorporated a wholly-owned subsidiary, GO Greenhouse Investment Pte. Ltd. for issued and paid up capital of S$1.

(2) During the year, the Company and its wholly-owned subsidiary, PT Buana Megawisatama has divested it entire 100% shareholding in PT Bumi Bintan Abadi and its subsidiaries.

(3) During the year, the Company recognised an impairment loss of S$76,535,000 (2018: S$Nil) for its direct shareholding in PT Bintan Inti Industrial Estate as the recoverable amount was lower than the cost of investment.

Management has determined that a subsidiary is considered material to the Group if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its revenue accounts for 10% or more of the Group's consolidated revenue.

During the year, the Group carried out a review of the recoverable amounts of its investment in subsidiaries in view of the continuing losses in certain subsidiaries. The recoverable amount was determined based on value-in-use calculation. The value-in-use calculation is a discounted cash flow model using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond five-year period were extrapolated using the estimated growth rates stated below.

Management determined that PT Bintan Inti Industrial Estate ("PT BIIE") represents the Group's smallest cash-generating units, PT BIIE is involved in the development and management of industrial estate.

Key assumptions used for value-in-use calculations:

	2019	2018
Gross margin(1)	**6.67% to 54.95%**	19.84% to 53.59%
Growth rate(2)	**2.98% to 4.85%**	4.20% to 5.12%
Discount rate(3)	**9.34% to 11.10%**	10.12% to 11.56%

(1) Budgeted gross margin

(2) Weighted average growth rate used to extrapolate cash flows beyond the budgeted period

(3) Pre-tax discount rate applied to the pre-tax cash flows projections

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7 Subsidiaries (Cont'd)

Details of the Group's material subsidiaries at the end of the reporting period are set out below:

Name	Place of incorporation/ and operation	Proportion of ownership interest and voting rights held by the Group 2019 %	2018 %	Principal activities
Held by the Company				
PT Indomobil Sukses Internasional Tbk ("PT IMAS")[(1)(4)(5)(6)]	Indonesia	**71.49**	71.49	Investment holding
PT Batamindo Investment Cakrawala ("PT BIC")[(2)]	Indonesia	**99.99**	99.99	Development and management of industrial estate
Held by Verizon Resorts Limited				
PT Buana Megawisatama ("PT BMW")[(3)]	Indonesia	**99.99**	99.99	Wholesaler of hotels, resorts and golf courses, resort development activities and business management consultancy

Notes:

(1) Audited by Purwantono, Sungkoro & Surja, a member firm of Ernst & Young Global Limited

(2) Audited by Kosasih, Nurdiyaman Mulyadi, Tjahjo & Rekan, a member firm of Crowe International

(3) Audited by Johan Malonda Mustika & Rekan

(4) On 16 August 2018, the effective ownership in PT Indomobil Prima Energi increased from 1% to 90.09% due to an increase in the shareholdings by PT IMG Sejahtera Langgeng, a wholly owned subsidiary of PT IMAS.

(5) On 25 June 2019, the effective ownership in PT Prima Sarana Gemilang increased from 1.50% to 98.99% due to an increase in the shareholdings by PT Wahana Inti Selaras, a wholly owned subsidiary of PT IMAS.

(6) On 30 April 2019, PT Central Sole Agency control 99.01% of PT Jasa Kencana Utama through converting the convertible bond.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7 Subsidiaries (Cont'd)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Place of incorporation/ and operation	Number of subsidiaries 2019	2018
Automotive and related support business	Indonesia	**1**	–
Car rental	Indonesia	**5**	5
Data Processing	Indonesia	**1**	1
Development, operation and management of industrial park/resorts/residential/country club	Indonesia	**18**	22
Distributor/dealership	Indonesia	**49**	48
Dormant	Singapore	**1**	1
E-Learning/Education services	Indonesia	**1**	1
E-Learning/Education services	Singapore	**1**	1
Financing	Indonesia	**1**	1
Forestry	Indonesia	**5**	–
Growing of food crops	Singapore	**1**	–
Investment holding	British Virgin Islands	**3**	3
Investment holding	Indonesia	**1**	1
Investment holding	Malaysia	**1**	1
Investment holding	Seychelles	**1**	1
Investment holding	Singapore	**2**	2
Logistics	Indonesia	**2**	2
Management and consultancy services	Singapore	**2**	2
Manpower Service	Indonesia	**1**	1
Manufacturing/assembling	Indonesia	**3**	3
Mining Contractor	Indonesia	**1**	–
Plantation/Forestry contractor	Indonesia	**2**	2
Press and dies manufacturing	Indonesia	**2**	2
Provision of ferry services	Singapore	**1**	1
Rental and Building Management	Indonesia	**1**	1
Truck services	Indonesia	**1**	1
Telecommunication services	Indonesia	**1**	1
Trading	Indonesia	**9**	8
Workshop/gas station	Indonesia	**5**	5
		123	117

Shares held in PT IMAS and PT BMW have been pledged as securities for bank borrowings (Note 19(iii)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7 Subsidiaries (Cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

a. Summarised Consolidated Statements of Financial Position

	PT Indomobil Sukses Internasional Tbk and its subsidiaries As at 31 December	
	2019 $'000	2018 $'000
Current assets	**1,598,968**	1,623,874
Non-current assets	**2,733,058**	2,238,818
Current liabilities	**(2,074,095)**	(2,012,063)
Non-current liabilities	**(1,355,516)**	(876,964)
Equity attributable to owners of the Company	**(765,378)**	(833,282)
Non-controlling interests	**(137,037)**	(140,383)

b. Summarised Consolidated Statement of Comprehensive Income

	PT Indomobil Sukses Internasional Tbk and its subsidiaries For year ended 31 December	
	2019 $'000	2018 $'000
Revenue	**1,792,189**	1,666,567
Expenses	**(1,777,897)**	(1,656,969)
Profit for the year	**14,292**	9,598
Profit attributable to owners of the Company	**18,995**	2,455
(Loss)/profit attributable to non-controlling interests	**(4,703)**	7,143
Profit for the year	**14,292**	9,598
Other comprehensive (loss)/income attributable to owners of the Company	**(18,983)**	72,916
Other comprehensive (loss)/income attributable to non-controlling interests	**(3,116)**	902
Other comprehensive (loss)/income for the year	**(22,099)**	73,818
Total comprehensive income attributable to owners of the Company	**12**	75,371
Total comprehensive (loss)/income attributable to non-controlling interests	**(7,819)**	8,045
Total comprehensive (loss)/income for the year	**(7,807)**	83,416

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7 Subsidiaries (Cont'd)

c. Summarised Consolidated Statement of Cash Flows

	PT Indomobil Sukses Internasional Tbk and its subsidiaries For year ended 31 December 2019 $'000	2018 $'000
Net cash outflow from operating activities	**(72,934)**	(211,338)
Net cash outflow from investing activities	**(339,536)**	(304,494)
Net cash inflow from financing activities	**446,053**	499,897
Net cash inflow/(outflow)	**33,583**	(15,935)

8 Associates

	2019 $'000	2018 $'000
The Group		
Unquoted equity investments, at cost		
Beginning of the year	**320,898**	321,517
Additions during the year	**39,320**	10,992
Disposals during the year(1)	**–**	(11,611)
	360,218	320,898
Allowance for impairment of investment in associates(2)	**(33,549)**	(33,549)
Share of post-acquisition reserves	**(152,107)**	(148,481)
Accumulated dividend received	**(24,622)**	(22,599)
	149,940	116,269

(1) In 2018, disposals relate mainly to PT Nissan Motors Indonesia ("NMI"), which had been diluted from a shareholding of 25% to a shareholding on 19.9% as disclosed in Note 11.
(2) In prior years, goodwill of S$33,549,000 relating to an associate was impaired as the associate had incurred losses over the years.

Set out below are the associates of the Group, which, in the opinion of the directors are material to the Group.

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by Group* 2019 %	2018 %
Indirectly held through PT IMAS's subsidiaries				
31 December 2019				
PT Hino Motor Sales Indonesia ("PT HMSI")(1)	Distributor	Indonesia	**28.60**	28.60
PT Hino Finance Indonesia ("PT HFI")(1)	Financing	Indonesia	**26.03**	26.03

* These represent the effective interest percentage held by the Group
(1) Audited by Purwantono, Sungkoro & Surja, a member of Ernst & Young Global Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Associates (Cont'd)

All of these associates are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements.

	PT HMSI $'000	PT HFI $'000	Other individually immaterial associates $'000	Total $'000
31 December 2019				
Current assets	452,877	493,994		
Non-current assets	29,513	5,253		
Current liabilities	(424,721)	(405,449)		
Non-current liabilities	(4,966)	–		
Net assets	52,703	93,798		
Revenue	1,057,802	52,234		
(Loss)/profit after tax	(8,192)	6,214	(73,572)	(75,550)
Other comprehensive loss	–	(5,382)	–	(5,382)
Total comprehensive (loss)/income	(8,192)	832	(73,572)	(80,932)
Dividend received from associate during the year	4,722	–	(2,699)	2,023
Proportion of the Group's ownership interest	15,071	24,415	76,954	116,440
PPA adjustment	33,500	–	–	33,500
Carrying amount of interest in associate	48,571	24,415	76,954	149,940

The unrecognised share of losses of associate for the year is S$6,933,000 and the cumulative unrecognised share of loss of associate is S$56,986,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Associates (Cont'd)

	PT HMSI $'000	PT HFI $'000	Other individually immaterial associates $'000	Total $'000
31 December 2018				
Current assets	636,574	427,636		
Non-current assets	16,303	16,683		
Current liabilities	(408,294)	(372,849)		
Non-current liabilities	(177,809)	–		
Net assets	66,774	71,470		
Revenue	1,411,922	4,021		
Profit after tax	8,779	402	(24,123)	(14,942)
Other comprehensive loss	–	(1,138)	(220)	(1,358)
Total comprehensive income/(loss)	8,779	(736)	(24,343)	(16,300)
Dividend received from associate during the year	4,721	–	839	5,560
Proportion of the Group's ownership interest	19,095	18,603	45,071	82,769
PPA adjustment	33,500	–	–	33,500
Carrying amount of interest in associate	52,595	18,603	45,071	116,269

The unrecognised share of losses of associate for the year is S$3,181,000 and the cumulative unrecognised share of loss of associate is S$50,053,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 Financing receivables

The following consists of consumer financing receivables, investment in finance leases and other financing receivables from subsidiaries engaged in financial services.

The Group	2019 $'000	2018 $'000
Current		
Net investment in financing leases	**311,659**	277,655
Consumer financing receivables – net	**273,160**	217,879
Other financing receivables – net	**2,194**	23,871
	587,013	519,405
Non-Current		
Net investment in financing leases	**523,583**	422,018
Consumer financing receivables – net	**276,225**	249,197
Other financing receivables – net	**7,993**	9,103
	807,801	680,318
	1,394,814	1,199,723

As at 31 December 2019, financing receivables amounting to S$674 million (2018 – S$568 million) and S$84 million (2018 – S$178 million) have been pledged as security for borrowings (Note 19(iii)) and debt securities (Note 20) respectively.

The effective interest rates (per annum) of consumer financing receivables in Indonesian Rupiah are ranging from 11.69% to 33.59% as of 31 December 2019 (2018 – 12.00% to 29.06%).

The effective interest rates (per annum) of net investment in financing leases in Indonesian Rupiah are ranging from 10.14% to 31.29% and for US Dollar from 6.51% to 9.00% as of 31 December 2019 (2018 – 11.31% to 27.44% in Indonesian Rupiah and 7.57% to 9.29% in US Dollar).

The effective interest rates (per annum) of net of other financing receivables in Indonesian Rupiah are ranging from 13.65% to 34.03% as of 31 December 2019 (2018 – 10.94% to 19.82%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 Financing receivables (Cont'd)

(a) Consumer financing receivables – net

	2019 $'000	2018 $'000
The Group		
Gross Investments – third parties		
Not later than one year	**330,183**	257,292
Later than one year and not later than five years	**335,539**	303,161
Total	**665,722**	560,453
Gross Investments – related parties		
Not later than one year	**–**	67
Less: unearned finance income	**(108,346)**	(87,485)
Less: allowance for impairment losses	**(7,991)**	(5,959)
Consumer financing receivables – net	**549,385**	467,076

The ageing of consumer financing receivables past due but not impaired is as follows:

	2019 $'000	2018 $'000
The Group		
Past due 1 – 30 days	**4,005**	3,501
Past due 31 – 60 days	**1,940**	1,650
Past due more than 60 days	**1,183**	1,515
	7,128	6,666

Consumer financing receivables that were neither past due nor impaired amounting to S$650,603,000 (2018 – S$547,828,000) for the Group were related to customers for whom there was no recent history of default. Consumer financing receivables that were past due but not impaired related to customers that have a good track record with the Group.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of consumer financing receivables not past due or past due over 60 days. These receivables are mainly arising from customers that have a good credit record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 Financing receivables (Cont'd)

(a) Consumer financing receivables – net (Cont'd)

Movements in the allowance for impairment of consumer financing receivables are as follows:

	2019 $'000	2018 $'000
The Group		
Beginning of the year	**5,959**	5,097
Allowance for the year (Note 31)	**49,783**	40,874
Written off during the year	**(47,919)**	(39,778)
Translation differences	**168**	(234)
Balance at end of the year	**7,991**	5,959

Management believes that the above allowance for impairment losses on consumer financing receivables is adequate to cover possible losses that may arise from non-cancellation of financing receivables.

