EXECUTION VERSION

Pricing Supplement dated 5 February 2021

EU PRIIPs Regulation / Prohibition of sales to EEA retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation / Prohibition of sales to UK retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Surbana Jurong Private Limited

Issue of S$250,000,000 2.48% Sustainability-Linked Notes due 2031
under the U.S.$1,000,000,000 Multicurrency Debt Issuance Programme

The document constitutes the Pricing Supplement relating to the issue of the Sustainability-Linked Notes (the "**Notes**") described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated 14 September 2018. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States.

The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from the registration requirements of the Securities Act.

If certain sustainability targets are not met during the term of the Notes and following the occurrence of a Premium Trigger Event (as defined in Condition 6A (*Premium Payment*)), the Issuer shall pay an amount to the Noteholders calculated in accordance with such Condition. Investors should have regard to the "*Description of the Sustainability Targets*", which describes the basis on which the Issuer and the External Verifier (as defined in Condition 6A(d) (*Definitions*)) will assess whether the sustainability targets have been met. Such sustainability targets will be based on sustainability improvements of the Issuer and its subsidiaries.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Notification under Section 309B of the SFA – The Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

1.	(i)	Issuer:	Surbana Jurong Private Limited
2.	(i)	Series Number:	002
	(ii)	Tranche Number:	001
3.	Specified Currency or Currencies:		Singapore dollars ("**S$**")
4.	Aggregate Nominal Amount:		S$250,000,000
	(i)	Series:	S$250,000,000
	(ii)	Tranche:	S$250,000,000
5.	Issue Price:		100 per cent. of the Aggregate Nominal Amount
6.	(i)	Specified Denominations:	S$250,000
	(ii)	Calculation Amount:	S$250,000

7.	(i)	Issue Date:	10 February 2021
	(ii)	Interest Commencement Date:	Issue Date
8.	Negative Pledge:		Condition 5(a)
9.	Maturity Date:		Unless previously redeemed or purchased and cancelled, 10 February 2031
10.	Interest Basis:		2.48 per cent. Fixed Rate (further particulars specified below)
11.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
12.	Change of Interest or Redemption/ Payment Basis:		Not Applicable
13.	Put/Call Options:		Redemption for tax reasons
14.	Date Board approval for issuance of Notes obtained		4 September 2018

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions**		Applicable
	(i)	Rate of Interest:	2.48 per cent. per annum payable semi-annually in arrear
	(ii)	Interest Payment Date(s):	10 August and 10 February in each year, commencing 10 August 2021, not adjusted
	(iii)	Fixed Coupon Amount(s):	Not Applicable
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction:	Actual/365 (Fixed)
	(vi)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Applicable, see Schedule 1 hereto.

16.	**Floating Rate Note Provisions**	Not Applicable
17.	**Zero Coupon Note Provisions**	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18.	Call Option	Not Applicable.
19.	Put Option	Not Applicable
20.	**Final Redemption Amount**	S$250,000 per Calculation Amount
21.	**Early Redemption Amount**	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default:	S$250,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of the Notes:	**Registered Notes:** Global Note Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Note Certificate.
23.	Additional Financial Centre(s) or other special provisions relating to payment dates:	Not Applicable
24.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No
25.	Any applicable currency disruption/ fallback provisions:	Not Applicable
26.	Other terms or special conditions:	Not Applicable
27.	Governing law:	Singapore law

LISTING AND ADMISSION TO TRADING

28.	Listing/Admission to Trading:	Singapore Exchange Securities Trading Limited

DISTRIBUTION

29.	Method of distribution:	Syndicated
	(i) Names of Dealers:	DBS Bank Ltd.

		Australia and New Zealand Banking Group Limited
	(iii) Stabilising Manager(s):	Not Applicable.
30.	Total commission and concession:	The Issuer has agreed to pay to the Dealer a management and underwriting commission based on the aggregate principal amount of the Notes.
31.	U.S. Selling Restrictions:	Reg. S Category 1
32.	Additional selling restrictions:	See Schedule 3
33.	Prohibition of sales to EEA investors:	Applicable

OPERATIONAL INFORMATION

34.	ISIN Code:	SGXF77169666
35.	Common Code:	229876988
36.	Any clearing system(s) other than Euroclear/Luxembourg and CDP and the relevant identification number(s):	Not Applicable
37.	Delivery:	Delivery free of payment
38.	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

GENERAL

39.	Private Bank Rebate/Commission:	Not Applicable
40.	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of U.S.$1 to S$1.333, producing a sum of (for Notes not denominated in U.S. dollars):	US$ 187,546,887

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") of the Notes described herein pursuant to the U.S.$1,000,000,000 Multicurrency Debt Issuance Programme of the Issuer.

RESPONSIBILITY

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the U.S.$1,000,000,000 Multicurrency Debt Issuance Programme of the Issuer or the Notes.

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of Surbana Jurong Private Limited:

By: ....

Duly authorised

Name: ......Wong Heang Fine ....Andy Atkin

Group Chief Executive Officer

Group Chief Financial Officer

Surbana Jurong Private Limited

Title: ....

[*Signature Page – Pricing Supplement*]

SCHEDULE 1 – SPECIAL CONDITIONS

In respect of this Series 002 of Notes only, the following is inserted as a new Condition 6A (*Premium Payment*):

(a) ***Premium Payment Amount and Premium Payment Date:*** If the Premium Trigger Event has occurred, the Issuer shall pay in respect of each Note an amount equal to the Premium Payment Amount on the Premium Payment Date. The Issuer shall notify the Noteholders and the Trustee in accordance with Condition 20 (*Notices*) if a Premium Trigger Event in respect of the Notes has occurred.

(b) ***Substitution of Relevant Business:*** In the event the Issuer no longer has direct control of any of the Surbana Jurong Group operating out of the Surbana Jurong Campus, the AETOS Business or SMEC ANZ Business, the Issuer may at any time, without the consent of the Trustee and the Noteholders, substitute any of the Surbana Jurong Group operating out of the Surbana Jurong Campus, the AETOS Business and/or the SMEC ANZ Business, or any other constituent of the Relevant Businesses at any time, as constituents of the Relevant Businesses by nominating (at its sole discretion) some other business(es) in place thereof so long as the incoming business(es) selected contribute(s) to the consolidated revenue of the Group an amount not less than that of the business(es) to be replaced for the period commencing six months preceding the date of the substitution. The Issuer shall promptly notify the Noteholders and the Trustee of such substitution in accordance with Condition 20 (Notices) providing details on, as applicable, the incoming business(es) contribution to the consolidated revenue of the Group.

(c) ***Notifications Final:*** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition will (in the absence of negligence, default, bad faith or manifest error) be binding on the Issuer, the Agents, the Trustee and all Noteholders.

(d) ***Definitions***

For the purposes of this Condition 6A:

"**AETOS Business**" means the operations, including the supply of services and goods by AETOS Holdings Pte Ltd, which includes active physical security contracts using vehicles; the operation of a call centre; and consultancy services related to security management, including the place of business at 5 Corporation Drive, Singapore;

"**Assurance Report**" means the report issued by the External Verifier and published on the Issuer's website (https://surbanajurong.com/sustainability/) in respect of the Emissions Condition;

"**Base Scope 1 and 2 Emissions Amount**" means the amount of tCO_2e per FTE (net of Carbon Offsets), in the financial year of the Issuer ending 31 December 2022 generated by the Relevant Businesses;

"**Carbon Offsets**" means renewable energy certificates that lead to any reduction in greenhouse gas emissions, which is independently audited against a third-party certification standard;

"**Emissions Condition**" means the notification in writing by the Issuer to the Noteholders and the Trustee in accordance with Condition 20 (*Notices*) on or prior to the Premium Trigger Event Notification Date that as of the Premium Trigger Reference Date:

(i) the Scope 1 and 2 Emissions Amount (net of Carbon Offsets) for the 12-month period ending 31 December 2029 was at least 10 per cent. lower than the Base Scope 1 and 2 Emissions Amount; and

(ii) the Issuer having achieved Net Zero Carbon Emissions Status at the Surbana Jurong Campus,

where such Scope 1 and 2 Emissions Amount (net of Carbon Offsets) and Net Zero Carbon Emissions Status as of the Premium Trigger Reference Date have been published on the Issuer's website (https://surbanajurong.com/sustainability/) and confirmed by the External Verifier in the Assurance Report delivered in accordance with its customary procedures;

"**External Verifier**" means any independent accounting or appraisal firm or other independent expert of internationally recognised standing appointed by the Issuer, in each case with the expertise necessary to perform the functions required to be performed by the External Verifier under these Conditions, as determined in good faith by the Issuer, and notified to the Calculation Agent, the Trustee and the Noteholders in accordance with Condition 20 (*Notices*);

"**FTE**" means Full-time employee;

"**Net Zero Carbon Emissions Status**" occurs when, by 30 August 2030, the Scope 1 and 2 Emissions Amount (net of Carbon Offsets) in the Surbana Jurong Campus over which the Issuer has direct control, is zero or less than zero, as calculated in good faith by the Issuer and confirmed by the External Verifier;

"**Premium Payment Amount**" means an amount equal to 0.75 per cent. of the Calculation Amount;

"**Premium Payment Date**" means 10 February 2031;

"**Premium Trigger Event**" means a failure by the Issuer to satisfy the Emissions Condition as of the Premium Trigger Reference Date;

"**Premium Trigger Event Notification Date**" means 27 December 2030;

"**Premium Trigger Reference Date**" means 30 August 2030;

"**Relevant Businesses**" means, subject to and without prejudice to Condition 6A(b), the Surbana Jurong Group operating out of the Surbana Jurong Campus (where relevant, any computation shall, where applicable, be pro-rated between locations of the Surbana Jurong Campus in accordance with the periods during which the Surbana Jurong Group was operating out of each location), the AETOS Business and the SMEC ANZ Business;

"**Scope 1 and 2 Emissions Amount (net of Carbon Offsets)**" means the amount of the Issuer's Scope 1 and 2 greenhouse gas emissions expressed as a total amount of tCO_2e per FTE (net of Carbon Offsets) generated by the Relevant Businesses, as calculated in good faith by the Issuer and confirmed by the External Verifier;

"**SMEC ANZ Business**" means the operations of SMEC Holdings Pty. Ltd., SMEC Australia Pty. Ltd., SMEC International Pty. Ltd. and SMEC Services Pty. Ltd. pertaining to consultancy service activities, including the place of business of all regional corporate offices, in the Australia and New Zealand geographic area;

"**Surbana Jurong Campus**" means the premises of the Surbana Jurong Group's Global Headquarters, from the year 2022 and the place of business for Surbana Jurong Group's Singapore-based entities (being Connection One at 168 Jalan Bukit Merah, Singapore 150168 until the operations of the Surbana Jurong Group are shifted to the premises at Cleantech Loop, Singapore, in which case, "**Surbana Jurong Campus**" shall refer to the premises at Cleantech Loop, Singapore**)**;

"**Surbana Jurong Group**" means the Issuer and its Singapore-based entities which operate out of the Surbana Jurong Campus; and

"**tCO_2e**" means tonnes of carbon dioxide equivalent.

SCHEDULE 2 – DESCRIPTION OF THE SUSTAINABILITY TARGETS

Rationale

The issuance of the Notes by Surbana Jurong Private Limited (the "**Issuer**" or "**Surbana Jurong**") reinforces Surbana Jurong's commitment to sustainability and demonstrates an alignment between Surbana Jurong's financing strategy with its sustainability services. Surbana Jurong has embedded sustainability in all of its consultancy businesses, through driving forward-looking, sustainable projects in its 3 core business pillars of Urban Development, Infrastructure Development and Managed Services. In November 2020, Surbana Jurong completed its acquisition of Atelier Ten, a global award-winning environmental design consultancy specialising in sustainable and innovative design solutions. This new addition to the Surbana Jurong family enables Surbana Jurong to advance its leadership in supporting the transition towards net zero carbon through its sustainability and multi-disciplinary consultancy services and the test bedding of innovative technologies.

