MZ SINGAPORE LTD.

ILLUSTRATIVE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

MAZARS

MZ SINGAPORE LIMITED
AND ITS SUBSIDIARIES

(Registration Number: 162244022A)

DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2019

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

Scope

This publication provides a set of sample financial statements of a fictitious group of companies, MZ Singapore Limited and its subsidiaries, for the financial year ending 31 December 2019. MZ Singapore Limited is a company incorporated in Singapore with its shares are listed on the Main Board of the Singapore Exchange ("SGX") and prepares its financial statements using Singapore Financial Reporting Standards (International) (including its Interpretations) ("SFRS(I)").

The SFRS(I)s are mandatorily applicable to the preparation and presentation of general purpose financial statements by the following entities for annual periods beginning on and after 1 January 2018:

- Singapore-incorporated companies which have its debt or equity instruments traded in a public market in Singapore;
- Singapore-incorporated companies which is in the process of issuing its debt or equity instruments for trading in a public market in Singapore;
- Foreign-incorporated companies and business trusts that are listed in the Singapore Exchange and were reporting under the Singapore Financial Reporting Standards ("SFRS"); and
- Business trusts that are constituted in Singapore and whose units are offered to the public, and must be registered by Monetary Authority of Singapore.

The names of people and entities included in this publication are fictitious. Any resemblance to a person or entity is purely coincidental.

Effective date

This set of illustrative financial statements includes sample disclosures under the requirements of the Singapore Companies Act (the "Act"), SGX Listing Rules and Singapore Financial Reporting Standards (International) (including its Interpretations) ("SFRS(I)s") that have been issued as at 31 December 2019 and are effective for annual periods beginning on or after 1 January 2019. The early adoption of SFRS(I)s that are effective for annual periods beginning after 1 January 2019 has not been illustrated.

New standards/requirements for FY2019

SFRS(I) 16 supersedes SFRS(I) 1-17 *Lease*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) 1-15 *Operating Leases – Incentives*, and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* It sets out the principles for the recognition, measurement, presentation and disclosure of leases and introduces a single, on-balance sheet accounting model for lessees.

This publication reflects significant changes made to the presentation and disclosure of financial information from the FY2018 edition consequent to the adoption of SFRS(I) 16 *Leases*.

In addition, we have included comparative information to some of the financial instruments disclosures which were new last year and therefore comparatives were therefore not required.

Other amendments/improvements to the SFRS(I)s which apply to annual periods beginning on or after 1 January 2019 are primarily clarifications and we have assumed that MZ Singapore Limited and its subsidiaries do not have transactions which are affected by the new requirements of these amendments/improvements and that no change is required to its accounting policies. Accordingly, these new requirements are not illustrated in this publication.

Appendix A provides an overview of these new requirements for annual periods beginning on or after 1 January 2019.

Illustrative in nature

The sample disclosures in this set of illustrative financial statements should not be considered to be the only acceptable form of presentation. The form and content of each reporting entity's financial statements are the responsibility of the entity's directors/management and other forms of presentation which are equally acceptable may be preferred and adopted, provided they include the specific disclosures prescribed in the Act, SGX Listing Rules and SFRS(I)s.

The illustrative financial statements are not substitutes for reading the legislation or standards themselves, or for professional judgement as to fairness of presentation. They do not cover all possible disclosures required by the SGX Listing Rules and SFRS(I)s. Depending on the circumstances, further specific information may be required in order to ensure fair presentation and compliance with laws, accounting standards and stock exchange regulations in Singapore.

Guidance notes

Direct references to the source of disclosure requirements are included in the reference column on each page of the model financial statements. Help tips are provided where additional matters may need to be considered in relation to a particular disclosure. These help tips are inserted within the relevant section or note.

Disclaimer

The information in this publication is for general guidance and is not a substitute for professional advice. If professional advice is required, the services of a competent professional should be sought. Mazars LLP and its staff accept no responsibility for any errors this publication might contain, whether caused by negligence or otherwise, or for any actions taken or not taken on the basis of the information in this publication. Copyright © 2019 Mazars LLP. All rights reserved.

Abbreviations used

References are made in this publication to the Singapore Companies Act, Singapore accounting pronouncements, guidelines and SGX listing rules that require a particular disclosure or accounting treatment.

The abbreviations used to identify the source of authority are as follows:

CA	Singapore Companies Act
FRS	Singapore Financial Reporting Standards
SFRS(I)	Singapore Financial Reporting Standards (International)
SFRS(I) INT	Interpretation of Singapore Financial Reporting Standards (International)
SGX	Singapore Exchange Listing Manual
SSA	Singapore Standards on Auditing

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CA 201: 16

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

1. Opinion of the directors

In the opinion of the directors,

CA Sch 12.1(a)

(i) the financial statements of the Group and the 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 Group and of the Company 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; and

CA Sch 12.1(b)

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

CA Sch 12.7

2. Directors

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

Executive directors
Matthew Tan
Anthony Lee

Independent non-executive directors
Zhang Kun
Andy Zheng
Renie Jiang (Appointed on 4 March 2019)

CA Sch 12.8(a)
CA Sch 12.8(b)
CA 164: 1 (c)(d)

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

CA Sch 12.9
CA 164: 1(a)(b)

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as disclosed below:

	Direct interest		Deemed interest	
	As at 1 January 2019 or date of appointment	As at 31 December 2019	As at 1 January 2019 or date of appointment	As at 31 December 2019
The Company				
Ordinary shares				
Matthew Tan	340,000	340,005	40,000	40,000
CA Sch 12.9 Christopher Wang (Resigned on 18 January 2020)	500,000	500,000	-	-
Share options				
Matthew Tan	1,200,000	1,100,000	-	-

By virtue of Section 7 of the Act, Matthew Tan is deemed to have an interest in all wholly owned subsidiaries of the Company.

SGX 1207:7

The directors' interests in the shares and options of the Company on 21 January 2020 were the same as at 31 December 2019.

5. Share options

SGX 843: 3

CA Sch 12.4

The MZ's Employee Share Option Scheme (the "Scheme") was approved and adopted by the members of the Company at an Extraordinary General Meeting held on 30 January 2003. The Scheme is administered by the Remuneration Committee, which comprises the following directors:

SGX 852: 1(a)

Zhang Kun (Chairman)
Andy Zhang
Renie Jiang

The Scheme entitles the option holder to subscribe for a specific number of new ordinary shares in the Company at a subscription price per share determined with reference to the market price of the share at the time of grant of option.

Other information regarding the Scheme is set out below:

1. Group employees (including executive directors), non-executive directors, parent company employees and associate employees, subject to certain conditions, are eligible to participate in the Scheme. Controlling shareholders and their associates are not eligible to participate in the Scheme.

2. The exercise price of the options can be set at a discount to the market price provided that the maximum discount shall not exceed 20% of the market price on the date of grant of the options.

3. Options granted with the exercise price set at market price may be exercised 1 year after the grant date. Options granted with exercise price set at a discount to market price may only be exercised 2 years after the grant date.

4. All options are settled by physical delivery of shares.

5. Options granted to eligible employees (including executive directors) expire after 10 years from the grant date. Options granted to non-executive directors expire after 5 years from the grant date.

CA Sch 12.5
CA Sch 12.6
SGX 852: l(c)(ii)

The details of the options movement during the financial year are as follows:

Date of grant	Balance as at 1 January 2019	Granted	Exercised	Lapsed or expired	Balance as at 31 December 2019	Exercise price per share (S$)	Exercisable Period
1 January 2011	9,528,000	-	(40,000)	-	9,488,000	0.789	1 January 2012 to 31 December 2020
1 January 2019	-	200,000	-	-	200,000	0.810	1 January 2020 to 31 December 2028

SGX 852: 1(b)(i)

The details of the options granted under the Scheme to persons who were directors of the Company during the financial year are as follows:

Name of director	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed/ expired since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Matthew Tan	1,200,000	(100,000)	-	1,100,000
Zhang Kun	150,000	-	(150,000)	-
Andy Zheng	150,000	-	(150,000)	-

5. Share options (Continued)

SGX 852: 1(b)(ii), 1(b)(iii), 1(d) SGX852: 2

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participants under the Scheme have been granted 5% or more of the total number of options available under the Scheme.

CA Sch 12.2(d)

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

6. Audit committee

CA201B: 1 CA201B: 2

The Audit Committee of the Company comprises three non-executive directors and at the date of this report, they are:

Zhang Kun (Chairman)
Andy Zheng
Renie Jiang

The Audit Committee has convened four meetings during the year with key management and the internal and external auditors of the Company.

CA201B: 5

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

(i) reviewed the audit plan and results of the external audit, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group;
(ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
(iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;
(iv) reviewed the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
(v) reviewed and assessed the adequacy of the Group's risk management processes;
(vi) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
(vii) reviewed interested person transactions in accordance with SGX listing rules;
(viii) reviewed the nomination of external auditors and gave approval of their compensation; and
(ix) submitted of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

CA201B:6

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

CA201B:5(b)

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

7. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

CA 201: 16

On behalf of the directors

_____
Matthew Tan
Director

_____
Anthony Lee
Director

Singapore
22 March 2020

Help tips

CA Sch 12.9

(i) Resignation of directors

There are no requirements to give details of director(s) who resigned during the financial year and up to the date of the statement by directors.

If a director resigns after the reporting date but before the date of the statement by Directors, his interest at the reporting date should be disclosed.

(ii) Other Information

CA 201: 9(a)
CA 201: 16

The Statement by Directors shall be made out and sent to all persons entitled to receive notice of general meetings of the Company not less than 14 days before the date of the Annual General Meeting ("AGM"). The statement shall be made in accordance with a resolution of the directors specifying the day on which it was made out and be signed by at least 2 directors.

CA 175: 1

AGMs shall be held within four months and six months after the end of each financial year for listed and non-listed companies respectively.

SSA 700: 20, 21,22
CA 207: 1

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MZ SINGAPORE LIMITED

SSA700: 44, 45

Report on the Audit of Financial Statements

SSA 700: 23

Opinion

SSA700: 24

We have audited the financial statements of MZ Singapore Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

SSA 700: 25
CA 207: 2.a

In our opinion, the accompanying 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)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

SSA 700: 28

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 *Auditors' 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* (the "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 of our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified [●] significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

These significant components were audited by other Mazars offices as component auditors under our instructions. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

SSA 700: 30 *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 financial year. 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.

[Subject Matter] **(Notes X and Y to the financial statements)**	
Key audit matter	**Our audit response**
[Description of matter and why it was considered as a key audit matter.]	[Description of our audit response.]

[Subject Matter] **(Notes X and Y to the financial statements)**	
Key audit matter	**Our audit response**
[Description of matter and why it was considered as a key audit matter.]	[Description of our audit response.]

[Subject Matter] **(Notes X and Y to the financial statements)**	
Key audit matter	**Our audit response**
[Description of matter and why it was considered as a key audit matter.]	[Description of our audit response.]

SSA 720: 21
SSA 720: 32

Other information

SSA 720: 22a, b

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

SSA720: 22c

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.

SSA720: 22d

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.

SSA720: 22e

If, based on the work we have performed on the other information that we obtained prior to the date of this 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.

SSA 700: 33a

Responsibilities of Management and Directors for the Financial Statements

SSA 700: 34a

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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

SSA 700: 34b

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.

SSA 700: 35

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

SSA 700: 37 *Auditors' Responsibilities for the Audit of the Financial Statements*

SSA 700: 38 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 auditors' 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.

SSA 700: 39 As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

SSA 700: 39
- 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.

SSA 700: 38b(ii)
- 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.

SSA 700: 38b(iii)
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

SSA 700: 38b(iv)
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

SSA 700: 38b(v)
- 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.

SSA 700: 38c
- 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.

SSA 700: 40 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.

SSA 700: 39b 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.

SSA 700: 39c 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' 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.

SSA 700: 43 **Report on Other Legal and Regulatory Requirements**

CA207: 2b In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary entity incorporated have been properly kept in accordance with the provisions of the Act.

SSA 700: 46 The engagement partner on the audit resulting in this independent auditors' report is [Partner's name].

SSA 700: 47
MAZARS LLP
Public Accountants and
Chartered Accountants

SSA 700: 48
SSA 700: 49
Singapore
22 March 2020

Help tips

SSA 710:17

(i) First year of appointment as auditors

If there is a change of auditors, the current auditors shall include an "Other Matter" paragraph to state the fact, the type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons thereof, and the date of that report.

An illustrative example where the opinion was unmodified is as follows:

Other Matter

The financial statements of the Group and the Company for the financial year ended [date] were audited by another *firm of auditors who expressed an unmodified opinion on those statements on [insert the date of auditor's report issued by another firm].*

The placement of the "Other Matter" paragraph in the auditors' report depends on the nature of the information to be communicated, and the auditors' judgement as to the relevant significance of such information to intended users compared to other elements required to be reported in accordance with SSA 700 *Forming an Opinion and Reporting on Financial Statements* (revised). The same applies to the placement of "Emphasis of Matter" paragraph.

(ii) Material Uncertainty Related to Going Concern

If adequate disclosure about the material uncertainty is made in the financial statements, SSA 570 *Going Concern* ("SSA 570 (revised)") requires the auditor to express an unmodified opinion and the auditors' report shall include a separate section under the heading "Material Uncertainty Related to Going Concern" to draw attention to the corresponding note in the financial statements that discloses the matter and state the existence of the events and/or conditions which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the auditors' opinion is not modified in respect of the matter. In the placement of the separate section, the illustrative template provided in SSA 570 (revised) placed the separate section after "Basis for Opinion" section.

Please see below an illustrative example:

Material Uncertainty Related to Going Concern

We draw attention to Note X in the financial statements, which describes that the Group incurred a net loss of $XXX during the year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by $XXX. As stated in Note X, these events and conditions, along with other matters as set forth in Note X, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

(iii) Other information

Where SSA 720 *The Auditors' Responsibilities Relating to Other Information* ("SSA 720 (revised)") applies, the auditors' report is required to include an "Other Information" section. The illustrative independent auditors' report provided for the situation where other information has been obtained prior to the auditors' report. In the event that the auditor expects to receive other information after the date of the auditors' report in their audit of the financial statements of a listed entity, the auditor is required to identify such other information in the auditors' report. In the illustrative template provided in SSA 720 (revised), the extracted wording is as follows:

Other information

"Management is responsible for the other information…. The X report is expected to be made available to us after the date of the auditors' report."

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Note	Group 2019 $'000	Group 2018 $'000
SFRS 1-1: 51(c), (d), (e), 99				
SFRS(I) 1-1: 82(a), 103	Revenue	4	191,026	145,921
SFRS(I) 1-1: 103	Cost of sales		(84,177)	(56,878)
SFRS(I) 1-1: 103	**Gross profit**		106,849	89,043
SFRS(I) 1-1: 103	Other income	5	5,075	39,177
SFRS(I) 1-1: 103	Distribution costs		(1,251)	(876)
SFRS(I) 1-1: 103	Administrative expenses		(18,097)	(16,993)
SFRS(I) 1-1: 103	Other expenses		(76)	(21)
SFRS(I) 1-1: 82(b)	Finance costs	6	(6,626)	(7,786)
SFRS(I) 1-28: 38	Share of profits from equity-accounted for associates and joint venture		24,839	21,114
SFRS(I) 1-1(82)(c)	**Profit before taxation from continuing operations**	7	**110,713**	**123,658**
SFRS(I) 1-1: 82(d)	Income tax expense	8	(25,307)	(20,327)
	Profit from continuing operations		**85,406**	**103,331**
SFRS(I) 1-1: 82(ea)	Profit/(Loss) for the year from discontinued operation	9	4,873	(13,825)
SFR(I)S 1-1: 81A(a)	**Profit for the year**		**90,279**	**89,506**
SFRS(I) 1-1: 81A(b)	**Other comprehensive income:**			
SFRS(I) 1-1: 91(a)	**Components of other comprehensive income that will not be reclassified to profit or loss, net of taxation of $45 ('000)**[1]			
	Gain on revaluation of property		-	300
SFRS(I) 1-1: 82A(a)	**Total other comprehensive income that will not be reclassified to profit or loss, net of taxation**		**-**	**300**
SFRS(I) 1-1: 82A(b)	**Components of other comprehensive income that will be reclassified to profit or loss, net of taxation**			
SFRS(I) 1-1: 92, 94	Exchange differences on translating foreign operations		25,702	(8,704)
SFRS(I) 1-21: 48	Reclassification of cumulative exchange differences relating to MTNZ included in profit or loss		(5)	-
	Available-for-sale financial assets:			
	Gains arising during the year		-	4
	Less: Reclassification adjustments for gains included in profit or loss		-	(3)
	Net gain on debt instruments designated at fair value through other comprehensive income		2	-
SFRS(I) 1-1: 82A(b)	**Total other comprehensive income that will be reclassified to profit or loss, net of taxation**		**25,699**	**(8,703)**
SFRS(I) 1-1: 81A(b)	**Total other comprehensive income, net of taxation**		**25,699**	**(8,403)**
SFRS(I) 1-1: 81A(c)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**115,978**	**81,103**

[1] In this set of illustrative financial statements, it is assumed that the movement in the fair value of the equity instruments measured at FVTOCI between the period of 31 December 2018 and 31 December 2019 is not significant. Please note that movements in fair value of the equity instruments measured at FVTOCI is not recyclable to profit or loss and where the movement during the financial year is material, it should be presented as amounts not reclassified subsequently to profit or loss.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Note	Group 2019 $'000	Group 2018 $'000
SFRS 1-1: 51(c), (d), (e), 99	**Profit attributable to:**			
	Continuing operations, net of taxation			
SFRS(I) 1-1: 81B(a)(ii)	Owners of the Company		57,060	78,217
SFRS(I) 1-1: 83B(a)(i)	Non-controlling interests		28,346	25,114
			85,406	103,331
	Discontinued operations, net of taxation			
	Owners of the Company		4,873	(13,825)
	Profit for the financial year		90,279	89,506
	Total comprehensive income attributable to:			
SFRS(I) 1-1: 81B(b)(ii)	Owners of the Company		79,790	56,216
SFRS(I) 1-1: 81B(b)(i)	Non-controlling interests		36,188	24,887
			115,978	81,103
	Earnings per share attributable to owners of the Company (cents)			
SFRS(I) 1- 33: 66	Basic earnings per share from continuing operations	10	79.24	108.67
SFRS(I) 1-33: 68	Basic earnings/(losses) per share from discontinued operation	10	6.78	(19.23)
	Total basic earnings per share		86.02	89.44
SFRS(I) 1-33: 66	Diluted earnings per share from continuing operations	10	61.31	104.22
SFRS(I) 1-33: 68	Diluted earnings/(losses) per share from discontinued operation	10	5.19	(18.30)
	Total diluted earnings per share		66.50	85.92

Help tips

In the application of SFRS(I) 1-1 *Presentation of Financial Statements,* the Group has elected to present:

- a single statement of profit or loss and other comprehensive income (SFRS(I) 1-1: 81A);
- the components of other comprehensive income net of related tax effects (SFRS(I) 1-1: 91(a)); and
- the reclassification adjustments relating to components of other comprehensive income in the statement of profit or loss and other comprehensive income (SFRS(I) 1-1: 94).

Please refer to Appendix A for an illustrative example of a similar presentation of a single statement of profit or loss and other comprehensive income, except that the expenses are analysed by nature and the components of other comprehensive income are presented before related tax effects with one amount shown for the aggregate amount of income tax relating to those components.

Please refer to Appendices B and C for illustrative examples of the alternative presentation format of a consolidated statement of profit or loss and a consolidated statement of other comprehensive income except that for:

Appendix B, expenses are analysed by function; and
Appendix C, expenses are analysed by nature.

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

MZ SINGAPORE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

			Group	
		Note	2019 $'000	2018 $'000
	ASSETS			
SFRS(I) 1-1: 60, 61	**Current assets**			
SFRS(I) 1-1: 54(i)	Cash and bank balances	11	94,454	75,034
SFRS(I) 1-1: 54(h)	Trade and other receivables	12	5,044	4,004
SFRS(I) 1-1: 54(d)	Other investments, including derivatives	13	265	152
	Contracts assets	14	1,670	1,338
SFRS(I) 1-1: 54(g)	Inventories	15	51,607	43,618
SFRS(I) 1-1: 54(d)	Right of return assets		45	32
SFRS(I) 1-1: 54(d)	Prepayment		711	1,144
SFRS(I) 1-1: 54(j); SFRS(I) 5: 38	Assets of disposal group classified as held-for-sale	9	32,681	26,044
	Total current assets		186,477	151,366
SFRS(I) 1-1: 60,61	**Non-current assets**			
SFRS(I) 1-1: 54(d)	Other investments, including derivatives	13	6,233	6,100
SFRS(I) 1-1-1: 54(a)	Property, plant and equipment	16	199,765	209,254
SFRS(I) 1-1: 54(b)	Investment properties	17	40,685	40,660
	Goodwill	18	5,625	-
SFRS(I) 1-1: 54(c)	Intangible assets	19	2,116	1,863
SFRS(I) 1-1: 54(e)	Investments in associates	21	119,180	101,789
SFRS(I) 1-1: 54(e)	Investment in joint venture	22	66,945	95,204
SFRS(I) 1-1: 54(o)	Deferred tax assets	23	376	385
	Total non-current assets		440,925	455,255
	Total assets		627,402	606,621
	LIABILITIES AND EQUITY			
SFRS(I) 1-1: 60,61	**Current liabilities**			
	Borrowings	24	32,576	70,029
SFRS(I) 1-1: 54(k)	Trade and other payables	25	45,916	44,086
SFRS(I) 1-1: 54(l)	Provision for warranties	26	518	1,657
SFRS(I) 1-1: 54(m)	Lease liabilities	27(b), (c)	1,567	1,343
	Contract liabilities	14	2,107	2,486
	Dividend payable		4,056	4,234
SFRS(I) 1-1: 54(n)	Income tax liabilities		21,129	42,438
			107,869	166,273
SFRS(I) 1-1: 54(p) SFRS(I) 5: 38	Liabilities of disposal group classified as held-for-sale	9	15,617	11,264
	Total current liabilities		123,486	177,537
SFRS(I) 1-1: 60,61	**Non-current liabilities**			
	Borrowings	24	47,181	85,145
SFRS(I) 1-1: 54(m)	Lease liabilities	27(b), (c)	3,904	2,684
SFRS(I) 1-1: 54(o)	Deferred tax liabilities	23	71,316	69,085
	Total non-current liabilities		122,401	156,914
	Capital and reserves attributable to owners of the Company			
SFRS(I) 1-1: 54(r)	Share capital	28	73,052	73,000
SFRS(I) 1-1: 54(r)	Accumulated profits		194,513	140,011
SFRS(I) 1-1: 54(r)	Capital reserve	29	7,853	7,853
SFRS(I) 1-1: 54(r)	Reserve on consolidation	29	(7,893)	(7,893)
SFRS(I) 1-1: 54(r)	Statutory reserve	29	14,124	10,260
SFRS(I) 1-1: 54(r)	Share options reserve	29	761	551
SFRS(I) 1-1: 54(r)	Revaluation reserve	29	728	728
SFRS(I) 1-1: 54(r)	Currency translation reserve	29	40,322	22,467
SFRS(I) 1-1: 54(r)	Fair value through other comprehensive income reserve	29	4	3
	Total equity attributable to owners of the Company		323,464	246,980
SFRS(I) 1-1: 54(q)	Non-controlling interests		58,051	25,190
	Total equity		381,515	272,170
	Total liabilities and equity		627,402	606,621

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Note	Company 2019 $'000	Company 2018 $'000
SFRS(I) 1-1: 54, 77 SGX 1207: 5(a), (b)				
	ASSETS			
SFRS(I) 1-1: 60, 61	**Current assets**			
SFRS(I) 1-1: 54(i)	Cash and bank balances	11	33,828	6,795
SFRS(I) 1-1: 54(h)	Trade and other receivables	12	8,380	48,553
SFRS(I) 1-1: 54(d)	Prepayment		846	928
	Total current assets		43,054	56,276
SFRS(I) 1-1: 60,61	**Non-current assets**			
SFRS(I) 1-1: 54(a)	Property, plant and equipment	16	198	219
	Investments in subsidiaries	20	155,068	137,949
	Total non-current assets		155,266	138,168
	Total assets		198,320	194,444
	LIABILITIES AND EQUITY			
SFRS(I) 1-1: 60, 61	**Current liabilities**			
SFRS(I) 1-1: 54(m)	Borrowings	24	24,875	24,872
SFRS(I) 1-1: 54(k)	Trade and other payables	25	11,933	2,599
	Dividend payable		4,056	4,234
	Total current liabilities		40,864	31,705
SFRS(I) 1-1: 60, 61	**Non-current liabilities**			
SFRS(I) 1-1: 54(m)	Borrowings	24	67,408	75,696
	Total non-current liabilities		67,408	75,696
	Equity			
SFRS(I) 1-1: 54(r)	Share capital	28	73,020	73,000
SFRS(I) 1-1: 54(r)	Accumulated profits		8,414	5,639
SFRS(I) 1-1: 54(r)	Capital reserve	29	7,853	7,853
SFRS(I) 1-1: 54(r)	Share options reserve	29	761	551
	Total equity		90,048	87,043
	Total liabilities and equity		198,320	194,444

Help tips

1. Redeemable preference shares

If the entity has issued redeemable preference shares, refer to SFRS(I) 1-32: AG 25 for guidance on their classification.

2. Presentation of the third statement of financial position

In the application of SFRS(I) 1-1: 40A, the entity is required to present a third statement of financial position as at the beginning of the earliest comparative period following a retrospective application of an accounting policy, a retrospective restatement of items in its financial statements, or a reclassification of items in the financial statements if the restatement application or/and reclassification has a material effect on the information in the statement of financial position at the beginning of the earliest comparative period.

The entity need not present the related notes to the opening statement of financial position as at the beginning of the earliest comparative period other than that required under SFRS(I) 1-1: 41-44 and SFRS(I) 1-8 (SFRS(I) 1-1: 40C).