The consumer financing receivables are denominated in the following currencies:

	2019 $'000	2018 $'000
The Group		
Indonesian Rupiah	**549,385**	467,076
United States Dollar	**–**	–
	549,385	467,076

The consumer financing debtors relate primarily to the Group's motor vehicle and motorcycle financing. Before accepting new customers, the Group assesses the potential customers' credit worthiness and sets credit limits by using its internal systems. The receivables given to the customers for financing of vehicles are secured by Certificates of Ownership (BPKB) or other documents of ownership which give the Group the right to sell the repossessed collateral or take any other action to settle the outstanding debt.

The loan period ranges from 12 to 36 months for motorcycles, 12 to 60 months for passenger cars and 12 to 36 months for commercial vehicles and heavy equipment and machinery. Default or delinquency in payment is considered an indicator that the debtor balances are impaired. An allowance for impairment is made based on the estimated irrecoverable amount by reference to past default experience. The Group has the right to repossess the assets whenever its customers default on their instalment obligations. It usually exercises its right if the loan has been overdue for 30 days or longer for motorcycle and passenger car and 60 days or longer for commercial vehicle and heavy equipment and machinery. Management has considered the balances against which collective impairment provision is made as impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 Financing receivables (Cont'd)

(b) Net investment in financing leases

	2019 $'000	2018 $'000
The Group		
Gross Investments – third parties		
Not later than one year	**407,922**	350,865
Later than one year and not later than five years	**615,699**	493,717
	1,023,621	844,582
Gross Investments – related parties		
Not later than one year	**–**	15,322
Less: unearned finance lease income	**(181,667)**	(155,393)
Less: allowance for impairment losses	**(6,712)**	(4,838)
Investment in financing lease – net	**835,242**	699,673

All the net investment in financing leases that were neither past due nor impaired were related to customers for whom there was no recent history of default. The Group believes that no impairment allowance is necessary in respect of the financing receivables as these are mainly arising from customers that have a good credit record with the Group.

Movements in the allowance for impairment of net investment in finance leases are as follows:

	2019 $'000	2018 $'000
The Group		
Beginning of the year, as reported	**4,838**	3,988
Effects of adoption SFRS(I) 9	**–**	546
Beginning of the year, as restated	**4,838**	4,534
Allowance for the year (Note 31)	**1,768**	609
Written off during the year	**–**	(129)
Translation differences	**106**	(176)
Balance at end of the year	**6,712**	4,838

The Group believes that the above allowance for impairment losses on financing receivables on net investment in finance leases is adequate to cover possible losses that may arise from non-cancellation of financing receivables.

The financing receivables on net investment in financing leases are denominated in the following currencies:

	2019 $'000	2018 $'000
The Group		
Indonesian Rupiah	**825,712**	666,825
United States Dollar	**9,530**	32,848
	835,242	699,673

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 Financing receivables (Cont'd)

(c) Other financing receivables – net

	2019 $'000	2018 $'000
The Group		
Gross Investments – third parties		
Not later than one year	**11,309**	15,502
Later than one year and not later than five years	**1,709**	10,202
	13,099	25,704
Gross Investments – related parties		
Not later than one year	**–**	11,333
Less: unearned finance lease income	**(1,116)**	(3,967)
Less: allowance for impairment losses	**(1,796)**	(96)
Other financing receivables – net	**10,187**	32,974

Other financing receivables that were neither past due nor impaired amounting to S$11,303,000 (2018 – S$25,608,000) for the Group were related to customers for whom there was no recent history of default. Other financing receivables that were past due but not impaired related to customers that have a good track record with the Group.

There are no other financing receivables past due but not impaired.

Movements in the allowance for impairment of net other financing receivables are as follows:

	2019 $'000	2018 $'000
The Group		
Beginning of the year	**96**	–
Allowance for the year (Note 31)	**1,693**	96
Translation difference	**7**	–
Balance at end of the year	**1,796**	96

The Group believes that the above allowance for impairment losses on financing receivables on net other financing receivables is adequate to cover possible losses that may arise from non-cancellation of other financing receivables.

The financing receivables on net other financing receivables are denominated in the following currencies:

	2019 $'000	2018 $'000
The Group		
Indonesian Rupiah	**10,187**	32,974

The related parties are corporate entities who are subject to common control or common significant influence by a shareholder of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 Deferred taxation

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

	2019 $'000	2018 $'000
The Group		
Deferred tax assets		
To be recovered within one year	–	–
To be recovered after one year	41,079	34,542
	41,079	34,542
Deferred tax liabilities		
To be recovered within one year	–	–
To be recovered after one year	101,790	102,209
	101,790	102,209

	Balance at 1 January 2019 $'000	(Credited)/ charged to profit or loss (Note 32) $'000	Charge to OCI for the year $'000	Foreign exchange difference $'000	Balance at 31 December 2019 $'000
The Group					
Deferred tax assets					
Fiscal loss net of expired tax loss	26,336	16,411	14,684	1,100	58,531
Estimated liability for employee service entitlements	6,440	954	343	482	8,219
Allowance for impairment loss of receivables	1,586	541	612	45	2,784
Allowance for impairment loss of investments	6,862	(6,697)	38	171	374
Valuation allowance	(2)	–	–	–	(2)
Property, plant and equipment	(8,151)	(13,467)	(6,816)	(978)	(29,412)
Foreclosed and intangible assets	269	(3)	–	7	273
Lease transaction	(14)	(1,058)	(2,643)	(10)	(3,725)
Others	1,216	4,799	(2,018)	40	4,037
	34,542	1,480	4,200	857	41,079

There were no movements in deferred tax assets between 1 January 2018 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 Deferred taxation (Cont'd)

	Balance at 1 January 2019 $'000	(Credited)/ charged to profit or loss (Note 32) $'000	Charge to OCI for the year $'000	Foreign exchange difference $'000	Balance at 31 December 2019 $'000
The Group					
Deferred tax liabilities					
Fiscal loss net of expired tax loss	289	–	–	–	289
Estimated liability for employee service entitlements	1,072	(49)	(202)	9	830
Property, plant and equipment	(22,549)	(649)	–	373	(22,825)
Allowance for impairment loss of receivables	132	(26)	(116)	1	(9)
Interest income	(1)	–	–	–	(1)
Associates	(16,810)	–	–	–	(16,810)
Amortisation of distributorships and Dealerships	(58,189)	4,057	–	–	(54,132)
Equity investment at fair value OCI	(14,349)	–	(1,511)	–	(15,860)
Others	8,196	(10,993)	–	9,525	(29,761)
	(102,209)	(7,660)	(1,829)	9,908	(101,790)

	Balance at 1 January 2018 $'000	(Credited)/ charged to profit or loss (Note 32) $'000	Charge to OCI for the year $'000	Foreign exchange difference $'000	Balance at 31 December 2018 $'000
The Group					
Deferred tax assets					
Fiscal loss net of expired tax loss	26,040	1,582	(123)	(1,163)	26,336
Estimated liability for employee service entitlements	6,473	634	(377)	(290)	6,440
Allowance for impairment loss of receivables	1,228	416	–	(58)	1,586
Allowance for impairment loss of investments	7,179	–	–	(317)	6,862
Valuation allowance	(2)	–	–	–	(2)
Property, plant and equipment	(10,668)	2,070	(12)	459	(8,151)
Foreclosed and intangible assets	1,044	(56)	(678)	(41)	269
Lease transaction	(27)	12	–	1	(14)
Others	1,746	1,236	(1,693)	(73)	1,216
	33,013	5,894	(2,883)	(1,482)	34,542

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 Deferred taxation (Cont'd)

	Balance at 1 January 2018, as reported $'000	Effect of adoption SFRS(I) 9 $'000	Balance at 1 January 2018, as restated $'000	(Credited)/ charged to profit or loss (Note 32) $'000	Charge to OCI for the year $'000	Foreign exchange difference $'000	Balance at 31 December 2018 $'000
The Group							
Deferred tax liabilities							
Fiscal loss net of expired tax loss	403	–	403	(96)	–	(18)	289
Estimated liability for employee service entitlements	1,233	–	1,233	(71)	(56)	(34)	1,072
Property, plant and equipment	(15,734)	–	(15,734)	(7,521)	–	706	(22,549)
Allowance for impairment loss of receivables	90	–	90	44	–	(2)	132
Interest income	(1)	–	(1)	–	–	–	(1)
Associates	(16,810)	–	(16,810)	–	–	–	(16,810)
Amortisation of distributorships and Dealerships	(62,246)	–	(62,246)	4,057	–	–	(58,189)
Equity investment at fair value OCI	–	(13,180)	(13,180)	–	(1,169)	–	(14,349)
Others	3,306	–	3,306	–	–	4,890	8,196
	(89,759)	(13,180)	(102,939)	(3,587)	(1,225)	5,542	(102,209)

Unrecognised taxable temporary differences associated with investments in subsidiaries and associates

Deferred income tax liabilities of S$34,900,000 (2018 – S$44,000,000) have not been recognised for withholding and other taxes that will be payable on the earnings of overseas subsidiaries and associates, as the timing of remission is controlled by the holding company.

NOTES TO THE FINANCIAL STATEMENTS

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11 Other non-current assets

		The Company		The Group	
		2019	2018	2019	2018
	Note	$'000	$'000	$'000	$'000
Equity investments at FVOCI					
Beginning of the year, as reported		–	–	251,167	96,537
Effect of adoption SFRS(I) 9		–	–	–	52,722
Beginning of the year, as restated		–	–	251,167	149,259
Addition	(i)	–	–	11	29,230
Disposal	(ii)	–	–	(144,943)	(1,098)
Changes in fair value		–	–	12,738	77,259
Translation differences		–	–	13,820	(3,483)
At end of the year		–	–	132,793	251,167
Derivative assets	26	–	–	2,745	23,337
Estimated claims for tax refund		–	–	36,047	28,859
Restricted cash in banks and time deposits		–	–	8,006	316
Other receivables	(iii)	–	–	83,712	40,313
Prepayment		–	–	449	793
Deposits		155	155	628	603
		155	155	264,380	345,388

(i) In 2018, included in additions relate mainly to PT Nissan Motors Indonesia ("NMI"), which had been diluted from a shareholding of 25% to a shareholding on 19.9% as disclosed in Note 8.

(ii) This relates to the Group's investment in shares of PT Multistrada Arah Sarana Tbk which was 100% divested during the year.

(iii) Other receivables represent non-trade balances and are unsecured, interest-free and repayable on demand.

Other non-current assets are mainly denominated in Indonesia Rupiah.

12 Land inventories

	2019	2018
	$'000	$'000
The Group		
Land for sale, at cost	595,241	594,654

As at 31 December 2019, land inventories of PT Surya Bangun Pertiwi ("PT SBP") comprise 3,744 ha (2018 – 3,744 ha) with Building Use Right ("HGB"). Part of the land's HGB for 3,285 ha (2018 – 3,285 ha) will expire in 30 years while the HGB of 459 ha (2018 – 459 ha) has been extended and renewed for period of 80 years, effective from August 1995.

As at 31 December 2019, PT BMW's land inventories comprise 13,925 ha (2018 – 13,925 ha) of land with HGB certificates. Part of the land's HGB amounting to 12,153 ha (2018 – 12,153 ha) will expire in 30 years while the HGB of 1,772 ha (2018 – 1,772 ha) has been extended and renewed for a period of 80 years.

Certain plot of lands under land inventories have been pledged as collateral for bank borrowings (Note 19 (iii)).

NOTES TO THE FINANCIAL STATEMENTS

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13 Other inventories

The Group	2019 $'000	2018 $'000
At Cost		
Finished/trading goods[1]	**158,969**	237,343
Work-in-progress	**3,461**	1,486
Raw and indirect materials	**16,211**	6,716
Spare parts	**81,312**	80,375
Inventories-in-transit	**2,584**	21,175
Fuel and lubrication oil	**3,160**	3,267
Consumables and supplies	**29**	28
Others	**14,677**	13,446
Allowance for inventories obsolescence	**(5,797)**	(4,284)
	274,606	359,552

(1) The finished/trading goods consist of automobiles, motorcycles and stamping dies.

Movements in the allowance for inventories obsolescence are as follows:

	2019 $'000	2018 $'000
The Group		
Beginning of the year	**4,284**	3,757
Reversal of allowance for the year (Note 31)	**(66)**	(73)
Written off during the year	**4,306**	723
Translation differences	**(2,727)**	(123)
End of the year	**5,797**	4,284

The reversal of allowance during the prior year was made when the related inventories were sold above their carrying amount in previous periods.