Overview of Surbana Jurong's Sustainability Efforts

Sustainability is at the core of Surbana Jurong's Mission of "Delivering urbanisation, infrastructure and engineering solutions to support sustainable social and economic growth for our clients". Surbana Jurong employs a holistic sustainability design approach backed by science-based performance tools, using innovative technology incorporating smart internet of things and technology enabled solutions. This includes the adoption of climate responsive design for a better interaction with the environment and communities.

Surbana Jurong has also established a dedicated Sustainability & Resilience Office that is focused on integrating sustainability as a key service offering with a focus on sustainable design consultancy, building green certification, carbon neutral consultancy, special projects, climate change adaptation resiliency and disaster risk analysis and simulations. Furthermore, Surbana Jurong is a member of the Singapore Green Building Council, which is Singapore's representative on the World Green Building Council and which is actively focused on supporting the development of more sustainable cities for a better living. The Group has designed numerous buildings that have achieved BCA Green Mark Platinum Certification.

In June 2020, Surbana Jurong became a signatory to the World Green Building Council's Net Zero Carbon Buildings Commitment, which is a commitment to only owning and occupying assets within direct control of the organisation that operate at net zero carbon by 2030.

This commitment requires annual sustainability reporting on the measurement and assessment of asset and portfolio carbon emissions for the Surbana Jurong Campus Headquarters where the Issuer and the Group's Singapore entities will be based in, as well as developing and implementing a decarbonisation roadmap to 2030 with third party verification of progress provided by a reputable Environmental Social Governance advisor.

Surbana Jurong also plans to launch a sustainability reporting process that highlights the alignment between the Group's core values and the UN Sustainable Development Goals in 2021.

Overview of Sustainable Finance Framework

The Sustainable Finance Framework (the "**Framework**") (available on the Issuer's website at https://surbanajurong.com/sustainability/) outlines criteria and provide guidelines for Surbana Jurong to enter into, identify eligible assets, manage proceeds and report on Sustainable Finance Transactions including Use of Proceeds Instruments and Sustainability Linked Instruments.

The Framework is prepared to be in line with the relevant international principles and guidelines (including the International Capital Market Association Sustainability Linked Bond Principles 2020) and adopts the four key pillars as follows:

I. Selection of Key Performance Indicators ("**KPIs**")
II. Target Setting and Calibration of Sustainability Performance Targets ("**SPTs**")
III. Reporting
IV. Review and Verification

Selection of Key Performance Indicators

KPIs are articulated in the Framework where a Sustainability Linked Issuance can be structured as SPTs related to:

- Greenhouse gas emissions intensity, measured as the total scope 1 and 2 CO_2 emissions, net any renewable energy certificates, per Full Time Equivalent member of staff for an agreed portfolio of Surbana Jurong offices
- The number of consultancy mandates relating to the design of eligible green buildings
- Energy consumption level of an agreed portfolio of Surbana Jurong offices, measured in kWh per m^2

The KPIs selected for this issuance are:

(i) the net greenhouse gases emissions intensity, as measured by the amount of the Issuer's Scope 1 and 2 greenhouse gas emissions expressed as a total amount of tonnes of carbon dioxide equivalent per full-time employee (net of carbon offsets) generated by the Relevant Businesses (as defined in Condition 6A (*Premium Amount*)) ("**KPI 1**"); and

(ii) the net Scope 1 and 2 greenhouse gas emissions generated in the Surbana Jurong Campus over which the Issuer has direct control ("**KPI 2**").

Selection of Sustainability Performance Targets

(i) 10% reduction in Scope 1 and 2 greenhouse gas emissions intensity expressed as a total amount of tonnes of carbon dioxide equivalent per full-time employee (net of carbon offsets) generated by the Surbana Jurong Group operating out of the Relevant Businesses from a base financial year ending 31 December 2022, by financial year ending 31 December 2029.

(ii) Scope 1 and 2 greenhouse gas emissions amounts (net of Carbon Offsets) in the Surbana Jurong Campus over which the Issuer has direct control being zero or less than zero emissions by 30 August 2030.

Scope 1 greenhouse gas emissions are emissions that occur from sources that are owned or controlled by the Issuer and Scope 2 greenhouse gas emissions represent emissions from the generation of purchased electricity consumed by the Issuer. They have been selected given the ability for Surbana Jurong to influence the emissions from these categories.

The Surbana Jurong Group operating out of Surbana Jurong Campus, the AETOS Business and the SMEC ANZ Businesses, having accounted for a material part of the Group's business, were selected as the initial portfolio of businesses included in the scope of calculation of such Scope 1 and Scope 2 greenhouse gas emissions.

The achievement of net zero carbon emissions status aligns with Surbana Jurong's World Green Building Council commitment and will showcase Surbana Jurong's capabilities and commitment in designing and operating an energy efficient building that has already been awarded the Green Mark Platinum (Super Low Energy) certification.

KPI Methodology

In 2021, the data calculated will include Surbana Jurong's acquisition of Atelier Ten. From 2022, Surbana Jurong anticipates a re-basing owing to the materially important relocation of approximately 4,000 employees to the new headquarters at the Surbana Jurong Campus. As a result, 2022 has been selected as the baseline year of assessment. The calculation of the data for this year will be based on a simulation of the energy consumption at the Surbana Jurong Campus, with consideration given to energy efficient design factors.

Emissions factors shall be reviewed on a yearly basis (in accordance with the Greenhouse Gas Protocol ("**GHG Protocol**")) and contemporaneous data from power grid operators and energy market authorities, as appropriate. Tonnes of carbon dioxide equivalent (tCO2e) will be calculated according to the GHG Protocol, and data outliers will be checked with relevant the operational units, mitigating against the possibility of reporting or recording errors, and to record the reasoning behind abnormal carbon-intensive activities. Scope 1 mobile data and Scope 2 datasource, which are not reported on a local building management system, will be based on the data obtained from the relevant Enterprise Resource Planning (ERP) systems used by local finance teams. For the Surbana Jurong Campus, an intelligent building management system will serve to accurately report the metered Scope 2 emissions which would be corroborated with financial data from the ERP systems.

Specific Characteristics of the Notes

If the Issuer does not achieve both SPTs (as determined by the Issuer and confirmed by independent External Verifier's Assurance Report) on the Premium Trigger Reference Date, a Premium Payment amount of 0.750 per cent of the Calculation Amount of the Notes will be payable on the Maturity Date by the Issuer under the Notes. The results regarding the Sustainability Performance Targets and the External Verifier's Assurance Report will be published on the Issuer's website at https://surbanajurong.com/sustainability/. Please refer to Condition 6A (*Premium Payment*) on more details of conditions of the Notes.

Reporting

Surbana Jurong intends to communicate annually on the relevant KPIs and SPTs, making up-to-date information and reporting available on its website.

Surbana Jurong will also inform investors and trustee by the Premium Trigger Event Notification Date whether a Premium Trigger Event has occurred and whether the Premium Payment Amount will be payable.

Review and Verification

Prior to issuance, Surbana Jurong will publish on its website a pre-issuance report from the External Verifier, confirming the procedures undertaken in respect of the management's process for selection of the KPIs, SPTs and baselines in connection with pre-issuance of the Sustainability Linked Bond. Engagement was undertaken in accordance with the Singapore Standard on Related Services SSRS 4400 Engagements to Perform Agreed-Upon Procedures Regarding Financial Information. The process found no exceptions to the procedures undertaken.

The Issuer intends to provide a report prepared by the Issuer ("**Issuer Report**") and a Post Issuance Report from the External Verifier annually on KPI 1 for the first three years after the Issue Date, and thereafter provide such Issuer Reports annually and Post Issuance Reports once every two years and on the Premium Trigger Event Notification Date. The Issuer also intends to adopt the same frequency of reporting and verification for KPI 2 after operations of the Surbana Jurong Group are shifted to the Surbana Jurong Campus at the premises at Cleantech Loop, Singapore. The Issuer Report and Post Issuance Reports will be made available on Surbana Jurong's website at https://surbanajurong.com/sustainability/.

On or prior to the Premium Trigger Event Notification Date, the External Verifier will produce and deliver a final Post Issuance Report confirming whether the performance of the key performance indicator meets the relevant Sustainability Performance Target which will be made available on Surbana Jurong's website at https://surbanajurong.com/sustainability/.

SCHEDULE 3 – AMENDMENTS TO THE OFFERING CIRCULAR

For the purposes of the issuance of the Notes, the Offering Circular shall be amended as follows:

1. by deleting in its entirety the following paragraph appearing on the cover page of the Offering Circular:

   "This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore ("**MAS**"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Instruments may not be circulated or distributed, nor may the Instruments be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA."

   and substituting therefor:

   "This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore ("**MAS**"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Instruments may not be circulated or distributed, nor may the Instruments be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.";

2. by adding the following to the end of the first paragraph of the section titled "DOCUMENTS INCORPORATED BY REFERENCE" appearing on page 1 of the Offering Circular:

   "Copies of the documents listed in (b) above which are deemed to be incorporated by reference in this Offering Circular may be obtained at the SGX-ST's website at www.sgx.com.";

3. by deleting in its entirety the risk factor "Uncertainties and instability in global market conditions could adversely affect the business, financial condition and results of operations of the Group." appearing on page 18 of the Offering Circular and substituting therefor:

"***Uncertainties and instability in global market conditions could adversely affect the business, financial condition and results of operations of the Group.***

The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. There remains a concern that the ongoing trade tensions between the United States of America ("**U.S.**") and its trading partners (including the European Union and China), the debt situation in Europe, prevailing uncertainty surrounding the monetary policy of the US Federal Reserve as well as the slowdown in China's economic growth will impinge upon the health of the global financial system.

In addition, there is uncertainty arising from the referendum held by the United Kingdom on 23 June 2016 in which a majority voted for the withdrawal of the United Kingdom from the European Union ("**Brexit**") and the invocation of Article 50 of the Treaty on European Union, relating to withdrawal of member states from the European Union, on 31 October 2019 by the Government of the United Kingdom. On 31 January 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. The United Kingdom and the European Union signed the Brexit trade deal on 30 December 2020 with the United Kingdom completing its separation from the European Union with effect from 1 January 2021. While the United Kingdom and the European Union have reached a trade deal, the effect of Brexit remains uncertain, and Brexit has and may continue to create a negative economic impact and increased volatility in the global market. Further, due to a lack of precedent on withdrawals of member states from the European Union, Brexit could have other unpredictable consequences for investment activities, the European Union single market and other important financial relationships. This may in turn result in an unpredictable environment in economies where the Group operates or does business, and may increase, *inter alia*, credit/counterparty risks, refinancing risks and/or delays in award of tenders or projects, and could have an adverse effect on the Group's business, financial condition, prospects and results of operations.";

4. by deleting in its entirety the title of the risk factor "The Group has operations in countries that are currently subject to U.S. and international trade restrictions, economic embargoes and sanctions." appearing on page 20 of the Offering Circular and substituting therefor:

   "***The Group may have operations in countries that are subject to U.S. and international trade restrictions, economic embargoes and sanctions.***";

5. by deleting in its entirety the risk factor "The occurrence of natural or other catastrophes, severe weather conditions or other acts of God, may have an adverse impact on the Group." appearing on page 24 of the Offering Circular and substituting therefor:

   "***The occurrence of natural or other catastrophes, severe weather conditions, global pandemic or other acts of God, may have an adverse impact on the Group.***

   Natural disasters, severe weather conditions and the outbreak of epidemics or pandemics, all of which are beyond the Group's control, may adversely affect the economy and infrastructure of the countries in which the Group has operations. Some cities where the Group operates have previously been or may be under the threat of flood, earthquake, sandstorm, snowstorm, tsunami, fire, drought, or outbreaks such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1), Middle East respiratory syndrome coronavirus (MERS-CoV), the Zika virus and the 2019 novel coronavirus disease (Covid-19). Past occurrences of such phenomena have caused varying degrees of harm to businesses and the national and local economies and future occurrences could have a negative impact on the global economy and business activity. There can be no assurance that the occurrence of such natural catastrophes or other acts of God will not materially disrupt operations.