MZ SINGAPORE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Group	Share capital $'000	Accumulated profits $'000	Capital reserve $'000	Reserve on consolidation $'000	Statutory reserve $'000	Share options reserve $'000	Revaluation reserve $'000	Currency translation reserve $'000	Fair value through other comprehensive income $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
	Balance at 1 January 2019	73,000	140,011	7,853	(7,893)	10,260	551	728	22,467	3	246,980	25,190	272,170
	Total comprehensive income for the financial year	-	61,933	-	-	-	-	-	17,855	2	79,790	36,188	115,978
SFRS(I) 1-1: 106(d)(i)	Profit for the year	-	61,933	-	-	-	-	-	-	-	61,933	28,346	90,279
SFRS(I) 1-1: 106(d)(ii)	Other comprehensive income:												
	Exchange differences on translating foreign operations	-	-	-	-	-	-	-	17,860	-	17,860	7,842	25,702
	Reclassification of cumulative exchange differences relating to MTNZ	-	-	-	-	-	-	-	(5)	-	(5)	-	(5)
	Fair value gain from equity instrument designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	2	2	-	2
	Total other comprehensive income, net of taxation	-	-	-	-	-	-	-	17,855	2	17,857	7,842	25,699
	Transfer from accumulated profits	-	(3,864)	-	-	3,864	-	-	-	-	-	-	-
	Transfer of gain on disposal of equity investments at fair value through other comprehensive income to accumulated profits	-	1	-	-	-	-	-	-	(1)	-	-	-
SFRS(I) 2: 50	Share options exercised	52	-	-	-	-	(20)	-	-	-	32	-	32
SFRS(I) 2: 50	Share options expense	-	-	-	-	-	230	-	-	-	230	-	230
	Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,327)	(3,327)
SFRS(I) 1-1: 107	One-tier tax exempt dividends:												
	- Final ordinary dividend paid/payable of Singapore 2.41 cents per share in respect of 2017	-	(1,733)	-	-	-	-	-	-	-	(1,733)	-	(1,733)
	- Interim ordinary dividend paid/payable of Singapore 2.41 cents per share	-	(1,733)	-	-	-	-	-	-	-	(1,733)	-	(1,733)
	- Non-cumulative preference dividend payable of Singapore 0.75 cents per share	-	(102)	-	-	-	-	-	-	-	(102)	-	(102)
	Balance at 31 December 2019	73,052	194,513	7,853	(7,893)	14,124	761	728	40,322	4	323,464	58,051	381,515

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

MZ SINGAPORE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Group	Share capital $'000	Accumulated profits $'000	Capital reserve $'000	Reserve on consolidation $'000	Statutory reserve $'000	Share options reserve $'000	Revaluation reserve $'000	Currency translation reserve $'000	Fair value through other comprehensive income $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
SFRS(I) 1-1: 10(c) SFRS(I) 1-1: 106(d)	**Balance at 1 January 2018**	72,876	80,367	-	(7,893)	9,746	551	428	30,944	2	187,021	3,654	190,675
	Total comprehensive income for the financial year	-	64,392	-	-	-	-	300	(8,477)	1	56,216	24,887	81,103
SFRS(I) 1-1: 106(d)(i)	Profit for the year	-	64,392	-	-	-	-	-	-	-	64,392	25,114	89,506
SFRS(I) 1-1: 106(d)(ii)	Other comprehensive income:												
	Gain on revaluation of property	-	-	-	-	-	-	300	-	-	300	-	300
	Exchange differences on translating foreign operations	-	-	-	-	-	-	-	(8,477)	-	(8,477)	(227)	(8,704)
	Available-for-sale financial assets:												
	Gains arising during the year	-	-	-	-	-	-	-	-	4	4	-	4
	Less: Reclassification adjustments for gains included in profit or loss	-	-	-	-	-	-	-	-	(3)	(3)	-	(3)
	Total other comprehensive income, net of taxation	-	-	-	-	-	-	300	(8,477)	1	(8,176)	(227)	(8,403)
	Transfer from accumulated profits	-	(2,878)	-	-	2,878	-	-	-	-	-	-	-
	Realisation upon disposal of interests in jointly controlled entities	-	2,364	-	-	(2,364)	-	-	-	-	-	-	-
SFRS(I) 2: 50	Share options exercised	124	-	-	-	-	-	-	-	-	124	-	124
	Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,351)	(3,351)
	Issue of convertible bonds	-	-	7,853	-	-	-	-	-	-	7,853	-	7,853
SFRS(I) 1-1: 107	One-tier tax exempt dividends:												
	- Final ordinary dividend paid/payable of Singapore 3 cents per share in respect of 2016	-	(2,155)	-	-	-	-	-	-	-	(2,155)	-	(2,155)
	- Interim ordinary dividend paid of Singapore 2.75 cents per share	-	(1,977)	-	-	-	-	-	-	-	(1,977)	-	(1,977)
	- Non-cumulative preference dividend payable of Singapore 0.75 cents per share	-	(102)	-	-	-	-	-	-	-	(102)	-	(102)
	Balance at 31 December 2018	73,000	140,011	7,853	(7,893)	10,260	551	728	22,467	3	246,980	25,190	272,170

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

Help tips

1. Separate Statement of Changes in Equity

The Group has not included a statement of changes in equity for the Company. Under the Singapore Companies Act, it is not a statutory requirement for the Company to include primary financial statements other than its separate statement of financial position. If there are any changes in the Company's equity components during the current or preceding financial year, other than that resulting from profit or loss, or otherwise, a separate statement of comprehensive income and a separate statement of changes in equity for the Company could (as an option) be included and the necessary changes to the notes to the financial statements must be made accordingly.

SFRS(I) 1-1:106 requires an entity to disclose the following information in the statement of changes in equity:

- total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests;
- for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with SFRS(I) 1-8; and
- for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:
  - (i) profit or loss;
  - (ii) other comprehensive income; and
  - (iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.

SFRS(I) 1-1:106A allows the entity to choose to present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item. In the application of this standard, the Group has elected to disclose the information in the statement of changes in equity.

Help tips (Continued)

SFRS(I) 1-1.106(b)
SFRS(I) 1-8.22

2. Changes in accounting policy

If a new accounting policy is adopted/early adopted during the year, a sample disclosure of the effects of retrospective application on the opening balance of each affected component of equity for the earliest prior period presented (i.e. 1 January 2018) on the statement of changes in equity is as follows:

	Share capital	Treasury shares	Accumulated profits	Asset revaluation reserve	Fair value reserve	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2018						
Effects of early adopting amendments to SFRS(I) XX (Note X)						
Effects of adopting [SFRS(I) XX] (Note X)						
Balance at 1 January 2018 (as restated)						
Total comprehensive income (as restated (Note X)						

SFRS(I) 1-1: 106(d)

3. Share option reserve

Where applicable, include and disclose separately in the statement of changes in equity reconciliation between the carrying amount of the share option reserve at the beginning and end of the period as in accordance with the requirements under SFRS(I) 1-1: 106(d).

4. Changes in non-controlling interests without a change in control

Where applicable, include and disclose separately in the statement of changes in equity the effect of change of the Group's ownership interest in a subsidiary on the entity attributable to owners of the parent.

MZ SINGAPORE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

SFRS(I) 1-7: 1
SGX 1207: 5(c)

		Note	2019 $'000	2018 $'000
SFRS(I) 1-7: 18(b)				
SFRS(I) 1-7: 10	**OPERATING ACTIVITIES**			
	Profit before taxation from continuing operations		110,713	123,658
	Profit/(Loss) before taxation from discontinued operation		3,740	(12,682)
	Total profit		114,453	110,976
SFRS(I) 1-7: 20(a), (b), (c)	Adjustments for:			
	Amortisation of intangible assets	19	102	82
	Depreciation of property, plant and equipment	16	12,814	3,574
SFRS(I) 1-7: 31	Dividend from equity instruments designated at FVTOCI	13	(2)	-
	Fair value gain arising from financial assets at FVTPL	5	(26)	-
	Fair value gain arising from derivative financial instruments	5	(66)	(93)
	Gain on disposal of investment in subsidiary	20	(5)	-
	Impairment loss on goodwill	7	-	5,000
	Impairment loss on financial assets and contract assets, net		(149)	410
	Inventories written off	7	100	-
	Loss on disposal of property, plant and equipment, net	16	2,464	369
	Provision for warranties	26	347	627
	Revaluation gain from investment properties	5	(25)	(20)
	Reversal of inventory write down	7	(850)	-
	Share of profits from equity accounted for associates and joint venture		(24,839)	(21,114)
	Share options expense	7	230	-
SFRS(I) 1-7: 31	Interest income	5	(616)	(596)
	Interest on convertible bonds		580	596
	Interest on lease liabilities and bank borrowings		6,046	7,190
	Total operating cash flows before movements in working capital		110,558	107,000
	Changes in working capital			
	Inventories		(6,994)	(7,141)
	Right of return assets		(13)	121
	Trade and other receivables		795	2,039
	Trade and other payables		(904)	(10,168)
	Contract assets		(335)	158
	Contract liabilities		(379)	276
	Total changes in working capital		(7,830)	(14,715)
	Cash generated from operations		102,728	92,285
	Income taxes paid		(44,685)	(30,184)
	Cash flows generated from operating activities		58,043	62,101
SFRS(I) 1-7: 21	**INVESTING ACTIVITIES**			
SFRS(I) 1-7: 39,42	Acquisition of subsidiary	20	(12,716)	-
SFRS(I) 1-7: 42	Disposal of subsidiary	20	13	-
SFRS(I) 1-7: 31	Dividend from equity instruments designated at FVTOCI	13	2	-
	Proceeds from disposal of held-to-maturity investments		-	4,600
	Proceeds from disposal of property, plant and equipment		13	60
	Proceeds on disposal of equity instruments held at FVTOCI		17	-
	Purchase of unquoted corporate bonds at amortised cost		(133)	-
	Purchase of financial assets at FVTOCI		(36)	-
SFRS(I) 1-7: 16(a)	Purchase of property, plant and equipment		(728)	(4,471)
SFRS(I) 1-7: 16(f)	Repayment of loans by joint venture		34,930	14,582
SFRS(I) 1-7: 31	Interest received		2,348	596
	Effect of foreign currency re-alignment on investing activities		23,966	(8,271)
	Cash flows generated from investing activities		47,676	7,096

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

MZ SINGAPORE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Note	2019 $'000	2018 $'000
SFRS(I) 1-7:21	**FINANCING ACTIVITIES**			
SFRS(I) 1-7: 17(a)	Issue of shares under share option scheme		32	124
SFRS(I) 1-7: 17(c)	Proceeds from bank loans		7,690	600
SFRS(I) 1-7:17(d)	Repayment of bank loans		(83,704)	(16,287)
SFRS(I) 1-7:17(d)	Repayment of lease liabilities		(689)	(2,153)
	Dividends paid to:			
	Owners of the Company		(3,746)	(4,678)
	Non-controlling interests of a subsidiary		(3,327)	(3,351)
	Interest paid		(6,028)	(7,881)
	Decrease in pledge deposits		2,000	20,000
	Cash flows used in financing activities		(87,772)	(13,626)
SFRS(I) 1-7: 45	Net increase in cash and cash equivalents		17,947	55,571
SFRS(I) 1-7: 28	Cash and cash equivalents at beginning of the financial year	11	66,758	15,054
SFRS(I) 1-7: 44A	Net effect of exchange rate changes in the balance of cash held in foreign currencies		547	(3,867)
	Cash and cash equivalents at end of the financial year	11	85,252	66,758

SFRS(I) 1-7: 44A **Reconciliation of asset/liabilities arising from financing activities**

			Non-cash movements				
	1 January 2019 $'000	Financing cash outflows $'000	Dividends declared $'000	Acquisition $'000	Interest expenses $'000	Foreign exchange movement $'000	31 December 2019 $'000
Liabilities							
Bank borrowings	144,532	(82,664)	-	-	5,783	-	67,651
Dividend payable	4,234	(7,073)	6,895	-	-	-	4,056
Lease liabilities	5,160	(952)	-	1,000	263	-	5,471
Convertible bonds	10,642	(391)	-	-	580	-	10,831

			Non-cash movements				
	1 January 2019 $'000	Financing cash inflows $'000	Dividends declared $'000	Acquisition $'000	Interest expenses $'000	Foreign exchange movement $'000	31 December 2019 $'000
Asset							
Pledged deposits	10,000	(2,000)	-	-	-	-	8,000

			Non-cash movements				
	1 January 2018 $'000	Financing cash outflows $'000	Dividends declared $'000	Acquisition $'000	Interest expenses $'000	Foreign exchange movement $'000	31 December 2018 $'000
Liabilities							
Bank borrowings	155,820	(22,884)	-	-	7,001	95	140,032
Dividend payable	4,678	(8,029)	7,585	-	-	-	4,234
Finance leases	9,894	(2,342)	-	786	189	-	8,527
Convertible bonds	10,541	(495)	-	-	596	-	10,642

			Non-cash movements				
	1 January 2019 $'000	Financing cash inflows $'000	Dividends declared $'000	Acquisition $'000	Interest expenses $'000	Foreign exchange movement $'000	31 December 2019 $'000
Asset							
Pledged deposits	30,000	(20,000)		-	-	-	10,000

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

Help tips

SFRS(I) 1-7:18(a),(b)

(a) Direct/Indirect method

SFRS(I) 1-7: 18 allows entities to report cash flows from operating activities using either the direct method or the indirect method.

The Group presents its cash flows using the indirect method.

SFRS(I) 1-7: 43

(b) Investing and financing transactions that do not require the use of cash or cash equivalents

Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from the statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities. An example will be the acquisition of assets either by assuming directly related liabilities or by means of a lease.

SFRS(I) 1-7: 44(a)

(c) Acquisition of non-controlling interests

Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control are to be classified as cash flows from financing activities.

Changes in ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Accordingly, the resulting cash flows are classified in the same way as other transactions with owners described in SFRS(I) 1-7: 17.

(d) Issuance of ordinary shares and purchase of treasury shares

Proceeds from issuance of ordinary shares and purchase of treasury shares are classified as cash flows from financing activities.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

SFRS(I) 1-1: 138(a)

MZ Singapore Limited (the "Company") (Registration Number 162244022A) is incorporated and domiciled in Singapore with its principal place of business and registered office at 135 Cecil Street, #10-01, MYP Plaza, Singapore 069536.

SFRS(I) 1-1: 138(b)

The principal activity of the Company is that of investment holding.

The principal activities of the respective subsidiaries are disclosed in Note 20 to the financial statements.

SFRS(I) 1-24: 13
SFRS(I) 1-1: 138(c)
SFRS(I) 1- 10: 17

The Company's immediate and ultimate holding corporation is MZ Holding Limited, a company incorporated in People's Republic of China ("PRC").

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2019 were authorised for issue by the Board of Directors on 22 March 2019.

Help Tips

SFRS(I) 1-1: 51(a)

- **Change in name**

  If the Company changes its name during the financial year, the change shall be disclosed. An illustrative example can be found below:

  "With effect from (effective date), the name of the Company was changed from (former name) to (current name)."

SFRS(I) 1-1: 138(c)
SFRS(I) 1-24: 13

- **Disclosure of name of ultimate controlling party**

  The Company is required to disclose the name of the Company's parent and, if different, the ultimate controlling party. The ultimate controlling party can be either an entity or a person. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies

2.1. Basis of preparation

SFRS(I) 1-1: 16
SGX 1207: 5(d)

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

SFRS(I) 1-1: 51(d), (e)SFRS(I) 1-1: 51(d),

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("$'000"), unless otherwise indicated.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Help tips

SFRS(I) 1-1: 25

Going concern

When preparing financial statements, the management is required to make an assessment of the entity's ability to continue as a going concern.

When the management has made judgement in the process of assessing the entity's going concern assumption, and the effect of such judgement has significant effect on the amounts recognised in the financial statements, such judgement shall be disclosed.

In addition, during their assessment, should management become aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties.

An illustrative disclosure example where the ability of the entity to continue as a going concern is dependent on the holding company's continuing financial support is included as follows:

The financial statements of the Group and Company have been prepared on a going concern basis notwithstanding the net capital deficiency of approximately $112,925 and $110,789 respectively as at 31 December 2019, as well as net operating cash outflow of the Group for the financial year then ended. These factors indicate the existence of a material uncertainty which may cast significant doubt over the Group's and Company's ability to continue as going concerns.

The ability of the Group and the Company to continue as going concerns is dependent on the undertaking of its holding company, XXX Limited, to provide continuing financial support to enable the Group and the Company to meet their liabilities as and when they fall due.

If the Group and the Company were unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial positions. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

SFRS(I) 1-8 : 28

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019. Other than SFRS(I) 16 *Leases*, the adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods. The effects of adopting SFRS(I) 16 is disclosed in Note 41.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I) 1-8: 30 (b)

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1, 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
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: *Interest Rate Benchmark Reform*	1 January 2020
SFRS(I) 10, 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
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards	
	Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	1 January 2020

Consequential amendments were also made to various standards as a result of these new/revised standards.

SFRS(I) 1-8: 30

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2. Basis of consolidation

SFRS(I) 10: 6

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

SFRS(I) 10: 8

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

SFRS(I) 10: B38

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

SFRS(I) 10: 20

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

SFRS(I) 10: B86 (c)

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

SFRS(I) 10: B92
SFRS(I) 10: B87

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

SFRS(I) 10: B94
SFRS(I) 10: 22

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

SFRS(I) 10: 23
SFRS(I) 10: B96

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

SFRS(I) 10: 25
SFRS(I) 10: B98

When the Group loses control over a subsidiary, the profit or loss on disposal 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. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

SFRS(I) 3: 19(a)

SFRS(I) 1-27: 10

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

Help tip

SFRS(I) 12: 19A

Separate financial statements

If the Company is exempted from preparing consolidated financial statements and elects to prepare separate financial statements, the Company shall disclose this fact, the name and country of incorporation or residence of the entity whose consolidated financial statements have been produced for public use, as well as the address where those consolidated financial statements are obtainable.

Illustrative disclosure example

SFRS(I) 12: 12

These financial statements are the separate financial statements of MZ Singapore Limited. The Company is exempted from the preparation of consolidated financial statements and the Company is a wholly-owned subsidiary of [name of ultimate holding company], a Singapore-incorporated company, which produces consolidated financial statements available for public use. The registered office of [name of ultimate holding company] is at _____.

Amendments to SFRS(I) 1-27*: Equity method in Separate Financial Statements* provides entities preparing separate financial statements an option to account for its investments in subsidiaries, joint ventures and associates using the equity method descripted in SFRS(I) 1-28 *Investments in Associates and Joint Ventures*. With the application of this option, dividends generated from these investments are recognised as a reduction from the carrying amount of the investment.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.3 Business Combinations

Business combinations from 1 January 2017

SFRS(I) 3: 4

SFRS(I) 3: 19

SFRS(I) 3: 53, B64(m)

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquire at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

SFRS(I) 3: 18,20
SFRS(I) 3: 31

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

SFRS(I) 3: 39
SFRS(I) 3: 58

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

SFRS(I) 3: 42

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

SFRS(I) 3: 21

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

SFRS(I) 3: 45

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.3 Business Combinations (Continued)

Business combinations from 1 January 2017 (Continued)

SFRS(I) 3: 32

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

SFRS(I) 3: 34

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

SFRS(I) 1-36: 80
SFRS(I) 1-36: 9, 10(b)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

SFRS(I) 1-36: 104

SFRS(I) 1-36: 124

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

Help tip

SFRS(I) 3: 19

Measurement of non-controlling interest

The measurement option is elected for each individual business combination and does not constitute an accounting policy choice for similar transactions. Selecting the option will require management to carefully consider their future intentions regarding transactions with non-controlling interest, since the two options, combined with the revisions to accounting for changes in ownership interest of a subsidiary will potentially result in significantly different amounts of goodwill and equity.

Business combinations before 1 January 2017

SFRS(I) 1.C1, C4(g)-(i)

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

FRS 103 (2007): 40

In comparison to the above-mentioned requirements under SFRS(I), the following differences applied:

FRS 103 (2007): 59

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.3 Business Combinations (Continued)

Business combinations before 1 January 2017 (Continued)

FRS 103 (2007): 59

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

FRS 103 (2007): 32

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

Help tips

RAP 12: 9

(i) Business combinations involving entities under common control

Where a business combination involves entities or businesses under common control, it is outside the scope of SFRS(I) 3 and may be accounted for using the pooling of interest method or the acquisition method (when the transaction has substance from the perspective of the reporting entity), consider including the following illustrative accounting policy where the pooling of interest method is applied:

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- *the assets and liabilities of the combining entities are reflected at their carrying amounts.*
- *no adjustments are made to reflect the fair values or recognise any new assets or liabilities.*
- *no goodwill is recognised as a result of the combination.*
- *any difference between the consideration paid/transferred and the equity acquired is reflected within the equity as merger reserve.*
- *the statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.*
- *comparatives are presented as if the entities had always been combined since the date the entities had come under common control.*

SFRS(I) 3: 56

(ii) Contingent liabilities recognised in a business combination

Where there are contingent liabilities assumed in the business combination, consider including the following illustrative accounting policy:

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:

- *the amount that would be recognised in accordance with the accounting policy for provisions set out in Note X; or*
- *the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with guidance for revenue recognition.*

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition

SFRS(I) 15: 31

SFRS(I) 15: 47

The Group is principally in the business of manufacturing and trading of lighting products and provision of related installation services, as well as property development. Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods or service and that is allocated to that performance obligation. The goods or service is transferred when or as the customer obtains control of the goods or service.

Sale of lighting products (Wholesale)

SFRS(I) 15: 32

SFRS(I) 15: 117, 119(a)

The Group manufactures and sells a range of lighting products through the Group's distributors. Revenue is recognised at a point in time when the control of the goods is transferred to the distributors (i.e. when the goods are delivered in accordance with the applicable incoterms or/and terms and conditions and significant risks and rewards of ownership of the goods have been transferred to the customer). A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due.

SFRS(I) 15: 51

SFRS(I) 15: 53

SFRS(I) 15: 56
SFRS(I) 15: 55

Contracts with the Group's distributors provide retrospective volume rebates when the purchase volume within an agreed period exceeds specific thresholds. The Group estimates the amount of variable consideration using the most likely method based on past experiences with the distributors and cumulative revenue is recognised to the extent that it is highly probable a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved. A refund liability (Note 14) is recognised for the expected future volume rebates payable to the distributors.

Sale of lighting products (Trading)

SFRS(I) 15: 32

SFRS(I) 15: 117, 119(a)

SFRS(I) 15: 51

The Group sells a range of lighting products to its customers. Revenue is recognised at a point in time when control of the goods is transferred to the end customers (i.e. when the goods are delivered in accordance with the applicable incoterms or/and terms and conditions and significant risks and rewards of ownership of the goods have been transferred to the customer). A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due.

SFRS(I) 15: 53
SFRS(I) 15: 56

SFRS(I) 15: B21
SFRS(I) 15: B23

In certain contracts, the Group allows the customers a right of return within a specified period and subject to the fulfilment of certain terms and conditions. The Group estimates the returns using the expected value method based on past experiences of goods returned by customers and cumulative revenue is recognised to the extent that it is highly probable that a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved. A refund liability (Note 14) is recognised for goods expected to be returned by its customers and the refund liability is updated at the end of each reporting period for changes in expectation about the amount of refunds. Separately, a right to the returned goods presented as "Right of return assets" in the statement of financial position, based on the former carrying amount of the good less expected costs to recover the goods is recognised with a corresponding adjustment against cost of sales.

Sale of lighting products (Customised)

SFRS(I) 15: 32

SFRS(I) 15: 20
SFRS(I) 15: 32

SFRS(I) 15: 117, 119(a)

The Group provides customisation and manufacturing of lighting products to deliver the desired designs to customers. Generally, the contracts would be completed within a year from commencement date. Customers can select the materials and quality of their products to fit their requirements. The customisation and manufacturing of lighting products is one performance obligation as the promises are not distinct within the context of the contract. Revenue is recognised at a point in time when the control of the goods is transferred to the customer (i.e. when the goods are delivered in accordance with the applicable incoterms or terms and conditions and significant risks and rewards of ownership of the goods is transferred to the customer). A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Warranty obligations

SFRS(I) 15: B28
SFRS(I) 15: B30

The Group provides a one-year assurance-type warranty for the sale of certain lighting products in line with industry practice. These warranties are accounted for under SFRS(I)1-37 *Provisions, Contingent Liabilities and Contingent Assets ("SFRS(I) 1-37")* (see Note 26).

SFRS(I) 15: B29

SFRS(I) 15: 74, B32

The Group also provides extended warranty which can be purchased separately from or together with the sales of the lighting products. The Group accounts for a service-type warranty as a separate performance obligation and uses the stand-alone selling price to allocate the transaction price to the warranty and a contract liability (Note 14) is recognised for the consideration received/receivable for the (partially) unsatisfied performance obligation. Revenue from the warranty is recognised over the warranty period based on the time elapsed.

Installation services

SFRS(I) 15: 22, 117

SFRS(I) 15: 74, 39
SFRS(I) 15: 74, 35(a)

The Group provides installation services, which includes running of electrical cables, for advanced lighting systems that are either sold separately or bundled together with the sale of lighting products to customers. The installation service can be obtained from other providers and does not significantly customise or modify the lighting products.

SFRS(I) 15: 74, 76

The bundled sale of installation services and lighting products comprises two performance obligations because the promises to provide the installation services and to transfer the lighting products are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the installation services and the lighting products.

SFRS(I) 15: 74, 39
SFRS(I) 15: 74, 35(a)

SFRS(I) 15: B14(a)

Revenue from the installation service is recognised over time, using the input method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group. In the application of the input method, the Group has used cost-to-cost method (i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated contract costs). Contract costs are mainly driven by labour costs. Accordingly, in view of the nature of the installation service, management considers that this input method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I)15.

Advance consideration received from customers for installation services not yet provided is recognised as a contract liability (Note 14).

Sale of development properties *(Discontinued operations)*

SFRS(I) 15: 35(c)

The Group develops and sells residential properties. The properties generally have no alternative use for the Group due to contractual restrictions but the Group does not have an enforceable right to payment for performance completed to date. Accordingly, revenue is recognised at a point in time.

In the event where the Group is unable to obtain a customer for the properties upon commencement of the property construction, the property is recognised as an inventory.

Financing components

SFRS(I) 15: 63,129

The Group does not extend credit terms beyond one year and does not expect, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service to be beyond one year. Accordingly, the Group does not adjust the promised amount of consideration for the effects of a significant financing components.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Help tips

SFRS(I) 15: 66

SFRS(I) 15: 67

(i) Non-cash considerations

When a customer promises consideration in a form other than cash (e.g. share consideration, equipment, etc.), the Group measures the non-cash consideration (or promise of non-cash consideration) at fair value. If the fair value of the non-cash consideration cannot be reasonably measured, the Group measures the consideration indirectly with reference to the stand-alone selling price of the goods or services promised to the customer in exchange for the non-cash consideration.

SFRS(I) 15: 70

(ii) Consideration payable to a customer

The Group accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer (e.g. upfront fees payable to the customer in order to obtain a contract); it also includes credit or other items (for example, a coupon or voucher) that can be applied against amounts owed to the Group.

(iii) Customer options for additional goods or services

SFRS(I) 15: B40

The Group grants customer options to acquire additional goods/services for free or at a discount (eg, sales incentives, customer award credits or points, contract renewal options or other discounts on future goods/services). Such a customer option is identified as a performance obligation in the revenue contract as this option gives the customer a material right that would not have existed if the customer has not entered into the contract. In such a case, it is taken that the customer is in effect paying cash in advance for goods/services that will be transferred when the option is exercised by the customer.

SFRS(I) 15: B42

The Group allocates a portion of the transaction price to the customer options based on relative stand-alone selling price and recognise a contract liability until the options are redeemed and revenue is recognised.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Help tips

(v) Incremental cost of obtaining a contract

SFRS(I) 15: 91

The Group capitalises the incremental costs of obtaining a contract (e.g. sales commissions) with the customer as an asset presented as "Capitalised Contract Costs" in the statement of financial position when the Group expects to recover those costs. The costs are amortised consistently with the recognition pattern of revenue for related contract. For incremental cost arising from contracts that are completed within a year, the Group applied the practical expedient to recognise these costs in profit or loss as and when they are incurred.

SFRS(I) 15: 99
SFRS(I) 15: 94

(vi) Cost to fulfil a contract

SFRS(I) 15: 95
SFRS(I) 15: 97

The Group capitalises the costs to fulfil a contract when (i) the costs relate directly to a contract (e.g. direct labour costs, direct material costs, costs that are explicitly chargeable to the customer under the contract) that the Group can specifically identify; (ii) the costs generate or enhance the Group's resources that will be used in the satisfaction of future performance obligations, and (iii) the Group expects to recover these costs. The costs are amortised consistently with the recognition pattern of revenue for related contract.

SFRS(I) 15: 99

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.5 Borrowing costs

SFRS(I) 1-23: 8

SFRS(I) 1-23: 15

SFRS(I) 1-23: 12

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

SFRS(I) 1-23: 8

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Retirement benefit costs

SFRS(I) 1-19: 8,11

SFRS(I) 1-19: 28

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

SFRS(I) 1-19: 44

The Group participates in the national pension schemes as defined by the laws of PRC. Subsidiaries incorporated in the PRC are required to provide staff pension benefits to their employees under existing PRC legislation. These subsidiaries are required to contribute a certain percentage of their payroll costs to the pension scheme to fund the benefits. The pension funds are managed by government agencies, which are responsible for paying pensions to the retired employees. Contributions under the pension scheme are charged to the profit or loss as they become payable in accordance with the rules of the pension scheme.

2.7 Employee leave entitlements

SFRS(I) 1-19: 11

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.8 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

SFRS(I) 1-12: 5

SFRS(I) 1-12: 46

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

SFRS(I) 1-12: 5

SFRS(I) 1-12: 24

SFRS(I) 1-12: 15

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

SFRS(I) 1-12: 39

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.8 Income tax (Continued)

SFRS(I) 1-12: 24, 34, 44

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.

SFRS(I) 1-12: 56

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

SFRS(I) 1-12: 47

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

SFRS(I) 1-12:51C

SFRS(I) 1-12: 74

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

SFRS(I) 1-12: 58

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.9 Dividends

SFRS(I) 1-10: 12,13

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

SFRS(I) 1-32: 35

2.10 Foreign currency transactions and translation

SFRS(I) 1-21: 21
SFRS(I) 1-21: 23

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.10 Foreign currency transactions and translation (Continued)

SFRS(I) 1-21: 28

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity through other comprehensive income.

SFRS(I) 1-21: 30

SFRS(I) 1-23: 6(e)

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

SFRS(I) 1-21: 38,40

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

SFRS(I) 1-21: 48

SFRS(I) 1-21: 32

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

SFRS9I) 1-21: 47

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.11 Property, plant and equipment

SFRS(I) 1-16: 31

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

SFRS(I) 1-16: 31,34

Land and buildings are revalued by independent professional valuers with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of the financial year.