Inventories amounting to S$168 million at 31 December 2019 (2018 – S$160 million) have been pledged as collateral for bank borrowings (Note 19(i) and (iii)) and debt securities (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 Trade and other receivables

		The Company		The Group	
		2019	2018	2019	2018
	Note	$'000	$'000	$'000	$'000
Trade receivables					
– related parties		**–**	–	**28,553**	40,440
– external parties		**–**	–	**216,592**	228,703
Impairment of trade receivables		**–**	–	**(15,433)**	(13,040)
Net trade receivables	(i)	**–**	–	**229,712**	256,103
Other receivables:					
Refundable deposits		**38**	956	**69**	985
Amount owing by subsidiaries		**74,682**	78,277	**–**	–
Amount owing by related parties		**–**	52	**217,254**	213,517
Others		**2,175**	70	**172,897**	65,619
		76,895	79,355	**390,220**	280,121
Impairment of other receivables		**–**	–	**(2,050)**	(1,973)
Net other receivables	(ii)	**76,895**	79,355	**388,170**	278,148
At amortised cost	(i) + (ii)	**76,895**	79,355	**617,882**	534,251
Prepayments		**65**	2,038	**28,646**	158,356
Foreclosed assets	25	**–**	–	**28,453**	11,168
Total		**76,960**	81,393	**674,981**	703,775

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Singapore Dollar	**76,960**	81,393	**12,936**	19,982
Indonesian Rupiah	**–**	–	**627,161**	633,370
United States Dollar	**–**	–	**34,648**	49,866
Euro	**–**	–	**236**	524
Swedish Krona	**–**	–	**–**	14
Others	**–**	–	**–**	19
	76,960	81,393	**674,981**	703,775

The ageing of trade and other receivables past due but not impaired is as follows:

	The Company		The Group	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Past due 1 – 30 days	**–**	–	**43,939**	45,361
Past due 31 – 90 days	**–**	–	**20,537**	14,723
Past due more than 90 days	**45**	70	**83,414**	121,593
	45	70	**147,890**	181,677

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 Trade and other receivables (Cont'd)

Trade and other receivables that were neither past due nor impaired amounting to S$76,915,000 (2018 – S$81,323,000) and S$527,091,000 (2018 – S$522,098,000) for the Company and the Group respectively were related to a wide range of customers for whom there was no recent history of default. Trade and other receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables not past due or past due over 90 days. These receivables are mainly arising from customers that have a good credit record with the Group.

The movements in allowance for impairment losses on doubtful receivables in respect of trade and other receivables were as follows:

	Allowance for impairment losses on trade receivables		Allowance for impairment losses on other receivables	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
The Group				
At 1 January	**13,040**	10,746	**1,973**	1,514
Allowance during the year	**22**	4,873	**–**	472
Allowance written off during the year	**(320)**	(2,259)	**–**	–
Reversal of allowance during the year	**–**	–	**(573)**	–
Translation differences	**2,691**	(320)	**650**	(13)
At 31 December	**15,433**	13,040	**2,050**	1,973

The reversal of allowance was due to the doubtful debts recovered from receivables which were previously provided for.

The average credit period for external and related parties on sales of goods and services rendered varies among the Group's businesses in which it is not more than 90 days and do not bear any interest. The credit quality of trade and other receivables is assessed based on credit policies established by the individual Group businesses. Significant financial difficulties of a trade and other debtor, probability that the trade and other debtor will enter bankruptcy or delinquency in payment are considered indicators that the trade and other debtor is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

As at 31 December 2019, certain trade and other receivables amounting to approximately S$348 million (2018 – S$325 million) were pledged to banks to secure borrowing and credit facilities of the Group (Note 19 (i) and (iii)) and debt securities (Note 20).

The non-trade amount owing by subsidiaries represents (i) interest bearing loans at 1.75% per annum + 1 month SIBOR rate, and (ii) advanced payment of expenses which are non-interest bearing. These balances are unsecured and repayable on demand.

The non-trade amount owing by related parties represents mainly advanced payment of expenses, is non-interest bearing, unsecured and repayable on demand.

The related parties are corporate entities who are subject to common control or common significant influence by a shareholder of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 Cash and cash equivalents

	The Company		The Group	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash at bank and on hand	**1,697**	331	**101,052**	107,012
Time deposits	**50**	50	**129,472**	121,867
	1,747	381	**230,524**	228,879

(i) The fixed deposits have an average maturity of 1 day to 365 days (2018 – 1 day to 365 days) from the end of the financial year with the following effective interest rates:

	2019	2018
Singapore Dollar	**0.05% – 0.75%**	0.05% – 0.75%
United States Dollar	**1.50% – 1.75%**	1.50% – 1.75%
Indonesian Rupiah	**5.00% – 9.00%**	5.00% – 9.00%

(ii) The cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Singapore Dollar	**848**	222	**12,257**	17,645
United States Dollar	**887**	131	**44,575**	45,917
Indonesian Rupiah	**12**	28	**170,978**	164,745
Others	**–**	–	**2,714**	572
	1,747	381	**230,524**	228,879

16 Share capital

	No. of ordinary share		Amount	
	2019	2018	2019	2018
			$'000	$'000
The Company and The Group				
Issued and fully paid:				
At 1 January	**5,338,010,225**	5,338,010,225	**1,948,307**	1,948,307
Issuance of new shares	**87,288,136**	–	**10,239**	–
At 31 December	**5,425,298,361**	5,338,010,225	**1,958,546**	1,948,307

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

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

In December 2019, the Company has issued 87,288,136 new ordinary shares at S$0.118 per share for a total consideration of S$10,300,000 for cash (less S$61,000 of share issuance expenses) to provide funds for repayment of the Group's borrowings.

The newly issued shares rank *pari passu* in all respects with existing issued shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 Treasury shares

	No. of ordinary share		Amount	
	2019	2018	2019	2018
			$'000	$'000
The Company and The Group				
At 1 January	**450,000**	–	**(50)**	–
Purchase of treasury shares	**–**	450,000	**–**	(50)
At 31 December	**450,000**	450,000	**(50)**	(50)

On 9 March 2018, the Group purchased 450,000 ordinary shares by way of market acquisition at a net consideration of S$50,000 and these were presented as a component within shareholders' equity.

18 Reserves

		The Company		The Group	
		2019	2018	2019	2018
	Note	$'000	$'000	$'000	$'000
Capital reserve	(i)	**80,000**	80,000	**(105,771)**	(105,771)
Translation reserve	(ii)	**–**	–	**(94,675)**	(108,341)
Hedging reserve	(iii)	**–**	–	**(14,612)**	(2,254)
Fair value reserve	(iv)	**–**	–	**24,124**	64,175
Other reserves	(v)	**–**	–	**26,546**	15,597
		80,000	80,000	**(164,388)**	(136,594)

The Company

The capital reserve comprises equity component of convertible bonds issued for the acquisition of PT IMAS.

The Group

The capital reserve comprises the effects of transactions with non-controlling interests, arising from the acquisition of additional PT IMAS shares in 2013.

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

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions.

Fair value reserve comprises financial assets designated as fair value through other comprehensive income until the investments are de-recognised or impaired.

Other reserves comprise of the differences arising from the change in equity of subsidiaries, effects of transaction with non-controlling interests and actuarial losses from employee benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 Reserves (Cont'd)

Movement of reserves is as follows:

(i) Capital reserve

	The Company		The Group	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Beginning and **at end of year**	**80,000**	80,000	**(105,771)**	(105,771)

(ii) Translation reserve

	2019	2018
	$'000	$'000
The Group		
Beginning of year, as reported	**(108,341)**	(84,851)
Effects of adoption SFRS(I) 9	**–**	(386)
Less: Non-controlling interests	**–**	110
	–	(276)
Beginning of year, as restated	**(108,341)**	(85,127)
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**21,211**	(36,752)
Less: Non-controlling interests	**(7,545)**	13,538
At end of year	**(94,675)**	(108,341)

(iii) Hedging reserve

	2019	2018
	$'000	$'000
The Group		
Beginning of year	**(2,254)**	(474)
Loss arising during the year	**(17,171)**	(2,620)
Less: Non-controlling interests	**4,813**	840
At end of year	**(14,612)**	(2,254)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 Reserves (Cont'd)

(iv) Fair value reserve

	2019 $'000	2018 $'000
The Group		
Beginning of year, as reported	**64,175**	(18,838)
Effects of adoption SFRS(I) 9	**–**	39,934
Less: Non-controlling interests	**–**	(11,385)
	–	28,549
Beginning of year, as restated	**64,175**	9,711
Equity instruments at FVOCI – Fair value gain	**10,623**	76,285
Transfer of fair value reserve of equity instruments at FVOCI	**(47,639)**	–
Less: Non-controlling interests	**(3,035)**	(21,821)
At end of year	**24,124**	64,175

(v) Other reserves

	2019 $'000	2018 $'000
The Group		
Beginning of year	**15,597**	4,945
Actuarial (loss)/gain during the year	**(1,079)**	5,871
Changes in interest in subsidiaries	**20,615**	14,730
Less: Non-controlling interests	**(8,587)**	(9,949)
At end of year	**26,546**	15,597

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Borrowings

	Note	The Company 2019 $'000	The Company 2018 $'000	The Group 2019 $'000	The Group 2018 $'000
Current borrowings					
Short term loans	(i)	**–**	–	**974,723**	957,908
Loan from subsidiaries	(ii)	**385,047**	362,079	**–**	–
Current portion of non-current borrowings					
– Bank loans	(iii)	**19,410**	19,504	**622,231**	433,486
– Finance leases	(iv)	**–**	–	**–**	446
– Other loans		**–**	–	**13,679**	18,498
		404,457	381,583	**1,610,633**	1,410,338
Non-current borrowings					
Bank loans	(iii)	**290,495**	311,489	**1,480,791**	1,007,305
Other loans		**–**	–	**9,320**	22,893
		290,495	311,489	**1,490,111**	1,030,198
Total borrowings		**694,952**	693,072	**3,100,744**	2,440,536
Represented by:					
Secured		**309,905**	330,993	**3,100,744**	2,440,536
Unsecured		**385,047**	362,079	**–**	–
		694,952	693,072	**3,100,744**	2,440,536

(i) Some of the short term loans are secured by the PT Indomobil Sukes Internasional Tbk ("PT IMAS") subsidiaries' property, plant and equipment (Note 4), trade and other receivables (Note 14) and other inventories (Note 13) and have certain terms under the loan agreement that require PT IMAS and its subsidiaries to obtain prior approval from the borrowers with respect to transactions involving amounts that exceed certain thresholds agreed with the borrowers such as among others, mergers or acquisitions; sale or pledge of assets and engaging in non-arm's length transactions and change in majority ownership.

(ii) Loans from subsidiaries are unsecured and repayable on demand. Interest is charged at the interest rate of 1.7% to 6.00% (2018 – 1.70% to 6.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Borrowings (Cont'd)

(iii) The details of the bank loans are as follows:–

The Company and its subsidiaries (exclude PT IMAS and its subsidiaries)

The bank borrowings are secured by the Company's and its subsidiaries' assets as follows:–

(1) Mortgage of certain land titles of PT Batamindo Investment Cakrawala ("PT BIC"), PT Bintan Inti Industrial Estate ("PT BIIE") and PT Bintan Resort Cakrawala ("PT BRC") as disclosed in Note 4 & 6. PT Buana Megawisatama ("PT BMW") and PT Surya Bangun Pertiwi ("PT SBP") as disclosed in Note 12;

(2) Charge on bank accounts of PT BIC, PT BIIE, PT BRC, PT SBP, Bintan Resort Ferries Private Limited ("BRF") and the Company;

(3) Assignment of insurance proceeds, receivables and movable assets of PT BIC and PT BIIE;

(4) Pledge of shares of PT IMAS and PT BMW.

Certain covenants as below, among others, need to be maintained and have been complied with as at end of the reporting period–

(1) Ratio of Borrower Net debts to Borrower EBITDA shall not exceed between 4.50 to 7.0

(2) Borrower Debt Service Coverage Ratio will not be less than 1.25

(3) Borrower Minimum Net Worth will not be less than 1.50 billion

PT IMAS and its subsidiaries

The bank borrowings are secured by the subsidiaries' assets as follows:–

(1) Property, plant and equipment (Note 4)

(2) Consumer financing receivables (Note 9)

(3) Net investment in finance leases (Note 9)

(4) Other non-current asset – equity instruments at FVOCI (Note 11)

(5) Other inventories (Note 13)

(6) Trade and other receivables (Note 14)

Certain covenants as below, among others, need to be maintained and have been complied with as at the end of the reporting period–

(1) Gearing ratio will not be more than 8.5 and 10

(2) Maintain management control

(3) Maintain shareholding of minimum 51% in a subsidiary

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Borrowings (Cont'd)

(iv) Obligations under finance leases

	2019 $'000	2018 $'000
The Group		
Minimum lease payments payable:		
Not later than one year	–	446
Later than one year and not later than five years	–	–
Later than five years	–	–
	–	446
Less:		
Finance charges allocated to future periods	–	–
Present value of minimum lease payments	–	446
Present value of minimum lease payments:		
Not later than one year	–	446
Later than one year and not later than five years	–	–
Later than five years	–	–
	–	446

The Group leases motor vehicles and transportation equipment from non-related and related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal value at the end of the lease term. The finance lease is secured by the underlying assets (Note 4).