On 11 March 2020, the World Health Organization declared the Covid-19 outbreak as a pandemic. The emergence of the Covid-19 pandemic has become one of the biggest disruptors in the global economy, creating uncertainty and placing global economic and social resilience to the test. The Covid-19 pandemic has resulted in, among other things, ongoing travel and transportation restrictions, border controls, safe distancing, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries and increased volatility in international capital markets.

The Covid-19 pandemic has also resulted in an unprecedented global economic crisis. As a result of the unprecedented measures taken by governments globally, there have been severe disruptions to businesses in many sectors, including retail, hospitality, travel, manufacturing, logistics, construction, aviation and shipping and many economic activities have come to a halt. The outbreak has resulted, and continues to result, in protracted market volatility, business shutdowns and falling real estate prices. The International Monetary Fund has forecasted negative GDP growth for the global economy in 2020, including negative GDP growth forecasts for certain countries where the Group operates. Based on advanced estimates, the Singapore economy contracted by 3.8% on a year-on-year basis in the fourth quarter of 2020, and the Ministry of Trade and Industry has estimated Singapore's 2020 gross domestic product growth to be -5.8%. A number of governments (including the Government of Singapore) have revised gross domestic product growth forecasts for 2020 downward in response to the economic slowdown caused by the outbreak.

Whilst the Government of Singapore announced the further lifting of Covid-19 measures with Phase 3 of re-opening which commenced from 28 December 2020, in many parts of the world where the Group operates, the situation is continually evolving and in many cases, worsening. Certain governments are also introducing or re-introducing Covid-19 measures to tackle the developing outbreak.

The current Covid-19 pandemic or a future outbreak of infectious disease in any country where the Group has facilities or conducts business or where the Group's customers or suppliers are based, as well as quarantines or other regulatory measures or restrictions taken in response to an outbreak, have and could in the future severely disrupt the supply chains and distribution networks for the Group's services, delay the completion of its projects and affect its operations. For example, the construction industry in Singapore came to a standstill during the implementation of "circuit breaker" measures in April to June 2020 where there were work stoppages, and has resulted in delays in the completion timelines of various local construction projects. The tightening of border controls also resulted in shortage of labour, particularly for AETOS, where a sizeable proportion of security officers reside in Malaysia and elsewhere. Further, the businesses of the Group's customers may be negatively impacted, which will in turn reduce the demand for the Group's services and/or cause delays in the collection of receivables from the Group's customers. Any economic slowdown due to Covid-19 may also result in a shortage of available credit, thereby affecting the Group's ability to raise additional capital, obtain additional financing from banks and other financial institutions, or draw down on its existing loans and financing facilities. This in turn could limit the Group's capital expenditures and affect its future expansion and growth. Any of the above factors may adversely affect the Group's cashflows, business, financial condition, prospects and results of operations.

Further, the Group has non-current assets such as property, plant and equipment and intangible assets, such as goodwill, and it is required to review these assets for impairment at the end of each reporting period. This review is made with reference to the recoverable amounts in respect of those assets. Impairment of any of these assets could have an adverse effect on the financial condition and financial performance of the Group.

The latest review of non-current assets for impairment are as of 31 December 2019 before the outbreak of the Covid-19 pandemic. The recoverable amount of an asset depends on the prevailing market conditions at the time of the review, the nature of the asset, its fair value and estimated future cash flows that are expected to be derived from the asset. The discount rate used in this review reflects the Group's current market assessment of the time value of money and the risks specific to the asset. Any reduction in the recoverable amount of an asset below its carrying value, whether due to a weak economic environment, challenging market conditions, asset or portfolio sale decisions by the Group or any other condition or occurrence, could be charged to the statement of profit and loss. The Covid-19 pandemic has caused adverse economic conditions, and led to significant market uncertainty, including risks that projected cash flows will not be met or that underlying assumptions relating to the review have become incorrect due to changing market conditions. Accordingly, there may be impairment loss and this could have an adverse effect on the operations and financial performance of the Group in the period in which the impairment occurs.

As the Covid-19 pandemic is ongoing and continually evolving, there is no assurance that the Group will not in the future experience more severe disruptions in the event that more stringent quarantine measures are imposed or if the Covid-19 pandemic becomes more severe or protracted and as such, the Group is uncertain as to the final impact of the Covid-19 pandemic on the Group's business, financial condition, prospects and results of operation. Whilst the Group's portfolio companies have implemented business continuity plans to allow business operations to continue and have taken steps to mitigate the impact of the Covid-19 pandemic in their respective businesses, there is no assurance that the Covid-19 pandemic will not worsen, which could in turn cause a deterioration of the Group's business, financial condition, prospects and results of operations. The actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain, and the actual extent of the impact on the Group's business, results of operations, financial conditions and prospects will depend on, among other things, the duration and impact of the Covid-19 outbreak.";

6. by adding the following sentence at the end of the risk factor "The Group could be adversely affected by violations of anti-bribery laws or other regulations applicable in the countries or territories where it conducts its business." appearing on page 27 of the Offering Circular:

   "See "*The Company and the Group – Recent Developments – Regulatory*" for more information and updates.";

7. by adding the following additional risk factors in addition to those under the section titled "Risks relating to the Instruments issued under the Programme" appearing on page 31 of the Offering Circular:

   "*The Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics*

   Although the Notes will be issued as sustainability-linked notes, with a premium payment payable by the Issuer if certain sustainability targets are not met, as set out in Condition 6A (*Premium Payment*), the Notes may not satisfy an investor's requirements or any future legal, quasi legal or other standards for investment in assets with sustainability characteristics.

   In addition, the Premium Payment Amount (as defined in Condition 6A (*Premium Payment*)) in respect of the Notes depends on definitions of Scope 1 and 2 Emissions Amount (net of Carbon Offsets) and Net Zero Carbon Emissions (each as defined in Condition 6A (*Premium Payment*)), that may be inconsistent with investor requirements or expectations or other definitions relevant to carbon dioxide equivalent emissions. The Issuer defines the Scope 1 and Scope 2 Emissions Amount (net of Carbon Offsets) as the amount of its Scope 1 and 2 greenhouse gas emissions expressed as an amount of tonnes of carbon dioxide equivalent per full-time employee (net of Carbon Offsets) (and which is independently audited against a third-party certification standard), as calculated in good faith by the Issuer and confirmed by the External Verifier (as defined in Condition 6A (*Premium Payment*)). The Issuer has not obtained any third-party analysis of such definitions or how such definitions relate to any sustainability-related standards other than the External Verifier's confirmation of the Scope 1 and 2 Emissions Amount (at the Relevant Businesses (as defined in Condition 6A (*Premium Payment*))) as of the relevant Premium Trigger Reference Date (as defined in Condition 6A (*Premium Payment*)), according to the Issuer's definition thereof.

   Although the Issuer targets decreasing its carbon dioxide equivalent emissions, there can be no assurance from either the Issuer or the Joint Lead Managers as to the extent to which the Issuer will be successful in doing so or that any future investments it makes in furtherance of these targets will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact.

   Although the Issuer is obliged to pay a premium amount on each Note on the Premium Payment Date (as defined in Condition 6A (*Premium Payment*)) if the Issuer fails to meet the Emissions Condition described in Condition 6A (*Premium Payment*), it will not be an event of default under the Notes nor will the Issuer be required to repurchase or redeem any Notes in such circumstances by reason only of such failure to meet the Emissions Condition. Further, although the Issuer intends to report periodically on its Key Performance Indicators and Sustainability Performance Targets, failure of such reporting would not in and of itself be a breach of obligations under the Notes, nor would the Issuer be obliged to repurchase or redeem the Notes.

The Notes are not being marketed as "green bonds", "social bonds" or "sustainability bonds" as the net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes, which may include the refinancing of existing indebtedness

The Notes are not being marketed as "green bonds", "social bonds" or "sustainability bonds" as the net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes, which may include the refinancing of existing indebtedness.

In addition, the payment of the Premium Payment Amount will depend on the Issuer meeting, or not meeting, the Emissions Condition, which may be inconsistent with or insufficient to satisfy investor requirements or expectations. Prospective investors in the Notes should have regard to the information set out herein and must determine for themselves the relevance of such information for the purpose of any investment in the Notes, together with any other investigation such investor deems necessary.

There is currently no market consensus on what precise attributes are required for a particular project, activity or performance target to be defined as "green", "social" or "sustainable", and therefore no assurance is or can be given to investors by the Issuer, the Joint Lead Managers or the External Verifier that the Notes will meet any or all investor expectations regarding the Notes or the Issuer's sustainability performance target qualifying as "green", "social", "sustainable" or "sustainability-linked" or that any adverse environmental, social and/or other impacts will not occur in connection with the Issuer striving to achieve its sustainability performance target (including, without limitation, the Emissions Condition) or the use of the net proceeds from the offering of Notes.

No assurance or representation is given by the Issuer, the Joint Lead Managers or the External Verifier as to the suitability or reliability for any purpose whatsoever of any opinion, report, certification or validation of any third party in connection with the offering of the Notes or the Emissions Condition to fulfil any green, social, sustainability, sustainability-linked and/or other criteria. Any such opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of the Offering Circular.

Providers of opinions, certifications and validations in connection with the offering of the Notes or the Emissions Condition are not currently subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Joint Lead Managers, the External Verifier or any other person to buy, sell or hold Notes. Noteholders have no recourse against the Issuer, any of the Joint Lead Managers or the provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion, certification or validation and/or the information contained therein and/or the provider of such opinion, certification or validation for the purpose of any investment in the Notes. Any such opinion or certification will not be incorporated into, and will not form part of, this Offering Circular or the Pricing Supplement. Any withdrawal of any such opinion or certification or any such opinion, certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion, certification or validation is opining on or certifying on may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Although the Issuer intends to reduce the amount of its Scope 1 and 2 greenhouse gas emissions, there can be no assurance of the extent to which it will be successful in doing so, that it may decide not to continue with the sustainability performance targets or that any future investments it makes in furtherance of the sustainability performance target will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. The Issuer's efforts in achieving the sustainability performance target may further become controversial or be criticised by activist groups or other stakeholders.

Achieving the Emissions Condition or any similar sustainability performance targets will require the Issuer to expend significant resources, while not meeting any such targets would result in increased interest payments and could expose the Issuer to reputational risks

Achieving the Emissions Condition will require the Issuer to (i) effect at least a 10% reduction in Scope 1 and 2 greenhouse gas emissions amounts generated by the Relevant Businesses (or such other relevant businesses as substituted or added by the Issuer) by 31 December 2029 and (ii) reduce the amount of Scope 1 and 2 greenhouse gas emissions in the Surbana Jurong Campus over which the Issuer has direct control to zero or less than zero by 30 August 2030. As a result, achieving the Emissions Condition or any similar sustainability performance targets the Issuer may choose to include in future financings or other arrangements will require the Issuer to expend significant resources.

In addition, if the Issuer does not meet the Emissions Condition, this would not only result in the obligation to pay a premium amount on each Note on the Premium Payment Date, but could also harm the Issuer's reputation, the consequences of which could, in each case, have a material adverse effect on the Issuer, its business prospects, its financial condition or its results of operations.

The Issuer's ability and autonomy to calculate its Key Performance Indicators

The Issuer calculates its Key Performance Indicators as described under "Description of Sustainability Targets – KPI Methodology."

Though subject to review / assurance by a qualified independent third party, these emission amounts evaluations are made internally, i.e. by the Issuer itself, based on broadly accepted standards and reported externally. The standards and guidelines on which such Key Performance Indicators are based may change over time and investors should be aware that the way in which the Issuer calculates its Key Performance Indicators may also change over time.