SFRS(I) 1-16: 39

Any revaluation increase arising from the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

SFRS(I) 1-16: 40

SFRS(I) 1-16: 41

At the end of the financial year, a transfer of the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is made from the revaluation reserve to accumulated profits.

SFRS(I) 1-16: 30
SFRS(I) 1-16: 16

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.11 Property, plant and equipment (Continued)

SFRS(I) 1-16: 7,12

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

SFRS(I) 1-16: 50
SFRS(I) 1-16: 73(b)

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

SFRS(I) 1-16: 73(c)

▪ Leasehold land (over the lease term)	1% to 2%
▪ Buildings	2% to 4%
▪ Plant machinery and equipment	20%
▪ Motor vehicles	33.33%
▪ Computers and software	33.33%
▪ Furniture, fittings and leasehold improvements	20%

SFRS(I) 16: 32

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 27.

SFRS(I) 1-17: 27

For the financial years before 1 January 2019, assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

SFRS(I) 1-16: 55

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

SFRS(I) 1-36: 9

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

SFRS(I) 1-16: 51, 61

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

SFRS(I) 1-16: 68
SFRS(I) 1-16: 71
SFRS(I) 1-16: 41

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

SFRS(I) 1-16: 79(b)

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.12 Investment property

SFRS(I) 1-40: 5,20
SFRS(I) 1-40: 33, 35

SFRS(I) 1-40: 75(e)

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value and changes in the fair value are included in profit or loss for the year in which they arise. Fair values are determined annually by independent professional valuers.

Costs of major renovations and improvements to the investment property to the investment property are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

SFRS(I) 1-40: 66, 69

Upon its disposal or retirement, the difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.12 Investment property (Continued)

Help tips

SFRS(I) 1-40: 75(c)

(i) When judgement is required to determine the portions of investment property, owner-occupied property and property held for sale in the ordinary course of business, the entity shall disclose the criteria used to distinguish them and the judgements involved.

SFRS(I) 1-40: 6
SFRS(I) 1-40: 75(b)

(ii) A property interest that is held by a lessee under an operating lease may be classified and accounted for as an investment property, if and only if, the property would otherwise meet the definition of an investment property and the lessee uses the fair value model to account for the asset recognised. Once this classification is selected for the property held under the operating lease, all properties classified as investment property shall be accounted for using the fair value model. The entity shall disclose in what circumstances that the property interests held under operating leases are classified and accounted for as investment property.

SFRS(I) 1-40: 30, 34

(iii) The entity can choose to apply the fair value model or the cost model to its investment property with the exception where the entity, as a lessee, classifies a property interest held by it under an operating lease as investment property.

SFRS(I) 1-40: 56

Where the entity chooses to apply the cost model to its investment property, the following accounting policy may be adopted:

SFRS(I) 1-40: 79(a), (b)

Investment property, which is property held to earn rentals and/or for capital appreciation is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of [ ] years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

SFRS(I) 1-40: 79(e)

(iv) Under the cost model, the fair value of investment property shall be disclosed at the end of each financial year. In exceptional cases where the entity cannot determine the fair value of investment property reliably, it shall disclose:

(a) A description of the investment property;
(b) An explanation of why fair value cannot be determined reliably; and
(c) If possible, the range of estimates within fair value is highly likely to lie.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.13 Intangible assets

Acquired intangible assets

SFRS(I) 1-38: 24
SFRS(I) 1-38: 33
SFRS(I) 1-38: 74

Acquired intangible assets are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

SFRS(I) 1-38: 88

Acquired intangible assets have either finite or indefinite useful life.

SFRS(I) 1-38: 97
SFRS(I) 1-36: 9

Intangible assets with finite useful life are amortised over its useful life, using its straight-line method, over the following bases:

- Licences to manufacture the lighting products 20 to 25 years

SFRS(I) 1-38: 104

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

SFRS(I) 1-38: 107
SFRS(I) 1-38: 109

Intangible assets with indefinite useful life are not amortised, but tested for impairment annually, and whenever there is an indication that the intangible asset may be impaired. The indefinite useful life of an intangible asset is reviewed at the end of each financial year and where events and circumstances do not continue to support the indefinite useful life assessment for that asset, a change from indefinite to finite useful life is accounted for as a change in accounting estimate and adjusted prospectively.

SFRS(I) 1-38: 112
SFRS(I) 1-38: 113

The intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, with any gain or loss arising from the derecognition of an intangible asset, being the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss.

Internally generated intangible assets

SFRS(I) 1-38: 53, 54

Expenditure from the research phase of an internal project to create an intangible asset is expensed in profit or loss when it is incurred. Where the research phase cannot be distinguished from the development phase of an internal project, the Group treats the expenditure on that project as if it were incurred in the research phase only.

SFRS(I) 1-38: 57

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if, any only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

SFRS(I) 1-38: 65

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

SFRS(I) 1-38: 74

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.13 Intangible assets (Continued)

SFRS(I) 1-38: 104

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Help tips

Consider including the following illustrative accounting policies, where applicable:

(i) Computer software

SFRS(I) 1-38: 27

Acquired computer software licences are initially capitalised on the basis of the costs incurred to acquire and prepare the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

SFRS(I) 1-38: 24,74, 97,118(a)(b)

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss over their estimated useful lives of 3 to 5 years.

(ii) Trademarks and licences

SFRS(I) 1-38: 74,97

Trademarks and licences are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised over 15 to 20 years, which is the shorter of their estimated useful lives and periods of contractual rights.

(iii) Land use right[1]

SFRS(I) 1-38: 74,97

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 25 years.

[1] It is assumed that the lease does not transfer substantially all the risks and rewards incidental to ownership of land. Therefore, the lease is an operating lease and the payments made on acquiring the land-use right represent prepaid lease payments.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.14 Investments in Associates

SFRS(I) 1-28: 3
SFRS(I) 1-28: 5

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

SFRS(I) 1-28: 32

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate 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 associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investments in associates are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

SFRS(I) 1-28: 10

SFRS(I) 1-28: 10
SFRS(I) 1-28: 20
SFRS(I) 1-28: 38
SFRS(I) 1-28: 10

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under SFRS(I) 5 from the date on which the investee become an associate. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from the associate reduce the carrying amount of the investment. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

SFRS(I) 1-28: 30

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

SFRS(I) 1-28: 44

The Company has accounted for its investments in associates at cost in its separate financial statements.

2.15 Investments in joint ventures

SFRS(I) 11: 4
SFRS(I) 11: 7

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

SFRS(I) 11: 6, 14

A joint arrangement is classified either as a joint operation or a joint venture, based on the rights and obligations of the parties to the arrangement.

SFRS(I) 11: 15
SFRS(I) 11: 16

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

SFRS(I) 11: 16
SFRS(I) 11: 7

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only decisions about the relevant activities require unanimous consent of the parties sharing control.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.15 Investment in joint ventures (Continued)

SFRS(I) 11: B33A(d)

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 joint venture's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's net fair value of the joint venture's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the joint venture's profit or loss in the reporting period in which the investment is acquired.

SFRS(I) 11: 24

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for under SFRS(I) 5, from the date on which the investees become a joint venture. Under the equity method, investments in joint ventures are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any accumulated losses of individual investments. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

SFRS(I) 1-28: 28

SFRS(I) 1-28: 38

The Group's share of losses in a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

SFRS(I) 1-28: 32

Any goodwill arising on the acquisition of the Group's interest in a joint venture is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

SFRS(I) 1-28: 44

The Company has accounted for its investments in joint ventures at cost in its separate financial statements.

Help tips

Where applicable, to include the illustrative disclosure accounting policy on joint operations.

SFRS(I) 11: 20

Joint operations

The Group recognises in relation to its interest in a joint operation,

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output by the joint operations; and

(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.16 Impairment of non-financial assets excluding goodwill

SFRS(I) 1-36:9

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

SFRS(I) 1-36: 10

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

SFRS(I) 1-36: 18
SFRS(I) 1-36: 30,31

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

SFRS(I) 1-36: 6
SFRS(I) 1-36: 59
SFRS(I) 1-36: 60

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

SFRS(I) 1-36: 114
SFRS(I) 1-36: 117
SFRS(I) 1-36: 119

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.17 Financial instruments

SFRS(I) 9: 3.1.1

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Effective interest method

FRS 39 (2003): 9

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial assets

Initial recognition and measurement

SFRS(I) 9: 5.1.1, 5.1.3

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 in Note 2.4.

SFRS(I) 9: 5.1.1

SFRS(I) 9: 4.1.1

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The classification at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

SFRS(I) 9: B4.1.2A

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

SFRS(I) 9: B4.1.7

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

SFRS(I) 9: 4.1.2

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

SFRS(I) 9: 5.4

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial assets (Continued)

Financial assets held at FVTOCI

SFRS(I) 9: 4.1.2A

A financial asset that is an investment in debt instrument is subsequently measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss.

SFRS(I) 9: 5.7.10

SFRS(I) 9: 5.7.5

At initial recognition, the Group may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

Upon derecognition, other than the aforementioned equity instruments for which their subsequent cumulative fair value changes would be transferred to accumulated profits, the cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

SFRS(I) 9: 5.7.1A

Dividends from equity instruments are recognised in profit or loss only when the Group's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Financial assets at FVTPL

SFRS(I) 9: 4.1.4
SFRS(I) 9: 4.1.5

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

SFRS(I) 9: 5.7.1

Impairment of financial assets

SFRS(I) 9: 5.5.1
SFRS(I) 9:5.5.1
SFRS(I) 9: 5.5.9

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost and debt instruments measured at FVTOCI. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

SFRS(I) 9: 5.5.10

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

SFRS(I) 9: 5.5.3

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

SFRS(I) 9: 5.5.5

SFRS(I) 9: 5.5.15

The Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

SFRS(I) 9: 5.5.35

SFRS(I) 9: 5.5.8
SFRS(I) 9: B5.5.37

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

SFRS(I) 9: 5.5.1

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

SFRS(I) 9: 5.4.4

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 37.

Derecognition of financial assets

SFRS(I) 9: 5.4.4

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

SFRS(I) 9: 3.2.3

SFRS(I) 9: 3.2.69(c)

Financial liabilities and equity instruments

SFRS(I) 1-32: 15

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

SFRS(I) 1-32: 11

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

SFRS(I) 1-32: 37

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Preference share capital

SFRS(I) 1-32: 18(a)
SFRS(I) 1-32: 36

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity in the period in which they are declared.

SFRS(I) 1-32:33

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

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When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of earnings of the Company, or proportionately against the share capital and accumulated profits accounts if the shares are purchased both out of capital and accumulated profits of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Convertible loan notes

SFRS(I) 1-32: 15,30

Convertible loan notes are treated as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement.

SFRS(I) 1-32: 32

The liability component of bonds is recognised initially at the fair value of a similar non-convertible liability. The carrying amount of the equity component is then determined by deducting the fair value of the liability component from the fair value of the compound financial instrument as a whole.

SFRS(I) 1-32: 38

Any directly attributable transaction costs are allocated to the liability and equity portion in proportion to their initial carrying amounts.

Subsequent to the initial measurement, the liability component of the bonds is measured at amortised cost using the effective interest method until its extinguishment upon conversion, redemption or at the maturity date. The equity component remains as equity, net of income tax effects, but may be transferred within equity.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Initial recognition and measurement

SFRS(I) 9: 5.1.1

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

SFRS(I) 9: 4.2.1

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

SFRS(I) 9: 4.2.1

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

SFRS(I) 9: 5.7.2

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

SFRS(I) 9: 4.2.1

SFRS(I) 9: 5.7.2

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Groups accounting policy for borrowing costs (see Note 2.5 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

SFRS(I) 9: 4.2.1

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15 *Revenue from Contracts with Customers* or FRS 18 *Revenue* previously.

Derecognition of financial liabilities

SFRS(I) 9: 3.3.1

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Derivative financial instruments

SFRS(I) 7: 21

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, comprising foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

Help tips

Where applicable, consider including the following illustrative accounting policies:

SFRS(I) 1-32:18(a), 36

(i) Redeemable preference shares

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognised as finance expenses.

(ii) Embedded derivatives

SFRS(I) 9: 4.3.2

Derivatives embedded in a host that is an asset within the scope of SFRS(I) 9 are not treated as separate derivatives and the entire hybrid instrument is measured at fair value through profit and loss.

SFRS(I) 9: 4.3.3

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value where changes in fair value are recognised in profit or loss.

SFRS(I) 1-32: 42

(iii) Offsetting of financial instruments

A financial asset and a financial liability shall be offset, and the net amount presented in the statement of financial position when, and only when, an entity:

(a) Currently has a legally enforceable right to set off the recognised amounts; and
(b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.18 Inventories

SFRS(I) 1-2: 9
SFRS(I) 1-2: 10,11
SFRS(I) 1-2: 25
SFRS(I) 1-2: 6

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Development properties

SFRS(I) 1-2: 6(a), (b)
SFRS(I) 1-2: 9

Development properties are held or developed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost and net realisable value.

SFRS(I) 1-2: 23

The costs of the development properties include:

1. Freehold and leasehold rights for land;
2. amounts paid to contractors for construction; and
3. borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

SFRS(I) 1-2: 36

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Development properties are classified as current assets in the financial statements. Where proceeds on pre-sale received and receivable exceed the amounts recoverable, they are classified as current liabilities.

2.19 Cash and cash equivalents

SFRS(I) 1-7: 6,7

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

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.20 Non-current assets (or disposal groups) and discontinued operations held for sale

SFRS(I) 5: 6
SFRS(I) 5: 7
SFRS(I) 5: 8

Non-current assets (or disposal groups) are classified as held-for-sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable with the asset (or disposal group) being available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to be completed within one year from the date of classification.

SFRS(I) 5: 15
SFRS(I) 5: 20
SFRS(I) 5: 21

They are measured at the lower of the carrying amount and fair value less costs to sell. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

SFRS(I) 5: 25

Depreciation and amortisation for a non-current asset ceases once it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

SFRS(I) 5: 32

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

(i) represents a separate major line of business or geographical area of operations;
(ii) is part of a single co-ordinated plan to dispose of a separate major line or geographical area of operations; or
(iii) is a subsidiary acquired exclusively with a view to resale.

SFRS(I) 5: 33(a)

The results of discontinued operations is disclosed separately from continuing operations as a single amount comprising the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

2.21 Leases

SFRS(I) 16: C5

The Group applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated. Accordingly, the comparative information was prepared and disclosures made in accordance with the requirements of SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a lease*.

The Group as a lessee from 1 January 2019

These accounting policies are applied on and after the initial application date of SFRS(I) 16 (i.e. 1 January 2019).

SFRS(I) 16: 9

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

SFRS(I) 16: 13
SFRS(I) 16: 15

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.21 Leases (Continued)

The Group as a lessee from 1 January 2019 (Continued)

SFRS(I) 16: 22
SFRS(I) 16: 5(a), (b)
SFRS(I) 16: 6

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

SFRS(I) 16: 23, 24

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

SFRS(I) 16: 30
SFRS(I) 16: 32

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented within “property, plant and equipment”.

SFRS(I) 16: 26

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee’s incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

SFRS(I) 16: 27

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

SFRS(I) 16: 36(a), (b)
SFRS(I) 16: 36(c)

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

SFRS(I) 16: 39

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.21 Leases (Continued)

The Group as a lessee before 1 January 2019

At the lease commencement date, the Group assess and classify each lease as either a finance lease or operating lease.

Finance Leases

SFRS(I) 1-17: 4

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

SFRS(I) 1-17: 20

SFRS(I) 1-17: 25

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (Note 2.5).

Operating Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as a lessor

SFRS(I) 16: 17

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

SFRS(I) 16: 61
SFRS(I) 16: 62

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating Leases

SFRS(I) 16: 81

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.21 Leases (Continued)

Help tip

Where the entity is a lessor in a finance lease, consider including the following illustrative accounting policy on leases from the lessor's perspective:

SFRS(I) 1-17: 36, 39

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Where the entity is an intermediate lessor in a sublease arrangement, consider including the following illustrative accounting policy:

When the Group subleases its right-of-use assets, it accounts for its interest in the head lease and the sub-lease separately. It assesses its sublease with reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. If the head lease is a short-term lease to which the Group applied the short-term lease recognition exemption, it classifies the sublease as an operating lease.

2.22 Provisions

SFRS(I) 1-37: 14

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

SFRS(I) 1-37: 36

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows

SFRS(I) 1-37: 45

estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

SFRS(I) 1-37: 53

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

SFRS(I) 1-37: 59

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.23 Government grants

SFRS(I) 1-20: 7
SFRS(I) 1-20: 12

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed.

SFRS(I) 1-20: 24

Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

SFRS(I) 1-20: 24

Non-monetary government grant is recognised at nominal amount.

2.24 Contingencies

SFRS(I) 1-37: 10

A contingent liability is:

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

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

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

(b) the amount of the obligation cannot be measured with sufficient reliability.

SFRS(I) 1-37: 10

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

SFRS(I) 1-37: 27,31
SFRS(I) 3: 23

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.25 Share-based payments

SFRS(I) 2: 10,11
SFRS(I) 2: 19

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based resting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 30. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At the end of each financial year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled share options reserve.

SFRS(I) 2: 28

Where the grant of equity instruments is cancelled or settled during the vesting period, other than a grant cancelled by forfeiture when the vesting conditions are not satisfied, the Group recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

SFRS(I) 1-1: 112,117

2. Summary of significant accounting policies (Continued)

2.25 Share-based payments (Continued)

SFRS(I) 2: 23

The transfer of the balance in the share option reserve to share capital or treasury shares upon exercise of the option and the transfer of the balance in the share option reserve to accumulated profits upon expiry of the option are not mandatory and may be kept as a separate reserve upon expiry or exercise of the option.

Help tip

If the Group issues cash-settled share-based payments in consider including the following illustrative accounting policy under share-based payments:

For cash-settled share-based payments, a liability equal to portion of the goods or services received is recognised at the current fair value is determined at the end of each financial year.

2.26 Segment reporting

SFRS(I) 8: 5(b)

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

SFRS(I) 1-1: 122

3 Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

SFRS(I) 1-1: 123

3.1. Critical judgements made in applying the Group's accounting policies

Determination of functional currency

The Group translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

Determination of significant influence over associate, Hai Malaysia Sdn. Bhd.

The Group held 48% of the voting rights in one of its associate, Hai Malaysia Sdn. Bhd. ("Hai Malaysia") as of 31 December 2019. In consideration of the relatively significant voting rights it held in the investee entity, the Group considered both SFRS(I) 1-28 *Investments in Associates and Joint Ventures* and SFRS(I) 10 *Consolidated Financial Statements* to determine whether it held control or just significant influence over Hai Malaysia. The Group considered factors, including but not limited to, the size of its holding of voting rights relative to the size and dispersion of holdings of the other vote holders, its representation at shareholders' and directors' meetings and the voting patterns, the composition of key management personnel in Hai Malaysia, and contractual arrangements. Consequently, the Group assessed that it has significant influence over Hai Malaysia and classified the investee entity as an associate.

Variable consideration arising from contracts with customers

Sales of lighting products (Wholesale)

As described in Note 2.4, the Group provides distributors retrospective volume rebates when the purchase volume within an agreed period exceeds specific thresholds. In estimating the retrospective rebate that will be given to the distributors, the Group uses the most likely method based on past experiences with the distributors and cumulative revenue is recognised to the extent that it is highly probable a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In determining the method to be used for the contract, the Group considered factors, including the number of contracts with similar characteristics and the number of possible outcomes. In estimating the amount of variable consideration, the Group considered all information (historical, current and forecast) that is reasonably available to the Group and identified a reasonable number of possible consideration amounts. In the application of its judgement relating to the probability of a significant reversal in the amount of cumulative revenue recognised when the uncertainty associated with the variable consideration is subsequently resolved, the Group considered its historical experience with the customer, adjusted for its assessment of relevant factors such as the volatility of the market in which the customer operates and recent performance of the customer.

3 Critical accounting judgements and key sources of estimation uncertainty (Continued)

SFRS(I) 1-1: 123

3.1 Critical judgements made in applying the Group's accounting policies (Continued)

Variable consideration arising from contracts with customers (Continued)

Sales of lighting products (Trading)

As described in Note 2.4, in certain contracts, the Group allows the customers a right of return of lighting products sold to them. In estimating the goods expected to be returned to it, the Group uses the expected value method based on past experiences of the goods returned by customers and cumulative revenue is recognised to the extent that it is highly probable a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In determining the method to be used for the contract, the Group considered factors, including the number of contracts with similar characteristics and the number of possible outcomes. In estimating the amount of variable consideration, the Group considered all information (historical, current and forecast) that is reasonably available to the Group and identified a reasonable of possible consideration amounts. In the application of its judgement relating to the probability of a significant reversal in the amount of cumulative revenue recognised when the uncertainty associated with the variable consideration is subsequently resolved, the Group considered its historical experience with the customer, adjusted for its assessment of relevant factors such as the volatility of the market in which the customer operates and recent performance of the customer.

Help tip

This set of illustrative financial statements assumes that no significant judgement and estimates have been applied in the following areas under SFRS(I) 15:

(i) the identification of the performance obligations under SFRS(I) 15;
(ii) the determination of the standalone transaction prices and the allocation thereof between the performance obligations under SFRS(I)15;
(iii) the determination of classification of financial asset with reference to the Group's business model and the contractual cash flow characteristics under SFRS(I) 15; and
(iv) the determination of the ECL of other receivables.

This set of illustrative financial statements also assumes that no significant judgement and estimates have been applied for SFRS(I) 16. Where there is significant judgement made with regards to lease extension option included in lease contracts, consider including the following illustrative disclosure example:

Lease extension option included in lease contracts

The Group has several lease contracts which include an extension option. In the assessment of whether to include or exclude the extension period in the lease term, the Company considers all relevant facts and circumstances that will create an economic incentive for it to exercise the extension option. After the lease commencement date, the Group, only reassesses the lease term when there is a significant event or change in circumstances that is within its control to affect whether it is reasonably certain to exercise the option.

The Group included the extension option in the lease term for the [underlying asset] because [to include reason for including the extension option].

Where no critical judgements are made, consider including the following illustrative disclosure example:

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

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

SFRS(I) 1-1: 125

3.2. Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

Where the fair values of financial instruments recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing the fair values. The judgments include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more details in Note 38.

Impairment of investments in subsidiaries, joint ventures and associates

At the end of each financial year, an assessment is made on whether there are indicators that the Group's and the Company's investments are impaired. Where applicable, the Group's and the Company's assessments are based on the estimation of the value-in-use of the assets defined in SFRS(I) 1-36 *Impairment of Assets* by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 December 2019 was $155,068,000 (2018: $137,949,000) (Note 20). The Group's carrying amount of investments in associates and joint venture are set out in Note 21 and 22 respectively.

Impairment of goodwill

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year (2018: $5,000,000). The carrying amount of goodwill as at 31 December 2019 was $5,625,000 (2018: $NIL) (Note 18).

Measurement of ECL of trade receivables and contract assets

The Group uses an allowance matrix to measure ECL for trade receivables and contract assets. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables and contract assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (eg. Singapore, China, Malaysia) and the growth rates of the major industries in which its customers operate. The Group adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables and contract assets as at 31 December 2019 is $332,000 (2018: $482,000) (Note 37).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

SFRS(I) 1-1: 125

3.2 Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2019 were $199,765,000 (2018: $209,254,000) and $198,000 (2018: $219,000) respectively (Note 16).

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The fair values are determined by independent professional valuers using recognised valuation techniques, including the yield method and the discounted cash flow method. The determination of the fair values requires the use of estimates such as future cash flows from the assets and discount rates applicable to those assets. The estimates are based on local market conditions existing as at the reporting date. The carrying amount of the Group's investment properties at 31 December 2019 was $40,685,000 (2018: $40,660,000) (Note 17).

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and the Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2019 was $51,607,000 (2018: $43,618,000). There was no allowance made on inventory for the year ended 31 December 2019 and 2018 (Note 15).

Development property inventory valuation method

Development property inventory is stated at the lower of cost and net realisable value.

The Group assesses the net realisable value of the development property under construction with reference to market prices at the reporting date for similar completed property less estimated costs to complete construction and less an estimate of the time value of money to the date of completion. The carrying amount of the Group's development property inventory as at 31 December 2019 was $27,798,000 (2018: $21,279,000) (Note 15).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

SFRS(I) 1-1: 125

3.2 Key sources of estimation uncertainty (Continued)

Provision for warranties

Provision is recognised for assurance-type warranties when the inventory is sold, and the quantification is based on current volumes of products sold and which are still under warranty, historical product failure rates for the preceding 3 to 5 years as well as estimates and assumptions on future product failure rates and an estimate of the costs to remedy the various qualitative issues that might occur. Changes in claim rates and differences between actual and expected warranty costs could impact warranty obligation estimates which could consequentially impact the Group's results and financial position. The carrying amount of the Group's provision for warranty as at 31 December 2019 was $518,000 (2018: $1,657,000 and 1 January 2018: $1,606,000) (Note 26).

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes 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 positions in the period in which such determination is made. The carrying amounts of the Group's and the Company's current tax payable as at 31 December 2019 was $21,129,000 (2018: $42,438,000) and $NIL (2018: $NIL) respectively.

Fair value of convertible bonds

Convertible bonds are measured at fair value at the initial recognition. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. In respect of the liability component of convertible bonds, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option.

Help tip

If there are no key sources of estimation uncertainty, consider including the following illustrative disclosure example:

Management is of the opinion that there are no key sources of estimation uncertainty at the end of the financial year that has a significant effect on the amounts of assets and liabilities within the next financial year.

4. Revenue

		2019 $'000	2018 $'000
	Continuing operations		
SFRS(I) 1-40: 75(f)(i)	Revenue from contracts with customers	188,626	143,521
	Rental income from investment properties	2,400	2,400
		191,026	145,921

SFRS(I) 15: 114, 115

The disaggregation of revenue from contracts with customers is as follows:

	Reportable segments											
	Lighting products								Installation services		Total	
	Wholesale		Trading		Customised		Total					
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Geographical markets[(a)]												
Malaysia	18,379	17,026	4,377	3,738	782	632	23,538	21,396	32,176	20,212	55,714	41,608
Singapore	-	-	44	101	-	-	44	101	-	-	44	101
PRC	69,606	65,174	40,993	25,661	255	342	110,854	91,177	22,014	10,635	132,868	101,812
	87,985	82,200	45,414	29,500	1,037	974	134,436	112,674	54,190	30,847	188,626	143,521
Timing of revenue recognition												
Goods transferred at a point in time	87,229	81,758	45,148	29,381	926	876	133,303	112,015	-	-	133,303	112,015
Services transferred overtime	756	442	266	119	111	98	1,133	659	54,190	30,866	55,323	31,506
	87,985	82,200	45,414	29,500	1,037	974	134,436	112,674	54,190	30,866	188,626	143,521

[(a)] The disaggregation is based on the location of customers from which revenue was generated.

4. Revenue (Continued)

SFRS(I) 15: 120

Transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations on 31 December 2019 and expected to be realised in the following financial years:

	2019 $'000	2018 $'000
Within one year	4,531	3,950
After one year within five years	468	790
	4,999	4,740

The Group has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less (i.e. mainly from trading and wholesale of lighting products due to the nature of the transactions). In addition, variable consideration that is constrained has not been included in the above financial information. Such variable consideration pertains to revenue generated from the sale of lighting products.

Help tips

SFRS(I) 15: 120(b)(ii)

Where the Group chooses to disclose the information about its expectation to recognise the aggregate amount of the transaction price allocated to the remaining performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period using qualitative information, refer to the following illustrative disclosure example.

As at 31 December 2019, the amount allocated to the [performance obligation] is $[ ]. This will be recognised as revenue with reference to [survey work/customer acceptance/etc.], and is expected to complete over the [financial period].

SFRS(I) 15: C5(d)

For a Group applying SFRS(I) 15 retrospectively, the standard provides a practical expedient such that the Group need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for all reporting periods presented before the date of initial application.