Obligations under finance leases are reclassified to lease liabilities (Note 23) on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 43.

The borrowings of the Company and the Group exposed to interest rates are as follows:

	The Company		The Group	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current portion:				
– at floating interest rate	**19,410**	19,504	**1,384,641**	1,206,680
– at fixed interest rate	**385,047**	362,079	**225,992**	203,658
	404,457	381,583	**1,610,633**	1,410,338
Non-current portion:				
– at floating interest rate	**290,495**	311,489	**1,124,889**	715,348
– at fixed interest rate	**–**	–	**365,222**	314,850
	290,495	311,489	**1,490,111**	1,030,198
	694,952	693,072	**3,100,744**	2,440,536

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Borrowings (Cont'd)

The borrowings are denominated in the following currencies:

	The Company		The Group	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Singapore Dollar	**288,162**	288,981	**244,456**	265,385
United States Dollar	**121,848**	130,808	**1,316,279**	396,119
Indonesian Rupiah	**284,942**	273,283	**1,540,009**	1,779,032
	694,952	693,072	**3,100,744**	2,440,536

The borrowing repayment maturity profile is as follows:–

	The Company		The Group	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Repayable:				
Not later than one year	**404,457**	381,583	**1,610,633**	1,410,338
Later than one year and not later than five years	**290,495**	311,489	**1,490,111**	1,030,198
	694,952	693,072	**3,100,744**	2,440,536

The effective interest rates of the total borrowings at the end of reporting period are as follows:

	The Company		The Group	
	2019	2018	2019	2018
Short term loans	**–**	–	**3.60% to 10.50%**	3.53% to 10.50%
Bank loans	**5.40% to 7.10%**	6.44% to 7.53%	**2.75% to 10.25%**	2.63% to 10.71%
Finance leases	**–**	–	**–**	13.18%
Loan from subsidiaries	**1.70% to 6.00%**	1.70% to 6.00%	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 Debt securities

Debt securities comprise of bonds issued by the Group.

	2019 $'000	2018 $'000
The Group		
Bonds		
– Current	**67,621**	195,926
– Non-current	**103,369**	163,237
Nominal value	**170,990**	359,163
Less: Deferred issuance costs	**(147)**	(366)
Net	**170,843**	358,797
Represented by:		
Secured	**170,843**	358,797
Unsecured	**–**	–
	170,843	358,797
Repayable:		
Not later than one year	**67,474**	195,560
Later than one year and not later than five years	**103,369**	163,237
	170,843	358,797

(1) The terms of the Group's debt securities are as follows:

Details of Bonds	Source Currency	Amount '000	Range of Nominal Interest Rate	Range of Maturity date
IMFI Bonds III Phase III	IDR	485,000,000	8.20% – 8.45%	18/05/2021 – 18/05/2023
IMFI Bonds III Phase II	IDR	397,000,000	7.90% – 8.15%	15/02/2021 – 15/02/2023
IMFI Bonds III Phase I	IDR	215,000,000	8.60% – 9.10%	17/07/2020 – 07/07/2022
IMFI Bonds II Phase IV	IDR	172,000,000	8.80% – 9.40%	23/03/2020 – 23/03/2022
IMFI Bonds II Phase III	IDR	464,000,000	10.65%	16/03/2020

(2) The bonds were collateralised by fiduciary transfer of financing receivables (Note 9), other inventories (Note 13) and trade receivables (Note 14) of PT IMAS's subsidiaries amounting to 50% to 60% of the total principal amount of the bonds.

The debt securities are denominated in the following currencies:

	2019 $'000	2018 $'000
Singapore Dollar	**–**	–
Indonesian Rupiah	**170,843**	358,797
	170,843	358,797

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21 Employee benefits liabilities

	2019 $'000	2018 $'000
The Group		
Balance at beginning of year	**36,709**	41,999
Net employee benefits expense for the year (Note 31)	**6,559**	5,776
Actual benefit payments	**(1,302)**	(1,234)
Foreign exchange difference	**3,188**	(15,125)
Company contribution	**(208)**	(578)
Income recognised in other comprehensive income	**(1,079)**	5,871
Balance at end of year	**43,867**	36,709

On 20 June 2000, under Indonesian Law, the Minister of Manpower of the Republic of Indonesia issued Decree No. Kep-150/Men/2000 regarding "The Settlement of Work Dismissal and Determination of Separation, Gratuity and Compensation Payment by Companies". Should there be any work dismissal, a company is obliged to settle any separation, gratuity and compensation payment, based on the duration of work of the respective employees and in accordance with the conditions stated in the Decree.

The Decree has been enacted into Law No.13 of 2003 regarding Manpower by the President of the Republic of Indonesia on 25 March 2003.

The Group recognised a provision for employees' service entitlement in accordance with the above Law. The benefits are unfunded. The provision is estimated using the "Projected Unit Credit Method" based on the actual calculation performed by independent actuaries, PT Dayamandiri Dharmakonsilindo, PT Sentra Jasa Aktuaria, PT Bumi Dharma Akuaria and PT Sienco Aktuarindo Utama which considered the following assumptions:

Discount rate	:	8.14% to 9.19% (2018 – 8.14% to 9.19%) per annum
Mortality rate	:	Tabel Mortalita Indonesia (TMI–III) – 2011 (2018 – Tabel Mortalita Indonesia (TMI–III) – 2011)
Annual salary increases	:	7% to 8% (2018 – 7% to 8%) per annum
Retirement age	:	55 to 60 years
Turnover rates	:	5% up to age 25 and reducing linearly up to 0% at the age of 45 and thereafter
Disability rate	:	10% of mortality rate

The net employee benefits expense comprises the following:

	2019 $'000	2018 $'000
The Group		
Current service cost	**5,346**	4,824
Interest expense	**1,174**	1,090
Immediate recognition of past service cost – vested	**–**	(213)
Excess payment	**39**	75
	6,559	5,776
Net present value of employee benefits liabilities	43,867	36,709

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22 Other non-current liabilities

		The Company		The Group	
		2019	2018	2019	2018
	Note	$'000	$'000	$'000	$'000
Deposits from tenants	(i)	88	88	25,276	27,865
Refundable golf membership deposit	(ii)	–	–	3,724	3,776
Derivative liabilities	26	–	–	41,424	1,139
Others		–	–	1,632	–
		88	88	72,056	32,780

(i) Deposits from tenants represent deposits equivalent to certain months' factory and dormitory rentals, hawkers' centres, and deposits for electricity supply, in accordance with the provisions of their respective lease agreements. These deposits will be refunded or applied against rentals due at the end of the lease period.

(ii) Refundable deposits received for golf club membership, which consist of Individual Type, Corporate A and B type, will be due on 1 August 2020.

The other non-current liabilities are denominated in the following currencies:

	The Company		The Group	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Singapore Dollar	88	88	23,515	26,807
Indonesian Rupiah	–	–	48,541	5,973
	88	88	72,056	32,780

23 Lease liabilities

	The Company	The Group
	2019	2019
	$'000	$'000
Undiscounted lease payments due:		
– Year 1	258	13,824
– Year 2	165	4,534
– Year 3	–	859
– Year 4	–	559
– Year 5	–	287
– Year 6 and onwards	–	629
	423	20,692
Less: Unearned interest cost	(27)	(1,092)
Lease liabilities	396	19,600
Presented as:		
Current liabilities	231	13,405
Non-current liabilities	165	6,195
	396	19,600

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Lease liabilities (Cont'd)

The Group's lease liabilities are secured by the lessors' title to the leased assets.

Total cash outflows for all leases in the year amount to S$3,625,000.

Interest expense on lease liabilities of S$1,672,000 (Note 30) is recognised within "finance costs" in consolidated statement of comprehensive income.

Rental expenses not capitalised in lease liabilities but recognised within "other operating expenses" in consolidated statement of comprehensive income are set out below:

	The Company 2019 $'000	The Group 2019 $'000
Short-term leases	5	1,358
Leases of low value assets	5	235

As at 31 December 2019, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

The future minimum lease payables under non-cancellable operating leases contracted for but for at the balance sheet date but not recognised as liabilities, are as follows:

	The Company 2019 $'000	The Group 2019 $'000
Short term leases:		
– Not later than one year	–	470
Leases of low value assets:		
– Not later than one year	5	257
– Later than one year and not later than five years	5	306
	10	1,033

Further information about leases and the financial risk management are disclosed in Note 35 and Note 39 respectively.

Lease liabilities are denominated in the following currencies:

	The Company 2019 $'000	The Group 2019 $'000
Singapore Dollar	396	1,605
Indonesian Rupiah	–	17,995
	396	19,600

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24 Trade and other payables

	The Company		The Group	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade				
Trade payables	**–**	–	**167,995**	320,554
Non-trade				
Accruals	**916**	1,329	**59,275**	58,356
Other payable	**8,155**	483	**204,223**	93,558
Interest payable on bank loan	**6,958**	2,905	**7,018**	2,983
Amount owing to related parties	**–**	1	**57,073**	29,809
Amount owing to subsidiaries	**69,278**	40,776	**–**	–
	85,307	45,494	**495,584**	505,260

Trade payables are generally on 30 days (2018 – 30 days) credit terms.

Other payables represent non-trade advances and balances, which are unsecured, interest-free and repayable on demand.

Amounts owing to subsidiaries and related parties represent advances and are non-trade, unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Singapore Dollar	**33,304**	17,697	**64,708**	52,572
Indonesian Rupiah	**42,042**	26,016	**406,763**	398,327
United States Dollar	**9,961**	1,781	**20,653**	24,184
Euro	**–**	–	**3,349**	2,807
Swedish Kronor	**–**	–	**58**	25,980
Others	**–**	–	**53**	1,390
	85,307	45,494	**495,584**	505,260

25 Foreclosed assets

Foreclosed assets represent acquired assets in conjunction with settlement of consumer financing receivables. In case of default, the consumers give the right to the Group to sell the foreclosed assets or take any other actions to settle the outstanding receivables.

The Group determined that the foreclosed assets will be converted into cash within maximum three months.

	Note	2019	2018
		$'000	$'000
The Group			
Foreclosed assets		**32,151**	15,110
Less: allowance for impairment loss		**(3,698)**	(3,942)
	14	**28,453**	11,168

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25 Foreclosed assets (Cont'd)

The movement in allowance for impairment losses in value of foreclosed assets is as follows:–

	2019 $'000	2018 $'000
The Group		
Balance at beginning of the year	**3,942**	6,101
Reversal of allowance during the year (Note 31)	**(350)**	(1,903)
Translation differences	**106**	(256)
Balance at the end of the year	**3,698**	3,942

26 Derivative financial instruments

The fair value of the Group's derivative financial instruments was:–

	Note	2019 Assets $'000	2019 Liabilities $'000	2018 Assets $'000	2018 Liabilities $'000
The Group					
Non-current					
Designated as cash flow hedges					
– Interest rate swaps (i)		**–**	**95**	78	–
– Cross currency swaps (ii)		**1,056**	**41,010**	22,466	–
– Cross currency interest rate swap (iii)		**1,689**	**319**	793	1,139
		2,745	**41,424**	23,337	1,139
Not designated as hedging instruments					
– Cross currency interest rate swap (iii)		**–**	**–**	–	–
– Interest rate swaps (iv)		**–**	**–**	–	–
	11, 22	**2,745**	**41,424**	23,337	1,139

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The Group and the Company loss on valuation of fair value of swap not designated as hedging instruments were recorded as part of other income in the consolidated statement of comprehensive income.

Period when the cash flows on cash flow hedges are expected to occur or affect the profit or loss

Interest rate swaps

Interest rate swaps are transacted to hedge against variable quarterly interest payments on borrowings that will mature on 13 December 2020. Fair value gains and losses on the interest rate swaps recognised in other comprehensive income are reclassified to profit or loss as part of interest expense over the period of the borrowings.

26 Derivative financial instruments (Cont'd)

Cross currency swaps

Cross currency swaps are transacted to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within three months from the end of the reporting period. The cross currency swaps have maturity dates that coincide within the expected occurrence of these transactions. Gains and losses recognised in other comprehensive income prior to the occurrence of these hedged forecast transactions affect profit or loss. This is generally within three months from the end of the reporting period. For those cross currency swaps used to hedge highly probable forecast foreign currency purchases of property, plant and equipment, fair value gains and losses are included in the cost of the assets and recognised in profit or loss over their estimated useful lives as part of depreciation expense.

(i) Interest rate swap

The notional amounts of the interest rate swaps at 31 December 2019 were US$20,166,000 (2018 – US$14,668,000) for derivative assets and derivative liabilities.

(ii) Cross currency swap

The notional amounts of the cross currency swaps at 31 December 2019 were US$1,029,492,000 (2018 – US$201,374,000) for derivative assets and derivative liabilities.