In addition, the Surbana Jurong Group operating out of the Surbana Jurong Campus, the AETOS Business and the SMEC ANZ Business were selected as the initial portfolio of businesses included in the scope of calculation of such Scope 1 and Scope 2 greenhouse gas emissions, having accounted for a material part of the Group's business. In the event the Issuer no longer has direct control of any of the Surbana Jurong Group operating out of the Surbana Jurong Campus, the AETOS Business or SMEC ANZ Business, the Issuer may, without consent of the Trustee and the Noteholders, substitute the portfolio of businesses included in the scope of calculation (subject to the Terms and Conditions of the Notes) from time to time with other businesses or assets with similar contributions to the Group's total revenue.";

8. by deleting all references of "Management Services" appearing on pages 31, 148, 153, 156, 158 and 164 of the Offering Circular and substituting therefor "Managed Services";

9. by deleting in its entirety the risk factor "Investors of the Notes are exposed to risks relating to Singapore taxation." appearing on page 35 of the Offering Circular and substituting therefor:

   "***Investors of the Notes are exposed to risks relating to Singapore taxation.***

   The Notes to be issued from time to time under the Programme during the period from the date of this Offering Circular to 31 December 2023 are intended to be "qualifying debt securities" for the purpose of the Income Tax Act, Chapter 134 of Singapore, subject to the fulfilment of certain conditions more particularly described in the section "Taxation — Singapore Taxation".

   However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.";

10. by adding the following risk factor immediately after the risk factor titled "There are limited remedies for default under the Securities." appearing on page 36 of the Offering Circular:

   "***Commencement of proceedings under applicable Singapore insolvency or related laws may result in a material adverse effect on Securityholders.***

   There can be no assurance that the relevant Issuer will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. Application of these laws may have a material adverse effect on Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on Securityholders.

   Where the relevant Issuer is insolvent or close to insolvent and the relevant Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the relevant Issuer. It may also be possible that if a company related to the relevant Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the relevant Issuer may also seek a moratorium even if the relevant Issuer is not itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the relevant Issuer, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the "**IRD Act**") was passed in the Parliament of Singapore on 1 October 2018 and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, a debenture. However, it may apply to other related contracts that are not found to be directly connected to the Securities.";

11. by deleting in its entirety the section "CAPITALISATION AND INDEBTEDNESS OF THE GROUP" appearing on page 147 of the Offering Circular and substituting therefor:

"CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The table below sets forth the consolidated capitalisation and indebtedness of the Group as at 31 December 2019. This table should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in the Pricing Supplement.

	As at 31 December 2019 (S$'000) Audited
Borrowings	
Current loans and borrowings…………………………………	43,394
Non-current loans and borrowings………………………….	663,530
Total borrowings…………………………….…….…………	706,924
Equity	
Share capital……………………………………………......	934,813
Reserves…………………………………………………….	(55,674)
Equity attributable to owner of the Company………………	879,139
Non-controlling interests……………………………………	20,065
Total equity……………………….……….…….…………	899,204
Total capitalisation and indebtedness……………………	1,606,128

The Group had drawn S$100 million 1-year short-term loans in April 2020 as cash buffer to safeguard against potential liquidity crunch in the operations due to Covid-19 pandemic. The proceeds of the short-term loans have not been utilised to-date due to the Group's ongoing operations and positive operating cash flows.

Except as set out above, there has been no significant changes to the total capitalisation and indebtedness of the Group since 31 December 2019.";

12. by adding the following sentence at the end of the section "Focus on strong technical ability supported by experienced senior management team" appearing on page 155 of the Offering Circular:

"As of 2020, the Group has successfully built a global talent pool comprising professionals of 100 nationalities, including 150 master planners, 600 architects, 3,300 engineers, 200 quantity surveyors and 300 project managers.";

13. by adding the following at the end of the section "Strengthening its long-standing client relationships and developing new ones" appearing on page 157 of the Offering Circular:

"Some of the Group's notable clients, business partners and joint-venture partners include:

- Singapore Government and Private Sector Clients
  - Housing & Development Board
  - JTC Corporation

- Ministry of Home Affairs
- Changi Airport Group
- Ministry of Health
- Singapore Cooperation Enterprise
- Building and Construction Authority
- Land Transport Authority
- Maritime Port Authority
- National Parks Board
- CapitaLand Limited
- Sembcorp
- Woh Hup

- Multilateral Organisations
    - Asian Development Bank
    - Japan International Cooperation Agency
    - Department for Foreign Affairs and Trade Australian Government
    - African Development Bank
    - Millenium Challenge Corporation
- MOU & Joint Venture Partners
    - Sinar Mas Land
    - CITIC Construction
    - Oriental Consultants Global
    - Mitsubishi Corporation
    - Safdie Architects
    - Silk Road Fund
    - China Highway Engineering Consulting Cooperation
- Overseas Governments
    - Roads Corporation of Victoria

- Roads & Maritime Services, New South Wales
- Snowy Hydro Limited
- Government Department of Transport and Main Roads, Australia
- Telangana State Industrial Infrastructure Corporation, India
- Government of West Bengal
- Bangladesh Bridge Authority
- Department of Works, Papua New Guinea
- Maldives Airport Company Limited
- Water Authority of Fiji
- Kuwait Port Authority
- Millennium Challenge Account, Malawi

- Overseas Private Companies
  - China Harbour Engineering Company
  - Shwe Tang United GP
  - Salini Impregilo
  - Orange Smart City Infrastructure Pvt. Ltd.
  - Tongaat Hulett Developments, South Africa
  - Manila North Tollways Corporation
  - China Vanke Co., Ltd
  - Google LLC
  - Tata Steel Pvt. Ltd.
  - Karot Power Company (Pvt) Ltd
  - Multiplex
  - Lend Lease Infrastructure & Lend Lease Communities
  - Brookfield Office Properties
  - MKH Berhad
  - Nystar Mining

- o Columbia China
- o Fulton Hogan";

14. by deleting in its entirety the section "Group Chief Financial Officer" appearing on page 157 of the Offering Circular;

15. by adding the following at the end of the section "RECENT DEVELOPMENTS" appearing on page 157 of the Offering Circular:

"**<u>Recent External Accolades</u>**

The Group has recently achieved the following external accreditation and accolades:

- Ranked 26^{th} in the Top 225 Engineering News Record (ENR) companies in 2020 – this is the 3rd consecutive year that the Issuer has ranked among the Top 30 companies
- BCA Construction Excellence Awards (EXCELLENCE) 2020 – the Issuer is a yearly recipient of the BCA Awards
- ABA100 Winner for Community Contribution in The Australian Business Awards – SMEC won 8 Awards in 2019
- RBG won the Council on Tall Buildings and Urban Habitat (CTBUH) Awards in 2019
- KTP won the FIABCI World Prix d'Excellence Award in 2018
- The Issuer was ranked in the World Architecture 100 in 2020
- B+H won the MASI Interior Design Award In 2018

<u>Acquisitions and Partnerships</u>

Formation of leading architectural grouping with B+H, SAA and Rocco Design Architects

In January 2019, the Group formally completed the acquisition of Singapore-headquartered SAA, and together with the acquisition of B+H, the Group is poised to form one of the largest architectural groupings in the world. SAA is among the top 10 architecture firms in Singapore, with an established presence across Southeast Asia. It has expertise and experience in the design and delivery of award-winning architecture projects across the key sectors of transport, mixed use developments, commercial, healthcare, business parks and residential.

The addition of B+H and SAA will deepen the Group's technical capability to offer best-in-class architectural and interior design services for both urban and infrastructure projects globally. It will also strengthen the Group's ability to provide comprehensive, end-to-end solutions, from development strategies, to design and engineering services, project and facilities management, and financing solutions to its clients.

Additionally, the Group has formed a collaboration with Rocco Design Architects. Rocco Design Architects is an award-winning architectural practice based in Hong Kong, led by renowned architect Rocco Yim. This collaboration is a long-term partnership to jointly pursue projects in the region, particularly Hong Kong and the Greater China Bay Area.

Acquisition of Prostruct Consulting

In January 2020, the Group acquired Prostruct Consulting, a leading urban and infrastructure protection firm specialising in security, blast consultancy and testing.

The newly acquired specialist capability is timely for the Group as the Singapore government has enacted an Infrastructure Protection Act that requires designated buildings to integrate security measures, such as strengthening against blast effects, into their designs before they are built or renovated. These designs must be assessed by certified security and blast consultants.

Prostruct Consulting has provided blast consultancy for a wide range of projects including industrial, commercial, healthcare, recreation, transportation and defence facilities in the public and private sectors. It is a Singapore Accreditation Council accredited commercial blast testing service provider, and has conducted blast tests to assess the blast resistance of building structures such as door systems and protective structures.

The acquisition augments the Group's portfolio of built environment services, which includes solutions to protect buildings and infrastructure against blast and other effects of explosions and weapons.

Strategic partnership with Sinar Mas Land

In September 2020, Mitbana Pte Ltd ("**Mitbana**"), a joint venture fund management company of Mitsubishi Corporation and Surbana Jurong Capital, a wholly-owned subsidiary of the Issuer, entered into a strategic partnership with PT Bumi Serpong Damai Tbk. ("**Sinar Mas Land**"), a subsidiary of Singapore Exchange-listed Sinarmas Land Limited, to advance the creation of smart and sustainable Transit-Oriented Developments ("**TODs**") in Bumi Serpong Damai ("**BSD**") City, Indonesia. Established in March 2019, Mitbana is a Singapore-headquartered urban development fund focusing on TOD and township projects in ASEAN and South Asia.

The partnership between Sinar Mas Land and Mitbana seeks to develop first-of-its-kind integrated TODs in Indonesia with new approaches to urban development in a post-pandemic connected world. Leveraging the experience and expertise of Mitsubishi Corporation and the Group, Mitbana aims to accelerate such developments with the support of institutional capital from third parties. These developments also support the Indonesian government's focus on infrastructure development in Jakarta, which will result in better connectivity for commuters and residents.

BSD City, located in Tangerang, Greater Jakarta, is Sinar Mas Land's flagship town development that encompasses a total land area of approximately 6,000 hectares. Developed since the mid-1980s, BSD City is a thriving development with businesses, schools, shopping malls, hospitals, hotels and convention centres. Building on BSD

City’s track record, Mitbana will work with Sinar Mas Land to transform over 100 hectares of greenfield land in BSD City into TODs comprising residential units, commercial properties, living amenities and public transport nodes. This undertaking will enlarge BSD City’s existing development footprint and expand on its current population of 200,000 residents. BSD City is already home to the Apple Developer Academy, co-run by Apple and a local Indonesian university, as well as an innovation and engineering lab run by Singapore-based ride hailing company Grab.

Addition of environmental design consultancy Atelier Ten to the Group

In November 2020, the Group announced that Atelier Ten, a global award-winning environmental design consultancy specialising in sustainable and innovative design solutions, joined the Group as it increases its focus on sustainability. In joining forces, the Group and Atelier Ten will deepen their expertise and strengthen their commitment to championing sustainability and developing climate change solutions.

Atelier Ten, headquartered in London, will deepen the Group’s expertise in sustainable solutions, dedicated to helping clients who want to create a sustainable future. This presents greater opportunities for Atelier Ten, the Group and more broadly, clients and the built environment globally.

Atelier Ten’s relationship with the Group spans over a decade with successful collaborations in Singapore including Jewel Changi Airport, one of the world’s largest conditioned gardens that successfully balances the competing demands of abundant heat and light needed for plants, and the ecologically sustainable Mandai rejuvenation project.

Atelier Ten joined the Group as a distinct member company, the Group’s ninth member company. Atelier Ten will retain its identity and brand values and continue to leverage its leadership team and its people to expand globally.