5. Other income

	Group	
	2019 $'000	2018 $'000
Continuing operations		
SFRS(I) 1-21: 52(a) Foreign exchange gain, net	1,397	1,969
Interest income	616	596
SFRS(I) 7: 20(b) Fair value gain arising from quoted equity instruments held at FVTPL (Note 13)	26	-
SFRS(I) 1-40: 76(d) Revaluation gain on investment properties (Note 17)	25	20
SFRS(I) 7: 20(a)(i) Fair value gain arising from derivative financial instruments	66	93
Government grants	2,786	36,414
Sundry income	159	85
	5,075	39,177

6. Finance costs

		Group	
		2019	2018
		$'000	$'000
SFRS(I) 7: 20(b)	***Continuing operations***		
	Interest expenses on leases	263	189
	Interest expenses on convertible bonds	580	596
	Interest expenses on bank borrowings	5,783	7,001
		6,626	7,786

7. Profit before taxation from continuing operations

The following charges/(credit) were included in the determination of profit before taxation:

		2019	2018
		$'000	$'000
SFRS(I)1-2: 36(e)	Inventories written off	100	-
SFRS(I) 1-2: 36(d)	Cost of inventories recognised as an expense	57,181	42,078
SFRS(I) 1-2: 36(f)	Reversal of inventory write-down	(850)	-
	Impairment of goodwill	-	(5,000)
SGX 1207: 6(a)	Audit fees paid to auditors:		
	- Auditors of the Company	141	99
	Non-audit fees paid to auditors:		
	- Auditors of the Company	6	69
CA 201: 8	Directors' fees:		
	- Directors of the Company	150	140
	Directors' remuneration other than fees:		
	- Directors of the Company		
	- Short-term benefits	828	890
	- Post-employment benefits – CPF contribution	42	48
	- Directors of the subsidiaries		
	- Short-term benefits	200	315
	Reversal of expected credit losses of financial and contract assets	(149)	-
	Staff costs (excluding directors' remuneration)	19,229	16,211
	Costs of defined contribution plans included in staff costs	2,363	1,903
SFRS(I) 2-50,51(a)	Share option expenses	230	-

Help tip

If there are no audit or non-audit fees paid, the annual report should include an appropriate negative statement.

8. Income tax

		Group	
		2019 $'000	2018 $'000 Restated
	Current tax expense		
SFRS(I) 1-12: 80(a)	Current financial year	21,837	15,037
	Withholding tax arising from dividends from subsidiaries	1,141	2,904
SFRS(I) 1-12: 80(b)	Overprovision in prior financial years	-	(6)
		22,978	17,935
	Deferred tax expense (Note 23)		
SFRS(I) 1-12: 80(c), (f), (g)	Origination and reversal of temporary differences	1,168	3,563
	Tax arising from unrecognised deductible temporary differences	28	22
	Benefit arising from previously unrecognised tax losses	-	(50)
		1,196	3,535
	Income tax expense	24,174	21,470
	Income tax expense/(credit) attributable to the following:		
	- Continuing operations	25,307	20,327
	- Discontinued operation (Note 9)	(1,133)	1,143
		24,174	21,470

SFRS(I) 1-12: 81(d)

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2018: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from the last year.

Under the PRC tax law, dividends received by foreign investors from their investment in Chinese enterprises in respect of profits earned since 1 January 2008 are subject to withholding tax at a rate of 10% unless reduced by a treaty. Pursuant to a tax arrangement between the PRC and Singapore, the investment holding companies established in Singapore are subject to a reduced withholding tax rate of 5% on dividends they received from their PRC subsidiaries.

8. Income tax (Continued)

SFRS(I) 1-12: 81(c)

Reconciliation of effective tax rate is as follows:

	Group	
	2019 $'000	2018 $'000
Profit before taxation from continuing operations	110,713	123,658
Profit/(Loss) before taxation from discontinued operation	3,740	(12,682)
Total profit before taxation	114,453	110,976
Share of profits from equity-accounted for associates and joint venture, net of taxation	(24,839)	(21,114)
Profit before taxation and share of profits from equity-accounted for associates and joint venture, net of taxation	89,614	89,862
Tax expense at domestic rates applicable to profits in the respective countries	24,910	21,638
Tax effects of:		
- Expenses not deductible for tax purposes	2,972	3,165
- Income not subject to tax	(2,122)	(4,219)
- Tax concessions	(1,500)	(1,250)
- Withholding tax arising from dividends from subsidiaries	1,141	2,904
- Tax losses for which no deferred tax assets were recognised	18	430
- Temporary differences not recognised	12	63
- Utilisation of previously unrecognised deferred tax assets	(1,285)	(1,277)
- Others	28	16
Total income tax expense for the financial year	24,174	21,470

9. Discontinued operation and disposal group classified as held-for-sale

SFRS(I) 5:41(a),(b),(d)

On 27 September 2018, the Company entered into a conditional sale and purchase agreement with Vendor Limited, a third party, to dispose of its entire interests in MZ Property (Australia) Pte Ltd ("MPA") for $35 million. The transaction is expected to be completed by June 2020.

As at 31 December 2019, the assets and liabilities relating to MPA are classified as a disposal group held-for-sale and are presented in the statement of financial position as "Assets of disposal group classified as held-for-sale" and "Liabilities of disposal group classified as held-for-sale". MPA's results are presented separately in the statement of profit or loss and other comprehensive income as "Profit/(Loss) from discontinued operation, net of tax". MPA constitutes the Group's property development segment.

SFRS(I) 5: 38, 40

The major classes of assets and liabilities of MPA as at 31 December are as follows:

	Group	
	2019 $'000	2018 $'000
Assets:		
Cash and cash equivalents (Note 11)	73	1,724
Trade and other receivables (Note 12)	968	386
Inventories (Note 15)	27,798	21,279
Property, plant and equipment (Note 16)	1,570	1,519
Deferred tax assets (Note 23)	2,272	1,136
Assets of disposal group classified as held-for-sale	32,681	26,044
Liabilities:		
Contract liabilities (Note 14)	2,366	-
Borrowings (Note 24)	1,276	-
Trade and other payables (Note 25)	11,975	11,264
Liabilities of disposal group classified as held-for-sale	15,617	11,264
Net assets of disposal group classified as held-for-sale	17,064	14,780

All the financial assets and liabilities held by MPA are denominated in Australian dollar.

Help tip

Where the discontinued operation or disposal group classified as held-for-sale holds lease contract, the impact on initial application of SFRS(I) 16 should be assessed accordingly. Right-of-use assets and lease liabilities should be disclosed as part of the major classes of assets and liabilities held by the discontinued operation or disposal group classified as held-for-sale.

9. Discontinued operation and disposal group classified as held-for-sale (Continued)

SFRS(I) 5:33(b)

The results of MPA for the financial years ended 31 December are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Revenue	32,941	24,003
Expenses	(32,382)	(31,130)
Reversal/(Recognition) of impairment loss recognised on remeasurement of disposal group	3,181	(5,555)
SFRS(I) 1-12: 81(h)(ii) Pre-tax profit/(loss) for the financial year	3,740	(12,682)
Income tax credit/(expense) (Note 8)	1,133	(1,143)
SFRS(I) 5: 33(d) Post-tax profit/(loss) for the financial year	4,873	(13,825)

SFRS(I) 5: 33(c)

Cash flow statement disclosures

	Group	
	2019	**2018**
	$'000	**$'000**
Operating	(2,742)	4,095
Investing	(169)	(158)
Financing	1,260	(2,373)
Net cash (outflows)/inflows	(1,651)	1,564

Gain/(Loss) per share disclosures

	Group	
	2019	**2018**
	$'000	**$'000**
SFRS(I) 1-33: 68 Gain/(Loss) per share from discontinued operation attributable to owners of the Company (cents):		
Basic	6.78	(19.23)
Diluted	5.19	(18.30)

The basic and diluted gain/(loss) per share from discontinued operations are calculated by dividing the gain/(loss) from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively.

Help tip

SFRS(I) 5: 33(b)(iii)

Where the fair value less cost to sell is lower than the carrying amount of the disposal group, the following illustrative disclosure example can be included to disclose the gain or loss recognised on the measurement to fair value less costs to sell.

The results of the re-measurement of the disposal group are as follows:

	2019	***2018***
	$'000	***$'000***
Profit/(Loss) after tax from discontinued operation		
Pre-tax loss recognised on the measurement to fair value less cost to sell on disposal group		
SFRS(I) 1-12: 81(h)(ii) *Tax*		
After-tax loss recognised on the measurement to fair value less cost to sell on disposal group		
Total profit/(loss) from discontinued operation		

10. Earnings per share

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

SFRS(I) 1-33: 70(a)

	Group					
	Continuing operations		Discontinued operation		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Profit/(Loss) for the financial year	57,060	78,217	4,873	(13,825)	61,933	64,392
Dividends on preference shares	(102)	(102)	-	-	(102)	(102)
SFRS(I) 1-33: 12 Profit/(Loss) attributable to ordinary shareholders	56,958	78,115	4,873	(13,825)	61,831	64,290

	2019 ('000)	2018 ('000)
Number of ordinary shares in issue at beginning of the financial year	71,882	71,842
Issue of shares under share options scheme	3	34
SFRS(I) 1-33: 70(b) Weighted average number of ordinary shares in issue during the financial year	71,885	71,876

SFRS(I) 1-33: 70(a)

Diluted earnings per share is based on:

SFRS(I) 1-33: 68

	Group					
	Continuing operations		Discontinued operation		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Profit/(Loss) for the financial year	57,060	78,217	4,873	(13,825)	61,933	64,392
Dividends on preference shares	(102)	(102)	-	-	(102)	(102)
Profit/(Loss) attributed to ordinary shareholders	56,958	78,115	4,873	(13,825)	61,831	64,290
Reduction in finance costs arising from full conversion of convertible bonds	580	596	-	-	580	596
Adjusted profit/(loss) attributable to ordinary equity holders of the Company	57,538	78,711	4,873	(13,825)	62,411	64,886

SFRS(I) 1-33: 70(c)

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and full conversion of convertible bonds into ordinary shares, with the potential ordinary shares weighted for the period outstanding.

SFRS(I) 1-33: 70(d)

The effects of the exercise of share options and conversion of the convertible bonds on the weighted average number of ordinary shares in issue are as follows:

	2019 ('000)	2018 ('000)
Weighted average number of:		
Ordinary shares used in the calculation of basic earnings per share	71,885	71,876
Potential ordinary shares issuable under:		
- Share options	102	8
- Convertible bonds	21,855	3,642
Weighted average number of ordinary shares in issue and potential ordinary shares assuming full conversion	93,842	75,526

10. Earnings per share (Continued)

Help tips

SFRS(I) 1-33: 41,43,70(c)

Where instruments that could potentially dilute basic earnings per share are determined to be antidilutive (i.e. their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations), and were not included in the calculation of diluted earnings per share, please refer to below as an illustrative disclosure example:

The [description of the instrument] are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 31 December 2019. The [instrument] could potentially dilute basic earnings per share in the future.

11. Cash and bank balances

SFRS(I) 7: 7, 31

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash on hand	480	814	40	56
Bank balances	63,974	44,220	1,500	1,600
Fixed deposits	30,000	30,000	32,288	5,139
	94,454	75,034	33,828	6,795

SFRS(I) 7: 7, 31, 34

The effective interest rates of the cash and bank balances of the Group and the Company range from 0.05% to 3.80% (2018: 0.05% to 2.85%) per annum and 0.05% to 3.5% (2018: 0.05% to 2.50%) per annum respectively. Interest rates reprice at intervals of one to three months.

SFRS(I) 7: 34(a)

Fixed deposits are for a tenure of approximately 60 to 90 days (2018: 60 to 90 days) and out of which, $8 million (2018: $10 million) have been pledged to banks to secure credit facilities granted to the subsidiaries.

SFRS(I) 7: 34(a)

The Group's and the Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Australian dollar	4,197	4,426	312	62
Malaysia ringgit	830	885	830	869
Chinese renminbi	8,946	4,092	3,234	942

11. Cash and bank balances (Continued)

SFRS(I) 1-7: 45

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group	
	2019	2018
	$'000	$'000
Cash and bank balances		
- Continuing operations	94,454	75,034
- Discontinued operation (Note 9)	73	1,724
Bank overdrafts (Note 24)	(1,275)	-
Fixed deposits pledged	(8,000)	(10,000)
Cash and cash equivalents	85,252	66,758

Help tips

(i) Cash not available for use

There may be circumstances in which cash and bank balances held by an entity are not available for use by the Group. An example is when a subsidiary operates in a country where exchange controls or other legal restrictions apply. When this occurs, the following disclosures can be considered:

Included in cash and cash equivalents are bank deposits amounting to $10,000 (2018: $3,600) which are not freely remissible for use by the Group because of currency exchange restrictions.

(ii) Bank deposits pledged

Bank deposits pledged as collateral shall not be included as cash and cash equivalents in the statement of cash flows.

SFRS(I) 1-1: 77,78

12. Trade and other receivables

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables				
- Third parties	3,289	2,446	-	-
- Associates (Note 21)	205	759	-	-
SFRS(I) 1-24: 18(b)(i) Less: loss allowance (Note 37)	(307)	(460)	-	-
	3,187	2,745	-	-
Other receivables				
SFRS(I) 1-24: 18(b)(i) - Subsidiaries (Note 20)	-	-	8,246	48,364
SFRS(I) 1-24: 18(b)(i) - Joint venture (Note 22)	69	-	-	-
SFRS(I) 1-24: 18(b)(i) - Loan to a related party	1,040	1,040	-	-
- Notes receivables	541	113	-	-
- Others	210	108	134	189
Less: loss allowance (Note 37)	(3)	(2)	-	-
	1,857	1,259	8,380	48,553
Trade and other receivables	5,044	4,004	8,380	48,553

	Group	
	2019 $'000	2018 $'000
Trade and other receivables		
- Continuing operations	5,044	4,004
- Discontinued operation (Note 9)	968	386
	6,012	4,390

SFRS(I) 7: 39 Trade receivables are non-interest bearing and the Group generally extend credit period of 30 (2018: 30) days from date of invoice. They are recognised at the transaction price which represent their fair value on initial recognition.

SFRS(I) 1-24: 18(b)(i) The non-trade amounts due from subsidiaries and joint venture partner are unsecured, interest-free, and are repayable on demand. The loan due from a related party is unsecured, bears interest at 4% per annum that is payable on an annual basis on 31 December and is repayable on 31 December 2020. The interest income of $42,000 (2018: $39,000) derived from the loan to a related party is included in interest income.

SFRS(I) 7: 20(b)

The details of the impairment of trade and other receivables and credit exposures are disclosed in Note 37.

SFRS(I) 7: 34(a) The Group's trade and other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Malaysia ringgit	212	199	790	420
Chinese renminbi	3,752	4,500	-	-

13. Other investments, including derivatives

		Group	
		2019 $'000	2018 $'000
	Non-current investments		
SFRS(I) 7: 8(f)	Unquoted corporate bonds - at amortised cost	6,233	6,100
	Financial assets held at amortised cost	6,233	6,100
	Current investments		
SFRS(I) 7: 8(h)	Unquoted equity instruments – at FVTOCI	42	14
SFRS(I) 7: 8(h)	Quoted corporate bonds – at FVTOCI	18	25
	Financial assets held at FVTOCI	60	39
	Equity instruments		
SFRS(I) 7: 8(a)	Quoted equity instruments – at FVTPL	46	20
	Derivative contracts		
	Foreign currency forward contracts	109	43
	Interest rate swaps	50	50
	Financial assets held at FVTPL	205	113
		265	152

Quoted corporate bonds held at FVTOCI

The quoted corporate bonds held at FVTOCI classified at FVTOCI mature within 1 year, carry fixed interest rate between 5.6%-6.2% per annum and are denominated in Singapore dollars. The fair values of these bonds are based on closing quoted market prices on the last market day of the financial year.

Unquoted corporate bonds

The unquoted corporate bonds classified as at amortised cost have a maturity date of 30 June 2020, carry a fixed interest rate of 4.5% per annum and are denominated in Singapore dollars. As at 31 December 2019, the fair value of the unquoted corporate bonds is $6,330,000 based on closing quoted market prices of comparable corporate bonds on the last market day of the financial year.

13. Other investments, including derivatives (Continued)

Quoted equity instruments

SFRS(I)7: 34(a)

The quoted equity instruments classified at FVTPL have no fixed maturity date or coupon rate and are denominated in Singapore dollar. The fair values of these instruments are based on closing quoted market prices on the last market day of the financial year.

Unquoted equity instruments

SFRS(I) 7: 11A(a)

The investments in unquoted equity instruments classified at FVTOCI relates to investments in one (2018: two) private company incorporated in Singapore which are engaged in the research and development activities and have no fixed maturity date or coupon rate and are denominated in Singapore dollars.

SFRS(I) 7: 11A(e), 11B

During the financial year ended 31 December 2019, the Group disposed its investment in a private company incorporated in Singapore as the investment is no longer in line with the investment strategy of the Group. The equity shares sold had a fair value of $17,000 at the point of disposal and the Group realised a gain of $1,000 which had already been included in other comprehensive income and is transferred to accumulated profits.

As at 31 December 2019, the fair value of the equity instrument was determined based on discounted cashflows for an equivalent equity instrument. The fair value techniques and inputs used to determine the fair value of the unquoted equity instrument is disclosed in Note 38. These investments were held as long-term investments. Accordingly, management is of the view that recognising short-term fluctuations in the investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments and realising their performance potential in the long run.

SFRS(I) 7: 11A(d)

Dividends from equity instruments held at FVTOCI recognised in profit or loss in other income is as follows:

	Group	
	2019 $'000	2018 $'000
Related to investments derecognised during the period	*	-
Related to investments held at the end of the period	2	-
	2	-

* Denotes amount less than $1,000

Impairment of financial assets

The details of the impairment of financial assets and credit exposures are disclosed in Note 37.

13. Other investments, including derivatives (Continued)

Foreign currency forward contracts

The Group is a party to foreign currency forward contracts to manage its foreign exchange exposures arising from its foreign currency denominated business transactions. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

The following details the foreign currency forward contracts outstanding as at 31 December:

	Average exchange rate		Notional values		Settlement date
Group	**2019**	**2018**	**2019**	**2018**	
			$'000	**$'000**	
Nature					
Sell United States dollar, buy Renminbi	6.260	6.387	3,000	2,500	18 February 2020

SFRS(I) 7: 25

As at 31 December 2019, the fair value of currency derivatives is estimated at $109,000 (2018: $43,000). The fair values are measured based on estimated valuation derived from market quotations.

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates.

SFRS(I) 7: 6

The following details the interest rate swaps outstanding as at 31 December:

	Average contracted fixed interest rate		Notional values	
Group	**2019**	**2018**	**2019**	**2018**
			$'000	**$'000**
Interest rate swaps	2.1% - 2.15%	2.0% - 2.05%	15,000	18,000

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is 0.5% per annum plus Singapore Interbank Offered Rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

As at 31 December 2019, the fair value of interest rate swaps is estimated at $50,000 (2018: $50,000). The fair values are recognised based on quoted market prices for equivalent instruments as at the respective reporting dates.

14. Contract assets and liabilities from contracts with customers

SFRS(I) 15: 116

	Group	
	2019 $'000	2018 $'000
Contract assets		
Unbilled revenue	1,695	1,360
Less: loss allowance	(25)	(22)
	1,670	1,338
Contract liabilities		
Advance consideration	497	1,148
Refund liabilities		
- Volume rebate	420	372
- Rights of return	87	66
Service-type warranties	1,103	900
	2,107	2,486
Contract liabilities		
- Continuing operations	2,107	2,486
- Discontinued operation (Note 9)	2,366	-
	4,473	2,486

The unbilled revenue relates to the revenue recognised to date but has not been invoiced to the customer as at the financial year end and is transferred to trade receivables at the point when it is invoiced to the customers.

Advance consideration relates to advances received for provision of installation services and customisation of lighting products. Revenue for installation services is recognised over time although the customer pays for the services at the contract inception date. A contract liability is recognised for the advances received from the customers and is derecognised as and when the performance obligation is satisfied.

SFRS(I) 15: 118

There is no significant change in the contract assets balances during the reporting period. Contract liabilities for the financial year ended 31 December 2019 decreased due to more advances released with the completion of installation services contracts during the financial year.

The Group's revenue recognised in the financial years that was included in the contract liabilities balance at the beginning of the respective financial years and that related to performance obligations satisfied in previous years is as follows:

	Group	
	2019 $'000	2018 $'000
SFRS(I) 15: 116(b) Amounts included in contract liabilities at the beginning of the financial year		
- Lighting products	974	1,095
- Installation services	876	677
	1,850	1,772
SFRS(I) 15: 116(c) Performance obligations satisfied in previous financial years		
- Lighting products	79	91
- Installation services	560	320
	639	411

SFRS(I) 1-1: 77,78(c)

15. Inventories

		Group	
		2019 $'000	2018 $'000
SFRS(I) 1-2: 37	Raw materials	6,621	12,382
	Work-in-progress	4,760	5,324
	Finished goods	40,226	25,912
		51,607	43,618
	Inventories		
SFRS(I) 1-2: 36(b)	- Continuing operations	51,607	43,618
	- Discontinued operation (Note 9)	27,798	21,279
		79,405	64,897

SFRS(I) 1-2: 36(h) Inventories with carrying amounts of $25,000,000 (2018: $15,000,000) of the Group have been pledged as security by way of floating charge for the overdraft facilities of the Group (Note 30).

SFRS(I) 1-2: 36(f), (g) The Group has recognised a reversal of $850,000 (2018: NIL), being part of inventory write-down in the financial year ended 31 December 2019, as the inventory were sold above their carrying amounts in the current financial year ended 31 December 2019.

Help tip

The entity is required to disclose the carrying amount of inventories carried at fair value less costs to sell, where applicable.

SFRS(I) 1-1: 77, 78(a)

16. Property, plant and equipment

SFRS(I) 1-16: 73(d),(e)

	Freehold land and building $'000	Leasehold land and buildings $'000	Motor vehicles $'000	Furniture and fittings $'000	Plant and machinery $'000	Computers $'000	Office equipment $'000	Leasehold improvements $'000	Construction-in-progress $'000	Total $'000
Cost or valuation:										
At 1 January 2018	1,007	10,155	895	10	204,895	132	-	36	106	217,236
Additions	-	-	825	27	293	1741	720	-	1,651	5,257
Disposals	-	-	(475)	-	(79)	(341)	(1)	-	-	(896)
SFRS(I) 13: 93(e)(ii) Revaluation	300	-	-	-	-	-	-	-	-	300
Transfer	-	70	-	-	1,629	4	-	-	(1,703)	-
Exchange differences	(105)	(4)	379	-	144	40	-	-	-	454
At 31 December 2018	1,202	10,221	1,624	37	206,882	1,576	719	36	54	222,351
SFRS(I) 16: C8 Recognition of right-of-use assets on initial application of SFRS(I) 16 (Note 41)		1,058					98			1,156
Adjusted balance at 1 January 2019	1,202	11,279	1,624	37	206,882	1,576	817	36	54	223,507
Additions	-	-	1,000	4	352	51	-	-	270	1,677
Acquired on acquisition of subsidiary	-	-	275	-	57	1,690	720	-	5	2,747
Disposals	-	-	(245)	-	93	(1,680)	(706)	-	(9)	(2,547)
Disposal on sale of a subsidiary	-	-	-	-	(20)	-	-	-	-	(20)
Exchange differences	-	317	9	-	3	7	8	-	13	357
At 31 December 2019	1,202	11,596	2,663	41	207,367	1,644	839	36	333	225,721
Accumulated depreciation:										
At 1 January 2018	188	236	113	9	9,034	24	-	30	-	9,634
Depreciation	-	505	242	4	2,660	119	41	3	-	3,574
Disposals	-	-	(365)	-	(75)	(27)	-	-	-	(467)
Elimination of accumulated depreciation on revaluation	(188)	-	-	-	-	-	-	-	-	(188)
Exchange differences	-	-	379	-	123	42	-	-	-	544
At 31 December 2018	-	741	369	13	11,742	158	41	33	-	13,097
Depreciation	-	605	310	5	11,104	515	274	1	-	12,814
Disposals	-	-	(6)	-	(53)	(11)	-	-	-	(70)
Exchange differences	-	28	15	-	50	18	4	-	-	115
At 31 December 2019	-	1,374	688	18	22,843	680	319	34	-	25,956
Carrying amount:										
At 31 December 2019	1,202	10,222	1,975	23	184,524	964	520	2	333	199,765
At 31 December 2018	1,202	9,480	1,255	24	195,140	1,418	678	3	54	209,254

	2019 $'000	2018 $'000
Carrying amount:		
Continuing operations	199,765	209,254
Discontinued operation (Note 9)	1,570	1,519
	201,335	210,773

SFRS(I) 1-1: 77, 78(a)

16. Property, plant and equipment (Continued)

SFRS(I) 1-16: 73(d),(e)

	Motor vehicles $'000	Office equipment $'000	Computers $'000	Furniture and fittings $'000	Leasehold improvements $'000	Total $'000
Company						
Cost:						
At 1 January 2018	96	18	30	17	50	211
Additions	203	1	13	-	-	217
Disposals	(96)	-	-	-	-	(96)
At 31 December 2018	203	19	43	17	50	332
Additions	-	-	5	-	-	5
Disposals	-	-	(7)	-	-	(7)
At 31 December 2019	203	19	41	17	50	330
Accumulated depreciation:						
At 1 January 2018	88	17	22	17	44	188
Depreciation	10	-	3	-	3	16
Disposals	(91)	-	-	-	-	(91)
At 31 December 2018	7	17	25	17	47	113
Depreciation	20	1	5	-	1	27
Disposals	-	-	(8)	-	-	(8)
At 31 December 2019	27	18	22	17	48	132
Carrying amount:						
At 31 December 2019	176	1	19	-	2	198
At 31 December 2018	196	2	18	-	3	219

16. Property, plant and equipment (Continued)

SFRS(I) 16: 47(a)(i)

Property, plant and equipment includes right-of-use assets of $1,044,000 which are presented together with the owned assets of the same class as the underlying assets. Details of the right-of-use assets are disclosed in Note 27(a).

SFRS(I) 1-17: 31(a)

As of 31 December 2018, plant and machinery of the Group with carrying amount of $3,097,000 were acquired under finance lease arrangements (Note 27(c)).

SFRS(I) 1-7: 43
SFRS(I) 1-16: 74(a)

During the financial year, the Group acquired property, plant and equipment for an aggregate of approximately $1,677,000 (2018: $5,257,000) of which $1,000,000 (2018: $786,000) was acquired by means of a lease. The Group's plant and machinery, leasehold land and buildings with a carrying amount of approximately $13,848,000 (2018: $14,560,000) were pledged to secure bank borrowings (Note 24).

SFRS(I) 1-23: 26(a)

Borrowing costs of approximately $200,000 (2018: $800,000) which arose on the financing specifically entered into for the construction of the machinery were capitalised during the financial year.

SFRS(I)I 1-16: 77(a), (b)

Freehold land and building was revalued as at 31 December 2019 by Messrs Zun Valuers, an independent professional valuation firm, by reference to market evidence of recent transactions for similar properties. The valuation conforms to International Valuation Standards.

SFRS(I) 1-16: 77(e)

If the freehold land and building stated at valuation were included in the financial statements at cost, the carrying amount would have been approximately $530,000 (2018: $580,000).

Help tips

SFRS(I) 1-36: 126(a), 130(a),(b),(c),(e), (g)

This set of Illustrative financial statements assumes no impairment of the property, plant and equipment. If there is such impairment loss recognised during the financial year, the Group is required to disclose the following:

- the events and circumstances that led to the recognition of the impairment loss;
- the amount of impairment loss recognised;
- the nature of the asset and reporting segment to which the asset belongs;
- whether the recoverable amount of the asset is (i) its fair value less costs of disposal or (ii) its value in use and
    - if it is (i), the basis used to measure the fair value less costs of disposal; or
    - if it is (ii), the discount rate(s) used in the current and previous estimates (is any) of value-in-use.

An illustrative disclosure example on the assumption that the recoverable value is its value-in-use is as follows:

During the year, the Group carried out a review of the recoverable amount of its manufacturing plant and equipment, having regard to its introduction of new product lines. The review led to the recognition of an impairment loss of $36,000 that has been recognised in profit or loss, and included in the line item [depreciation and amortisation expense/cost of sales]. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was ___. The discount rate used when the recoverable amount of these assets was previously estimated in [ ] was [%]. The reporting segment to which the manufacturing plant and equipment belong to is _____.