(iii) Cross currency interest rate swap

The notional amount of the cross currency interest rate swap at 31 December 2019 were US$60,900,000 (2018 – US$42,000,000) and EUR€ Nil (2018 – EUR€ Nil).

(iv) Interest rate swap

The fair value of the Group's swaps was recorded as a derivative liability amounting to S$Nil (Note 21).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 Revenue

Disaggregated revenue information

	For the financial year ended 31 December 2019				
Segments	**Industrial park $'000**	**Utilities $'000**	**Automotive $'000**	**Resort operations $'000**	**Total $'000**
Type of goods or services					
Sales of goods	–	–	1,419,181	–	1,419,181
Rendering of services	4,406	–	–	1,338	5,744
Electricity and water supply	–	101,374	–	–	101,374
Sale of residential units	4,093	–	–	–	4,093
Golf revenue	3,977	–	–	–	3,977
Ferry services	–	–	–	26,675	26,675
Financial services	–	–	204,075	–	204,075
Rental and related income	24,340	–	168,933	1,314	194,587
Telecommunication	–	3,085	–	–	3,085
Others	924	–	–	1,972	2,896
Total revenue	37,740	104,459	1,792,189	31,299	1,965,687
Timing of revenue recognition					
At a point in time	13,400	101,374	1,419,181	29,933	1,563,888
Over time	24,340	3,085	373,008	1,366	401,799
Total revenue	37,740	104,459	1,792,189	31,299	1,965,687

	For the financial year ended 31 December 2018				
Segments	**Industrial park $'000**	**Utilities $'000**	**Automotive $'000**	**Resort Operations $'000**	**Total $'000**
Type of goods or services					
Sales of goods	–	–	1,355,518	–	1,355,518
Rendering of services	3,756	–	–	1,131	4,887
Electricity and water supply	–	97,807	–	–	97,807
Sale of residential units	5,186	–	–	–	5,186
Golf revenue	3,970	–	–	–	3,970
Ferry services	–	–	–	25,421	25,421
Financial services	–	–	176,268	–	176,268
Rental and related income	22,309	–	134,781	1,118	158,208
Telecommunication	–	2,435	–	–	2,435
Others	974	–	–	2,039	3,013
Total revenue	36,195	100,242	1,666,567	29,709	1,832,713
Timing of revenue recognition					
At a point in time	13,886	97,807	1,355,518	28,390	1,495,601
Over time	22,309	2,435	311,049	1,319	337,112
Total revenue	36,195	100,242	1,666,567	29,709	1,832,713

The Group operates mainly in Indonesia. Accordingly, revenue by geographical market is not presented.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 Revenue (Cont'd)

Reconciliation of the revenue with the amount as disclosed in the segment information (Note 38)

	For the financial year ended 31 December 2019				
Segments	**Industrial park $'000**	**Utilities $'000**	**Automotive $'000**	**Resort operations $'000**	**Total $'000**
External	**37,740**	**104,459**	**1,792,189**	**31,299**	**1,965,687**
Inter segment	**–**	**69**	**–**	**198**	**267**
	37,740	**104,528**	**1,792,189**	**31,497**	**1,965,954**
Elimination	**–**	**(69)**	**–**	**(198)**	**(267)**
Total revenue	**37,740**	**104,459**	**1,792,189**	**31,299**	**1,965,687**

	For the financial year ended 31 December 2018				
Segments	**Industrial park $'000**	**Utilities $'000**	**Automotive $'000**	**Resort Operations $'000**	**Total $'000**
External	36,195	100,242	1,666,567	29,709	1,832,713
Inter segment	–	128	–	44	172
	36,195	100,370	1,666,567	29,753	1,832,885
Elimination	–	(128)	–	(44)	(172)
Total revenue	36,195	100,242	1,666,567	29,709	1,832,713

Contract liabilities

	31 December 2019 $'000	31 December 2018 $'000
Non-Current liabilities		
Contract liabilities	**12,873**	11,621
Current liabilities		
Contract liabilities	**20,153**	15,195

Contract liabilities relate primarily to:

- Advance consideration received from customers; and
- Unearned revenue arising from contract with customers.

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27 Revenue (Cont'd)

Contract liabilities (Cont'd)

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

	2019 $'000	2018 $'000
The Group		
Revenue recognised that was included in contract liabilities at the beginning of the year	**15,195**	13,651
Increases due to cash received, excluding amounts recognised as revenue during the year	**(21,405)**	(24,386)

28 Other income

	2019 $'000	2018 $'000
The Group		
Exchange loss, net	**(4,018)**	(842)
Loss on disposal of property, plant and equipment	**(2,216)**	(221)
Interest income	**27,859**	22,732
Other telecommunication income	**835**	796
Bank charges	**(30)**	(36)
Bad debt recovered	**13,741**	12,109
Commission income	**6,969**	2,509
Penalty income	**9,958**	8,195
Sales incentive and dealer development	**4,489**	5,347
Scrap income	**491**	269
Rental income	**3,258**	3,364
Administration and registration income	**1,926**	2,067
Subsidy income (for sales or promotion)	**1,000**	568
Management fee income	**170**	226
Loss on land sales cancellation	**(2,439)**	–
Write off of other payable	**–**	1,851
Loss on disposal of investment	**–**	(148)
Write off of associates	**–**	(87)
Provision for doubtful debts	**(992)**	(825)
Gain on disposal of subsidiaries	**255**	–
Gain on dilution from a subsidiary to associate	**–**	464
Gain on dilution from associate to unquoted equity investments	**–**	16,181
Others	**(11,018)**	1,881
	50,238	76,400

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29 Other operating expenses

	2019 $'000	2018 $'000
The Group		
Communication	**1,701**	1,500
Depreciation of property, plant and equipment (Note 4)	**15,323**	9,570
Depreciation of right-of-use assets (Note 5)	**5,189**	–
Entertainment	**567**	527
Insurance	**1,449**	1,444
Management fee	**111**	9
Marketing and promotion expenses	**13,679**	14,396
Professional fees	**1,861**	1,594
Rental	**2,414**	6,881
Repairs and maintenance	**4,661**	4,216
Representation costs	**1,496**	1,183
Staff costs and related expenses	**50,252**	44,571
Taxes and licences	**4,398**	3,886
Transport and travelling	**7,855**	6,640
Printing and stationeries	**151**	135
Packing and delivery	**9,482**	5,522
Security expenses	**4,883**	4,800
Sales commission and incentive	**8,957**	8,085
Loss on sales of foreclosed assets	**12,366**	15,754
Utilities	**3,492**	3,402
Impairment loss on goodwill (Note 3)	**100,100**	–
Office supplies	**2,302**	2,391
Others	**4,645**	10,729
	257,334	147,235

30 Finance costs

	2019 $'000	2018 $'000
The Group		
Interest expense on:		
– Bank loans and short term loans	**184,314**	136,111
– Other loans	**254**	579
– Lease liabilities (Note 23)	**1,672**	–
	186,240	136,690

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 Loss before taxation

	Note	2019 $'000	2018 $'000
The Group			
Loss before taxation has been arrived at after charging/(crediting):			
Audit fee paid to:			
– auditor of the Company		**413**	418
– other auditors		**1,475**	1,395
Non-audit fees paid to:			
– auditor of the Company		**20**	24
– other auditors		**54**	38
Costs of inventories recognised as expenses		**1,168,958**	1,120,897
Reversal of allowance for inventories obsolescence	13	**(66)**	(73)
Allowance for impairment of financing receivables			
– Consumer financing receivables	9(a)	**49,783**	40,874
– Net investment in financing leases	9(b)	**1,768**	609
– Other financing receivables	9(c)	**1,693**	96
		53,244	41,579
Reversal of allowance for impairment of foreclosed assets	25	**(350)**	(1,903)
Amortisation of intangible assets	3	**16,136**	16,309
Depreciation of property, plant and equipment	4	**63,157**	70,505
Depreciation of right-of-use assets	5	**27,529**	–
Depreciation of investment properties	6	**28,242**	28,954
		118,928	99,459
Directors' fees		**405**	405
Directors' remuneration			
– Directors' salaries and related costs		**3,017**	2,695
– CPF contributions		**44**	44
		3,061	2,739
Foreign exchange loss, net		**4,018**	842
Net (reversal)/allowance for impairment of trade and other receivables, excluding financing receivables			
– Trade receivables	14	**22**	4,873
– Other receivables	14	**(573)**	472
		(551)	5,345
Operating lease rentals			
– office equipment and office premises		**455**	1,411
Provision for employees' benefits	21	**6,559**	5,776
Rental income (included in revenue)			
– investment properties	6	**(29,706)**	(32,744)
Operating expenses arising from investment properties that generated rental income	6	**23,989**	19,476
Staff costs (other than Directors)			
– salaries and related costs		**146,639**	130,084
– CPF contributions		**665**	696
		147,304	130,780
Impairment loss on goodwill	3	**100,100**	–
Gain on disposal of subsidiaries		**255**	–

NOTES TO THE FINANCIAL STATEMENTS

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32 Taxation

	Note	2019 $'000	2018 $'000
The Group			
Current taxation			
Indonesia corporate statutory tax rate of 25%		**28,458**	37,574
Singapore corporate statutory tax rate of 17%		**480**	350
		28,938	37,924
Deferred taxation			
Indonesia tax		**6,180**	(10,650)
Singapore tax		**–**	–
	10	**6,180**	(10,650)
		35,118	27,274

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's loss as a result of the following:

	2019 $'000	2018 $'000
The Group		
Loss before taxation	**(219,970)**	(48,594)
Tax at domestic tax rates applicable to profit in the respective countries	**10,957**	12,662
Difference of tax effects on gross income subject to final tax instead of corporate tax	**(748)**	(451)
Tax effects on non-taxable income(1)	**710**	(1,528)
Tax effects on non-deductible expenses(2)	**8,925**	7,089
Deferred tax on temporary differences not recognised	**15,274**	9,502
	35,118	27,274

(1) Included in other income relates mainly to exchange gain, disposal of subsidiary, and dividend income.
(2) Included in non-deductible expenses relates mainly to interest expense.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2019 $'000	2018 $'000
The Group		
Tax losses	**4,648**	3,704

Tax losses relate mainly to losses generated by Indonesian subsidiaries of the Company.

Under Indonesian taxation laws, tax losses may be carried forward for a period of five (5) years. The tax authorities may assess the Company within ten (10) years from the date the tax was payable.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33 Other comprehensive income/(loss) after taxation

	Before tax $'000	Tax expense $'000	Net of tax $'000
The Group			
31 December 2019			
Disclosure of tax effects relating to each component of other comprehensive income/(loss):			
Equity instruments at FVOCI	**10,623**	**–**	**10,623**
Derivative instruments	**(17,171)**	**–**	**(17,171)**
Currency translation differences	**21,211**	**–**	**21,211**
Actuarial losses arising during the period	**(1,079)**	**–**	**(1,079)**
	13,584	**–**	**13,584**
31 December 2018			
Equity instruments at FVOCI	89,465	(13,180)	76,285
Derivative instruments	(2,620)	–	(2,620)
Currency translation differences	(36,752)	–	(36,752)
Actuarial losses arising during the period	5,871	–	5,871
	55,964	(13,180)	42,784

34 Loss per share

The Group

The basic loss per share is calculated based on the consolidated losses attributable to owners of the parent divided by the weighted average number of shares in issue of 5,344,834,236 (2018 – 5,337,635,225) shares during the financial year.

Fully diluted loss per share was calculated on the consolidated losses attributable to owners of the parent divided by 5,594,834,236 (2018 – 5,587,635,225) ordinary shares. The number of ordinary shares is calculated based on the weighted average number of shares in issue during the financial year adjusted for the effects of the dilutive issuable shares from the convertible bond. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the year or if later, the date of the issue of the potential ordinary shares.

The following tables reflect the profit or loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	2019	2018
The Group		
Basic loss per share (in cents)	**(4.153)**	(1.382)
Diluted loss per share (in cents)	**(4.153)**	(1.382)

The calculation of loss per share attributable to ordinary equity holders of the Company is based on the following:

	2019 $'000	2018 $'000
The Group		
Loss attributable to shareholders	**(221,976)**	(73,748)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34 Loss per share (Cont'd)

Number of shares used for the calculation of loss per share is as follows:

	No. (in thousands)	No. (in thousands)
The Group		
Weighted average number of ordinary shares for purposes basic loss per share	**5,344,834**	5,337,635
Effects of dilution:		
Assumed conversion of convertible bond	**250,000**	250,000
Weighted average number of ordinary shares for diluted per shares ('000)	**5,594,834**	5,587,635

There are 250,000,000 shares granted under the conversion right of the convertible bonds that have not been included in the calculation of diluted loss per share because they are anti-dilutive.

35 Leases

(i) The Group as lessee

(a) *Properties*

The Group leases several office premises, warehouse, land, ticketing counter and passenger lounge (Note 5). Certain of those office premise are sublet to non-related party, as discussed below under the Group's leasing activities as intermediate lessor of sublease.