The mutually beneficial opportunity will provide better access to and knowledge sharing across markets, strengthening the Group’s presence in the US and European markets and Atelier Ten’s involvement in Asia. The integration will present more multidisciplinary, collaborative projects that provide employees with exposure to new work and opportunities to learn, develop and grow.

With the latest acquisition of Atelier Ten, the Group has a global staff strength of over 16,000.

<u>Notable Projects</u>

Some of the notable projects which the Group has been involved include:

- Dubai Museum of the Future
- Merdeka PNB 118 Malaysia
- Velana International Airport Maldives
- Dhaka Chittagong Expressway Bangladesh

- Sydney Metro Northwest
- Salkhit Windfarm Mongolia
- Illuminated River London
- The National Theatre (Hawarth Tompkins)
- Google London King's Cross
- WWF-UK Living Planet Centre
- Southbank by Beulah, Melbourne
- Jewel Changi Airport
- Uber Headquarters California
- Cooled Conservatories, Gardens by the Bay
- Comcast Innovation and Technology Centre
- Library & Archives, Canada Gatineau 2
- NTUC Fresh Food Distribution Centre
- Mexico Interoceanic Corridor
- Bakun Hydroelectric Power Plant
- Yarranlea Solar Farm
- Atal Tunnel

Covid-19 Related Developments

Community Care Facilities

At the onset of the Covid-19 pandemic from March to May 2020, the Group was entrusted with the preparation and conversion of convention centre halls at Singapore Expo to a community care facility ("**CCF**").

The Group provided technical services to government agencies involved in the setting up and running of Community Care Facilities in Singapore. One such facility was the convention centre Singapore Expo. A 50-strong team of healthcare planners, architects, engineers, project managers, quantity surveyors and procurers completed two halls with 960 beds within three days and ten halls with 8,000 beds within four weeks. The Expo CCF housed two types of patients – recovering patients and patients with mild symptoms. As of January 2021, Halls 7 - 10 of Singapore Expo have ceased to operate as a CCF and are in the process of being converted to facilities for Connect@Changi, the world's first purpose-built location allowing business travellers to stay and meet each other safely in Singapore.

Construction of Changi Airport Terminal 5

In June 2020, the Singapore government announced that construction of Changi Airport's Terminal 5 will be paused in order to complete a study of the future of the aviation and travel industry amid the Covid-19 outbreak. Terminal 5 was originally slated for completion in the 2030s and the Group was part of the consortium appointed to provide engineering consultancy services for this development.

Launch of Connect@Changi

In December 2020, the Issuer's shareholder, Temasek, announced the development of a pilot short-stay facility that will support safe business exchanges between international travellers and Singapore residents as one of the measures to help progressively open borders and facilitate business activities, while protecting the community.

The Issuer is part of the Temasek-led Singapore consortium to be developing Connect@Changi. The project's initial phase, located at Singapore Expo Halls 7 and 8, involves building over 670 premium guest rooms and close to 170 meeting rooms that can accommodate a range of meeting sizes, from four to 22 attendees. When fully constructed in mid-2021, the facility will include more than 1,300 guest rooms and about 340 meeting rooms.

Construction is underway for the first phase of the Connect@Changi project, located at Singapore Expo & MAX Atria within a five-minute drive from Changi Airport. Connect@Changi will feature an array of novel COVID-19 management strategies, such as wastewater testing for early detection, latest rapid point-of-care tests to complement established lab-based PCR tests, and automated contact tracing within the facility to enable rapid and precise identification of individuals. When launched in Q1 2021, Connect@Changi will offer an integrated 'test-stay-work-meet' experience for inbound business travellers, complementing the Singapore's government's broader efforts to accelerate the resumption of regional and international business activities in a safe and calibrated manner.

Business travellers landing at Changi Airport can make use of the facility to meet their Singapore-based counterparts or hold regional meetings in person, all while enjoying a comfortable stay in the equivalent of a four-star accommodation facility, with safe management measures in place. Such an arrangement between an international airport and purpose-built accommodation of scale that safeguards guests and the local community from Covid-19 is a world first.

<u>Regulatory</u>

Australian Federal Police ("AFP"), Australian Securities and Investments Commission ("ASIC"), World Bank ("WB") and Asian Development Bank ("ADB") Investigations

Prior to the acquisition by the Group, SMEC had become aware that the AFP and ASIC had commenced investigations into its operations and certain projects which it has participated. SMEC has and continues to retain an external law firm to provide legal advice in relation to the AFP and ASIC investigations. Both the AFP and ASIC investigations are ongoing and SMEC continues to cooperate with these investigations.

Following satisfaction of the conditions set out in the Negotiated Resolution Agreement ("NRA") dated 22 August 2017, effective as of 27 March 2020, the WB has lifted the sanctions imposed on SMEC and the debarment of five of its subsidiaries under the NRA have been lifted. On 16 March 2020 SMEC agreed with the WB that it will conduct its own investigations into certain documentary evidence (which it had shared with WB during the term of the NRA) to identify any sanctionable conduct involving other WB funded projects.

Since April 2019, SMEC has been cooperating with the ADB on its own investigations into some of the ADB funded projects which SMEC is involved in. ";

16. by deleting the tables titled "Revenue breakdown by business division" and "Revenue breakdown by geography" and the footnote relating thereto appearing on page 158 of the Offering Circular and substituting therefor:

"**Revenue breakdown by business division**[1]

	Revenue for the financial years ended 31 December	
	2018	**2019**
	(in S$ million)	
Urban Development Division	357.0	547.8
Infrastructure Development Division	679.1	600.3
Managed Services Division	514.5	542.2
Intercompany Eliminations[2]	(2.9)	(13.0)
Total	**1,547.7**	**1,677.3**

Revenue breakdown by geography

	Revenue for the financial years ended 31 December	
	2018	**2019**
	(in S$ million)	
Singapore	747.8	856.7
Australia and New Zealand	468.9	471.4
South Asia and Middle East	130.1	138.6
Africa	108.4	106.6
Southeast Asia	102.1	90.6

	Revenue for the financial years ended 31 December	
	2018	2019
	(in S$ million)	
Americas	43.4	76.7
North Asia	21.1	23.1
Intercompany Eliminations[2]	(74.1)	(86.4)
Total	**1,547.7**	**1,677.3**

Note: [1] There have been further refinements in the revenue breakdown for 2018 and 2019. Certain sections of the SMEC business have been further reclassified from Infrastructure Development to Urban Development and Managed Services. Hence, a comparison with 2017 is not meaningful.

[2] Elimination of inter and intra business units intercompany transactions which cannot be attributed to a specific business division or geographic segment.";

by adding the following after the section "PROPERTIES" appearing on page 177 of the Offering Circular:

"**OTHER FINANCIAL INFORMATION**

Description	2017 S$'000	2018 S$'000	2019 S$'000
EBITDA	85,179	93,944	154,719
Total Debt[1] / EBITDA (x)	5.5	6.1	4.6
Net Debt[2] / EBITDA (x)	2.7	2.7	2.2
EBITDA / Interest Expense (x)	6.0	5.1	5.0
Total Debt / Total Assets (%)	32.1	34.5	32.1
Net Debt / Total Capitalisation[3] (%)	21.8	21.8	21.5

Note:
[1]Total Debt = Current and Non-Current Loans & Borrowings
[2]Net Debt = Total Debt less Cash & Cash Equivalent
[3]Total Capitalisation = Total Debt + Total Equity";

17. by deleting in its entirety the section "DIRECTORS AND MANAGEMENT" appearing on page 178 of the Offering Circular and substituting therefor:

"**DIRECTORS AND MANAGEMENT**

Board of Directors

Mr Chaly Mah Chee Keong

Chairman

Mr Mah was appointed Chairman of the Issuer on 1 January 2021.

Mr Mah is also Chairman of Singapore Tourism Board, the Singapore Accountancy Commission and NetLink NBN Trust. He is a member of the Board of Trustees of SG Eco Fund, National University of Singapore (NUS) and Chairman of the NUS Business School Accounting Advisory Board. He also serves on the boards of the Singapore Economic Development Board, Monetary Authority of Singapore, Flipkart Private Ltd and CapitaLand Limited.

Mr Mah served on the board of Singapore Land Authority from 2007 to 2014 and was Chairman between 2010 and 2014. He was Chairman of the Singapore International Chamber of Commerce between 2015 and 2017, and an external member of the Audit Committee of the Asian Infrastructure Investment Bank from 2017 to 2020.

In 2016, Mr Mah retired as CEO of Deloitte Southeast Asia and Chairman of Deloitte Singapore. He was with Deloitte for over 38 years, including five years in its Melbourne office. During his tenure, Mr Mah led teams serving multinational and local companies across a wide spectrum of industries, specialising in financial services, telecommunications & technology, real estate, private equity and manufacturing and advising companies in mergers and acquisitions and corporate finance. Mr Mah was also the CEO of Deloitte Asia Pacific and served as the Vice-Chair of Deloitte's Global Board of Directors.

Mr Mah is the Singapore Non-Resident Ambassador to Papua New Guinea. In 2014, he was awarded the Public Service Medal (PBM) for his contributions to public service.

Mr Fong Heng Boo

Board Member, Audit & Risk Committee Chairman

Mr Fong Heng Boo joined the Group in 2015. He is also an independent director of several public listed and private limited companies.

An accountant by profession, Mr Fong started his career with the Auditor-General's Office and left in 1993 as Assistant Auditor-General. He was also General Manager (Corporate Development) of a listed company in Singapore as well as the Chief Financial Officer of a listed company in Australia. He was Director (Special Duties) at the Singapore Totalisator Board until his retirement in December 2014. His other professional experience included membership of Audit Committees of statutory boards and Advisory Committees of the School of Accountancy of Nanyang Technological University and Ngee Ann Polytechnic.

Mr Fong was a past Fellow Member of the Institute of Certified Public Accountants of Singapore ("**ICPAS**"). He was a council member of ICPAS and was awarded a Silver Medal by ICPAS in 1999.

Mr Wong Heang Fine

Group CEO

Mr Wong Heang Fine joined the Group in 2015 as its Group Chief Executive Officer and Board Director. Since then, the firm has grown into one of the largest urban, infrastructure and management services consulting firms in Asia with a global talent pool of over 16,500 employees based in more than 120 offices in over 40 countries worldwide.

Mr Wong also sits on the boards of three of the Issuer's member companies – SMEC, AETOS and Sino-Sun. He is Chairman of Sino-Sun.

Mr Wong is a Board Member of the Building and Construction Authority (BCA), an agency under Singapore's Ministry of National Development that regulates Singapore's building and construction industry. He is Chairman of the advisory board for Nanyang Technological University (NTU)'s College of Engineering and an Adjunct Professor in NTU's School of Mechanical & Aerospace Engineering. He is also a member of the Corporate Advisory Board of the World Green Building Council.

Mr Wong has held many key leadership positions across a number of industries over the last 40 years. Before joining the Group, he was with CapitaLand for eight years. He was the CEO of CapitaLand Residential Singapore Limited and CapitaLand GCC Holdings, and also the Country CEO in charge of developing CapitaLand's business in the Gulf Cooperation Council region. Mr Wong was CEO of Capitala, a joint venture company between CapitaLand Singapore and Mubadala Development Company in United Arab Emirates.

Prior to that, from 2001 to 2006, Mr Wong was President & CEO of SembCorp Engineers and Constructors Pte Ltd (now known as Sembawang Engineers and Constructors) and was instrumental in advancing the company's engineering and construction business in South Asia.

Mr Wong joined Cathay Organisation in 1998. As Deputy President, he helped realise the company's ambition of going public via a reverse takeover strategy through IMM Multi-Enterprise which was listed on SESDAQ. In 1999, he was appointed President & CEO of Cathay Organisation Holdings.

Between 1996 and 1998, Mr Wong was Director (Infrastructure), L&M Group Investments Ltd. During his tenure, he restructured the company by spearheading diversification into the infrastructure and property sectors.