16. Property, plant and equipment (Continued)

Help tips

SGX 1207

Where the aggregate value for all properties for development, sale or for investment purposes held by the Group represents more than 15% of the consolidated net tangible assets, or contribute more than 15% of the consolidated pre-tax operating profit, the issuer must disclose the following information as a note to the financial statements:

SGX1207: 11(a)

In the case of property held for development and/or sale:

(i) a brief description and location of the property;
(ii) if in the course of construction, the stage of completion as at the date of the financial statements and the expected completion date;
(iii) the existing use;
(iv) the site and gross floor area of the property; and
(v) the percentage interest in the property

SGX1207: 11(b)

In the case of property held for investment:

(i) brief description and location of the property;
(ii) the existing use (e.g. shop, offices, factories, residential etc); and
(iii) whether the property is leasehold or freehold. If it is leasehold, state the unexpired term of the lease.

Provided that if, in the opinion of the directors, the number of such properties is such that compliance with this requirement would result in particulars of excessive length being given, compliance is required only for properties, which in the opinion of the directors, are material.

17. Investment properties

	Group	
	2019 $'000	2018 $'000
At fair value		
SFRS(I) 1-40: 76(a) 1 January	40,660	40,620
SFRS(I) 1-40: 76(d) Additions through subsequent expenditure	-	20
Revaluation gain included in profit or loss (Note 5)	25	20
31 December	40,685	40,660

SFRS(I) 13: 29
SFRS(I) 1-40: 75(e)

The fair values of the Group's investment properties at 31 December 2019 and 2018 have been determined by independent qualified professional valuers based on the presumption that the Group's current use of the properties is their highest and best use in the absence of other factors proving otherwise.

For residential investment properties, the valuers were equipped with recent experience in the location and category of the investment properties. The valuations were arrived at by reference to market evidence of transaction prices for similar properties with similar uses, and were performed in accordance with International Valuation Standards. For commercial investment properties, the valuer has applied the market comparable approach. Details of valuation techniques and inputs used are described in Note 38.

SFRS(I) 1-40: 75(g),(h)

All the Group's investment properties are held under leasehold interests. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Help tip

Where applicable, the Group shall disclose existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

17. Investment properties (Continued)

SFRS(I) 1-40: 75(g)

The following amounts are recognised in profit or loss:

	Group	
	2019 $'000	2018 $'000
Rental income from investment properties (Note 4)	2,400	2,400
Direct operating expenses (including repairs and maintenance) from:		
SFRS(I) 1-40: 75(f)(i) - rental-generating investment properties	450	230
- non-rental-generating investment properties	105	78

SFRS(I) 1-40: 75(f)(ii)
SFRS(I) 1-40: 75(f)(iii)

Details of the investment properties held by the Group as at 31 December 2019 are set out below:

Location	Description	Existing use	Tenure	Unexpired lease term (years)
SGX 1207: 11(b) 148 Jalan Pintu Road, Kuala Lumpur, Malaysia	Residential units and 134 car parking lots	Rental	50	40
12 Century Avenue, Pudong, Shanghai China	Office tower	Rental	50	40

Help tips

For entities which have chosen to adopt the Cost Model in compliance with SFRS(I) 1-40: 34, the disclosure and presentation are similar to Note 16 *Properties, Plant and Equipment*. In addition, the entity shall disclose the fair value of investment property unless the entity cannot determine the fair value of the investment property reliably, following which it shall disclose:

(a) a description of the investment property;
(b) an explanation of why fair value cannot be determined reliably; and
(c) if possible, the range of estimates within which the fair value is likely to be.

SFRS(I) 1-40: 75(e)

Valuation of investment properties

If there has been no such valuation performed by an independent valuer, that fact should be disclosed.

When the valuation was more heavily based on other factors because of the nature of the property and there was a lack of comparable market data, the entity shall disclose the methods and significant assumptions applied in determining the fair value of investment property.

Illustrative disclosure example

The range of yields applied to the net annual rentals to determine the fair value of property for which current prices in an active market are unavailable is as follows:

Property	***Yield***
Jurong	*X% - X% (2010: X% - X%)*
Changi	*X% - X% (2010: X% - X%)*

SFRS(I) 1-17: 56(c)

General description of the lessor's agreements

Entities may disclose a general description of the lessor's leasing agreements in this note or in the note to Operating Lease Commitments (Note 32).

Illustrative disclosure example

The Group and Company lease out commercial space to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period.

18. Goodwill

		Group	
		2019 $'000	2018 $'000
SFRS(I) 1-38: 118(c)	**Cost:**		
SFRS(I) 3: B67(d)(ii)	At 1 January	-	5,000
SFRS(I) 1-38: 118(e)(iv)	Arising on acquisition of a subsidiary	5,650	-
SFRS(I) 1-38: 118(e)(vii)	Impairment loss	-	(5,000)
	Exchange differences	(25)	-
	At 31 December	5,625	-
	Carrying amount:		
	At 31 December	5,625	-

SFRS(I) 1-36: 134(a)

Goodwill acquired in a business combination is allocated to the cash-generating units that are expected to benefit from the business combination.

During the financial year ended 31 December 2019, goodwill with carrying amount of S$5,650,000 as of the end of the financial year then ended was acquired through the purchase of Haoyundao (China) Co., Ltd (Note 20) (the "CGU") in the manufacturing segment.

The Group tests cash-generating units for impairment annually, or more frequently when there is an indication for impairment.

SFRS(I) 1-36: 134(c),(d)

The Group has measured the recoverable amount of the CGU based on a value in use calculation using 5-years cash flows projections approved by the Board of Directors. Key assumptions on which management has based its cash flow projections for the respective periods are as follows:

Discount rate: The discount rate used of 9% is based on the weighted average cost of the Group's capital (the "WACC"), adjusted for the specific circumstances of the CGU and based on management's experience, and re-grossed back to arrive at the pre-tax rate.

Growth rates: The projected revenue growth rates used are based on the published industry research, adjusted for the specific circumstances of the CGU and based on management's experience, and do not exceed the long-term average growth rate for the corresponding industry of the CGU. The growth rates used during the projection periods range from 4% to 6%.

Management is of the view that no reasonable possible changes in any of the key assumptions would cause the CGU's carrying amount to exceed its recoverable amount.

There is no impairment for goodwill identified by the management for the financial year.

Help tip

SFRS(I) 1-36: 134(f)

Should any reasonably possibly change in any of the key assumptions cause the CGU's carrying amount to exceed its recoverable amount, the Group should disclose a sensitivity analysis in the financial statements stating the following:

(i) the amount by which the CGU's recoverable amount exceeds its carrying amounts;
(ii) the value assigned by the key assumption; and
(iii) the amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure the recoverable amount, in order for the CGU's recoverable amount to be equal to its carrying amount.

An illustrative disclosure example is as follows:

Given the volatility of the industry market, management estimates that reasonably possible changes to the growth rates could take place. Should there be an adverse impact on the growth rate result in a reduction of [●]% to the growth rates, holding all other variables constant, the recoverable amount would decrease to $[●] resulting in impairment loss of $[●].

18. Goodwill (Continued)

SFRS(I) 1-36:130
SFRS(I) 1-1: 38

During the financial year ended 31 December 2018, an impairment loss of S$5,000,000 was recognised for goodwill relating to MZ Property (Australia) Pte Ltd ("MPA") which has been classified as discontinued operation (Note 9). MPA constitutes the property development segment. The recoverable amount was computed based on the value-in-use at a discount rate of 10%. There were no changes in the discount rate used from the prior year.

19. Intangible assets

	Group	
	2019 $'000	2018 $'000
Cost:		
SFRS(I) 1-38: 118(c),(e) SFRS(I)I 1-1:38 At 1 January	2,603	2,628
Acquisition of a subsidiary (Note 20)	350	-
Exchange differences	12	(25)
At 31 December	2,965	2,603
Amortisation:		
At 1 January	740	642
Amortisation for the financial year	102	82
Exchange differences	7	16
At 31 December	849	740
Carrying amount:		
At 31 December	2,116	1,863

The Group's intangible assets mainly pertain to licenses for manufacturing of lighting products used in the production of the patented widgets.

The Company is granted the licences to manufacture the lighting products for periods ranging from 20 to 25 years.

The amortisation expense, which is recognised over the remaining period of licence rights has been included as "cost of sales" in the income statement.

Certain intangible assets are mortgaged to secure bank loans (Note 24).

20. Investments in subsidiaries

	Company	
	2019 $'000	2018 $'000
SFRS(I) 1-27: 10(a) Investments in subsidiaries, at cost	122,086	99,454
Loans to subsidiaries	32,982	38,495
	155,068	137,949

The loans to subsidiaries are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. These loans form part of the Company's net investments in the subsidiaries.

20. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows:

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SFRS(I) 1-27: 17(b)
SFRS(I) 12: 10(a)(i)

Name of subsidiary	Country of incorporation and principal place of business	Principal activities	Effective equity held by the Company 2019 %	2018 %
Held directly by the Company				
MZ Lights Expert Pte Ltd [(1)]	Singapore	Installation of lights	100	100
MZ Trading (Malaysia) Co., Ltd [(2)]	Malaysia	Trading of lighting products	-	100
MZ Technics Trading Pte Ltd [(2)]	Malaysia	Manufacturing and distribution of lighting products	60	60
MZ Castle Investment Limited [(2)]	Australia	Investment holding	100	100
Haoyundao (China) Co. Ltd [(2)]	People's Republic of China ("PRC")	Trading of lighting products	100	-
Held through MZ Castle Investment Limited				
MZ Property (Australia) Pte Ltd [(2)]	Australia	Property investment	100	100
MZ Manufacturing (Xiamen) Co. Ltd [(2)]	People's Republic of China ("PRC")	Trading of lighting products	60	60

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(1) Audited by MZ LLP, Singapore
(2) Audited by overseas member firms of MZ LLP

Help tips

SFRS(I) 12: 10

(i) An entity shall disclose information that enables users of its consolidated financial statements

(a) to understand:

(i) the composition of the group; and
(ii) the interest that non-controlling interests have in the group's activities and cash flows;

(b) to evaluate:

(i) the nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the group
(ii) the nature of, and changes in, the risks associated with its interests in consolidated structured entities
(iii) the consequences of changes in its ownership interest in a subsidiary that do not result in a loss of control; and
(iv) the consequences of losing control of a subsidiary during the reporting period.

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(ii) Where significant subsidiaries are audited by another firm of auditors, the names of the other auditors are to be disclosed accordingly. A subsidiary is considered significant if its net tangible assets represent 20% or more of the issuer's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the issuer's consolidated pre-tax profits.

(iii) Where applicable, please include the details of significant movements in the investments of the subsidiaries during the financial year.

20. Investments in subsidiaries (Continued)

SFRS(I) 12: 10(a)(ii),12

The Group has the following subsidiaries which have non-controlling interests that are material to the Group:

SFRS(I) 12: 12(a), (c), (e) and (f)

Subsidiary	Proportion of ownership interest held by NCI		Profit allocated to NCI during the financial year		Accumulated NCI at the reporting date		Dividends paid to NCI	
	2019 %	2018 %	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
MZ Technics Trading Pte Ltd	40	40	5,670	5,023	21,635	15,114	717	810
MZ Manufacturing (Xiamen) Co Ltd	40	40	22,676	20,091	36,416	10,076	2,610	2,541

Summarised financial information (before intercompany eliminations):

SFRS(I) 12: 12(g)

	MZ Technics Trading Pte Ltd		MZ Manufacturing (Xiamen) Co Ltd	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Assets	81,087	72,242	274,322	273,659
Non-current	59,702	53,786	188,785	199,833
Current	21,385	18,456	85,537	73,826
Liabilities	26,999	34,457	183,281	248,469
Non-current	10,595	13,767	108,921	165,707
Current	16,404	20,690	74,360	82,762
Net assets	54,088	37,785	91,041	25,190
Revenue	26,407	20,218	105,631	80,870
Profit after taxation	14,175	12,558	56,690	50,228
Total comprehensive income	18,095	12,443	72,378	49,774
Net cash flow from operation	3,200	2,768	12,830	11,074

SFRS(I) 12: 13

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group except cash and cash equivalents of $16,038,000 (2018: $13,842,000) as at 31 December 2019 held in People's Republic of China are subject to local exchange control regulations which restrict the amount of currency to be exported other than through dividends.

Help tips

SFRS(I) 12: 13

An entity shall disclose:

(a) Significant restrictions (e.g. statutory, contractual and regulatory restrictions) on its ability to access or use the assets and settle the liabilities of the group, such as:

  (i) those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the group.
  (ii) guarantee or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the group.

(b) The nature and extent to which protective rights of non-controlling interests can significantly restrict the entity's ability to access or use the assets and settle the liabilities of the group (such as when a parent is obliged to settle liabilities of a subsidiary before settling its own liabilities, or approval of non-controlling interest is required either to access the assets or to settle the liabilities of a subsidiary).

(c) The carrying amounts in the consolidated financial statements of the assets and liabilities to which those restrictions apply.

20. Investments in subsidiaries (Continued)

Acquisition of subsidiary

SFRS(I) 3: B64(a), (b), (c), (d)

On 18 October 2018, the Group acquired 100% equity interest in Haoyundao (China) Co., Ltd. to increase its production capacity for lighting products and to strengthen its position in China.

SFRS(I) 3: B65

Fair values of the identifiable assets and liabilities of Haoyundao (China) Co., Ltd as at the date of acquisition

		Fair value recognised on date of acquisition
		$'000
	Assets	
	Property, plant and equipment	2,747
	Intangible assets	350
SFRS(I) 3: B64(i)	Trade and other receivables	1,865
	Inventories	8,238
SFRS(I) 3: B64(f)(i)	Cash and cash equivalents	5,284
		18,484
	Liabilities	
	Trade and other payables	1,184
	Income tax payable	248
	Deferred tax liabilities	60
		1,492
	Net identifiable assets at fair value	16,992
	Goodwill arising from acquisition	5,650
SFRS(I) 3: B64(o)(i)	Total consideration	22,642

SFRS(I) 3: B64(h)

The fair value of trade and other receivables is approximately $1,865,000 and which includes trade receivables of $1,000,000. The gross contractual amount of trade and other receivables is $1,952,000, of which $205,000 are expected to be uncollectible.

As of 31 December 2019, out of the consideration of $22,642,000, $18,000,000 has been paid in cash and the remaining $4,642,000 is repayable within a year from the date of acquisition.

The intangible assets identified relate to the licenses for manufacturing of lighting products for a period of 20 years.

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

20. Investments in subsidiaries (Continued)

Acquisition of subsidiary (Continued)

SFRS(I) 3: B64(e)

Goodwill of $5,650,000 arising from the acquisition is attributable to the subsidiary's distribution network in China and the expected synergies from combining the operations of the Group with those of Haoyundao (China) Co., Ltd. It also includes the value of a customer list, which has not been recognised separately as it does not meet the criteria for recognition as an intangible asset under SFRS(I) 1-38 *Intangible assets*. None of the goodwill is expected to be deductible for tax purposes.

SFRS(I) 3: B64(k)

SFRS(I) 3: B64(l), (m)

Transaction costs related to the acquisition of $4,725,800 have been recognised in the Group's profit or loss for the financial year ended 31 December 2019.

SFRS(I) 3: B64(q)

From the date of acquisition, Haoyundao (China) Co., Ltd has contributed $5,847,000 and $2,372,000 to the revenue and profit net of tax of the Group respectively. If the combination has taken place at the beginning of the financial year, the Group's revenue and profits, net of tax would have been approximately $19,987,400 and $9,308,800 respectively.

Effects of the acquisition of the subsidiary on cash flows

	$'000
Total consideration for 100% equity interest acquired	22,642
SFRS(I) 1-7: 40(b) Consideration payable in cash (As above)	(4,642)
SFRS(I) 1-7: 40(a) Consideration paid in cash	18,000
SFRS(I) 1-7: 40(c) Less: Cash and cash equivalents of subsidiary acquired	(5,284)
Net cash outflow on acquisition during the financial year ended 31 December 2019	12,716

Help tip

Acquisition of investments in subsidiaries

SFRS(I) 3: B64(g)

Contingent consideration arrangements and indemnification assets

Where applicable, the entity shall disclose the following:

(a) the amount recognised as of the acquisition date;
(b) a description of the arrangement and the basis for determining the amount of the payment; and
(c) an estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated. If the maximum amount of the payment is unlimited, the acquirer shall disclose that fact.

Illustrative disclosure example

As part of the purchase agreement, the Company agrees to pay the former owners of [acquiree] $_____ cash if the entity achieves a cumulative net profit of $_____ for a period of __ months after the acquisition date.

The fair value of the contingent consideration as at the acquisition date was estimated to amount to $_____ and this was based on an estimated cumulative net profit of [acquiree] ranging from $_____ to $_____ for the relevant period, discounted at 5% per annum.

As at 31 December 2019, the fair value of the contingent consideration is estimated to have increased by $_____ to $_____, as the estimated cumulative net profit in [acquiree] for the relevant period has been revised to be in the region of $_____ to $_____. The increase in the fair value of the contingent consideration has been recognised in the profit or loss of the Group for the financial year ended 31 December 2019.

20. Investments in subsidiaries (Continued)

Disposal of subsidiary

SFRS(I) 1-7: 40(a)
SFRS(I) 12: 10(b)(iv)

On 30 June 2018, the Company disposed of its entire interest in MZ Trading (New Zealand) Limited ("MTNZ") to a third-party vendor for cash consideration of approximately $18,000.

Carrying amounts of the assets and liabilities as at the date of disposal are as follows:

		Carrying amount $'000
SFRS(I) 1-7: 40(d)	Property, plant and equipment	20
SFRS(I) 1-7: 40(d)	Trade and other receivables	10
SFRS(I) 1-7: 40(c)	Cash and cash equivalents	5
		35
SFRS(I) 1-7: 40(d)	Trade and other payables	15
SFRS(I) 1-7: 40(d)	Income tax payable	2
		17
	Net assets	18
	Cash consideration	18
	Cash and cash equivalents of MTNZ	(5)
	Net cash inflow on disposal of MTNZ	13
SFRS(I) 12: 19	Gain on disposal:	
	Consideration received	18
	Net assets derecognised	(18)
	Cumulative exchange differences relating to MTNZ reclassified from equity to profit or loss	5
	Gain on disposal	5

SFRS(I) 12: 19(b)

The gain on disposal is recognised in "Other income" in the statement of profit or loss and other comprehensive income.

Help tip

SFRS(I) 12: 19 (a)

In the illustrative financial statements, the Group did not retain any investment in MTNZ. However, where applicable, an entity is also required to disclose the portion of the gain or loss attributable to measuring any investment retained in the former subsidiary at its fair value at the date when control is lost and the line item in profit or loss in which the gain or loss is recognised, if not presented separately.

An illustrative disclosure note is as follows:

		$
SFRS(I) 3: B64(n)	*Gain/Loss of disposal:*	
	Consideration received	*XX*
	Net assets derecognised	*(XX)*
	Fair value of retained interest	*XX*
	Cumulative exchange differences relating to the ex-subsidiary reclassified from equity to profit or loss	*XX*
	Gain/Loss on disposal	*XX*

If the acquisition results in a bargain purchase, the entity shall disclose the amount of the gain recognised and the line item in the consolidated statement of profit or loss and other comprehensive income in which the gain is recognised and a description of the reasons why the transaction resulted in a gain.

20. Investments in subsidiaries (Continued)

Help tips (Continued)

SFRS(I) 3: 45

(i) Measurement period

Where the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the entity shall report in its financial statements provisional amounts for the items for which the accounting is incomplete.

The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

SFRS(I) 3: B67

Where applicable, the entity is required to disclose the following:

(a) the reasons why the initial accounting for the business combination is incomplete;
(b) the assets, liabilities, equity interests or items of consideration for which the initial accounting is incomplete; and
(c) the nature and amount of any measurement period adjustments recognised during the reporting period.

Illustrative disclosure example

The initial Purchase Price Allocation ("PPA") to identifiable assets acquired are not completed as at [financial year end date] as the management is still seeking information existing as of acquisition date relating to [assets, liabilities, equity interests or items of consideration for which the initial accounting is incomplete], and the Group has reported in the financial statements provisional amounts for these [assets, liabilities, equity interests or items of consideration for which the initial accounting is incomplete]. From this preliminary PPA exercise, the Group has reported S$_____ of goodwill generated from the business combination during the financial year ended _____.

SFRS(I) 3: 19

(ii) Measurement of non-controlling interest at the date of acquisition

The entity can elect on a case to case basis, to measure the non-controlling interest arising from acquisition of a business at the non-controlling interest's proportionate share of the entity's identifiable net assets or at fair value.

If the entity chooses to measure non-controlling interest arising in a business combination at fair value, SFRS(I) 3: B64(o)(ii) requires the entity to disclose, for each such business combination, the valuation techniques and key model inputs used for determining that value.

Illustrative disclosure example

The fair value of the [%] non-controlling interest in [acquiree] of $_____ was estimated by applying the income approach that is corroborated by market approach. The fair value estimates are based on the following:

(a) assumed discount rates ranging from [%] to [%] per annum;
(b) an assumed terminal value, calculated based on the long term sustainable growth rate for the industry ranging from [%] to [%], which has been used to determine income for the future years; and
(c) assumed adjustments because of the lack of control and marketability that participates would consider when estimating the fair value of the non-controlling interest in [acquiree].

20. Investments in subsidiaries (Continued)

Help tips (Continued)

SFRS(I) 3: B64(p)

(iii) Step acquisitions

Where applicable, the entity is required to disclose the following:

(a) the acquisition-date fair value of the entity interest in the acquiree held by the acquirer immediately before the acquisition date; and

(b) the amount of any gain or loss recognised as a result of remeasuring to fair value the equity interest in the acquiree held by the acquirer before the business combination and the line item in the statement of comprehensive income in which that gain or loss is recognised.

SFRS(I) 3: B64(p)

Illustrative disclosure example

On [date], MZ Singapore Limited acquired an additional [%] equity interest in [acquiree], Ltd from its non-controlling interests for a cash consideration of $_____. As a result of this acquisition, [acquiree] became a wholly-owned subsidiary of [acquirer]. The carrying value of the net assets of [acquiree] as acquisition date was $_____ and the carrying value of the additional interest acquired was at $_____. The difference of $_____ between the consideration and the carrying value of the additional interests acquired has been recognised in [ ].

The following summarises the effect of the change in the Group's ownership interest in [acquiree] on the equity attributable to owners of the parent:

	$
Consideration paid for acquisition of non-controlling interests	*xxx*
Decrease in equity attributable to non-controlling interests	*xxx*
Decrease in equity attributable to owners of the parent	*xxx*

SFRS(I) 12: 18

(iv) Disposal of ownership in interest in subsidiary, without loss of control

If an entity disposes its ownership of interest in subsidiary without loss of control, it is required to disclose the effects on the equity attributable to the owners of the entity arising from the changes in its ownership interests.

Illustrative disclosure example

The Group disposed of ____ equity interest in [subsidiary], retaining [%] of the ownership interests and control over the subsidiary. The transaction has been accounted for as an equity transaction with non-controlling interest.

The effects are summarised as follows:

	2018 ***$'000***
Proceeds from sale of ____ ownership interest	
Net assets attributable to NCI	
Increase in equity attributable to the Company	
Represented by:	
Decrease in foreign currency translation reserve	
Decrease in asset revaluation reserve	
Other reserves	
Increase in equity attributable to the Company	

21. Investments in associates

		Group	
		2019 $'000	2018 $'000
SFRS(I) 1-28: 10	Investment in associates, at cost	50,000	50,000
SFRS(I) 1-28: 10	Exchange differences	31	27
	Share of post-acquisition results	69,149	51,762
	Carrying amount	119,180	101,789

SFRS(I) 12: 21(b)(iii) The fair value of the Group's investment in Kobkun (Thai) Co., Ltd that is listed on the Stock Exchange of Thailand was approximately $25,000,000 (2018: $20,000,000).

SFRS(I) 12: 10(a)(i) *The details of the associates are as follows:*

Name of associates	Country of incorporation and principal place of business	Principal activities	Effective equity interest held by the Group 2019 %	2018 %
Kobkun (Thai) Co., Ltd. [(1)]	Thailand	Manufacturing and sales of speaker products	20	20
Hai Malaysia Sdn. Bhd. [(2)]	Malaysia	Manufacturing and sales of speaker products	48	48

[(1)] Audited by another firm of auditors, Thailand LLP.
[(2)] Audited by another firm of auditors, Malaysia LLP.

The associates are strategic to the Group's activities.

Help tips

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(i) Where significant associates are audited by another firm of auditors, the names of the other auditors are to be disclosed accordingly. An associate is considered significant if its net tangible assets represent 20% or more of the issuer's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the issuer's consolidated pre-tax profits.

SFRS(I) 12: 22(b)

(ii) Where an associate's financial statements have a different reporting date from the parent entity and the financials are consolidated using equity method, refer to the following for an illustrative disclosure example:

The financial statements of [Name of Associates] are made up to [ ] each year. This was the financial reporting date established when the company was incorporated, and a change of reporting date is not permitted/made because [state reason]. For the purpose of applying the equity method of accounting, the financial statements of [ ] for the year ended [ ] have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and December 31, 2019.

21. Investments in associates (Continued)

SFRS(I) 12: 20(a)
SFRS(I) 12: 21(b)(ii), B12, B14(a)

Summarised financial information of the Group's associates (based on its FRS financial statements) including adjustments made using the equity method, including fair value adjustments and modification for differences in accounting policy

	Kobun (Thai) Co Ltd		Hai Malaysia Sdn. Bhd.		Group	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Assets and liabilities:						
Non-current assets	271,654	218,045	327,880	256,929		
Current assets	97,750	110,896	150,113	142,765		
Total assets	369,404	328,941	477,993	399,694		
Non-current liabilities	(82,746)	(80,002)	(217,926)	(204,672)		
Current liabilities	(74,553)	(70,494)	(107,452)	(64,605)		
Total liabilities	(157,299)	(150,496)	(325,378)	(269,277)		
Net assets	212,105	178,445	152,615	130,417		
Group's share of associate's net assets	42,421	35,689	73,255	62,600	115,676	98,289
Goodwill on acquisition	-	-	10,000	10,000	10,000	10,000
Other adjustments	(6,496)	(6,500)	-	-	(6,496)	(6,500)
Carrying amount of the investment as at 31 December	35,925	29,189	83,255	72,600	119,180	101,789
Included in the current assets are:						
Cash and cash equivalents	14,550	30,860	40,103	56,655		
Included in the non-current liabilities are:						
Bank borrowing	(64,788)	(60,547)	(109,566)	(83,686)		
Lease liabilities	(17,958)	(19,455)	(108,360)	(120,986)		
Included in the current liabilities are:						
Lease liabilities	(5,988)	(5,988)	(19,342)	(16,297)		
Results						
Revenue	84,964	71,933	96,636	78,332	181,600	150,265
Interest income	96	105	-	-	96	105
Interest expense	5,690	6,578	5,644	3,966	11,334	10,544
Depreciation	9,000	7,634	17,655	15,432	26,655	23,066
Profit before tax	42,075	10,581	29,208	28,405	71,283	38,986
Profit after tax	33,660	8,465	22,198	21,588	55,858	30,053
Group's share of associates' profit for the year	6,732	1,693	10,655	8,353	17,387	10,046

SFRS(I) 12: B14(b)

SFRS(I) 12: B13(a),(b),(c)

SFRS(I) 12: B13(d),(e),(f),(g)

Help Tips:

SFRS(I) 12: 22(c)
SFRS(I) 1-28: 38

(i) Cumulative unrecognised share of losses

If the Group's share of its associates' losses has exceeded the carrying amounts of the Group's investments in those associates and it has stopped recognising its share of losses when applying equity accounting, the Group is required to disclose the unrecognised share of losses of the associates, both for the reporting period and cumulatively.

An illustrative disclosure note is as follows:

The Group has not recognised losses relating to certain associates where its share of losses exceeds the Group's carrying amount of its investment in those associates. The Group's cumulative share of unrecognised losses were $20,000 (2018: $54,000) of which $10,000 (2018: $8,500) was the share of the current year's losses. The Group has no obligation in respect of those losses.

21. Investments in associates (Continued)

Help Tips (Continued):

SFRS(I) 12: 22(a)

(ii) Significant restrictions

An entity shall also disclose the nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with significant influence over an associate) on the ability of associates to transfer funds to the entity in the form of cash dividends, or to repay loans and advances.