The Group makes monthly lease payments for usage of office premises, warehouse, land, ticketing counter and passenger lounge under leasing agreements for operation and storage use.

There are no externally imposed covenants on these property lease arrangements.

(b) *Transportation equipment and motor vehicles*

The Group makes monthly lease payments to acquire transportation equipment and motor vehicles under hire purchase arrangements to render internal logistics support. These transportation equipment and motor vehicles are recognised as the Group's right-of-use assets (Note 5). The hire purchase agreements for transportation equipment and motor vehicles prohibit the Group from subleasing them to third parties.

Information regarding the Group's right-of-use assets and lease liabilities are disclosed in Note 5 and 23 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Leases (Cont'd)

(ii) The Group as lessor

Investment property

Operating leases, in which the Group is the lessor, relate to investment property (Note 6) owned by the Group with lease terms of between 2 to 16 years. The operating lease contract contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The unguaranteed residual values do not represent a significant risk to the Group, as they relate to properties which are located in locations with constant increase in value over the last 5 years. The Group has not identified any indications that this situation will change.

The Group's revenue from rental income received on the investment properties are disclosed in Note 6.

The future minimum rental receivable under non-cancellable operating leases contracted for the reporting date are as follows:

	The Company		The Group	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Lease rentals receivable:				
Not later than one year	**350**	346	**27,709**	25,328
Later than one year and not later than five years	**235**	584	**54,658**	51,809
Later than five years	**–**	–	**22,342**	23,078
	585	930	**104,709**	100,215

The leases on the Company's premises on which rentals are received will expire on 31 August 2021. The current rent receivable on the lease ranges from S$9,084 to S$10,015 per month.

The leases on the Group's premises on which rentals are received will expire between 31 August 2021 and not later than 31 March 2035. The current rent receivable on the lease ranges from S$1,976 to S$136,767 per month which are subject to revision on renewal of lease agreement.

(iii) The Group as intermediate lessor of sublease

The Group acts as an intermediate lessor under arrangements whereby it subleases out certain office premise to non-related party for monthly lease payments. For the sublet of office premises, their sublease periods do not form a major part of the remaining head lease terms and accordingly, their subleases are classified as operating lease.

Subleases – classified as operating lease

Included in rental income (Note 28) is S$113,000 (2018: S$112,000) from subleasing of the office premise during the year which are included within "other income" in consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36 Commitments

Non-cancellable operating leases

Where the Company and the Group is the lessee

The Company and the Group lease various offices, building, land, warehouses and vehicles under non-cancellable operating leases expiring within 6 months to 10 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

In 2018, the future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, were as follows:

	The Company 2018 $'000	The Group 2018 $'000
Lease rentals payable:		
Not later than one year	605	2,304
Later than one year and not later than five years	1,024	4,003
Later than five years	–	–

As disclosed in Note 2(b), the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 1 January 2019 and have been disclosed in Note 5 and Note 23 respectively, except for short-term and low value leases.

37 Related parties transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

The Group	2019 $'000	2018 $'000
(a) With associates and joint ventures		
Management fees paid	**143**	161
Sales of goods and services	**(2,448)**	(8,266)
Purchase of goods and services	**1,107**	970
Rental income	**(340)**	(282)
Broker and guarantee fee	**16**	51
Dividend received	**(1,692)**	–
(b) With related companies and associates of ultimate holding company		
Broker and guarantee fee	**97**	–
Management fees paid	**471**	431
Human resource management fee	**108**	332
Interest income	**(2,628)**	(4,616)
Purchase of goods and services	**7,156**	9,284
Rental income	**–**	(312)
Sales of goods and services	**(59,201)**	(60,797)
Dividend received	**(2,214)**	7,059
(c) Remuneration of Directors of the Company and key management personnel of the Group		
Salaries and other short-term employee benefits	**3,061**	2,739

NOTES TO THE FINANCIAL STATEMENTS

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38 Segment information

(a) Operating segments

For management purposes, the Group is organised into the following reportable operating segments as follows:–

(i) Industrial parks segment

Industrial parks segment is engaged in activities consisting of the development, construction, operation and maintenance of industrial properties in Batam Island and Bintan Island together with the supporting infrastructure activities.

(ii) Utilities segment

Utilities segment is engaged in the activities of provision of electricity and water supply, telecommunication services and waste management and sewage treatment services to the industrial parks in Batam Island and Bintan Island as well as resorts in Bintan Island.

(iii) Resort operations segment

The resort operations segment is engaged in the activities of provision of services to resort operators in Bintan Resort including ferry terminal operations, workers accommodation, security, fire-fighting services and facilities required by resort operators.

(iv) Property development segment

Property development segment is engaged in the activities of developing industrial and resort properties in Batam Island and Bintan Island.

(v) Automotive segment

PT IMAS is considered as one operating segment and is organised into automotive segment because the decisions for resource allocation and performance assessment are made directly by the board of PT IMAS, taking into account the opinion of the Company's Board. The automotive segment is engaged in activities of vehicle sales distribution, after sales services, vehicle ownership financing, spare part distribution, vehicle assembly, automotive parts manufacturing and other related supporting services.

NOTES TO THE FINANCIAL STATEMENTS

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38 Segments information (Cont'd)

The Group	Industrial Parks 2019 $'000	Industrial Parks 2018 $'000	Utilities 2019 $'000	Utilities 2018 $'000	Resort operations 2019 $'000	Resort operations 2018 $'000	Property Development 2019 $'000	Property Development 2018 $'000	Automotive 2019 $'000	Automotive 2018 $'000	Corporate 2019 $'000	Corporate 2018 $'000	Elimination 2019 $'000	Elimination 2018 $'000	Total 2019 $'000	Total 2018 $'000
Business segments																
Operating revenue																
External sales	**37,740**	36,195	**104,459**	100,242	**31,248**	29,709	**51**	–	**1,792,189**	1,666,567	**–**	–	**–**	–	**1,965,687**	1,832,713
Inter segment sales	**–**	–	**69**	128	**64**	44	**134**	–	**–**	–	**–**	–	**(267)**	(172)	**–**	–
Total sales	**37,740**	36,195	**104,528**	100,370	**31,312**	29,753	**185**	–	**1,792,189**	1,666,567	**–**	–	**(267)**	(172)	**1,965,687**	1,832,713
Segment results																
(Loss)/profit from operations	**(6,976)**	(6,659)	**24,592**	28,367	**(3,940)**	(3,088)	**(14,497)**	(13,425)	**(19,690)**	112,404	**(9,025)**	(15,030)	**–**	–	**(29,986)**	102,569
Share of associates' results															**(3,744)**	(14,473)
Finance costs															**(186,240)**	(136,690)
Loss before taxation															**(219,970)**	(48,594)
Taxation															**(35,118)**	(27,274)
Loss after taxation															**(255,088)**	(75,868)
Attributable to:																
Equity holders of the Company															**(221,976)**	(73,748)
Non-controlling interests															**(33,112)**	(2,120)
															(255,088)	(75,868)
Assets																
Segment assets	**84,277**	101,802	**136,942**	139,245	**40,526**	41,674	**668,109**	673,622	**4,192,187**	2,623,439	**25,457**	1,290,246	**–**	–	**5,147,498**	4,870,028
Associates															**149,940**	116,269
Unallocated corporate assets															**271,604**	264,051
Total assets															**5,569,042**	5,250,348

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38 Segments information (Cont'd)

The Group	Industrial Parks		Utilities		Resort operations		Property Development		Automotive		Corporate		Elimination		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Business segments (Cont'd)																
Liabilities																
Segment liabilities	**24,855**	22,255	**45,180**	38,633	**12,035**	10,017	**58,370**	46,674	**497,102**	2,037,652	**24,975**	13,141	**–**	–	**662,517**	2,168,372
Unallocated corporate liabilities															**3,387,385**	1,349,591
Total liabilities															**4,049,902**	3,517,963
Other information																
Capital expenditure	**17,176**	5,109	**1,785**	1,663	**3,573**	1,407	**79**	176	**333,330**	287,133	**11**	31	**–**	–	**355,954**	295,519
Software costs	**133**	90	**–**	–	**9**	2	**–**	–	**–**	–	**–**	–	**–**	–	**142**	92
Reversal of allowance for inventories obsolescence	**(66)**	(73)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(66)**	(73)
Amortisation of intangible assets	**40**	21	**–**	–	**13**	12	**–**	–	**16,227**	16,227	**36**	49	**–**	–	**16,316**	16,309
Depreciation of property, plant and equipment	**4,977**	5,393	**12,226**	12,509	**5,212**	5,269	**35**	226	**40,698**	46,972	**9**	136	**–**	–	**63,157**	70,505
Depreciation of investment properties	**22,103**	22,326	**26**	35	**93**	91	**3,219**	3,374	**2,801**	3,128	**–**	–	**–**	–	**28,242**	28,954
Depreciation of right-of-use assets	**176**	–	**–**	–	**658**	–	**53**	–	**26,288**	–	**354**	–	**–**	–	**27,529**	–
(Loss)/gain on disposal of property, plant and equipment	**(2,200)**	(756)	**–**	–	**31**	(6)	**59**	–	**(106)**	541	**–**	–	**–**	–	**(2,216)**	(221)
(Reversal)/impairment of trade and other receivables	**(98)**	750	**–**	–	**(34)**	201	**–**	–	**(419)**	4,394	**–**	–	**–**	–	**(551)**	5,345

38 Segments information (Cont'd)

The Group	Industrial Parks 2019 $'000	Industrial Parks 2018 $'000	Utilities 2019 $'000	Utilities 2018 $'000	Resort operations 2019 $'000	Resort operations 2018 $'000	Property Development 2019 $'000	Property Development 2018 $'000	Automotive 2019 $'000	Automotive 2018 $'000	Corporate 2019 $'000	Corporate 2018 $'000	Elimination 2019 $'000	Elimination 2018 $'000	Total 2019 $'000	Total 2018 $'000
Business segments (Cont'd)																
Other information																
Addition of investment properties	**2,681**	2,669	**–**	–	**–**	–	**–**	256	**37,419**	1,782	**–**	–	**–**	–	**40,100**	4,707
Allowance for impairment of financing receivables	**–**	–	**–**	–	**–**	–	**–**	–	**53,244**	41,579	**–**	–	**–**	–	**53,244**	41,579
Write off of other payable	**–**	(1,851)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(1,851)
Gain on dilution from a subsidiary to associate	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(464)	**–**	–	**–**	(464)
Gain on dilution from an associate to unquoted equity investments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(16,181)	**–**	–	**–**	(16,181)
Impairment loss on goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**100,100**	–	**–**	–	**–**	–	**100,100**	–
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	–	**81**	–	**–**	–	**174**	–	**–**	–	**255**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

38 Segment information (Cont'd)

(b) Geographical segments

The Group operates mainly in Indonesia. Accordingly, analysis by geographical segments is not presented.

(c) Segment revenue and segment expense

All segment revenue and expense are directly attributable to the segments.

(d) Segment assets and liabilities

Segment assets include all operating assets and consist principally of trade and other receivables, land inventories, other inventories, financing receivables, investment properties and property, plant and equipment, net of allowances and provisions. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated on a reasonable basis.

Segment liabilities include all operating liabilities and consist principally of operating payables.

Segment assets and liabilities do not include cash and cash equivalents, notes receivables, deferred tax assets, deferred tax liabilities, current tax payable, loans and borrowings.

The Group does not have any major customers.

39 Financial risk management objectives and policies

The Company and the Group have financial risk management policies setting out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its diversified operations and the use of financial instruments. The financial risks included market price risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group use financial instruments, principally interest rate swaps and cross-currency swaps to hedge certain risk exposures.

The Company co-ordinates, under the directions of the directors, financial risk management policies and their implementation on a group-wide basis. The Group's policies are designed to manage the financial impact of fluctuations in interest rates and exchange rates and to minimise the Group's financial risks. It is the Group's policy not to enter into derivative transactions for speculative purposes. The notional amounts and fair values of derivative financial instruments at 31 December 2019 are disclosed in Note 26.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Financial risk management objectives and policies (Cont'd)

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk arising from the changes in market interest rates which leads to the fluctuation of the fair value or future cash flows of the financial instruments.

The Group is financed through interest-bearing bank loans, other borrowings such as shareholders' loans, and advances from related parties and debt securities. Therefore, the Group's exposures to market risk for changes in interest rates relate primarily to its long-term borrowings obligations and interest-bearing assets and liabilities. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure by managing its interest cost using a mixture of fixed and variable rate debts and long and short-term borrowings. The Group actively reviews its debt portfolio and evaluates the interest rates are in line with the changes in interest rate which is relevant in the money market. The Group also uses hedging instruments such as interest rate swaps to minimise its exposure to interest rate volatility. The Group designates these interest rate swaps and cross currency interest rate swap as cash flow hedges (Note 26).

Sensitivity analysis for interest rate risk

At the end of reporting period, if Singapore Dollar, United States Dollar and Indonesian Rupiah interest rates had been 50 (2018 – 50) basis points lower/higher with all other variables held constant, the Group's profit/(loss) net of tax would have been higher/lower by the amounts shown below, arising mainly as a result of lower/higher interest expense on floating rate borrowings.