Between 1991 and 1996, Mr Wong was at Singapore Technologies Industrial Corporation. There he pioneered the infrastructure development of the industrial estate and a 24,000-hectare international resort belt on Bintan Island, Indonesia. He was instrumental in developing and managing the Bintan Lagoon Resort.

Mr Wong was the President of the Real Estate Developers' Association of Singapore from 2011 to 2012. He served as a Senior Industry Officer with the Economic Development Board where his responsibilities included the promotion and development of investments in Singapore.

Mr Wong graduated with First Class Honours in B.Sc (Mechanical Engineering) from the University of Leeds, England and a M.Sc (Engineering Production and Management) from the University of Birmingham, England. He was conferred a Medal of Commendation during the National Trades Union Congress (NTUC) May Day Awards 2020 for advancing HR best practices and employees' interests. Mr Wong is also an iBuildSG Distinguished Fellow, appointed by BCA, and a RICS Fellow, conferred on him by the Royal Institution of Chartered Surveyors.

Mr Eric Ang

Board Member

Mr Eric Ang joined the Group in 2015. He was Senior Executive Advisor at DBS Bank Ltd., where he was from the start of his banking career in 1978 till January 2020. Mr Ang sits on the Board of Directors of Sembcorp Marine Ltd, Raffles Medical Group Ltd, NetLink NBN Management Pte Ltd and Wing Tai Holdings Limited in Singapore. He is also the Co-Chairman of the SGX Disciplinary Committee.

Mr Ang holds a Bachelor's degree in Business Administration (Honours) from the University of Singapore.

Mr Desmond Choo Pey Ching

Board Member

Mr Desmond Choo is a Member of Parliament for the Tampines Group Representative Constituency and the Adviser to the Tampines Changkat Grassroots Organisations. Concurrently, he is the Mayor of North East District. Mr Desmond Choo oversees social and community development for 18 constituencies.

Mr Desmond Choo is also the Assistant Secretary-General and Director of Policy Division at NTUC. He oversees the economic and social policies, strategic communications and international affairs. He is also the Executive Secretary of the Union of Telecoms Employees of Singapore and Advisor to the Young NTUC Committee.

Within the Labour Movement, Mr Desmond Choo is the Advisor to the Attractions, Resorts & Entertainment Union, Singapore Union of Broadcasting Employees and Union of Security Employees. He is also the Trustee of Singapore Shell Employees' Union. He is the Secretary of the Industrial Relations Committee (Service Sector) as well as a Member of the Training Council and Industrial Relations Council.

Representing workers and the Labour Movement, Mr Desmond Choo sits on the Board of Directors for the Issuer and is a Full Member of the National Wages Council.

Prior to joining NTUC, Mr Desmond Choo served in various roles in the Singapore Police Force (SPF), Ministry of Manpower and the private sector. He was the Senior Vice President, Investments of Kestrel Capital Pte Ltd. He was also instrumental in leading the acquisition of La Liga's Valencia CF and development of the non-profit Foundation of Valencia CF. He was on the Board of the Foundation of Valencia CF and provided advice on the development of Hotel Football in Manchester, United Kingdom.

Mr Desmond Choo was awarded the SPF Overseas Merit Scholarship in 1997 to study Economics at the University of Chicago.

Mr Gan Chee Yen

Board Member

Mr Gan Chee Yen joined the Group in 2015. He is the former CEO of Fullerton Financial Holdings Pte Ltd and is a member of the Institute of Singapore Chartered Accountants.

Mr Gan was Co-Chief Investment Officer, Senior Managing Director, Special Projects and Head of China Market at Temasek International. He joined Temasek in May 2003 as Chief Financial Officer and has since served in various investments roles as a member of the senior management team in Temasek. The investment clusters he has led included the Financial Industry portfolio and the Transportation and Logistics portfolio, before he took on the role of co-Chief Investment Officer of Temasek where he anchored several successful investments.

Mr Gan has served on the boards of several companies including CEI Limited, ICHX Tech Pte. Ltd., Heliconia Capital Management Pte. Ltd., and was a board member of Fullerton Financial Holdings Pte Ltd and a board commissioner of Bank Danamon Indonesia from 2003 to 2019. He received his Bachelor of Accountancy from NUS. He also attended Harvard University's Program for Management Development in September 2001.

Mr Guy Daniel Harvey-Samuel

Board Member

Mr Guy Harvey-Samuel joined the SJ board in August 2015 as a non-executive director. He spent 39 years working with HSBC Group in 12 countries across the world retiring in 2017. He returned to Singapore in 2013 as Group General Manager and Chief Executive Officer HSBC Singapore, prior to this he was Group General Manager and Head of International Asia Pacific based in HSBC Hong Kong.

Prof Yaacob Ibrahim

Board Member

Prof Yaacob Ibrahim joined the Group in 2019 and is presently a Professor of Engineering at the Singapore Institute of Technology (SIT) and an Advisor to the President of SIT.

Prior to his current position, Prof Yaacob served in the Singapore Cabinet as a Minister in the Ministries of Communications and Information (2011 – 2018), Environment and Water Resources (2004 – 2011) and Community Development and Sports (2002 – 2004). Throughout his 16 years as a Minister, Prof Yaacob was also Minister-in-charge of Muslim Affairs. He started his political career as a Member of Parliament (MP) in Jalan Besar GRC in January 1997, and held several political appointments before becoming a Minister in 2002.

Prof Yaacob graduated from the University of Singapore with a degree in Civil Engineering in 1980. He worked as a structural engineer with a multinational engineering consulting firm from 1980 to 1984. He pursued his PhD at Stanford University from 1984 and graduated in 1989. He spent two years as a post-doctoral fellow at Cornell University. He joined the National University of Singapore (NUS) as a faculty member in 1990 where he became a tenured member. He took a leave of absence from NUS from July 1998 till his resignation in August 2018.

He is currently on the Board of Trustees of the Building Construction and Timber Industries Employees' Union. He is also an Advisor to the Infocomm Media Development Authority's Kampong Glam Digitalisation Project.

Mr Ku Moon Lun

Board Member

Mr Ku Moon Lun joined the Group in 2015 and has more than 35 years of experience in the real estate industry. Currently, he is an independent non-executive director of Lai Fung Holdings. He is also a member of the Hospital Governing Committee of Queen Elizabeth Hospital, Hong Kong Hospital Authority, and a Fellow of the Hong Kong Institute of Surveyors.

Mr Ku was an executive director of Davis Langdon & Seah International ("DLSI"), a property consultant firm, until the end of 2005 where he was responsible for formulating the policies and steering the direction of the DLSI group of companies. He was also the chairman of the board of directors of Davis Langdon & Seah Hong Kong Limited from 1995 to 2004. Mr Ku was previously the chairman of Premas Hong Kong Limited, a facilities management company, from 2000 to 2002 and icFox International, an information technology company, from 2000 to 2003. Mr Ku was an independent non-executive director of Ascott Residence Trust Management Limited from 2006 to 2016 and an independent non-executive director of Kerry Properties Limited from 2007 to 2020.

Ms Neo Gim Huay

Board Member

Ms Neo Gim Huay joined the Group in 2015. She is currently Managing Director, Sustainability, Temasek International Pte Ltd.

Prior to joining Temasek, Ms Neo was a Management Consultant with McKinsey & Co in the US and Africa, advising clients on strategy and operations in the banking, oil & gas as well as entertainment and technology sectors. Ms Neo was also formerly in the Administrative Service of the Singapore Government, responsible for Governance and Investment as well as Trade Negotiations in the Finance and Trade ministries respectively.

Ms Neo is on the Boards of Mandai Park Holdings and Intellectual Property Office of Singapore. She is a member of Creating Shared Value Council, Nestle SA; Chairman of ABC World Asia Advisory Council; and Deputy Chair of the Environment & Resources Standards Committee of the Singapore Standards Council.

Ms Neo holds a MBA from Stanford University, graduating as an Arjay Miller Scholar. She also has a Masters in Engineering (Distinction) and Bachelor of Arts (First Class) from Cambridge University. She was elected as an Eisenhower Fellow in 2015.

Mr Tan Gee Paw

Board Member

Mr Tan Gee Paw was appointed Chairman of the PUB, Singapore's national water agency on 1 April 2001 until his retirement on 31 March 2017. Mr Tan is a member of a number of government committees. He is the Adjunct Professor at the Lee Kuan Yew School of Public Policy, National University of Singapore, and Adjunct Professor at the Faculty of Engineering, National University of Singapore. Previous appointments held by Mr Tan were Principal of Ngee Ann Polytechnic, Permanent Secretary of the then Ministry of the Environment, Advisor on Rail Transformation, Ministry of Transport and Special Advisor to Land Transport Authority.

Mr Tan graduated with First Class Honours in Bachelor of Engineering (Civil) from the University of Malaya in 1967, and a Master of Science in Systems Engineering from the University of Singapore in 1971. He was conferred an Honorary Degree of Doctor of Science from the University of Westminster, UK in 1993; and an Honorary Doctorate in Engineering from Sheffield University, UK in 1995. In 2013, he was conferred an Honorary Degree of Doctor of Engineering by the Nanyang Technological University.

Mr Tan received the Public Administration Medal (Silver) in 1978 and a Special Award (Gold Medal) for Clean River Commemoration in 1987. He also received the Medal of Commendation at the NTUC May Day Award in 2005, the President's Award for the Environment in 2007 and the President's Science and Technology Medal in 2015. Mr Tan was conferred the Meritorious Service Medal in 2001 for his work as Permanent Secretary of the then Ministry of the Environment and the Distinguished Service Order in 2010 for his work as Chairman of PUB. In 2011, Mr Tan was conferred the Distinguished Engineering Alumni Award by the National University of Singapore; the Distinguished Member Award by National University of Singapore Society in 2014; and the Distinguished Professional Engineer Award in 2018 by the Professional Engineers Board. He was elected an Honorary Fellow of the Institution of Engineers, Singapore and awarded the Lifetime Engineering Achievement Award in 2015. Mr Tan was also elected as a Fellow of the Academy of Engineering, Singapore in 2012.

Mr Tan is the Special Advisor to Chairman, PUB, and a member of the Centre for Liveable Cities (CLC) Panel of Distinguished Advisors. Mr Tan has been appointed the Acting Chairman of Changi Airport Group. He is also a Board member of Changi Airport Group and a Director of Surbana Jurong Private Limited.

Prof Tan Kong Yam

Board Member

Prof Tan Kong Yam joined the Group in 2015 and is presently Professor of Economics at the Nanyang Technological University in Singapore.

Prior to joining NUS, Prof Tan worked at the Hoover Institution at Stanford University, World Bank, the Monetary Authority of Singapore, and was the Director of Research at the Ministry of Trade and Industry in Singapore.

From June 2002 to June 2005, Prof Tan was a senior economist at the World Bank office in Beijing where he worked on issues of macro stabilisation, integration of the fragmented domestic market, banking reform, international trade and investment as well as regional inequality. In 2004, he was a member of the World Bank expert group on the eleventh five year plan (2006-2010) for the State Council in China. The expert group provided analysis and policy recommendations on urbanisation, regional inequality, innovation policy, energy and water policy as well as strategy on banking reform to the Chinese government.

Prior to that, he was the chief economist of the Singapore government at the Ministry of Trade and Industry and Head, Department of Business Policy, Faculty of Business Administration at NUS.

Prof Tan is a graduate of Princeton (1975-79, class of 1931 scholar, Paul Volcker Thesis prize) and Stanford University (1980-83).

Management

Mr Wong Heang Fine

Group CEO

See "—Board of Directors", above.

Mr Hari Poologasundram

CEO International (Africa, Americas, ANZ, South Asia & Middle East), CEO, SMEC

Mr Hari Poologasundram joined the Group in 2016 and is the CEO International of the Company. In this role, he leads the Group's global presence in Africa, Americas, Australia and New Zealand ("ANZ"), South Asia and the Middle East.