SFRS(I) 12: 21(c)(ii)

(iii) Immaterial associates

An entity shall disclose, in aggregate, for all individually immaterial associates of the following:

(a) the carrying amount of its interests

(b) its share of the associates'

(i) profit or loss from continuing operations
(ii) post-tax profit or loss from discontinued operations
(iii) other comprehensive income
(iv) total comprehensive income

These disclosures above shall be disclosed separately for associates.

SFRS(I) 12: B15

An entity may present the summarised financial information on the basis of the associate's financial statements if:

(a) the entity measures its interest in the associate at fair value; and

(b) the associate does not prepare FRS financial statements and preparation on that basis would be impracticable or cause undue cost.

In that case, the entity shall disclose the basis on which the summarised financial information has been prepared.

22. Investment in joint venture

	Group	
	2019	**2018**
	$'000	**$'000**
Investment in joint venture	37,158	37,158
Loan to joint venture, net of impairment loss (Note 37)	20,048	54,978
Share of post-acquisition results	20,520	13,068
Exchange differences	(781)	-
Accumulated impairment loss	(10,000)	(10,000)
Carrying amount	66,945	95,204

The non-interest-bearing loan to the joint venture is an extension of the Group's net investment in the joint venture. The repayment of the amount is at the discretion of the joint venture.

Significant transactions between the Group and the joint venture are as follows:

		2019	**2018**
		$'000	**$'000**
SFRS(I) 1-24: 18(a)	Sale of goods	5,243	4,878
SFRS(I) 1-24: 19(e)	Rental income	1,200	1,200
	Management fee income	6,443	6,078

22. Investment in joint venture (Continued)

SFRS(I) 12: 10(a)(i), 20(a)

Details of the joint venture are as follows:

Name of joint venture	Place of establishment and business	Principal activities	Effective equity held by the Group 2019 %	2018 %
China Digitech (Xiamen) Trading Co. Ltd [1] [2]	People's Republic of China ("PRC")	Distribution and trading of lighting parts	40	40

[1] Audited by Beijing Public Accountants, a member of the Chinese Institute of Certified Public Accountants, for consolidation purposes.

[2] Audited by Guangxi Certified Public Accountants Co., Ltd.), a member of the Chinese Institute of Certified Public Accountants, for statutory purposes.

Help tip

SGX 717, 718

Where significant joint ventures are audited by another firm of auditors, the names of the other auditors are to be disclosed accordingly. Guidelines similar to those applicable for associates (see above) may be used to determine if a joint venture is significant.

The Group jointly controls the venture with another partner under the contractual agreement and requires unanimous consent for all significant decisions over the relevant activities.

SFRS(I) 12: 21(b)(ii), B12, B13

Summarised financial information of the Group's joint venture (based on its FRS financial statements)

	Group 2019 $'000	2018 $'000
Assets and liabilities		
Non-current assets	272,871	241,966
Current assets	48,870	32,958
Total assets	321,741	274,924
Non-current liabilities	155,843	126,558
Current liabilities	22,618	23,716
Total liabilities	178,461	150,274
Net assets	143,280	124,650
Group's share of joint venture's net assets	57,312	49,860
Loan to joint venture, net of impairment loss (Note 37)	20,048	54,978
Other adjustments	(415)	366
	76,945	105,204
Less: accumulated impairment loss	(10,000)	(10,000)
Carrying amount of the net investment as at 31 December	66,945	95,204
Included in the current assets are:		
Cash and cash equivalents	10,484	8,958
Included in the non-current liabilities are:		
Bank borrowings	38,000	18,000

22. Interest in joint venture (Continued)

		Group	
		2019 $'000	2018 $'000
SFRS(I) 12: 21(c), B12, B13	**Results**		
	Revenue	67,952	66,268
	Interest income	420	260
	Expenses, including the following:	(40,353)	(33,770)
	Depreciation and amortisation	(1,899)	(1,763)
	Interest expense	(750)	(330)
	Profit before income tax	28,019	32,758
	Profit after tax	18,630	27,670
	Group's share of joint ventures profit for the year	7,452	11,068

Help tips:

SFRS(I) 12: 21(b)(iii)

(i) Fair value of investment in joint venture

If the joint venture is accounted for using the equity method, the entity shall disclose the fair value of its investment in the joint venture, if there is a quoted market price for the investment.

SFRS(I) 12: B16

(ii) Immaterial joint ventures

The following disclosures are required, in aggregate for all individually immaterial joint ventures:

(a) the carrying amount of its interests
(b) its share of the joint ventures'
  (i) profit or loss from continuing operations
  (ii) post-tax profit or loss from discontinued operations
  (iii) other comprehensive income

SFRS(I) 12: 22(c)

(iii) Cumulative unrecognised share of losses

If the Group have stopped recognising its share of losses of its joint venture when applying the equity method, it shall disclose the unrecognised share of losses of the joint venture, both for the reporting period and cumulatively.

22. Interest in joint venture (Continued)

Help tips (Continued):

SFRS(I) 12: B15

(iv) Summarised financial information

An entity may present the summarised financial information on the basis of the joint venture's financial statements if:

(a) the entity measures its interest in the joint venture; and
(b) the joint venture does not prepare SFRS(I) financial statements and preparation on that basis would be impracticable or cause undue cost.

SFRS(I) 12: B13

In that case, the entity shall disclose the basis on which the summarised financial information has been prepared.

For each material joint venture, an entity shall disclose the following information:

(a) cash and cash equivalents
(b) current financial liabilities (excluding trade and other payables and provisions)
(c) non-financial liabilities (excluding trade and other payables and provisions)
(d) depreciation and amortisation
(e) interest income
(f) interest expense
(g) income tax expense or income

SFRS(I) 12: 22(a)

(v) Significant restrictions

An entity shall also disclose the nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control of a joint venture) on the ability of joint ventures o transfer funds to the entity in the form of cash dividends, or to repay loans and advances.

23. Deferred tax

	Group	
	2019	**2018**
	$'000	**$'000**
Deferred tax assets	376	385
Deferred tax liabilities	(71,316)	(69,085)

23. Deferred tax (Continued)

SFRS(I) 1-12: 81(g)

Movements in deferred tax liabilities of the Group during the financial year are as follows:

Group	Provisions and accelerated tax depreciation $'000	Tax losses (Note a) $'000	Distributable profit from associates, joint venture and subsidiaries $'000	Fair value adjustment of assets acquired (Note d) $'000	Total $'000
At 1 January 2018	722	1,423	(2,226)	(34,307)	(34,388)
Acquisition of subsidiary	-	-	-	(31,469)	(31,469)
Credit/(Charge) to profit or loss	365	(1,499)	(2,278)	3,390	(22)
Utilisation	-	-	3,563	-	3,563
Exchange differences	494	742	-	(8,005)	(6,769)
At 31 December 2018	1,581	666	(941)	(70,391)	(69,085)
Credit/(Charge) to profit or loss	(704)	1,837	(2,668)	1,507	(28)
Utilisation	-	-	1,168	-	1,168
Exchange differences	(3)	6	-	(3,374)	(3,371)
At 31 December 2019	874	2,509	(2,441)	(72,258)	(71,316)

Deferred tax (liabilities)/assets:

	Group 2019 $'000	Group 2018 $'000
Continuing operations	(71,316)	(69,085)
Discontinued operation (Note 9)	2,272	1,136
	(69,044)	(67,949)

SFRS(I) 1-12: 24

(a) Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

SFRS(I) 1-12: 81(f)

(b) At 31 December 2019, deferred tax liability for taxable temporary differences of S$7,811,700 (2018: S$6,811,200) related to investments in joint venture and subsidiaries was not recognised because the Group controls whether the liability will be incurred, and it is satisfied that it will not be incurred in the foreseeable future.

SFRS(I) 1-12: 81(e)

(c) The following deductible temporary difference has not been recognised:

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Tax losses	16,399	13,722	7,369	7,372

SFRS(I) 1-12: 82

The tax losses are subject to agreement by tax authorities and compliance with tax regulations in the respective countries in which the Company and certain subsidiaries operate. Deferred tax assets have not been recognised in respect of the tax losses due to uncertainty in the availability of future taxable profit against which the Group and the Company can utilise the tax losses.

(d) The deferred tax liability is recognised in respect of the fair value adjustment on property, plant and equipment and intangible assets of the acquired subsidiary described in Note 20.

24. Borrowings

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Secured				
Bank overdrafts	1,275	-	-	-
Bank borrowings	68,927	144,532	81,452	89,926
	70,202	144,532	81,452	89,926
Convertible bonds	10,831	10,642	10,831	10,642
	81,033	155,174	92,283	100,568
SFRS(I) 1-1: 77 Less: Amount due for settlement within 12 months (shown under current liabilities)	(32,576)	(70,029)	(24,875)	(24,872)
Less: Reclassification to disposal group as held-for-sale (Note 9)	(1,276)	-	-	-
Amount due for settlement after 12 months	47,181	85,145	67,408	75,696

Bank overdrafts are repayable on demand and are secured by a charge over the Group's inventories.

SFRS(I) 7: 14
SFRS(I) 7: 31

The Group's secured bank borrowings consist mainly of Bank loan A and Bank loan B:

1. Bank loan A relates to Renminbi dollar denominated bank loans that are secured by first mortgage over the plant, machinery, leasehold land and building of the Group (see Note 16). The effective interest rate of the bank loans at the reporting date is 5.11% (2018: 5.09%) per annum and the interest rate is repriced monthly.

2. Bank loan B consists of a Singapore dollar facility of S$25,366,000 and is repayable in 2 tranches. Repayment commences on 31 January 2012 in instalments with final instalment on 31 July 2017. The loan is secured by (a) first mortgage over the intangible assets (Note 19) and (b) fixed deposits amounting to $8 million (2018: $10 million) (Note 11). The interest rate of the respective tranches is charged at SIBOR plus a margin of 0.8% per annum. The respective tranches average effective interest rate on the loan is 2.94% and 2.71% (2018: 4.01% and 2.94%) per annum.

24. Borrowings (Continued)

Convertible bonds

The bonds issued by the Company on 8 October 2014 and with maturity date on 8 October 2024, come with an equity conversion feature which enables the bond holders to convert the bonds at any point in time during the bond period at a rate of S$0.84 per share and a put option exercisable only on 8 October 2024 for the bond holders to request the Company to redeem their bonds. The bonds also come with a redeemable feature which allows the Company to redeem the bonds at any time after 8 October 2019 till the maturity date, subject to the satisfaction of certain conditions, and a mandatory conversion option which allows the Company to mandatorily convert the bonds into equity on or at any time after 8 October 2019 but not less than 10 days prior to the maturity date, subject to the satisfaction of certain conditions relating to the closing price of the shares.

	Group and Company
	2018
	$'000
Proceeds from issue of convertible bonds (S$11,630,000 @ 1.25%)	11,630
Transaction cost	(304)
Net proceeds	11,326
Amount classified as equity	(785)
Accreted interest	101
Carrying amount of interest-bearing liabilities as at 31 December	10,642

	2019
	$'000
Carrying amount of interest-bearing liabilities as at 1 January	10,642
Accreted interest	189
Carrying amount of interest-bearing liabilities as at 31 December	10,831

The fair value of the liability component, included in non-current interest-bearing liabilities, is calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in capital reserve (Note 29).

The carrying amount of bank loans approximate their fair values due to either the relatively short-term maturity of these loans or the interest rates approximate the market rates prevailing at end of the financial year.

25. Trade and other payables

SFRS(I) 1-1: 77

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
SFRS(I) 1-24: 19(c) Trade payables	27,243	29,132	-	-
Amount due to subsidiary (non-trade)	-	-	10,031	722
Other payables and accruals	18,673	14,954	1,902	1,877
Trade and other payables	45,916	44,086	11,933	2,599

	Group	
	2019 $'000	2018 $'000
Trade and other payables		
- Continuing operations	45,916	44,086
- Discontinued operation (Note 9)	11,975	11,264
	57,891	55,350

SFRS(I) 7: 39 Trade payables are non-interest bearing and the average credit period on purchases of supplies and services range from 31-60 (2018: 31-60) days according to the terms agreed with suppliers.

The amount due to subsidiary is unsecured and interest-free and is repayable on demand.

Other payables are non-interest bearing and have an average term of three (2018: three) months, except for the purchase consideration payable for the acquisition of subsidiary during the financial year which is due within one year from the date of acquisition.

SFRS(I) 7: 31 The Group's and Company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Australian dollar	353	171	-	-
Malaysia Ringgit	907	945	-	35
Chinese Renminbi	45	104	-	45

26. Provision for warranties

SFRS(I) 1-37: 84

	Group	
	2019 $'000	2018 $'000
At 1 January	1,657	1,606
SFRS(I) 1-37: 84(a) Provision made	347	627
SFRS(I) 1-37: 84(b) Provision used	(1,474)	(587)
SFRS(I) 1-37: 84(c) Translation differences	(12)	11
SFRS(I) 1-37: 84(a) At 31 December	518	1,657

SFRS(I) 1-37: 85 The provision for assurance-type warranty claims on products sold during the year is based on management's best estimates of total cost to repair the products with reference to historical trends and is expected to be incurred in the next financial year.

27. The Group as a lessee

SFRS(I) 16: 59(a)

The Group leases land under a 30-year lease arrangement, with no option to renew the lease after that date. Lease payments are made annually and are subjected to revision every year based on the prevailing market rate but any increase will not exceed 5.5% of the annual rent in the immediate preceding year. The Group is restricted from entering into any sublease arrangement for this lease.

SFRS(I) 16: 59(c)

The Group leases factory and certain office equipment for two to five years. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases motor vehicles and certain office equipment for seven to ten years which were previously classified as finance leases under SFRS(I) 1-17.

Extension options

SFRS(I) 16: 59

The Group has several lease contracts with extension options exercisable by the Group up to 3 months before the end of the non-cancellable contract period. These extension options are exercisable by the Group and not by the lessors. The extension options are used by the Group to provide operation flexibility in terms of managing the assets used in the Group's operation.

Recognition exemptions

SFRS(I) 16: 60

The Group has certain IT equipment and office equipment with lease terms of 12 months or less and/or of low value. For such leases, the Group has elected not to recognise right-of use assets and lease liabilities.

27(a) Right-of-use assets

SFRS(I) 16: 53(j)

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment as follows:

	Leasehold land and buildings $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Group				
At 1 January 2019	1,058	1,340	258	2,656
SFRS(I)16: 35(h) Additions	-	1,000	-	1,000
SFRS(I) 16: 35(a) Depreciation	(87)	(310)	(36)	(433)
SFRS(I) 16: 35(j) At 31 December 2019	971	2,030	222	3,223

SFRS(I) 16: 35(g)

The total cash outflow for leases during the financial year ended 31 December 2019 is $689,000.

27(b) Lease liabilities - 2019

	Group 2019 $'000
Lease liabilities- non-current	1,567
Lease liabilities - current	3,904
	5,471

The maturity analysis of lease liabilities is disclosed in Note 37.

27. The Group as a lessee (Continued)

27(c) Finance lease liabilities – Comparative information under SFRS(I) 1-17

		Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
	Group			
	2018			
SFRS(I) 1-17: 31(b)(i)	Within one year	1,542	199	1,343
SFRS(I) 1-17: 31(b)(ii)	After one year but within five years	3,082	398	2,682
		4,624	597	4,027

The finance lease terms range from 1 to 3 years.

The effective interest rates charged during the financial year range from 6.5% to 8% (2018: 6.3% to 8%) per annum. Interest rates are fixed at the contract dates, and thus expose the Group to fair value interest rate risk. As at the end of the financial year, the fair values of the Group's finance lease obligations approximate their carrying amounts.

SFRS(I) 1-17: 31(c) All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

27(d) Amounts recognised in profit or loss

		Group	
		2019 $'000	2018 $'000
SFRS(I) 16: 53(b)	Interest expense on lease liabilities	263	189
SFRS(I) 16: 53(c)	Expense relating to short-term leases	27	-
SFRS(I) 16: 53(d)	Expense relating to low-value assets	15	-
SFRS(I) 1-17: 53(c)	Lease expense	-	371

Help tips:

(i) Disclosure of amounts recognised in profit or loss

In addition to the amounts recognised in profit or loss disclosed above, the following amounts should also be disclosed if applicable.

(a) Expense relating to variable lease payments not included in the measurement of lease liabilities
(b) Income from subleasing right-of-use assets
(c) Gains or losses arising from sale and leaseback transations

The disclosures shall be provided in a tabular format, unless another format is more appropriate. The amounts disclosed shall include costs that a lessee has included in the carrying amount of another asset during the reporting period

27. The Group as a lessee (Continued)

Help tips:

(ii) Right-of-use assets classified as investment property

If the right-of-use asset meet the definition of investment property, the entity shall apply the disclosure in SFRS(I)1-40. In that case, the entity is not required to provide the disclosure for:

(a) Depreciation charge for right-of-use assets by class of underlying asset,
(b) Income from subleasing right-of-use assets,
(c) Additions to right-of-use assets, and
(d) The carrying amount of right-of-use assets at the reporting period by class of underlying asset.

(ii) Right-of-use asset measured at revalued amounts

If the entity measures right-of-use assets at revalued amounts applying SFRS(I)1-16, the entity shall disclose the following information required by SFRS(I) 1-16:

(a) The effective date of the revaluation,
(b) Whether an independent valuer was involved,
(c) For each revalued class of right-of-use asset, the carrying amount that would have been recognised had the assets been carried under the cost model, and
(d) The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders

28. Share capital

The issued and paid-up share capital comprises ordinary shares and preference shares as follows:

SFRS(I) 1-1: (79)(a)(ii)(iii)

	Group and Company				
	Ordinary shares (with no par value)		Preference shares		Total
SFRS(I) 1-1: 79(a)(ii) SFRS(I) 1-1:79(a)(iv)	No. of shares ('000)	$'000	No. of shares ('000)	$'000	$'000
Issued and fully paid:					
At 1 January 2018	71,482	23,692	13,578	49,184	72,876
Share options exercised	400	124	-	-	124
At 31 December 2018	71,882	23,816	13,578	49,184	73,000
At 1 January 2019	71,882	23,816	13,578	49,184	73,000
Share options exercised	40	20	-	-	52
At 31 December 2019	71,922	23,836	13,578	49,184	73,052

SFRS(I) 1-1: 79(a)(vii)

The Company issued 40,000 (2018: 400,000) pursuant to share options scheme at a weighted average price of S$0.789 (2018: S$0.50).

SFRS(I) 1-1: 79(a)(v) SFRS(I) 1-1: 79(a)(iii)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

28. Share capital (Continued)

SFRS(I) 1-1: 79(a)(v)

The holder of the preference shares is entitled to vote at meetings of the Company only on resolutions for varying the rights attached to the preference shares or for the winding up of the Company. All shares rank equally with regard to the Company's residual assets except that the holder of the preference shares participates only to the extent of S$0.50 (being the par value of the preference shares prior to 30 January 2006).

SFRS(I) 1-1: 79(a)(v)

The preference shares confer upon the holder the right to receive a fixed non-cumulative preference dividend per share at the rate of 1.5% per annum calculated on S$0.50 (being the par value of the preference shares prior to 30 January 2006). The said dividend shall be paid in priority to any dividend or distribution in favour of holders of other classes of shares in the Company.

Help tips

Treasury shares

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning and end of year				

If the entity has acquired treasury shares during the year, consider including the illustrative disclosure example below:

SFRS(I) 1-1: 79(a)(iv)

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year				
Repurchased during the year				
At end of year				

The Company acquired [ ] of its own shares through purchases on SGX during the year. The total amount paid to acquire the shares was $_____ and has been deducted from shareholders' equity.

29. Other reserves

SFRS(I) 1-1: 79(b)

Capital reserve

The capital reserve comprises the equity component of convertible bonds.

SFRS(I) 1-1: 79(b)

Reserve on consolidation

The reserve on consolidation comprises the net excess of the fair values of the net assets over the deemed cost of business combination incurred by the Group in, and the effects arising from, the reverse acquisition of the subsidiaries in 2005.

SFRS(I) 1-1: 79(b)
FRS(I) 1-1: 79(b)

29. Other reserves (Continued)

Statutory reserve

The Group's jointly controlled entities and subsidiaries follow PRC GAAP applicable to foreign-owned enterprise in the preparation of their accounting records and statutory financial statements. According to the Articles of Association of the subsidiaries, associates and joint ventures, they are required to transfer certain amounts from their profits after tax to statutory reserve. The transfers to the reserve must be made before the distribution of dividends to equity owners. The percentage of appropriation is at the discretion of the directors of the jointly controlled entities. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends.

Share options reserve

The share options reserve comprises the cumulative value of employee services received for the issue of share options. When the share options are exercised, the related balance previously recognised in the share options reserve is transferred to share capital. When the share options expire, the related balance previously recognised in the share options reserve is transferred to accumulated profits. Further information about share-based payments to employees is set out in Note 30 of the financial statements.

Revaluation reserve

The revaluation reserve represents increases in the fair value of leasehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Currency translation reserve

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group, as well as from the translation of foreign currency loans which form part of the Group's net investments in foreign operations.

Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve comprises cumulative net changes in the fair value of the Group's investments in equity instruments which were irrevocably designated, at initial recognition, to be subsequently measured at fair value through other comprehensive income; as well as cumulative net changes in the fair value of the Group's investments in debt instruments which are subsequently measured at fair value through other comprehensive income. Upon derecognition, the corresponding cumulative fair value of the derecognised investment in equity instruments would be transferred to accumulated profits, while the corresponding cumulative fair value of the derecognised investment in debt instruments would be recycled to profit or loss.

SFRS(I) 2: 44

30. Share based payment

The MZ's Employee Share Option Scheme (the "Scheme") was approved and adopted by the members of the Company at an Extraordinary General Meeting held on 30 January 2003.

SFRS(I) 2: 45(a)

Information relating to the Scheme is as follows:

- Group employees (including executive directors), non-executive directors, parent company employees and associate employees, subject to certain conditions, are eligible to participate in the Scheme. Controlling shareholders and their associates are not eligible to participate in the Scheme.
- The maximum discount shall not exceed 20% of the market price on the date of grant of the options.
- Options granted with the exercise price set at market price may be exercised 1 year after the grant date. Options granted with exercise price set at a discount to market price may only be exercised 2 years after the grant date.
- All options are settled by physical delivery of shares.
- Options granted to eligible employees (including executive directors) expire after 10 years from the grant date. Options granted to non-executive directors expire after 5 years from the grant date.

SFRS(I) 2: 45(b)

Details of the share options outstanding during the financial year are as follows:

	Group and Company			
	2019		2018	
	Number of share options ('000)	Weighted average exercise price S$	Number of share options ('000)	Weighted average exercise price S$
Outstanding at the beginning of the financial year	9,528	0.789	9,928	0.789
Granted during the financial year	200	0.810	-	-
Exercised during the financial year	(40)	0.789	(400)	0.500
Outstanding at the end of the financial year	9,688	0.789	9,528	0.789
Exercisable at the end of the financial year	9,488	0.789	9,528	0.789

SFRS(I) 2: 45(d)

Share options outstanding at the end of the financial year have the following expiry dates and exercise prices:

Date of grant of options	Expiry date of options	Exercise Price S$	No. of share options outstanding ('000)	('000)
1 January 2011	31 December 2020	0.789	9,488	9,528
1 January 2019	31 December 2028	0.810	200	-

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

30. Share based payment (Continued)

SFRS(I) 2: 46

Fair value of share options granted during the year ended 31 December 2019 and assumptions used

Grantees of options	Non-executive directors	Other employees of the Group
Date of grant of options	1/1/2018	1/1/2018
Fair value at measurement date	S$0.110	S$0.104
Share price	S$0.800	S$0.800
Exercise price	S$0.810	S$0.810
Expected volatility	30.87%	25.52%
Expected option life	2.56 years	3.14 years
Expected dividends	6.73%	6.73%
Risk-free interest rate	2.81%	2.73%

The expected volatility is based on the historical volatility of comparable companies (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

31. Dividends

During the financial year ended 31 December 2018, the Company declared final tax-exempt dividend of $0.03 per ordinary share of the Company totalling approximately $2,155,000 in respect of the financial year ended 31 December 2017.

During the financial year ended 31 December 2019, the Company declared interim tax-exempt dividend of $0.0275 per ordinary share of the Company totalling $1,977,000 in respect of the financial year ended 31 December 2018 and non-cumulative preference dividend of $0.0075 per preference share of the Company totalling approximately $102,000.

During the financial year ended 31 December 2019, the Company declared final tax-exempt dividend of $0.0241 per ordinary share of the Company totalling approximately $1,733,000 in respect of the financial year ended 31 December 2018.

During the financial year ended 31 December 2019, the Company declared interim tax-exempt dividend of $0.0241 per ordinary share of the Company totalling approximately $1,733,000 and non-cumulative preference dividend of $0.0075 per preference share of the Company totalling approximately $102,000 in respect of the financial year ended 31 December 2018.

32. Operating lease commitments

Lessee

In the financial year ended 31 December 2018. the Group and the Company lease land, factory space and office equipment under operating leases. The lease in respect of the factory space runs for an initial period of three years, with an option to renew the lease after that date. The lease for land is for thirty years, with no option to renew the lease after that date.

At the end of financial year ended 31 December 2018, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

		Group 2018 $'000	Company 2018 $'000
	Payable:		
SFRS(I) 1-17: 35(a)(i)	Within 1 year	137	7
SFRS(I) 1-17: 35(a)(ii)	After 1 year but within 5 years	1,586	20
		1,723	27

SFRS(I) 1-17: 35(a)(iii)
SFRS(I) 1-17: 35(d)
SFRS(I) 7: 7

Operating lease payments represent rents payable by the Group and Company for land, factory premises and other office equipment. Leases for factory premises and other office equipment are negotiated for an average term of three to five years and rentals are fixed for an average of three to five years. The lease payment for land is subjected to revision every year based on the prevailing market rate but any increase will not exceed 5.5% of the annual rent in the immediate preceding year.

Lessor

SFRS(I) 1-17: 56(b), (c), SFRS(I) 16: 92(a)

The Group has entered into residential and commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge of an annual basis based on prevailing market conditions.

SFRS(I) 1-17: 56(a), SFRS(I) 16: 97

As at the end of the financial year, future minimum rentals receivables under non-cancellable operating leases at the end of the financial year are as follows:

	2019 $'000	2018 $'000
Future minimum lease payments payable:		
Within one year	2,400	2,400
After one year but within five years	2,400	4,800
	4,800	7,200

33. Capital commitments

SFRS(I) 1-16: 74(c)

	Group 2019 $'000	Group 2018 $'000
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of property, plant and equipment	4,800	-
Capital expenditure authorised but not contracted for		
- Commitments for the acquisition of property, plant and equipment	12,400	-

34. Contingent liabilities, unsecured

SFRS(I) 1-37: 86

As at 31 December 2019, the Company had given guarantees amounting to $57,800 (2018: $42,600) to certain banks in respect of banking facilities granted to certain subsidiaries (Note 20).

The Company has not recognised any liability in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the Company's directors have assessed that the likelihood of the immediate holding company defaulting on repayment of its loan is remote.

As at the end of the financial year, the total amount of loans outstanding covered by the guarantees is $47,800 (2018: $22,600). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

As at the end of the financial year, the Company had also given undertakings to certain subsidiaries (Note 20) to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

35. Significant related party transactions

SFRS(I) 1-24: 9

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Group and Company if that person:
  (i) Has control or joint control over the Company;
  (ii) Has significant influence over the Company; or
  (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(ii) An entity is related to the Group and the Company if any of the following conditions applies:
  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary 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 reporting entity or to the parent of the reporting entity.

SFRS(I) 1-24: 18(b)

The effect of the Group's and Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
SFRS(I) 1-24:17(a) Short-term employee benefits	2,260	1,800	762	805
SFRS(I) 1-24:17(b) Post-employment benefits	189	150	61	56
	2,449	1,950	823	861

SFRS(I) 1-24: 17(e)

Directors also participate in the Group's employee share options scheme. At the end of the financial year, 1,100,000 (2018: 1,200,000) share options granted to the directors of the Company were outstanding.