	Profit or loss	
	2019	**2018**
	$'000	**$'000**
The Group		
Singapore Dollar		
– lower 50 basis points (2018 – 50 basis points)	**1,222**	1,981
– higher 50 basis points (2018 – 50 basis points)	**(1,222)**	(1,981)
United States Dollar		
– lower 50 basis points (2018 – 50 basis points)	**2,229**	825
– higher 50 basis points (2018 – 50 basis points)	**(2,229)**	(825)
Indonesian Rupiah		
– lower 50 basis points (2018 – 50 basis points)	**9,096**	4,425
– higher 50 basis points (2018 – 50 basis points)	**(9,096)**	(4,425)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Financial risk management objectives and policies (Cont'd)

(a) Market risk (Cont'd)

(ii) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising primarily from purchases, assets and liabilities which arise from daily operations that are denominated in a currency other than the respective functional currencies of group entities, primarily Singapore Dollar (SGD) and Indonesian Rupiah (IDR). The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD) and Euro (EURO).

The Company and the Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of reporting period, such foreign currency balances (mainly in IDR and USD) amount to S$899,000 (2018 – S$159,000) and S$218,267,000 (2018 – S$211,234,000) for the Company and the Group respectively.

The Group maintains a natural hedge, whenever possible by borrowing in the currency of the country in which its property or investment is located or by borrowing in currencies that match the future revenue streams to be generated from its investments. The Group also enters into cross currency swaps to hedge the foreign exchange risk of its loans denominated in foreign currency and these swaps are designated as cash flow hedges (Note 26).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

In relation to its investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long term investment purposes, the differences arising from such translation are recorded under the currency translation reserves. These translation differences are reviewed and monitored on a regular basis.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in foreign currencies exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Financial risk management objectives and policies (Cont'd)

(a) Market risk (Cont'd)

(ii) Foreign exchange risk (Cont'd)

Sensitivity analysis (Cont'd)

	2019		2018	
	Appreciation/ (depreciation) of foreign currency rate	Effect on profit before tax increase/ (decrease) $'000	Appreciation/ (depreciation) of foreign currency rate	Effect on profit before tax increase/ (decrease) $'000
Indonesian Rupiah	**(1.70%)**	**11,550**	9.09%	(119,428)
Indonesian Rupiah	**1.70%**	**(11,550)**	(9.09%)	119,428
United States Dollar	**(1.11%)**	**13,923**	2.26%	(6,914)
United States Dollar	**1.11%**	**(13,923)**	(2.26%)	6,914
Euro	**4.11%**	**(128)**	(2.16%)	(11)
Euro	**(4.11%)**	**128**	2.16%	11
Swedish Krona	**7.57%**	**(4)**	4.17%	1
Swedish Krona	**(7.57%)**	**4**	(4.17%)	(1)

The average and year end exchange rates for 2019 and 2018 are as follows:

	2019		2018	
	Year end	Average	Year end	Average
Indonesian Rupiah	**Rp.10,321/$1**	**Rp.10,348/$1**	Rp.10,603/$1	Rp.10,528/$1
United States Dollar	**US$0.73/$1**	**US$0.73/$1**	US$0.73/$1	US$0.74/$1

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group is exposed to market price risks arising from its investments quoted on the IDX in Indonesia. They are held for strategic rather than trading purposes. The Group does not actively trade equity investments.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. For the subsidiaries engaging in consumer financing, a financial loss will arise when the debtor does not meet its contractual obligation.

The financial assets that potentially subject the Group to significant concentration of credit risk consist principally of cash and bank balances, trade and other receivables, financing receivables, loan and notes receivables. For trade receivables, the Company and the Group adopt the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company and the Group adopt the policy of dealing only with high credit quality counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Financial risk management objectives and policies (Cont'd)

(b) Credit risk (Cont'd)

The Company's and the Group's objectives are to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has in place credit policies and procedures to ensure the ongoing credit evaluation and active account monitoring. Credit risk which is encountered by the Group comes from credits given to customers. To reduce this risk, there is a policy to ensure the product sales are to be made to customers who can be trusted and proven to have a good credit history and pass the credit verification. The Group monitors the receivable balance continuously to maximise installment billings and reduce the possibility of doubtful accounts.

The Group's exposures to credit risk arise from default of other parties, with maximum exposure equal to the carrying amount of these instruments. At the reporting date, there were no significant concentrations of credit risk other than the loan receivable, financing receivables, notes receivables and interest receivables as disclosed in Note 9 and Note 14.

The Company's and the Group's major classes of financial assets are bank deposits, trade and other receivables and financing receivables. Cash is held with financial institutions of good standing/established financial institutions/reputable financial institutions. Further details of credit risks on financing receivables and trade and other receivables are disclosed in Note 9 and Note 14 respectively.

The Company gives corporate guarantees to banks for the bank borrowings of its subsidiaries. The maximum exposure of the Company in respect of these guarantees at the reporting date is the amount of S$16,000,000 (2018 – S$20,000,000). At the reporting date, the Company has considered it is not probable that a claim will be made against the Company under such guarantees.

There is no impact on the corporate guarantee as there are no differential rates given by the financial institutions.

Financial assets

The Group applies the SFRS(I) 9 expected credit losses which uses either a 12-month or a lifetime expected credit losses depending on the level of credit risk to measuring loss allowance for all trade receivables, financing receivables and other financial assets.

The Group and Company apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. For all other financial assets, the Group and Company apply the general approach.

While cash and cash equivalents are also subject to the impairment requirements, the identified impairment loss was immaterial.

For the non-trade intercompany balances, it is considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected credit losses. Management consider "low credit risk" when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flows obligations in the near term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Financial risk management objectives and policies (Cont'd)

(b) Credit risk (Cont'd)

Financial assets (Cont'd)

To measure the expected credit losses, trade receivables and financing receivables have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months for trade receivables and over a period of 96 months for financing receivables before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The receivables with "non-performing" credit risk rating has been provided for, while the receivables with "performing" credit risk rating are not impaired.

On that basis, the loss allowance as at 31 December 2019 and 2018 was determined as follows for both trade receivables and financing receivables:

	Trade receivables				
		Days past due			
	Current $'000	1-30 days $'000	31-60 days $'000	>60 days $'000	Total $'000
31 December 2019					
Expected credit loss rate	**–**	**–**	**–**	**20.86%**	**6.30%**
Gross carrying amount	**107,167**	**43,509**	**20,483**	**73,986**	**245,145**
Provision for allowance	**–**	**–**	**–**	**(15,433)**	**(15,433)**

	Trade receivables				
		Days past due			
	Current $'000	1-30 days $'000	31-60 days $'000	>60 days $'000	Total $'000
31 December 2018					
Expected credit loss rate	–	–	–	14.70%	4.85%
Gross carrying amount	126,617	41,561	12,285	88,680	269,143
Provision for allowance	–	–	–	(13,040)	(13,040)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Financial risk management objectives and policies (Cont'd)

(b) Credit risk (Cont'd)

Financial assets (Cont'd)

	Financing receivables				
		Days past due			
	Current $'000	1-30 days $'000	31-60 days $'000	>60 days $'000	Total $'000
31 December 2019					
Expected credit loss rate	**1.14%**	**3.75%**	**10.69%**	**16.55%**	**1.12%**
Gross carrying amount	**1,404,185**	**4,005**	**1,940**	**1,183**	**1,411,313**
Provision for allowance	**(15,946)**	**(150)**	**(207)**	**(196)**	**(16,499)**

	Financing receivables				
		Days past due			
	Current $'000	1-30 days $'000	31-60 days $'000	>60 days $'000	Total $'000
31 December 2018					
Expected credit loss rate	0.86%	3.75%	10.69%	16.55%	0.90%
Gross carrying amount	1,203,950	3,501	1,650	1,515	1,210,616
Provision for allowance	(10,335)	(131)	(176)	(251)	(10,893)

(c) Liquidity risk

Liquidity risk is the risk that the Company and the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or other financial assets. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group maintains a balance between continuity of accounts receivable collectability and flexibility through the use of borrowings, debt securities and stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

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39 Financial risk management objectives and policies (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

	Contractual undiscounted cash flows				
	Not later than one year $'000	Later than one year and not later than five years $'000	Later than five years $'000	Total $'000	Total carrying amount $'000
The Company					
As at 31 December 2019					
Non-derivative financial liabilities:					
Trade and other payables	**85,307**	**–**	**–**	**85,307**	**85,307**
Borrowings	**423,091**	**324,426**	**–**	**747,517**	**694,952**
Other non-current liabilities	**–**	**88**	**–**	**88**	**88**
Lease liabilities	**258**	**165**	**–**	**423**	**396**
	508,656	**324,679**	**–**	**833,335**	**780,743**
As at 31 December 2018					
Non-derivative financial liabilities:					
Trade and other payables	45,494	–	–	45,494	45,494
Borrowings	394,498	361,909	–	756,407	693,072
Other non-current liabilities	–	88	–	88	88
	439,992	361,997	–	801,989	738,654

	Contractual undiscounted cash flows				
	Not later than one year $'000	Later than one year and not later than five years $'000	Later than five years $'000	Total $'000	Total carrying amount $'000
The Group					
As at 31 December 2019					
Non-derivative financial liabilities:					
Trade and other payables	**495,584**	**–**	**–**	**495,584**	**495,584**
Borrowings	**1,746,257**	**1,790,795**	**–**	**3,537,052**	**3,100,744**
Debt securities	**74,829**	**110,944**	**–**	**185,773**	**170,843**
Other non-current liabilities	**–**	**29,000**	**–**	**29,000**	**30,632**
Lease liabilities	**13,824**	**6,239**	**629**	**20,692**	**19,600**
	2,330,494	**1,936,978**	**629**	**4,268,101**	**3,817,403**
As at 31 December 2018					
Non-derivative financial liabilities:					
Trade and other payables	505,260	–	–	505,260	505,260
Borrowings	1,529,835	1,262,464	–	2,792,299	2,440,536
Debt securities	143,264	260,452	–	403,716	358,797
Other non-current liabilities	–	31,641	–	31,641	31,641
	2,178,359	1,554,557	–	3,732,916	3,336,234

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Financial risk management objectives and policies (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the derivative financial instruments of the Group for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 3 and 5 years $'000	Over 5 years $'000
The Group				
As at 31 December 2019				
Net-settled interest rate swaps – Cash flow hedges				
– Net cash inflows	**788**	**–**	**–**	**–**
Net-settled currency swaps – Cash flow hedges				
– Net receipts/(payments)	**788**	**268**	**–**	**–**
As at 31 December 2018				
Net-settled interest rate swaps – Cash flow hedges				
– Net cash inflows	2,140	–	–	–
Net-settled currency swaps – Cash flow hedges				
– Net receipts/(payments)	2,140	13,970	3,233	–

The Company and the Group ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

The Company is able to raise funds through bank borrowings and capital market, and dividend income from subsidiaries to settle its current liabilities for the next twelve months.

(d) Project development risk

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, reduce project efficiency and lower returns. The Group manages this risk by closely monitoring the progress of all projects through all stages of construction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40 Capital management

The Company's and Group's objectives when managing capital are:

(a) To safeguard the Company's and the Group's abilities to continue as a going concern;

(b) To support the Company's and the Group's stabilities and growth;

(c) To provide capital for the purpose of strengthening the Company's and the Group's risk management capabilities; and

(d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and the Group currently do not adopt any formal dividend policy.

The Company and the Group monitor capital net debt ratio, which is net debt divided by total capital plus net debt. Net debt refers to all external borrowings including lease liabilities, less bank balances and short-term deposits. Capital represents total equity of the Group. The capital net debt ratio is monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more leveraged than the Group's other businesses. The Company and the Group do not have a defined gearing ratio benchmark or range.

The capital net debt ratios at 31 December 2019 and 2018 were as follows:

	The Company		The Group	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Including financial service company				
Net Debt	**693,601**	692,691	**3,060,663**	2,570,454
Total equity + debt	**2,452,932**	2,572,729	**4,810,327**	4,531,718
Excluding financial service company				
Net Debt	**–**	–	**1,197,217**	1,133,280
Total equity + debt	**–**	–	**2,888,165**	3,062,537
Capital net debt ratio excluding financial service companies	**0.28**	0.27	**0.41**	0.37
Capital net debt ratio including financial service companies	**0.28**	0.27	**0.64**	0.57

There were no changes in the Company's and the Group's approach to capital management during the year.

The capital net debt to equity ratio for the Group increased from 0.63 to 0.64 following the adoption of SFRS(I) 16, Leases. Both net debt and gross assets increased following the recognition of right-of-use assets and lease liabilities on 1 January 2019.

The Company and its subsidiaries are not subjected to externally imposed capital requirements except as disclosed in Note 19 and Note 20.