Mr Poologasundram is also the CEO of SMEC, a multi-disciplinary infrastructure consultancy business. He has been an integral member of SMEC's executive and leadership team since 1999. In his previous role, Mr Poologasundram was appointed CEO of SMEC's ANZ Division after serving as COO ANZ since 2012. Under his guidance and leadership, he has successfully driven the overall performance and strategic growth of SMEC's ANZ operations, helping it mature and grow into a strong performing division.

Mr Poologasundram has over 30 years of experience in planning, design and management of large infrastructure projects and over 20 years of operational management experience. His area of expertise is in planning, design and management of large engineering infrastructure projects.

Mr Poologasundram holds a Bachelor of Science (Civil Engineering) and a Master's of Science (Civil Engineering) from City University, London.

Mr Chong Lit Cheong

Group Chief Corporate Officer

Mr Chong Lit Cheong joined the Group in 2017 and is the Group Chief Corporate Officer of the Company. He provides oversight across the group corporate services functions including human resources, corporate administration, communications, branding, technology, innovations, legal and company secretariat. In addition, he oversees some of the Group initiatives including SJ Academy, Procurement and SJ Campus, as well as the Group's growth in the Japanese market. Mr Chong currently holds directorships in Boustead Projects Limited, an SGX-listed company; AETOS Holdings Private Limited; ECCL Singapore Pte. Ltd; and Surbana Jurong Capital (Holdings) Pte. Ltd.

Mr Chong brings with him a wealth of experience, having served as Senior Advisor, Strategic Projects of CapitaLand Limited. Prior to this, he held several senior appointments in the CapitaLand Group as CEO CapitaLand Commercial Limited, CEO Regional Investments and Deputy Group Chief Corporate Officer.

Before joining CapitaLand in 2011, Mr Chong was CEO of International Enterprise Singapore, an agency under Singapore's Ministry of Trade and Industry which promotes the overseas growth of Singapore-based enterprises and international trade. From 2001 to 2006, he was the CEO of JTC Corporation, the government agency developing industrial estates and specialised parks. From 1998 to 2000, he was Managing Director of the National Science & Technology Board (now called A*STAR), the lead agency promoting science and technology infrastructure in Singapore. He served in the Economic Development Board from 1986 where he held several key appointments, including a posting to China as Deputy CEO of China Singapore Suzhou Development Co Ltd, the master developer of Suzhou Industrial Park. For his service with the government, Mr Chong was awarded the Public Service Medal (Gold) in 2003.

Mr Chong began his career in the Ministry of Defence. He joined France-based Schlumberger Corp in 1984 and worked in Italy as a Chief Field Engineer in Well Testing and Electronic Wireline Services.

Mr Chong is a Mombusho (Colombo Plan) Scholar and holds a Bachelor of Engineering (Electronic) from the University of Tokyo. He completed an Advanced Management Programme at INSEAD in France in 1994 and the Tsinghua Executive Program in Shanghai, China, in 2004.

Mr Andy Atkin

Group Chief Financial Officer

Mr Andy Atkin joined the Group in 2016. Mr Atkin is the Group Chief Financial Officer where he leads the global Group Finance, Tax and Treasury departments and is responsible for managing the Company's financial consolidation, reporting, budgeting, forecasting and strategy. In 2017, Mr Atkin relocated to Singapore where he took on the appointment of Group Financial Controller. As Group Financial Controller, Mr Atkin played a key role in supporting and driving the Company's growth agenda and strategy as well as the integration of the SMEC business.

Mr Atkin is a seasoned Finance executive with a proven track record and has extensive experience managing international teams and operations. He has over 25 years' experience in Chartered Accounting, Professional Business Services, Financial Assurance, Accounting and Governance, Controls and Processes, and Acquisitions and Disposals.

In his previous role as SMEC Holdings Limited's General Manager Finance and Acting CFO, Mr Atkin played an instrumental role in maintaining financial discipline across the entities and assisted operations to achieve their financial targets. Mr Atkin also held positions in PricewaterhouseCoopers in Melbourne and Newcastle-Upon-Tyne, United Kingdom, where he was responsible for managing client portfolios across industries such as retail, manufacturing, automotive, housing development, construction and transport.

Mr Atkin holds a Bachelor of Science Degree in Mathematics and Statistics from the University of Newcastle-Upon-Tyne, United Kingdom. He is also a Member of Institute of Chartered Accountants in Australia and Institute of Chartered Accountants in England and Wales.

Mr Seah Choo Meng

Senior Advisor, GCEO's Office, Group Head, Internal Audit, Chairman Of Threesixty Cost Management & Threesixty Contract Advisory

Mr Seah Choo Meng joined the Group in 2017. Currently, he serves as Senior Advisor, Group CEO's Office and Group Head, Internal Audit, after serving as the Group Chief Compliance Officer previously. Mr Seah is responsible for ensuring that the Group's policies and procedures are compliant, in addition to other supervisory and oversight responsibilities.

Mr Seah is also the Chairman of Threesixty Cost Management Pte. Ltd. and Threesixty Contract Advisory Pte. Ltd., both of which were formed under the Group. The two entities will oversee the business thrust and development of Quantity Surveying and Contract Advisory services in all sectors both locally and internationally.

Mr Seah oversees the development of project management services including the development of project and construction management, and programme management expertise. He also assists Group CEO in charting future expansion plans for the Group's multi-disciplinary services.

Mr Seah is on the Board of Ren Ci Hospital and is Chairman of its Building Committee. He also holds positions in various other organisations, including as Chairman of the Programme Advisory Committee of SIM University's Building and Project Management Programme, member of the School Advisory Panel of the School of Science and Technology, Singapore, panel member of the Strata Titles Board, member of the Construction Adjudicator Accreditation Committee, the Professional Conduct Panel, Senior Adjudicator at the Singapore Mediation Centre and member of the Inquiry Panel of the Law Society of Singapore.

Before joining the Group, Mr Seah was Chairman and Director of Langdon & Seah Singapore Pte Ltd, and Arcadis Project Management Pte Ltd.

Mr Teo Say Hong

Group Chief Officer (Integration, M&A)

Mr Teo Say Hong is Group Chief Officer (Integration, Mergers & Acquisitions), responsible for planning and executing the Group's M&A strategy, a key growth driver for the group, and ensuring the successful integration of acquired brands and businesses.

Mr Teo was a key member of the pioneering team who executed the merger of Surbana and Jurong Consultants in 2015 as well as the acquisition of SMEC in 2016. The Group has since grown from two to eight global brands through acquisitions, expanding its portfolio of expertise across the built environment value chain. Mr Teo played an integral role in managing the acquisition of B+H and SAA in 2018 and creating the Group's Global Architecture Council the following year. Mr Teo was responsible for creating the SJ Collaboration Hub, a space designed to facilitate collaboration and learning for staff and partners of the Group.

In his current role, Mr Teo leads internal initiatives to support the Group's continuous transformation and special projects aimed at delivering enhanced value to clients.

Mr Teo started his career in Housing Development Board in 1998. He attained a Bachelor of Electrical Engineering (Hons) from National University of Singapore, after completing his studies on an HDB scholarship.

Mr Lim Swee Nian

Group Director, HR & Strategy

Mr Lim Swee Nian is the Group Director, HR & Strategy.

Prior to joining SJ, Mr Lim was the Assistant Managing Director of the Singapore Economic Development Board (EDB), overseeing EDB's global operations. He joined EDB in 1995 and over the years, had held various positions including overseas assignment in Osaka, Shanghai and Tokyo, and heading the Electronics Cluster Group, where he was responsible for the promotion and development of the electronics industry in Singapore. Before the last appointment in EDB, he was seconded to the Singapore Agency for Science, Technology and Research (A*STAR) as the Deputy Executive Director of Science and Engineering Research Council.

Mr Lim began his career with the Singapore's Ministry of Environment in 1988. He joined Fujitsu Microelectronics in 1989 and worked in Japan and Singapore as Product Engineer and Engineering Manager in assembly and testing of semiconductors.

Mr Lim received a Monbusho Scholarship and obtained a Bachelor of Engineering (Electronics) from Kyoto University. He obtained a Master of Business Administration from University of Hull and completed the Advanced Management Program at the Wharton School of the University of Pennsylvania.

Mr Yap Chee Yuen

Group Chief Information Officer

Mr Yap Chee Yuen is the Group Chief Information Officer ("CIO").

He graduated with a Bachelor Degree (First Class Honours) in Electrical & Electronics Engineering and a Master in Business Admin from National University of Singapore, Mr Yap brings a wealth of experience in managing end-user IT organisations and has actively initiated the digital journey for organisations he has served.

He is currently an adjunct professor with the Singapore Management University in the Master of IT in Business programme and Chairman of the Enterprise Singapore National IT Standards Committee, the National Gallery IT & Digital Advisory Panel and the NUS School of Computing Industry Advisory Committee.

Prior to this, Mr Yap was the Executive Vice President of Technology with Resorts World Sentosa (RWS) where he built a strong technology team, designed the blue-print, implemented solutions and provided support for a comprehensive range of IT services in system design, development, project consultancy, IT services & cybersecurity management. Under his leadership, RWS won the National Infocomm Awards in 2010 for the Most Innovative Use of Infocomm Technology under the Private Sector category. He won the same award under the Public Sector category in 2004 when he was the Group CIO and Chief Knowledge Officer at JTC Corporation.

Other prior appointments Mr Yap held include Vice President, CIO & Head of Info Technology & Corporate Services Division at Acer Computer Int'l Ltd, and Director & Group CIO at JIT Electronics Holdings Pte Ltd.

Dr Raj Thampuran

Managing Director, Technology & Research

Dr Raj Thampuran brings with him a wealth of experience in innovation and technology policies and practices, developmental project management, government relations and the execution of large scale infrastructure projects. He is the Managing Director, Technology & Research.

Prior this, Raj was the Managing Director of the Agency for Science, Technology & Research (A*STAR), the lead agency of the Singapore Government investing multi-billion dollars for public sector Research and Development in areas of economic and national needs. He assumed that role in 2012 and held various leadership positions in A*STAR before that. He started his career with A*STAR as the Director of Strategy Policy and Planning and later, as Executive Director of Institute of High Performance Computing and the Science and Engineering Research Council. Raj also chaired the technology transfer and licensing arm of A*STAR, which generated over 100 start-ups and manages a large library of IP and patent portfolio.

Raj is currently an Independent Director at publicly-listed SIA Engineering Company and Chairman of the College of Engineering Advisory Committee at Nanyang Technological University. He holds appointments as Adjunct Professor at the Nanyang Technological University and at the Faculty of Engineering of the National University of Singapore. Given his leadership roles, he has presented numerous talks and written articles on technology in various forums.

Raj is an engineer by training and holds a PhD in Materials Science. He did his postdoctoral work in modelling and simulation and attended the Advanced Management Programme in INSEAD (Fontainebleau). He was a recipient of the National Academic Excellence Award in 1998, the Public Administration Medal (Bronze) in 2007 and the Public Administration Medal (Silver) in 2016. He is also a Fellow of the Institute of Engineers and the Singapore Academy of Engineers.

Ms Malini Kannan

General Counsel, Group Legal & Company Secretariat

Ms Kannan Malini is the General Counsel, Group Legal and Company Secretary of the Group.

Ms Malini has over 20 years of legal experience in various industries with a specialist interest in joint ventures, mergers and acquisitions and corporate restructuring.

Prior to joining the Group, Ms Malini was the Senior VP, Legal & Compliance Asia Pacific Department of Sumitomo Mitsui Banking Corporation (SMBC) Singapore branch, helping oversee the legal, compliance and anti-money laundering functions. She has previously headed the legal and secretariat functions in Singapore SportsHub Pte Ltd, Rowsley Ltd, CapitaMalls Asia Limited and JTC Corporation.