36. Segment information

SFRS(I) 8: 22(b)

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units are involved in two distinct business activities in four different countries. The Board of Directors of the Group reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Lighting products : Manufacture and distribution of lighting products
- Installation services : Providing of lighting installation services
- Property development : Construction of residential properties

SFRS(I) 8: 22(a)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the management team. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

SFRS(I) 8:23(h)

Income taxes are managed on a Group basis.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

Information about reportable segments

	Lighting products $'000	Installation services $'000	Property development *(discontinued)* $'000	Unallocated $'000	Total $'000
2019					
Revenue					
SFRS(I) 8: 23(a) External customers	138,002	54,190	32,941	2,400	227,533
SFRS(I) 8: 23(b) Inter-segment revenue	(3,566)	-	-	-	(3,566)
Total revenue	134,436	54,190	32,941	2,400	223,967
SFRS(I) 8: 23(c) Interest income	339	227	-	50	,616
SFRS(I) 8: 23(d) Interest expense	(5,068)	(1,188)	(208)	(370)	(6,834)
SFRS(I) 8: 23(e) Depreciation and amortisation	(10,836)	(2,080)	(115)	-	(13,031)
Reportable segment profit before income tax	98,240	11,838	3,740	635	114,453
SFRS(I) 8: 23(g) Share of profit of jointly controlled entities and associates, net of tax	24,839	-	-	-	24,839
SFRS(I) 8:23 Reportable segment assets	364,663	38,807	32,681	5,126	441,277
SFRS(I) 8: 24(a) Interests in associates and joint venture	186,125	-	-	-	186,125
SFRS(I) 8: 24(b) Capital expenditure	1,099	578	-	-	1,677
SFRS(I) 8: 23 Reportable segment liabilities	178,152	29,407	15,617	20,619	243,795

36. Segment information (Continued)

		Lighting products $'000	Installation services $'000	Property development *(discontinued)* $'000	Unallocated $'000	Total $'000
	2018					
	Revenue					
SFRS(I) 8: 23(a)	External customers	116,351	30,866	24,003	2,400	173,620
SFRS(I) 8: 23(b)	Inter-segment revenue	(3,677)	(19)	-	-	(3,696)
	Total revenue	112,674	30,847	24,003	2,400	169,924
SFRS(I) 8: 23(c)	Interest income	574	22	-	-	110,976
SFRS(I) 8: 23(d)	Interest expense	(5,457)	(1,879)	(115)	(450)	(7,901)
SFRS(I) 8: 23(e)	Depreciation and amortisation	(1,576)	(2,080)	(102)	-	(3,758)
	Reportable segment profit/(loss) before income tax	111,428	11,463	(12,682)	767	110,976
SFRS(I) 8: 23(g)	Share of profit of jointly controlled entities and associates, net of tax	21,114	-	-	-	21,114
SFRS(I) 8:23	Reportable segment assets	328,343	50,673	26,044	4,568	409,628
SFRS(I) 8: 24(a)	Interests in associates and joint venture	196,993	-	-		196,993
SFRS(I) 8: 24(b)	Capital expenditure	4,100	1,157	-	-	5,257
SFRS(I) 8: 23	Reportable segment liabilities	239,033	35,121	11,264	49,033	334,451

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

		2019 $'000	2018 $'000
SFRS(I) 8: 28(a)	**Revenues**		
	Total revenue for reportable segments	223,967	169,924
	Elimination of discontinued operations	(32,941)	(24,003)
	Consolidated revenue	191,026	145,921
SFRS(I) 8: 28(b)	**Profit or loss**		
	Total profit for reportable segments	114,453	110,976
	Elimination of discontinued operations	(3,740)	12,682
	Consolidated profit before income tax	110,713	123,658
SFRS(I) 8: 28(c)	**Assets**		
	Total assets for reportable segments	441,277	409,628
	Interests in associates and joint ventures	186,125	196,993
	Consolidated total assets	627,402	606,621

SFRS(I) 8: 28(e)		Reportable segments $'000	Property development (discontinued) $'000	Total $'000
	Other material items 2019			
	Interest expense	(6,834)	208	(6,626)
	Depreciation and amortisation	(13,031)	115	(12,916)
	Other material items 2018			
	Interest expense	(7,901)	115	(7,786)
	Depreciation and amortisation	(3,758)	102	(3,656)

36. Segment information (Continued)

SFRS(I) 8: 33

Geographical information

The Group operates in three principal geographical areas – Malaysia, Singapore, PRC and Australia.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding investments in jointly controlled entities and deferred tax assets) by geographical location are detailed below:

	Revenue[(a)]		Other non-current assets	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Based on location of customers				
Malaysia	55,714	41,608	162,098	136,340
Singapore	44	101	2,352	2,560
PRC	132,868	101,812	209,154	220,766
	188,626	143,521	373,604	359,666
Australia (discontinued)	32,941	24,003	1,570	1,519
	221,567	167,524	375,174	361,185

Help tips

The entity does not need to restate segment information if there is a change in the measure of profit or loss. The entity is however required to disclose the nature of any change from prior periods in the measurement methods used to determine the reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss.

However, the entity will need to restate their figure if there has been a change in the composition of the segments resulting from changes in the structure of an entity's internal organisation. It would probably be appropriate to show all segment information on a comparable basis to the extent that it is practicable to do so.

[(a)] The revenue does not include rental income from investment properties of $2,400,000 (2018: $2,400,000) disclosed in Note 4, generated from customers which are located in Australia.

36. Segment information (Continued)

Help tips

SFRS(I) 8: 23

(i) Interest revenue

The entity can only report net interest revenue if a majority of the segment's revenue are from interest and the chief operating decision maker relies primarily on net interest revenue.

SFRS(I) 8: 23(i)

(ii) Material items of income and expenses

These are material items of income and expense disclosed in accordance with SFRS(I) 1-1: 86.

SFRS(I) 8: 23

(iii) Segment assets and segment liabilities

An entity shall report a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker.

SFRS(I) 8: 33(b)

(iv) Other material reconciling items

Other material reconciling items shall be separately identified and described.

SFRS(I) 8: 33

(v) Information about geographical areas

The entity is required to disclose the revenues from external customers attributed to the Company's country of domicile as well as all foreign countries in total from which the entity derives the revenues if such revenues attributed to an individual foreign country are not material enough to warrant separate disclosures.

Similarly, the entity is required to disclose the non-current assets located in the Company's country of domicile and all foreign countries in total if the non-current assets located in individual foreign countries are not material enough to warrant separate disclosures.

The information provided shall be based on the financial information that is used to produce the entity's financial statements. In the case where the necessary information is not available for disclosure and the cost to develop it would be excessive, the fact shall be disclosed.

SFRS(I) 8: 34

(vi) Information about major customers

The entity is required to provide information about the extent of its reliance on major customers. If revenues from transactions with a single external customer amount to 10% or more of the entity's revenues, the entity shall disclose this fact, the total amount of revenues from each such customer and the identity of the segment(s) reporting the revenues.

The entity needs not disclose the identity of a major customer, but it needs to disclose the amount of revenues that each segment reports from that customer.

A group of entities known to the entity to be under common control shall be considered a single customer.

37. Financial instruments and financial risks

SFRS(I) 7: 31, 32, 33

The Group's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and equity price risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Group uses financial instruments such as foreign currency forward contracts and interest rate swaps to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by the Group's treasury department ("Group Treasury") in accordance with the policies set by the management. The Group Treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The reporting team of Group Treasury measures actual exposures against the limits set and prepares daily reports for review by the Heads of Group Treasury and each operating unit. Regular reports are also submitted to the management and the Board of Directors.

SFRS(I) 7: 33(c), 40(c)

There have been no changes to 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.

Credit risks

SFRS(I) 7: 33(a), (b), 36

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances, trade and other receivables, other debt instruments carried at amortised cost and FVOCI as well as contract assets. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risks, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

SFRS(I) 7: 35B, 35F(a)(i)

SFRS(I) 9: 5.5.11

The Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

37. Financial instruments and financial risks (Continued)

Credit risks (Continued)

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks Note 1	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition Note 2 or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired Note 3	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount Note 4	Written off

Note 1. Low credit risk

SFRS(I) 9: B5.5.22
SFRS(I) 7:35F(a)(i)

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

SFRS(I) 7: 35F

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

37. Financial instruments and financial risks (Continued)

Credit risks (Continued)

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

SFRS(I) 7: 35M

With reference to Note 34, the Company provides financial guarantees to certain banks in respect of bank facilities granted to certain subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables (Note 12) and contract assets (Note 14)

SFRS(I) 7: 35G

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables and contract assets, where the loss allowance is equal to lifetime ECL.

SFRS(I) 7: 35F(c)

The contract assets relate mainly to unbilled revenue and have substantially the same risk characteristics as trade receivables for the same type of contracts. Therefore, the Group concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the credit loss rates of the contract assets.

SFRS(I) 7: 35A(a)

The ECL for trade receivables and contract assets are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (eg. Singapore, China, Malaysia) and the growth rates of the major industries which its customers operate in.

SFRS(I) 7: 35F(e)

Trade receivables and contract assets are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

37. Financial instruments and financial risks (Continued)

Credit risks (Continued)

SFRS(I) 7: 35M, 35N

The loss allowance for trade receivables and contract assets are determined as follows:

	Current	Past due more than 1 to 30 days	Past due more than 31 to 60 days	Past due more than 61 to 90 days	Past due more than 91 to 180 days	Past due more than 180 days	Total
31 December 2019							
Expected credit loss rates	1.5%	5.0%	8.0%	12.0%	51.0%	100.0%	
Trade receivables (gross) ($'000)	1,446	651	773	383	197	44	3,494
Contract assets (gross) ($'000)	1,695	-	-	-	-	-	1,695
Loss allowance ($'000)	47	33	62	46	100	44	332
31 December 2018							
Expected credit loss rates	1.6%	4.9%	7.5%	12.0%	50.0%	100.0%	
Trade receivables (gross) ($'000)	1,821	500	80	297	285	222	3,205
Contract assets (gross) ($'000)	1,360	-	-	-	-	-	1,360
Loss allowance ($'000)	51	25	6	36	142	222	482

Other receivables (Note 12) and loan to joint venture (Note 22)

SFRS(I) 7: 35M, 35N

As of 31 December 2019, the Company recorded other receivables from subsidiaries of $8,246,000 (31 December 2018: $48,364,000) consequent to an extension of loans to the subsidiaries. The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 31 December 2019, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

As of 31 December 2019, the Group recorded a loan receivable from a related party of principal amounts of $1,000,000 and accrued interest receivable of $40,000 (2018: $1,040,000) and loan to a joint venture of $20,048 (2018: $54,978). The Group assessed the latest performance and financial position of the respective debtor, adjusted for the future outlook of the industry which the debtors operate in, by referring to expert publications on the industry, and for any market talks on the debtors' credit reputation and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Corporate bonds

SFRS(I) 7: 35F(a)(i)

The Group's investments in corporate bonds at amortised cost and at fair value through other comprehensive income are considered to be low risk investments as the counterparties to these debt instruments have an investment credit grading by at least one of the major credit rating agencies. Accordingly, the loss allowance recognised is based on 12-months ECL. The Group did not recognise a loss allowance for the debt instruments as the Group does not expect the credit loss to be material.

37. Financial instruments and financial risks (Continued)

Credit risks (Continued)

SFRS(I) 7: 35H, 35M

The movement in the loss allowance during the financial year and the Group's and Company's exposure to credit risk in respect of the trade receivables, contract assets and other receivables is as follows:

Group	Trade receivables			Contract assets		Other receivables	
Internal credit risk grading	Note (i)	Category 4	Total	Note (i)	Total	Category 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loss allowance							
Balance at 1 January 2018	-	74	74	-	-	-	-
New financial assets recognised	125	-	125	-	-	-	-
Impairment loss recognised	261	-	261	22	22	2	2
Balance at 31 December 2018	386	74	460	22	22	2	2
Financial assets repaid	(170)	(30)	(200)	-	-	-	-
New financial assets recognised	22	-	22	-	-	-	-
Impairment loss recognised	25	-	25	3	3	1	1
Balance at 31 December 2019	263	44	307	25	25	3	3
Gross carrying amount							
At 31 December 2018	3,131	74	3,205	1,360	1,360	1,261	1,261
At 31 December 2019	3,450	44	3,494	1,695	1,695	1,860	1,860
Net carrying amount							
At 31 December 2018	2,745	-	2,745	1,338	1,338	1,259	1,259
At 31 December 2019	3,187	-	3,187	1,670	1,670	1,857	1,857

Note (i) For trade receivables and contract assets, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

37. Financial instruments and financial risks (Continued)

Credit risks (Continued)

SFRS(I) 7: 35H, 35M

Company Internal credit risk grading	Other receivables Category 2 $'000	 Total $'000
Loss allowance		
Balance at 1 January 2018		
New financial assets recognised	-	-
Impairment loss recognised	-	-
Balance at 31 December 2018	-	-
New financial assets recognised	-	-
Impairment loss recognised	-	-
Balance at 31 December 2019	-	-
Gross carrying amount		
At 31 December 2018	48,553	48,553
At 31 December 2019	8,380	8,380
Net carrying amount		
At 31 December 2018	48,553	48,553
At 31 December 2019	8,380	8,380

The Group's impaired trade receivables at 31 December 2019 had a gross carrying amount of $84,000 (2018: $114,000). At 31 December 2019, an impairment loss of the Group of $34,000 (2018: $64,000) related to a customer that was put under judicial management during 2017. The remainder of the individual impairment losses of the Group related to several customers that the Group was not expecting to be able to collect the outstanding balances, mainly due to economic circumstances.

Help tips

SFRS(I) 7: 36(b)

Where the entity holds collateral as security and other credit enhancements, the entity shall provide a description of these instruments and their financial effect (e.g. quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk for each class of such financial instruments.

SFRS(I) 7: 38

Where the entity obtains collaterals and other credit enhancements during the financial period and continue to hold them as at the reporting date, the entity shall disclose the following:

(i) nature and carrying amount of the assets; and
(ii) when the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations.

Illustrative disclosure example

During the financial year, the Group obtained assets by taking possession of collateral held as security. Those assets which are not yet derecognised as of 31 December 2019 are as follows:

Nature of assets	*Carrying amount* *$'000*
Inventories	*xxx*
Property, plant and equipment	*xxx*

Repossessed items are sold as practicable, with the proceeds used to reduce outstanding receivables. They are presented with "other current-assets" on the statement of financial position.

37. Financial instruments and financial risks (Continued)

Market risks

SFRS(I) 7: 33(a), (b)

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risks, including foreign currency forward contracts to hedge against foreign currency risk and interest rate swaps to mitigate the risk of rising interest rates.

Foreign currency risks

SFRS(I) 7: B23

The Group is exposed to foreign currency risk on certain income, expenses, monetary assets, mainly cash and cash equivalents, and liabilities that are denominated in currencies other than the functional currencies of the respective entities in the Group. As at the reporting date, the Group and Company do not have significant foreign currency risk exposure except for the financial assets denominated in Chinese Renminbi, Malaysian Ringgit and the Australian dollar.

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Australian dollar	4,197	4,426	353	171	312	62	-	-
Malaysia ringgit	1,042	1,084	907	945	1,620	1,289	-	35
Chinese renminbi	12,698	8,592	45	104	3,234	942	-	45

The Company has a number of investments in foreign operations, whose net assets are exposed to foreign exchange translation risk.

Help tip

SFRS(I) 7: 22

Where the entity enters into foreign currency forward contracts with third parties or with the entity Treasury as part of its hedging activities to mitigate the foreign currency risks, please describe the objective, policies and procedures of its hedging activities.

Illustrative disclosure example

The Group transacts business in various foreign currencies, including United States dollar, Thai baht and Malaysian ringgit and hence is exposed to foreign currency risks. To manage foreign currency risks, individual Group entities enter into foreign currency forward contracts with the Group Treasury which in turn manages the overall currency exposure mainly through foreign currency forward contracts.

The Group Treasury's risk management policy is to hedge between [%] and [%] of highly probably forecast transactions (mainly export sales and import purchases) in the next 3 months and approximately [%] of firm commitments, denominated in foreign currencies.

37. Financial instruments and financial risks (Continued)

Market risks (Continued)

SFRS(I) 7: 40

Foreign currency sensitivity analysis

The following table details the sensitivity to a 3% (2018: 3%) increase or decrease in the relevant foreign currencies against the functional currency of each Group entity. 3% (2018: 3%) is the sensitivity rate representing management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% (2018: 3%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they give rise to an impact on the Group's profit or loss.

If the relevant foreign currency strengthens by 3% (2018: 3%) against the functional currency of each Group entity, profit or loss will increase or (decrease) by:

	Australian dollar impact		Malaysia Ringgit dollar impact		Chinese Renminbi impact	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Group						
Profit or loss	115	128	4	4	380	255
Company						
Profit or loss	9	2	49	38	97	27

Help tip

Please include explanations for material variances between the two financial years or/and increase (decrease) in the profit or loss and equity. In addition, where management believes that the sensitivity analyses are unrepresentative, please disclose the fact and the reason(s).

SFRS(I) 7: B22

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risks relate to interest bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

The Group's interest rate risks arise primarily from the floating rate borrowings with financial institutions.

The interest rates and terms of repayment of the Group's floating rate borrowings are disclosed as follows:

	Principal S$'000	Interest rate range
Group		
2019		
Borrowings from financial institutions	64,426	2.94% - 5.11%
2018		
Borrowings from financial institutions	140,032	2.94% - 5.09%
Company		
2019		
Borrowings from financial institutions	29,915	5.07% - 5.09%
2018		
Borrowings from financial institutions	89,926	5.0% - 5.07%

37. Financial instruments and financial risks (Continued)

Market risks (Continued)

SFRS(I) 7: 40

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank deposits and interest-bearing financial liabilities at the end of the financial year and the stipulated change taking place at the beginning of the year and held constant throughout the financial year in the case of instruments that have floating rates. A 100-basis point increase or decrease is used and represents management's assessment of the possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the profit for the financial year ended 31 December 2019 of the Group and Company would decrease/increase by $5,348 (2018: $11,622) and $2,483 (2018: $7,464), respectively.

Help tip

SFRS(I) 7: 42

The entity shall include explanations for material variances between the two financial years or/and increase (decrease) in the profit or loss and equity. In addition, where management believes that the sensitivity analyses are unrepresentative, please disclose the fact and the reason(s).

SFRS(I) 7: B25

Equity Price Risks

The Group is exposed to equity risks arising from equity investments classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Equity investments designated as financial assets at fair value through other comprehensive income are held for strategic rather than trading purposes. The Group does not actively trade in these equity investments.

Further details of these equity investments can be found in Note 13 to the financial statements.

SFRS(I) 7: 40

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the financial year.

The sensitivity analysis assumes an instantaneous 2% change (2018: 2%) in the equity prices from the reporting date, with all variables held constant.

	Increase/(Decrease)							
	Group		Company		Group		Company	
	Profit/(Loss) before tax				Equity			
	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets at fair value through other comprehensive income	1	*	-	-	1	*	-	-
Financial assets at fair value through profit or loss	1	*	-	-	1	*	-	-

* Denotes amount less than $1,000

37. Financial instruments and financial risks (Continued)

Market risks (Continued)

Help tip

The entity shall include explanations for material variances between 2019 and 2018 or/and increase (decrease) in the profit or loss and equity. In addition, where management believes that the sensitivity analyses are unrepresentative, please disclose the fact and the reason(s).

SFRS(I) 7: 33, 39(c)

Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

SFRS(I) 7: 34,39 (a)

		Group		
	Effective interest rate %	Less than 1 year $'000	2 to 5 years $'000	Total $'000
Undiscounted Financial Assets				
Cash and bank balances	3.00	94,454	-	94,454
Trade and other receivables	-	5,044	-	5,044
As at 31 December 2019		99,498	-	99,498
Cash and bank balances	3.00	75,034	-	75,034
Trade and other receivables	-	4,004	-	4,004
As at 31 December 2018		79,038	-	79,038
Undiscounted Financial Liabilities				
Trade and other payables	-	45,916	-	45,916
Lease liabilities	6.02	4,112	4,320	8,432
Bank borrowings	2.94 – 5.11	38,996	58,491	97,487
Bank overdrafts	3.5	1,275	-	1,275
Convertible bonds	1.25	-	11,122	11,122
As at 31 December 2019		90,299	73,933	164,232
Trade and other payables	–	44,086	-	44,086
Finance lease payables	6.78	1,542	3,082	4,624
Bank borrowings	2.94 – 5.09	75,480	97,858	173,338
Convertible bonds	1.25	-	11,223	11,223
As at 31 December 2018		121,108	112,163	233,271
Total undiscounted net financial assets/(liabilities)				
- at 31 December 2019		9,199	(73,933)	(64,734)
- at 31 December 2018		(42,070)	(112,163)	(154,233)

37. Financial instruments and financial risks (Continued)

SFRS(I) 7: 34,39 (a)

Liquidity risks (Continued)

	Company			
	Effective interest rate	Less than 1 year	2 to 5 years	Total
	%	$'000	$'000	$'000
Undiscounted Financial Assets				
Cash and cash equivalents	3.00	32,828	-	32,828
Trade and other receivables	-	8,380	-	8,380
As at 31 December 2019		41,208	-	41,208
Cash and cash equivalents	3.00	6,795	-	6,795
Trade and other receivables	-	48,553	-	48,553
As at 31 December 2018		55,348	-	55,348
Undiscounted Financial Liabilities				
Trade and other payables	-	11,933	-	11,933
Bank floating interest rates	2.5 – 4.8	26,846	140,892	167,738
Convertible bonds	1.25	-	11,122	11,122
As at 31 December 2019		38,779	152,014	190,793
Trade and other payables	-	2,599	-	2,599
Bank floating interest rates	2.5 – 4.8	26,728	146,662	173,390
Convertible bonds	1.25	-	11,223	11,223
As at 31 December 2018		29,327	157,885	187,212
Total undiscounted net financial assets/(liabilities)				
- At 31 December 2019		2,429	(152,014)	(149,585)
- At 31 December 2018		26,021	(157,885)	(131,864)

37. Financial instruments and financial risks (Continued)

Liquidity risks (Continued)

Help tip

Where applicable, please include the following:

As at the end of the financial year, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil.

SFRS(I) 7: 39(b)

An entity is required to disclose a quantitative maturity analysis for derivative financial liabilities to include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the customers.

In this set of illustrative financial statements, it is assumed that contractual maturity is not essential for such an understanding where applicable, please see illustrative disclosure below:

The following table details the Group's liability analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows (outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows (outflows) on these derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates.

	Effective interest rate ***%***	***Less than 1 year*** ***$'000***	***1 to 2 years*** ***$'000***	***2 to 5 years*** ***$'000***	***More than 5 years*** ***$'000***	***Total*** ***$'000***
Group						
Net-settled:						
Interest rate swaps						
Foreign currency forward contracts						
Gross-settled:						
Foreign currency forward contracts						
As at 31 December 2019						
Group						
Net-settled:						
Interest rate swaps						
Foreign currency forward Contracts						
Gross-settled:						
Foreign currency forward Contracts						
As at 31 December 2018						

The Group's operations are financed mainly through equity, accumulated profits and borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the borrowings and lease liabilities are disclosed in Notes X and X to these financial statements respectively.

37. Financial instruments and financial risks (Continued)

Liquidity risks (Continued)

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

		Group	
	Note	2019 $'000	2018 $'000
Financial assets at fair value through profit or loss			
Quoted equity instruments	13	46	20
Foreign currency forward contracts	13	109	43
Interest rate swaps	13	50	50
		205	113
Financial assets at amortised cost			
Trade and other receivables	12	5,044	4,004
Cash and cash equivalents	11	94,454	75,034
Unquoted corporate bonds	13	6,233	6,100
		105,731	85,138
Financial assets at fair value through other comprehensive income			
Unquoted equity instruments	13	42	14
Quoted corporate bonds	13	18	25
		60	39
Financial liabilities at amortised cost			
Borrowings	24	79,757	155,174
Lease liabilities	27(b)	5,471	4,027
Trade and other payables	25	45,916	44,086
		131,144	203,287

		Company	
	Note	2019 $'000	2018 $'000
Financial assets at amortised cost			
Trade and other receivables	12	8,380	48,553
Cash and cash equivalents	11	33,828	6,795
		42,208	55,348
Financial liabilities at amortised cost			
Borrowings	24	92,283	100,568
Trade and other payables	25	11,933	2,599
		104,216	103,167

SFRS(I) 13: 91

38. Fair value of assets and liabilities

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

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

Help tip

SFRS(I) 13: 91

An entity shall disclose information that helps users of its financial statements assess both of the following:

(a) For assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements.
(b) For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.

SFRS(I) 13: 92

To meet the objective above, an entity shall consider all the following:

(a) The level of detail necessary to satisfy the disclosure requirements;
(b) How much emphasis to place on each of the various requirements;
(c) How much aggregation and disaggregation to undertake; and
(d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed.

If the disclosures provided in accordance with SFRS(I) 13 and other SFRS(I)s are insufficient to meet the objectives above, an entity shall disclose additional information necessary to meet those objectives.

SFRS(I) 7: 29

If the entity only holds financial instruments measured at amortised cost and for which the fair value hierarchy is not applicable, the entity may consider including the following illustrative disclosure example:

Fair value hierarchy

The Group does not hold financial assets nor liabilities carried at fair value or at valuation. Accordingly, the disclosure requirements of the fair value hierarchy (Level 1, 2 and 3) under SFRS(I) 7 Financial Instruments: Disclosures does not apply.

SFRS(I) 13: 91

38. Fair value of assets and liabilities (Continued)

The table below analyses the Group's assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition.

	Note	Group		
		Level 1	Level 2	Level 3
		$'000	$'000	$'000
2019				
SFRS(I) 13: 93(b) **Recurring fair value measurements**				
Assets				
Financial assets:				
Financial assets at FVTOCI				
- Unquoted equity instruments	13	-	-	42
- Quoted corporate bonds	13	18	-	-
Derivatives				
- Foreign currency forward contracts	13	-	109	-
- Interest rate swaps	13	-	50	-
Financial assets at FVTPL				
- Quoted equity instruments	13	46	-	-
Financial assets as at 31 December		64	159	42
Non-financial assets:				
Property, plant and equipment	16			
- Freehold land and building		-	1,202	-
Investment properties	17			
- Commercial		-	-	19,839
- Residential		-	20,846	-
Non-financial assets as at 31 December		-	22,048	19,839
Non-recurring fair value measurements				
Non-financial asset:				
Disposal group classified as held-for-sale	9	-	-	17,064
2018				
SFRS(I) 13: 93(b) **Recurring fair value measurements**				
Assets				
Financial assets:				
Financial assets at FVTOCI				
- Unquoted equity instruments	13	-	-	14
- Quoted corporate bonds	13	25	-	-
Derivatives				
- Foreign currency forward contracts	13	-	43	-
- Interest rate swaps	13	-	50	-
Financial assets at FVTPL				
- Quoted equity instruments	13	20	-	-
Financial assets as at 31 December		45	93	14
Non-financial assets:				
Property, plant and equipment	16			
- Freehold land and building		-	1,202	-
Investment properties	17			
- Commercial		-	-	19,800
- Residential		-	20,860	-
Non-financial assets as at 31 December		-	22,062	19,800
Non-recurring fair value measurements				
Non-financial asset:				
Disposal group classified as held-for-sale	9	-	-	14,780

38. Fair value of assets and liabilities (Continued)

SFRS(I) 7: 25

Except as disclosed in the respective notes, the carrying amounts of the current financial assets and financial liabilities, including cash and cash equivalents, trade receivables and trade payables and the above financial assets, approximate their respective fair values.

SFRS(I) 13: 93(d)

Level 2

Derivative financial instruments

Valuation techniques with market observable inputs are used for the determination of the fair values of foreign currency forward contracts and interest rate swaps. The fair value of foreign currency forward contracts is calculated using forward exchange rates at the reporting date, with the resulting value discounted back to present value. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Freehold land and buildings

For freehold land and buildings, the valuation technique has been described in Note 16.

There has been no change in the valuation techniques from the last financial year.

Residential investment properties

For residential investment properties, the valuation technique has been described in Note 17.

There has been no change in the valuation techniques from the last financial year.

SFRS(I) 13: 93(h)(i)

Level 3

Unquoted equity instrument classified as financial assets held at FVTOCI

The unquoted equity instrument was valued using the Discounted Cash Flow Analysis.

The method estimates the present value of the expected future cash flows to be derived from the ownership of the equity instrument.

Commercial investment properties

The commercial investment properties were valued using the market comparable approach which estimates the properties' fair value based on comparable transactions and used in combination with term and reversion method.

The market comparable approach estimates the property's fair value based on comparable transactions. The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing lease with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates. The market comparable approach is often used in combination with the reversion method as many inputs to the method are based on market comparison.