NOTES TO THE FINANCIAL STATEMENTS

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41 Financial instruments

Accounting classification of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are as follows:

	Note	2019 $'000	2018 $'000
Financial assets			
The Company			
Financial assets at amortised cost			
Trade and other receivables	14	**76,895**	79,355
Cash and cash equivalents	15	**1,747**	381
Other non-current assets	11	**155**	155
		78,797	79,891
The Group			
Financial assets at amortised cost			
Trade and other receivables	14	**617,882**	534,251
Financing receivables	9	**1,394,814**	1,199,723
Cash and cash equivalents	15	**230,524**	228,879
Other non-current assets[(1)]	11	**92,346**	41,232
		2,335,566	2,004,085
Financial assets at fair value through other comprehensive income (FVOCI)	11	**132,793**	251,167
Derivative financial instruments used for hedging	11, 26	**2,745**	23,337
		2,471,104	2,278,589

(1) Comprises restricted cash/time deposits, deposits and other receivables

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 Financial instruments (Cont'd)

Accounting classification of financial assets and financial liabilities (Cont'd)

	Note	2019 $'000	2018 $'000
Financial liabilities			
The Company			
Financial liabilities at amortised cost			
Trade and other payables	24	**85,307**	45,494
Borrowings	19	**694,952**	693,072
Other non-current liabilities	22	**88**	88
Lease liabilities	23	**396**	–
		780,743	738,654
The Group			
Financial liabilities at amortised cost			
Trade and other payables	24	**495,584**	505,260
Borrowings	19	**3,100,744**	2,440,536
Debt securities	20	**170,843**	358,797
Other non-current liabilities[2]	22	**29,000**	31,641
Lease liabilities	23	**19,600**	–
		3,815,771	3,336,234
Derivative financial instruments			
Held for trading at FVPL	26	**41,424**	1,139
		3,857,195	3,337,373

(2) Excludes derivative liabilities

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

42 Fair value measurement

Definition of fair value

SFRS(I) define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 : unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2019 and 31 December 2018.

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2019					
Financial assets					
The Group					
Equity investments at FVOCI	11	**63,441**	**–**	**69,352**	**132,793**
Derivative assets	26	**–**	**2,745**	**–**	**2,745**
		63,441	**2,745**	**69,352**	**135,538**
Financial liabilities					
The Group					
Derivative liabilities	26	**–**	**41,424**	**–**	**41,424**
2018					
Financial assets					
The Group					
Equity investments at FVOCI	11	179,111	–	72,056	251,167
Derivative assets	26	–	23,337	–	23,337
		179,111	23,337	72,056	274,504
Financial liabilities					
The Group					
Derivative liabilities	26	–	1,139	–	1,139

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

42 Fair value measurement (Cont'd)

Fair value measurement of financial instruments

(i) Level 1 fair value measurements

The quoted equity instruments or available-for-sale equity investments held by the Group is traded in active markets and is based on quoted market prices at the end of reporting period. The quoted market price used for financial assets held by the Group is the current market price.

(ii) Level 2 fair value measurements

The Group's derivatives consist of interest rate swap contracts and cross currency interest rate swap contracts. These derivatives are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including credit quality of counterparties, foreign exchange spot and forwards rates, interest rate curves and forward rate curves. The Group held unquoted investments in shares of stock.

(iii) Level 3 fair value measurements

The Group held unquoted investments in shares of stock. The fair values are determined by reference to these investments' net assets values as stated in their audited financial statements, adjusted for lack of marketability and related tax effects.

(iv) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amount of trade and other receivables (Note 14), current financing receivables (Note 9), cash and cash equivalents (Note 15), trade and other payables (Note 24), current borrowings (Note 19) and current debt securities (Note 20) are reasonable approximation of fair values due to their short term nature.

The carrying amounts of other non-current assets (Note 11), other non-current liabilities (Note 22) and non-current borrowings (Note 19) and non-current debt securities (Note 20) are reasonable approximation of fair values as their interest rate approximate the market lending rate.

(v) Non-financial assets and liabilities not carried at fair value but for which fair value is disclosed

The Group's investment properties and employee benefit liabilities are not measured at fair values but which fair values are disclosed. They are classified under Level 3 of the fair value hierarchy. The details on the fair value of investment properties and employee benefit liabilities are disclosed in note 6 and 21.

The fair value of the investment properties is based on advice from firms of independent professional valuers using the capitalisation method and/or market comparable. The valuations of the investment properties are based on the highest and best use. Current use, unless there are any evidence to the contrary, is considered highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

43 Adoption of new accounting standards

Adoption of SFRS(I) 16, Leases

SFRS(I) 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases, eliminates the lessee's classification of leases as either operating or finance leases and introduce a single lessee accounting model.

The Group has adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019 without restatement of comparative information on transition. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group's weighted average incremental borrowing rate applied to measure the Group's lease liabilities recognised in the consolidated statement of financial position on 1 January 2019 is 6.82%.

A reconciliation of the differences between the Group's operating lease commitments previously disclosed in the financial statements as at 31 December 2018 and the Group's lease liabilities recognised in the statement of financial position on 1 January 2019 is as follows:

	$'000
Operating lease commitments as at 1 January 2019	6,307
Less:	
Commitments relating to short-term leases exempted from recognition	(19)
Commitments relating to leases of low-value assets exempted from recognition	(206)
Combination of non-lease components on the remaining lease terms	141
Lease period not previously included that is under extension option reasonably certain to be exercised	1,177
Discounting based on the weighted average incremental borrowing rate	(1,352)
Obligations under finance lease at 31 December 2018 reclassified to lease liabilities (Note 19(iv))	446
Lease liabilities as at 1 January 2019	6,494

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

43 Adoption of new accounting standards (Cont'd)

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

Group	Increase/ (Decrease) $'000
Assets:	
Property, plant and equipment	(2,702)
Right-of-use assets (Note 5)	16,480
Prepayments	(7,730)
	6,048
Liabilities:	
Borrowings – obligations under finance leases	(446)
Lease liabilities	6,494
	6,048
Equity:	
Reserves – Retained profits	–
Non-controlling interests	–
	–

Company	Increase/ (Decrease) $'000
Assets:	
Property, plant and equipment	(44)
Right-of-use assets (Note 5)	654
	610
Liabilities:	
Lease liabilities	610
Equity:	
Reserves – Retained profits	–
Non-controlling interests	–
	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

44 Events after end of reporting period

(i) The outbreak of COVID-19 (Coronavirus Disease 2019) first reported in China in 31 December 2019 has at the date of these financial statements, become a pandemic. Several countries sought to contain the spread of COVID-19 by imposing lockdown, closure of borders, travel ban and restriction on movement of people. The COVID-19 is causing major impact on both Chinese and the global economy with reduced production and private consumption. The Group's operation in Indonesia will be affected by the outbreak particularly on its resort segment. While the full impact of the COVID-19 on the Group's performance cannot be reliably quantified, it is expected that the performance to be negatively impacted subsequent to the balance sheet date.

(ii) The Group has incorporated wholly-owned subsidiaries, GO Cloud Data Center Pte. Ltd. and GO Marine Offshore Investments Pte. Ltd.

(iii) The Group has entered into a joint development agreement with Obayashi Corporation to pilot a technologically-advanced eco-tourism focused greenhouse on Bintan Island, Indonesia.

(iv) The Group has acquired 26% of equity interest for a total consideration of S$7.41 million on BOMC Pte. Ltd. which in the business of providing end-to-end offshore marine and oil and gas related engineering services.

(v) The Group's subsidiary, PT Indomobil Sukses International Tbk's effective shareholding in PT Garuda Mataram Motor has increased from 99.90% to 99.93%.

(vi) The Group's subsidiary, PT Indo Traktor Utama has increased its paid up share capital from Rp36,000,000,000 to Rp118,000,000,000 and the Group has subscribed and fully paid in accordance to its percentage of ownership.

(vii) The Group has obtained and extended the credit facilities with several banks including PT Bank BTPN, PT Bank Danamon Indonesia and PT Bank OCBC NISP.

(viii) The Group has divested its investment 18.9% in PT Nissan Motor Indonesia for a total consideration of Rp330,000,000,000.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2020

Issued and Fully Paid-up Capital	:	$1,961,671,758.64
Total number of shares including treasury shares	:	5,425,298,361
No. of treasury shares	:	450,000
Total number of shares excluding treasury shares	:	5,424,848,361
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share

Distribution of Shareholdings as at 20 March 2020

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-99	32	0.92	882	0.00
100-1,000	453	13.07	212,435	0.00
1,001-10,000	982	28.34	7,144,029	0.13
10,001-1,000,000	1,964	56.68	152,976,784	2.82
1,000,001 and above	34	0.98	5,264,964,231	97.04
Total	3,465	100.00	5,425,298,361	100.00

Top 20 shareholders as at 20 March 2020

No.	Name	No. of Shares	% of Shares
1	RAFFLES NOMINEES (PTE) LIMITED	1,631,641,961	30.07
2	CITIBANK NOMS SPORE PTE LTD	1,508,292,301	27.80
3	UOB KAY HIAN PTE LTD	1,200,598,892	22.13
4	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	435,707,000	8.03
5	HSBC (SINGAPORE) NOMINEES PTE LTD	213,754,400	3.94
6	TERRAFIRMA PROPERTY HOLDINGS LTD	102,609,023	1.89
7	DBS NOMINEES PTE LTD	40,836,200	0.75
8	MAYBANK KIM ENG SECURITIES PTE.LTD	22,483,403	0.41
9	OCBC SECURITIES PRIVATE LTD	19,255,129	0.35
10	CIGA ENTERPRISES PTE LTD	18,770,000	0.35
11	PHILLIP SECURITIES PTE LTD	12,315,410	0.23
12	MORGAN STANLEY ASIA (S) SEC PTE LTD	9,878,600	0.18
13	RHB SECURITIES SINGAPORE PTE LTD	8,439,500	0.16
14	UNITED OVERSEAS BANK NOMINEES P L	5,106,352	0.09
15	LIM KEE YEK	3,648,100	0.07
16	PT ELITINDO CITRALESTARI	3,106,688	0.06
17	OCBC NOMINEES SINGAPORE PTE LTD	3,034,100	0.06
18	CHNG BENG HUA	2,300,000	0.04
19	LEE KAI HENG	1,968,000	0.04
20	GOH BEE LAN	1,850,000	0.03
	Total:	**5,245,595,059**	**96.69**

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2020

Public Float

Based on the information available to the Company as at 20 March 2020 33.66% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with

	Number of Shares	
SUBSTANTIAL SHAREHOLDERS	**Direct Interest**	**Deemed Interest**
Parallax Holdings Limited ("**PHL**")	2,936,862,151	–
Diamond Mint Limited ("**Diamond Mint**")(1)	–	2,936,862,151
Dornier Profits Limited ("**Dornier**")(2)	189,545,100	467,466,638
Parallax Venture Partners XXX Ltd ("**PVP**")(3)(4)	–	657,011,738
Salim Wanye (Shanghai) Enterprises Co., Ltd ("**Salim Wanye**")(4)	–	657,011,738
Success Medal International Limited ("**Success Medal**")(4)	–	657,011,738
Salim & Van (Shanghai) Investment Ltd ("**Salim & Van**")(4)	–	657,011,738
Manyip Holdings Limited ("**Manyip**")(4)	–	657,011,738
Jaslene Limited ("**Jaslene**")(4)(5)	–	3,593,873,889
Anthoni Salim(6)	–	3,596,980,577

Notes:

(1) Diamond Mint has a controlling interest in PHL and is deemed to be interested in the Shares in which PHL has an interest.

(2) Dornier has a deemed interest in 467,466,638 Shares by virture of an agreement pursuant to which Dornier agreed to acquire from PVP such shares.

(3) PVP has a deemed interest in 657,011,738 Shares comprising:

(a) a deemed interest in 467,466,638 Shares held through financial institutions, by virtue of Section 4(3) of the SFA; and

(b) a deemed interest in Dornier's 189,545,100 Shares, by virtue of Section 4(5) of the SFA.

(4) Salim Wanye has a controlling interest in PVP and is deemed to be interested in the Shares in which PVP has an interest. Success Medal, together with Salim & Van, has a controlling interest in Salim Wanye and is deemed to be interested in the Shares in which PVP has an interest. Each of Jaslene and Salim & Van has an interest in more than 20% of the issued share of the issued share capital of Salim Wanye. Manyip, via its controlling interest in Salim & Van, has an interest in more than 20% of the issued share capital of Salim Wanye. Each of Jaslene, Salim & Van and Manyip is deemed to be interested in the Shares in which PVP has an interest, pursuant to Section 4 of the SFA.

(5) Jaslene has a controlling interest in Diamond Mint and is deemed to be interested in the Shares in which PHL has an interest.

(6) Anthoni Salim has an interest in:

(a) more than 50% of the share capitals of Success Medal and Jaslene. Jaslene and Success Medal in turn have deemed interests in the Shares in which PVP has an interest;

(b) more than 50% of the share capital of Dornier; and

(c) more than 50% of the share capital of PT Elitindo Citralestari.

Anthoni Salim is deemed to have an interest in the Shares in which PVP, Dornier and PT Elitindo Citralestari have an interest.

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