Disposal group classified as held-for-sale

The disposal group classified as held-for-sale was valued using the discounted cash-flow method.

The discounted cash-flow method estimated the fair value using assumptions of the disposal group. This method involves the projection of the cash flows expected to be generated from the disposal group. A weighted average cost of capital is applied to the projected cash flows in order to determine the present value of the cash flows associated with the disposal group.

38. Fair value of assets and liabilities (Continued)

SFRS(I) 13: 97(d)

Summary of the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements.

Description	Fair value at 31 December 2019 $'000	Valuation technique(s)	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
Financial assets at fair value through other comprehensive income:					
Unquoted equity instrument	42	Discounted Cash Analysis	Weighted average cost of capital	6.2% (1 January 2019: 5.9%)	An increase will result in a decrease in fair value
			Revenue growth rate	3% - 4% (1 January 2019: 3% -4%)	An increase will result in an increase in fair value
			Pre-tax operating margin	2% - 4% (1 January 2019: 2% - 4%)	An increase will result in an increase in fair value
			Discount for lack of marketability	8% - 10% (1 January 2019: 8.5% - 10%)	An increase will result in a decrease in fair value
Investment properties:					
Commercial	19,839	Market comparable approach and term and reversion method	Term yield	5.75% (2018: 5.75%)	An increase will result in a decrease in fair value
			Reversionary yield	5.75% (2018: 5.75%)	An increase will result in a decrease in fair value
			Market rent (per sqm p.a.)	$265-$662 (2018: $250-$650)	An increase will result in an increase in fair value
			Price per sqm	$11,240 (2018: $11,240)	An increase will result in an increase in fair value
Disposable group classified as held-for-sale	17,064	Discounted cash flow	Weighted average cost of capital	7.3% (2018: 7%)	An increase will result in a decrease in fair value
			Revenue growth rate	3% - 5% (2018: 3% - 5%)	An increase will result in an increase in fair value
			Pre-tax operating margin	2% - 3% (2018: 2% - 3%)	An increase will result in an increase in fair value
			Discount for lack of marketability	8% - 10% (2018: 8.5% - 10%)	An increase will result in a decrease in fair value

38. Fair value of assets and liabilities (Continued)

Help tip:

SFRS(I) 13: 93(h)(ii)

The entity is required to state the fact if changing one or more of the unobservable inputs to determining the fair value of financial assets and liabilities, whose recurring fair value of measurements is categorised as within Level 3, would significantly change the fair value, and disclose the effect of these changes.

The following table shows the impact on the Level 3 fair value measurements of the financial assets and liabilities as a result of changing or more of the unobservable inputs to reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	31 December 2019 Effect of reasonably possible alternative assumptions		
	Carrying amount $'000	Profit or loss $'000	Other comprehensive income $'000
Recurring fair value measurements	*xxx*	*xx*	*xx*

SFRS(I) 13: 93(h)(i)

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

XXX
XXX

Movements in Level 3 assets subject to recurring fair value measurements

SFRS(I) 13: 93(e)

The following table presents the reconciliation for the applicable assets measured at fair value based on significant unobservable inputs:

	2019 $'000	2018 $'000
	Investment properties	
SFRS(I) 13: 93(e)(i) Opening balance	19,800	19,760
Total gains included in profit or loss for the financial year	39	40
Closing balance	19,839	19,800

SFRS(I) 13: 93(e)(i)

The amount of total gains for the financial year included in profit or loss under 'other income' that is attributable to the change in unrealised gains relating to commercial investment properties is $35,000.

Help tip:

While assumed not applicable in the illustrative financial statements, where applicable, include also in the reconciliation table, the following:

(i) Total gains or losses for the period recognised in other comprehensive income; and the line item(s) in other comprehensive income in which those gains or losses are recognised.

(ii) Purchases, sales, issues and settlements (each of those types of changes disclosed separately.)

(iii) The amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

38. Fair value of assets and liabilities (Continued)

SFRS(I) 13: 93 (g)

Valuation policies and procedures

The Group's Chief Financial Officer ("CFO") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures and reports to the Group's Audit Committee.

It is the Group's policy that where assessed necessary by the local management, the Group would engage experts to perform significant financial reporting valuations. The CFO is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance.

He also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

The analysis and results of the external valuations are then reported to the Audit Committee for the latter's comments before presenting the results to the Board of Directors for approval.

SFRS(I) 13: 93 (d)

During the financial year, there is no change in the applicable valuation techniques.

Help tips

SFRS(I) 13: 99

1. Disclosures in tabular format

An entity shall present the quantitative disclosures required by SFRS(I) 13 in a tabular format unless another format is more appropriate. The disclosure requirements of SFRS(I) 13 need not be applied in comparative information provided for periods before initial application.

2. Transfers between fair value hierarchy

SFRS(I) 13: 93 (c)

Transfers between Level 1 and Level 2

An entity shall disclose any transfers between Level 1 and Level 2 of the fair value hierarchy for assets and liabilities held at the reporting date that are measured at fair value on a recurring basis and the reasons for those transfers. Transfers into each level shall be disclosed and discussed separately from transfers out of each level.

Illustrative disclosure

SFRS(I) 13: 3(e)(iv)

The following table shows transfers from Level 1 to Level 2 of the fair value hierarchy for assets and liabilities which are recorded at fair value.

	Group 2019 $'000
Financial assets held-for-trading	
- Quoted equity instruments	XXX

The above financial assets were transferred from Level 1 to Level 2 as they were delisted from the stock exchange and therefore ceased to be actively traded during the year and fair values were consequently measured using valuation techniques and observable market inputs.

SFRS(I) 13: 93 (d)

3. Change in valuation technique

If there has been a change in valuation technique (e.g. changing form a market approach to an income approach or use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it.

39. Capital management policies and objectives

SFRS(I) 1-1: 134

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance except where decisions are made to exit businesses or close companies.

SFRS(I) 1-1: 135(a)

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 24 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 28 and 29.

The Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from 2018.

SFRS(I) 1-1; 135(c): 135(c)

SFRS(I) 1-1: 135(b)

Management monitors capital based on a gearing ratio and the gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables and lease liabilities less cash and cash equivalents.

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Net debt	36,690	128,253	70,388	96,372
Total equity	381,515	272,170	90,048	87,043
Gearing ratio	10%	47%	78%	111%

SFRS(I) 1-1: 135(a)(ii),(d)

The Group is in compliance with externally imposed capital requirements for the financial years ended 31 December 2019 and 2018.

Help tip

If there is no such externally imposed capital requirement, the entity should state so accordingly (SFRS(I) 1-1:135(d)).

As disclosed in Note 20, certain subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The review of the Group's capital risk management policies and objectives is conducted by the Audit Committee and the Board of Directors.

Help tip

The above example illustrates capital management disclosure for a reporting entity that monitors its capital using a gearing ratio. Other entities may use different and/or more complex methods to monitor capital. An entity decides, in the light of its circumstances, which measures are more suitable to monitor its capital and how much detail it should disclose.

39. Capital management policies and objectives (Continued)

Help tip

Additional notes (where applicable):

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The Group recognised total expenses of $_____ related to equity-settled share-based payment transactions during the year ended 31 December 2019

40. Events subsequent to the reporting date

Help tip

SFRS(I) 1-10: 21

The entity is required to disclose the nature of all material non-adjusting events that took place subsequent to the financial year-end and an estimate of the corresponding financial effect, or in the event that the estimate cannot be made, a statement disclosing the fact. It is assumed in this set of illustrative financial statements that there are none.

Help tip

SFRS(I) 1-1: 36

Change in the financial year end

If the entity has changed the end of its financial year and presents its financial statements for a period longer or shorter than one year, the entity shall disclose, in addition to the period covered by the financial statements:

1. The reason for using a longer or shorter period; and
2. The fact that amounts presented in the financial statements are not entirely comparable.

Please refer to the following illustrative disclosure example:

Comparative figures

The current financial period comprises [ ] months from [date] to [date] as the Company changed its financial year end from [date] to [date].

The audited comparative figures presented in the financial statements are not entirely comparable as they cover a period from [date] to [date].

41. Initial application of SFRS(I) 16 *Leases*

SFRS(I) 16: IN10

SFRS(I) 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring a lessee to adopt a single model for lessee accounting. Lessees are required, with the exception of short- term leases and leases of low value assets, to recognise at initial recognition, lease liability and right-of-use asset for a contract which is or contains a lease.

SFRS(I) 16: C14

Lessor accounting under SFRS(I) 16 remains unchanged from SFRS(I) 1-17. Therefore, there is no impact to the Group as a lessor.

The details of the accounting policies under SFRS(I) 16 and SFRS(I) 1-17 are disclosed in Note 2.21.

Help tip

An intermediate lessor shall classify the sublease as a finance lease or an operating lease. If the head lease is a short- term lease that the entity, as a lessee, applies the recognition exemptions for short-term leases or leases for which the underlying asset is of low value, the sublease shall be classified as an operating lease. Otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset under SFRS(I) 1-17.

On the date of initial application, an intermediate lessor shall:

(a) Reassess subleases that were classified as operating leases applying SFRS(I) 1-17 and are ongoing at the date of initial application, to determine whether each sublease should be classified as an operating lease or finance lease applying SFRS(I) 16. The intermediate lessor shall perform this assessment at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date.

(b) For subleases that were classified as operating leases applying SFRS(I) 1-17 but finance leases applying SFRS(I) 16, account for the sublease as a new finance lease entered into at the date of initial application.

An illustrative disclosure where there is an impact to the Group as an intermediate lessor is as follows:

The Group subleases some of its [nature of underlying assets]. Under SFRS(I) 1-17, these subleases were classified as operating leases. Upon applying SFRS(I) 16, the Group assessed these subleases by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying assets, and concluded that these subleases are finance leases. Accordingly, the Group accounted for these subleases as new finance leases entered into on 1 January 2019 and derecognised its right-of-use assets arising from the respective head leases and recognised sublease receivables at an amount equal to the net investments in the lease. The difference between the carrying amount of the derecognised right-of-use asset and the recognised sublease receivable is adjusted to the retained earnings on the date of initial application, 1 January 2019.

The impact to each of the financial statement line item is as follows:

	31 December 2018 SFRS(I) 1-17 $'000	Reclassification $'000	Remeasurement $'000	1 January 2019 SFRS(I) 16 $'000
Property, plant and equipment	x	(x)	-	x
Finance lease receivables	x	x	x	x
Retained earnings	x	-	x	x

41. Initial application of SFRS(I) 16 *Leases* (Continued)

SFRS(I) 16: C5(b)

The Group applied SFRS(I) 16 using the modified retrospective approach and recognised the cumulative effect of initial application on 1 January 2019, being the date of initial application of SFRS(I) 16. Accordingly, the comparative information presented were not restated and is presented as previously reported under SFRS(I) 1-17 and its related interpretations.

Practical expedients applied

The Group applied the following practical expedients when applying SFRS(I) 16 for the first time.

SFRS(I) 16: C3
- Not to reassess whether a contract is, or contains, a lease at 1 January 2019 and instead relied on the assessment previously made using SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*;

SFRS(I) 16: C10(c)
- Not to recognise right-of-use assets and lease liabilities of leases for which the lease term ends within 12 months as of 1 January 2019;

SFRS(I) 16: C9
- Not to recognise right-of-use assets and lease liabilities for leases for which the underlying asset is of low value; and

SFRS(I) 16: C10(e)
- Use of hindsight for contracts which contain an option to extend or terminate a lease.

Leases classified as operating leases under SFRS(I) 1-17

SFRS(I) 16: C8

The Group previously classified its lease of land, factory premise and certain office equipment as operating leases under SFRS(I) 1-17. Under SFRS(I) 16, the Group recognised, for each lease,

(a) a lease liability at the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019; and
(b) a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognised in the consolidated statement of financial position immediately before 1 January 2019.

In the determination of lease liabilities, the Group applied the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

SFRS(I) 16: C8(c)

Following the recognition of the right-of-use assets, the Group tested the right-of-use assets on 1 January 2019 for impairment and concluded that the right-of-use assets show no indication of impairment.

Leases classified as finance leases under SFRS(I) 1-17

SFRS(I) 16: C11

The Group previously classified certain leases as finance leases under SFRS(I) 1-17. The carrying amount of the lease asset and lease liability recognised under SFRS(I) 1-17 immediately before 1 January 2019 is recognised as the carrying amount of the right-of-use asset and the lease liability under SFRS(I) 16.

The effects of adopting SFRS(I) 16 at 1 January 2019 is summarised as follows:

	31 December 2018 SFRS(I) 1-17 $'000	Reclassification $'000	Remeasurement $'000	1 January 2019 SFRS(I) 16 $'000
Property, plant and equipment	209,254	23	1,133	210,410
Prepayment	1,144	(23)	-	1,121
Lease liabilities	4,027	-	1,133	5,160

The effects to deferred tax is immaterial. Therefore, the Group did not recognise make any adjustment to deferred tax at 1 January 2019.

41. Initial application of SFRS(I) 16 *Leases* (Continued)

SFRS(I) 16: C12(a)

The Group uses incremental borrowing rates at 1 January 2019 to discount the remaining lease payments at 1 January 2019 when measuring the lease liabilities. The weighted-average incremental borrowing rate applied by the Group at 1 January 2019 is 5.55%.

SFRS(I) 16: C12(b)

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

	At 1 January 2019 $'000
Operating lease commitments at 31 December 2018 under SFRS(I) 1-17 as disclosed in the Group's consolidated financial statements	1,723
Recognition exemption for leases of low-value assets	(350)
Recognition exemption for leases with 12 months or less of lease term at transition	(62)
	1,545
Discounted using the incremental borrowing rate at 1 January 2019	1,133
Finance lease liabilities recognised at 31 December 2018	4,027
Lease liabilities at 1 January 2019	5,160

NEW STANDARDS AND AMENDMENTS EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2019

Appendix A

New requirements/ amendments effective for annual periods beginning on or after 1 January 2019	Type of entities that could be impacted	Overview
New SFRS(I)		
▪ SFRS(I) 16 *Leases*	Entities with lease contracts	The new standard on leases, SFRS(I) 16, replaced standards such as SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an arrangement contains a lease*, and introduces changes that will primarily affect the financial statements of lessees. SFRS(I) 16 aims to provide a more faithful representation of leases by introducing a single lease accounting model for lessee. In order to increase the comparability between the financial statements, the new standard requires lessees to recognise, for qualifying leases, assets (in the form of right-of-use of assets) and liabilities (in the form of lease liabilities) on the balance sheet and subsequently, to charge depreciation expenses relating to the right-of-use assets and finance cost relating to the lease liabilities to the profit or loss during the lease term, unless where the underlying asset in the lease contract is of low value or where the lease term is 12-month or less. There is no significant change to lease accounting as a lessor with the lessor continuing to classify its leases as either operating lease or finance lease. The entity can choose to use either of the following two options to apply SFRS(I) 16: - Retrospectively to each prior reporting period presented applying SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*; or - Retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application, with the option to apply certain practical expedients.

NEW STANDARDS AND AMENDMENTS EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2019

Appendix A

New requirements/ amendments effective for annual periods beginning on or after 1 January 2019	Type of entities that could be impacted	Overview
Amendments to SFRS(I)s		
▪ SFRS(I) 1-19: Plan amendment, curtailment or settlement	Entities with defined benefit plans	The amendments clarified how entities determine pension expenses when changes to a defined benefit pension plan occur. The amendments clarified that - on amendment, curtailment or settlement of a defined benefit plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and - the effect of the asset ceiling is not considered when calculating the gain or loss on any settlement of the plan and is recognised separately in other comprehensive income. The amendments apply for plan amendments, curtailments or settlements that occur on or after 1 January 2019, or the date on which the amendments are first applied.
▪ SFRS(I) 1-28: Long-term interests in associates and joint ventures	Entities applying equity method of accounting on their investments in associates/joint ventures, especially for which the entity recorded long-term interests that form part of the entity's net investment in the investee.	The amendments clarified that SFRS(I) 9 is applied to financial instruments in an associate or joint venture to which the equity method is not applied, including long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture before the entity applies its share of losses of the associate or joint venture to its interest in the associate or joint venture. Following which, the entity will perform an assessment of impairment of its interest in the associate or joint venture. The amendments can be applied using the transition requirements under SFRS(I) 9. It is not required to restate prior periods to reflect the application of the amendments, unless it is possible to do so without the use of hindsight and any difference between the previous carrying amount of the long term interest and the carrying amount of the long term interest at the date of initial application is taken up in opening retained earnings.
▪ SFRS(I) 9: Prepayment Features with Negative Compensation	Entities which are holders of financial assets with prepayment features	The amendments clarified that financial assets which have prepayment features with reasonable negative compensation for early termination of the contract could still result in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Accordingly, such financial assets could hence be subsequently measured at amortised cost. The amendments can be applied using the transition requirements under SFRS(I) 9. It is not required to restate prior periods to reflect the application of the amendments, unless it is possible to do so without the use of hindsight and any difference between the previous carrying amount of the long term interest and the carrying amount of the long term interest at the date of initial application is taken up in opening retained earnings.

NEW STANDARDS AND AMENDMENTS EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2019

Appendix A

New requirements/ amendments effective for annual periods beginning on or after 1 January 2019	Type of entities that could be impacted	Overview
Improvements to SFRS(I)s		
▪ SFRS(I) 3 *Business combinations*	Entities which reported acquisition of control of joint operation	The improvements clarified that when a party obtains control of a joint operation and had rights to the assets and obligations for the liabilities relating that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. Therefore this would require the acquirer to remeasure its entire previously held interest in the joint operation. The improvement is applicable for business combinations acquired on or after beginning of annual period beginning on or after 1 January 2019.
▪ SFRS(I) 11 *Joint arrangements*	Entities which reported acquisition of joint control of joint operation	The improvements clarified that no remeasurement of previously held interest in the joint operation is required when a party that participates in, but does not have joint control of, a joint operation, is assessed to obtain joint control of the joint operation in which the activity of the joint operation constitutes a business (as defined under SFRS(I) 3 *Business Combination*). The improvement is applicable for transactions in which the entity obtains joint control on or after beginning of annual period beginning on or after 1 January 2019.
▪ SFRS(I) 1-12 *Income taxes*	Entities which appeared to have distribute dividends and for which there were tax consequences	The improvements clarified that an entity must recognise all income tax consequences of dividends in profit or loss, other comprehensive income or equity, based on where the entity recognised the originating transaction/event that generated the distributable profits giving rise to that dividend. The improvement is applicable to income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.
▪ SFRS(I) 1-23 *Borrowing costs*	Entities which qualified or sought to capitalise borrowing costs	The improvements clarified that in the calculation of the capitalisation rate, which is the weighted average of borrowing costs applicable to all borrowings that are outstanding during the period, the borrowing costs relating to borrowings made specifically for the purpose of obtaining a qualifying asset shall be excluded from such calculation, unless the entity has reached the point where substantially all the activities necessary to prepare the asset for its intended use or sale are complete. The improvements are applied prospectively to borrowing costs incurred on or after the beginning of annual period beginning on or after 1 January 2019.

NEW STANDARDS AND AMENDMENTS EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2019

Appendix A

New requirements/ amendments effective for annual periods beginning on or after 1 January 2019	Type of entities that could be impacted	Overview
Interpretations of SFRS(I)		
▪ SFRS(I) INT 23 *Uncertainty over income tax treatments*	Entities which applied a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment (e.g. exclusion or inclusion of particular income or deductibles in the taxable profits) under tax law.	The interpretation clarified that this interpretation is to be used when applying SFRS(I) 1-12 *Income Taxes* when there is uncertainty over income tax treatments. The interpretation also touches on the measurement requirements for such uncertain tax treatments, including the assessment of the probability of acceptance of proposed tax treatment by the relevant tax authority, as well as disclosure considerations. Under SFRS(I) INT 23, an entity is required to assume that a tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. In the initial application of SFRS(I) INT 23, entities can choose the retrospective application if it is possible to be done without the use of hindsight. Otherwise, entities will need to use the modified retrospective application where no restatement of comparatives is done and the cumulative effect at date of initial application is recognised as an adjustment to the opening retained earnings (or another component of equity, as appropriate).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Appendix B

		Note	Group 2019 $'000	Group 2018 $'000
SFRS(I) 1-1: 82(a), 102	Revenue from contracts with customers	4		
	Other items of income			
	Interest income			
	Dividend income			
SFRS(I) 1-1: 102	Other income	5		
	Other items of expense			
SFRS(I) 1-1: 102	Changes in inventories of finished goods and work in progress			
SFRS(I) 1-1: 102	Raw material and consumables used			
SFRS(I) 1-1: 102	Employee benefits expense			
SFRS(I) 1-1: 102	Depreciation and amortisation expense	6		
SFRS(I) 1-1: 102	Impairment of property, plant and equipment			
SFRS(I) 1-1: 102	Other expenses			
SFRS(I) 1-1: 82(b)	Finance costs			
SFRS(I) 1-28: 38, SFRS(I) 1-1: 82(c)	Share of profits from equity-accounted associates and joint venture			
	Profit before tax from continuing operations	7		
SFRS(I) 1-1: 82(d)	Income tax expense	8		
	Profit for the year from continuing operations			
SFRS(I) 1-1: 82(e), SFRS(I) 5: 33(a)	Profit for the year from discontinued operation	9		
	PROFIT FOR THE YEAR			
SFRS(I) 1-1: 81(A)	**Other comprehensive income:**			
SFRS(I) 1-1: 91(a)	**Items that will never be reclassified subsequently to profit or loss**			
	Gain on revaluation of property			
	Total items never reclassified to profit or loss			
SFRS(I) 1-1: 91(a)	**Items that may be reclassified subsequently to profit or loss**			
	Exchange differences on translating foreign operations			
	Other exchange differences			
	Changes in fair value of equity investments at fair value through profit or loss			
	Changes in fair value of available-for-sale financial assets			
	Share of other comprehensive income from equity-accounted associates and joint venture			
	Total items that may be reclassified to profit or loss			
SFRS(I) 1-1: 81A(b)	**Other comprehensive income for the year, net of tax**	10		
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR			

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Appendix B

		Note	Group 2019 $'000	Group 2018 $'000
SFRS(I) 1-1: 99	**Profit attributable to:**			
SFRS(I) 1-1: 81B(a)(ii)	Owners of the parent			
SFRS(I) 1-1: 81B(a)(i)	Non-controlling interests			
	Total comprehensive income attributable to:			
SFRS(I) 1-1: 81B(b)(ii)	Owners of the parent			
SFRS(I) 1-1: 81B(b)(i)	Non-controlling interests			
	Earnings per share from continuing operations attributable to owners of the parent (cents)			
SFRS(I) 1-33: 66	Basic	11		
SFRS(I) 1-33: 66	Diluted	11		
	Earnings per share from discontinued operation attributable to owners of the parent (cents)			
SFRS(I) 1-33: 68	Basic	11		
SFRS(I) 1-33: 68	Diluted	11		

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Appendix C

		Note	Group 2019 $'000	Group 2018 $'000
SFRS(I) 1-1: 82(a), 103	Revenue from contracts with customers	4		
SFRS(I) 1-1: 103	Cost of sales			
SFRS(I) 1-1: 103	**Gross profit**			
	Other items of income			
	Interest income	5		
	Dividend income			
SFRS(I) 1-1: 103	Other income			
	Other items of expense			
SFRS(I) 1-1: 103	Marketing and distribution expenses			
SFRS(I) 1-1: 103	Administrative expenses			
	Other expenses			
SFRS(I) 1-1: 82(b)	Finance costs	6		
SFRS(I) 1-1: 82(c); SFRS(I) 1-28: 38	Share of profits from equity-accounted associates and joint venture			
SFRS(I) 1-1: 85	**Profit before tax from continuing operations**	7		
SFRS(I) 1-1: 82(d)	Income tax expense	8		
SFRS(I) 1-1: 85	**Profit for the year from continuing operations**			
SFRS(I) 1-1: 82(ea) SFRS(I) 5: 33(a)	Profit for the year from discontinued operation	9		
	PROFIT FOR THE YEAR			
	Profit attributable to:			
	Owners of the Company			
	Non-controlling interests			
	Earnings per share from continuing operations attributable to owners of the Company (cents)			
SFRS(I) 1-33: 66	Basic	11		
SFRS(I) 1-33: 66	Diluted	11		
	Earnings per share from discontinued operations attributable to owners of the Company (cents)			
SFRS(I) 1-33: 68	Basic	11		
SFRS(I) 1-33: 68	Diluted	11		

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Appendix C - 1

		Note	Group 2019 $'000	Group 2018 $'000
SFRS(I) 1-1: 99	**PROFIT FOR THE YEAR**			
SFRS(I) 1-1: 81(A)	**Other comprehensive income:**			
SFRS(I) 1-1: 91(a)	**Items that will never be reclassified subsequently to profit or loss**			
	Gain on revaluation of property			
	Total items never reclassified to profit or loss			
SFRS(I) 1-1: 91(a)	**Items that may be reclassified subsequently to profit or loss**			
	Exchange differences on translating foreign operations			
	Other exchange differences			
	Changes in fair value of equity investments at fair value through profit or loss			
	Changes in fair value of available-for-sale financial assets			
	Share of other comprehensive income from equity-accounted associates and joint venture			
	Total items that may be reclassified to profit or loss			
	Other comprehensive income for the year, net of tax	10		
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
	Total comprehensive income attributable to:			
SFRS(I) 1-1: 81B(b)(ii)	Owners of the Company			
SFRS(I) 1-1: 81B(b)(i)	Non-controlling interests			

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Appendix D

		Note	Group 2019 $'000	Group 2018 $'000
SFRS(I) 1-1: 82(a), 102	Revenue from contracts with customers	4		
	Other items of income			
	Interest income			
	Dividend income			
SFRS(I) 1-1: 102	Other income	5		
	Other items of expense			
SFRS(I) 1-1: 102	Changes in inventories of finished goods and work in progress			
SFRS(I) 1-1: 102	Raw material and consumables used			
SFRS(I) 1-1: 102	Employee benefits expense			
SFRS(I) 1-1: 102	Depreciation and amortisation expense			
SFRS(I) 1-1: 102	Impairment of property, plant and equipment			
SFRS(I) 1-1: 102	Other expenses			
SFRS(I) 1-1: 82(B)	Finance costs	6		
SFRS(I) 1-1: 82(c); SFRS(I) 1-28: 38	Share of profits from equity-accounted associates and joint venture			
	Profit before tax from continuing operations			
SFRS(I) 1-1: 82(d)	Income tax expense	7		
	Profit for the year from continuing operations	8		
SFRS(I) 1-1: 82(e) SFRS(I) 5: 33(a)	Profit for the year from discontinued operation	9		
	PROFIT FOR THE YEAR			
	Profit attributable to:			
	Owners of the Company			
	Non-controlling interests			
	Earnings per share from continuing operations attributable to owners of the Company (cents)			
SFRS(I) 1-33: 66	Basic	11		
SFRS(I) 1-33: 66	Diluted	11		
	Earnings per share from discontinued operation attributable to owners of the Company (cents)			
SFRS(I) 1-33: 68	Basic	11		
SFRS(I) 1-33: 68	Diluted	11		

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Note	Group 2019 $'000	Group 2018 $'000
SFRS(I) 1-1: 99				
	PROFIT FOR THE YEAR			
SFRS(I) 1-1: 81(A)	**Other comprehensive income:**			
SFRS(I) 1-1: 91(a)	**Items that will never be reclassified subsequently to profit or loss**			
	Gain on revaluation of property			
	Total items never reclassified to profit or loss			
SFRS(I) 1-1: 91(a)	**Items that may be reclassified subsequently to profit or loss**			
	Exchange differences on translating foreign operations			
	Other exchange differences			
	Changes in fair value of equity investments at fair value through profit or loss			
	Changes in fair value of available-for-sale financial assets			
	Share of other comprehensive income from equity-accounted associates and joint venture			
	Total items that may be reclassified to profit or loss			
	Other comprehensive income for the year, net of tax	10		
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
	Total comprehensive income attributable to:			
SFRS(I) 1-1: 81B(b)(ii)	Owners of the Company			
SFRS(I) 1-1: 81B(b)(i)	Non-controlling interests			

About Mazars

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CONTACT

Mazars

135 Cecil Street
#10-01 MYP Plaza
069536 Singapore
Tel: (+65) 6224 4022
Fax: (+65) 6225 3974

Email: contact@mazars.com.sg

Detailed information available on www.mazars.sg