Ms Malini has a Bachelor of Laws from National University of Singapore (NUS), a Master of Laws in Corporate & Commercial Law from University College London and a Master of Arts in South East Asian studies from NUS. She is admitted to the bar in both Singapore and New South Wales.

Ms Karen Yew

Group Chief Communications & Branding Officer

As Group Chief Communications and Branding Officer, Ms Karen Yew is responsible for planning and implementing the group's communications strategy as well as leading our branding efforts. Ms Yew has 26 years' experience that includes branding, media and analyst relations, government relations, employee engagement, community social responsibility and issues management and spans the media, technology and insurance industries.

Prior to joining the Group, Ms Yew was Senior Vice President and Head, Corporate Marketing and Communications at Mediacorp and played an integral role in redefining the company's shift from traditional broadcaster to the multi-platform national media network it is today. As Vice President, Brand and Communications at NTUC Income, she played a key role in promoting the insurer's transformative agenda and differentiated policies and practices. At IBM, she headed the ASEAN brand and communications team supporting the company's operations in a mix of mature and high-growth markets.

Ms Yew started her career as a journalist after graduating from University of Reading with an honours degree in English Literature, which she attained on a Singapore Broadcasting Corporation scholarship.

Mr Lee Kut Cheung

Chairman, SJ architecture

Mr Lee Kut Cheung is the Chairman of SJ architecture.

Mr Lee's early days were with the Singapore's Public Works Department, he contributed to the successful implementation of a range of public building projects in Singapore. These included the State Courts, Woodlands ICA Checkpoint, Environment Building, the IRAS Building, Victoria Concert Hall and the Kallang Theatre. He joined RSP in 1994 as a Director and was appointed Managing Director in 2007 where he played a key role in the set up and development of RSP's overseas offices in India, China and Vietnam. Some of his notable projects in Singapore include ION Orchard, The Orchard Residences, Ardmore Park, St Regis Hotel, HDB Hub at Toa Payoh, Grand Copthorne Waterfront & King's Centre, Holiday Inn Express Hotel, Park Hotel Farrer Park and Farrer Square Medical Suites, NUS Cultural Centre, NTU One-North Campus & Alumni Clubhouse, ITE College East, ITE HQ & College Central, Westgate, CapitaGreen, Chinatown MRT Station, Xilinx at Changi Business Park, and Jewel Changi Airport.

Mr Lee was the Registrar of the Board of Architects (BOA) from 1984 to 1990 and concurrently a Council member of the Singapore Institute of Architects. He was also a Board Member of BOA and a member of its Accreditation Committee from 1991 to 2000. He also served as a Board Member of Singapore's Building & Construction Authority (BCA) from 2005 to 2009 and was concurrently the Chairman of the BCA Construction Excellence Awards Committee. He was conferred the honour of Fellow (Life) of Singapore Institute of Architects.

Mr Yeo Siew Haip

CEO, SJ Global Architecture (Southeast Asia and North Asia) and CEO, SAA Architects

As CEO, SJ Global Architecture (Southeast Asia and North Asia), Mr Yeo Siew Haip leads the architecture, urban planning and master planning teams for SJ in Southeast Asia and North Asia and works with architectural practice leaders across the Group, ensuring that they leverage their collective strengths to create new opportunities for the Group's growth and development.

As CEO, SAA, Mr Yeo heads the Singapore practice and oversees the SAA group of affiliated companies in Southeast Asia and China. Taking over the firm's leadership in 2008, he built and nurtured a new management team and led the firm's transformation into a leading architecture consultancy reputed for its design and service excellence; steering the firm through prestigious milestones including the successful delivery of Singapore's Changi Airport Terminal 4, and winning the Woodlands Health Campus project, set to be the largest hospital in Southeast Asia when completed in 2022.

Mr Yeo's extensive local and international experience spans over three decades and covers a range of large and complex projects. As the Qualified Person for most of the firm's large-scale projects, he leads multidisciplinary teams in delivering award-winning architecture across major industries.

Mr Yeo brings to each project the ‘big picture’ view with a full comprehension of macro level complexities of design and project management and the ability to define critical aspects of a project right down to its intricate details. He is known to provide decisive guidance to project teams, helping them achieve excellence in design and service delivery.

Mr Yeo’s leadership has been instrumental in driving the firm’s growth through regional projects such as the Klang Valley Mass Rapid Transit Line in Kuala Lumpur, Malaysia; Tianjin Exchange mixed development in Tianjin, China, developed by GIC Singapore; and the Emperor Place mixed development in Tianjin, China, a UIC joint venture.

Mr Yeo gives back to the community by spearheading SAA’s community engagement programmes such as scholarship programmes with the NUS Architecture Department, ITE and SUTD.

Mr Low Cher Ek

CEO and Global Lead, Township

Mr Low Cher Ek joined the Group when it was formed in 2015 and was part of the management of Surbana prior to the merger or Surbana and Jurong International Holdings ("JIH"). He is currently the CEO and Global Lead, Township and is responsible for managing and growing SJ’s Township business in Singapore and globally. Mr Low has vast experience in the planning, designing and implementing of such real estate. He leads a team of experienced professionals in the management and growth of this business in Singapore as well as overseas. The Group has designed and built more than one million homes and was involved in the planning of 26 townships in Singapore, and Mr Low is responsible for continuously strengthening the Group as the key consultant of Singapore’s internationally acclaimed public housing programme. He has also led the export of the Group’s affordable housing expertise to China, Brunei, Myanmar, Indonesia, and India. He also has keen interest in design technology and is involved in the adoption of building information modelling technology as well as in research and development projects.

Mr Low is currently a member of Singapore Institute of Architects, the Royal Institute of British Architects, and the Building Construction Authority’s Academy Advisory Panel. Mr Low is an appointed Industry Ambassador for the Building Construction Authority, and an AUDE Industry Partner. He also co-chairs the Integrated Digital Delivery Workgroup under Singapore’s Construction Transformation Roadmap initiative.

Prior to this, Mr Low was the Company’s Director of Architecture and Managing Director of the building consultancy business, overseeing the company’s consultancy practice and four key technical services (architecture, mechanical and electrical engineering, civil and structural engineering, and quantity surveying) both locally and overseas.

Before joining the Group, Mr Low was with HDB and held senior positions in planning, design, and construction. He was also involved in policy planning and implementation of HDB’s estate upgrading programmes.

Mr Low holds an honours degree in Architecture from NUS, and is registered with the Singapore Board of Architects.

Er. Loh Yan Hui

CEO and Global Lead, Aviation

Er. Loh Yan Hui is CEO and Global Lead, Aviation. He is responsible for developing the aviation business globally, including delivering on the Group's Changi Airport Terminal 5 related projects.

Er. Loh was a member of the SMEC Holdings Board from 2016 till Jun 2020, following the acquisition of SMEC by the Group. Previously, as the Group's Deputy CEO, Infrastructure, he directed and managed the operational activities of the Infrastructure business within Singapore and provided technical resources to the Group's overseas divisions to support infrastructure project procurement and deliveries. He led a 600-strong multidisciplinary team in the Group.

Er. Loh has more than 40 years' experience in the infrastructure industry and has been a registered Professional Engineer (Singapore) since 1990. His key projects include the Waterway@Punggol, Singapore's first man-made major waterway that runs through the Punggol Eco-Town, the Pulau Tekong reclamation project, the North-Eastern Coast Phase 4 reclamation project, the Pasir Panjang Terminal Phases 3 & 4 reclamation project, Tuas Terminal Phases 1 & 2 reclamation projects and Jurong Region Line Package 3. Er. Loh has contributed to R&D projects for the industry and published technical papers in international conferences and journals.

Er. Loh currently serves as the Deputy Chairman of the Department Consultative Committee of the National University of Singapore's Department of Civil & Environmental Engineering. He served as a member of the Singapore Team which played an important role in the resolution of the Pulau Tekong reclamation bilateral dispute with Malaysia, and the Technical Evaluation Panel for the 1st Sustainable Urban Living call for proposals under Singapore's Ministry of National Development (MND) Research Fund. Er. Loh was also a Reviewer for research proposals for the Marine Science Research & Development Programme (MSRDP).

Er. Loh was awarded the inaugural MND Minister's (Team) Award in 2006 for contribution as a member of the Singapore's "Settlement Agreement" team. He was also awarded the Ministry of Transport Minister's Innovation Award (Distinguished Award) in 2008 and 2011, and Ministry of Transport Minister's Innovation Award (Merit Award) in 2010 and 2011. Er. Loh was a member of the Group's teams that won the Top 50 Engineering Feats @ IES-SG50 Award 2016 for My Waterway @ Punggol and Pasir Panjang Terminal Phases 3 & 4 Development.

Mr Quek Swee Kuan

CEO, New Business

Mr Quek Swee Kuan joined SJ as Chief Executive Officer, New Business on 1 July 2020. In this role, Swee Kuan assists the Group CEO in creating new growth engines, driving government engagement and strengthening the economic planning and development services for SJ.

Prior to joining SJ, Swee Kuan was the Chief Executive Officer of Sentosa Development Corporation (SDC). Under his leadership, SDC underwent a comprehensive reorganisation to transform Sentosa into a leading leisure destination. He also spearheaded the development of the Sentosa-Brani Masterplan, laying a strong foundation for Sentosa’s next phase of growth.

During his 26-year public service career, Swee Kuan served in the Economic Development Board (EDB) and the Singapore Tourism Board (STB). As EDB’s Deputy Managing Director and STB’s Deputy Chief Executive, he helmed international operations for the two boards, responsible for attracting foreign investments and visitors to Singapore through branding, marketing, international relations and business development. Swee Kuan drove new economic growth areas and industry clusters such as Consulting Services, Cyber Security, Interactive Digital Media, Integrated Resorts and Singapore Grand Prix. For his service in the public sector, he was awarded the Public Administration Medal (Silver) in 2010.

Swee Kuan began his career in the private sector, joining Tandem Computers which is now part of Hewlett Packard Enterprise, in 1988. He was the first recipient of Tandem’s Undergraduate Scholarship and read Computer Science at the National University of Singapore. He was a systems analyst serving major banking customers in Singapore and the region before leaving Tandem to join EDB in 1994.

Swee Kuan attained a Master of Business Administration from Oklahoma City University in 1992 and attended the Advanced Management Program at The Wharton School of the University of Pennsylvania in 2012.

Mr Pang Yee Ean

CEO, SJ Capital

Mr Pang Yee Ean is Chief Executive Officer (CEO) of Surbana Jurong Capital, the investment platform of the Group that focuses on financing of infrastructure and urban development.

Prior to this appointment, Mr Pang was Director General of Investment Operations at Asian Infrastructure Investment Bank (AIIB), where he was responsible for identifying and financing infrastructure investments in the sovereign and private sectors. As one of AIIB’s pioneering staff, he grew its operations from inception and opened new markets in China, Southeast Asia, South Asia and Central Asia. With a passion for renewable energies, Mr Pang championed AIIB’s support of solar, wind and hydropower projects. He also initiated the use of equity funds and commercial financial institutions as channels to participate in infrastructure projects.

Mr Pang has also held senior positions at Ascendas, including Senior Vice President in charge of Real Estates Funds. When he was Assistant CEO, Ascendas Services, he oversaw the asset management of industrial and commercial developments. Mr Pang setup Ascendas’ offices in Hyderabad and Gurgaon and held several roles while he was stationed in India, including Head of North India.

Mr Pang graduated with a Bachelor's degree in Electrical Engineering and attained a Master of Business Administration from National University of Singapore. He started his career at JTC Corporation, the Singapore government agency responsible for developing industrial estates. It was there that he founded Abecha Pte Ltd, a startup providing an aggregated e-procurement platform to industrial businesses.

Ms Nina Yang

CEO, SJ CityGlobal

Ms Nina Yang assumed the role of CEO, SJ CityGlobal in 2019. SJ CityGlobal provides development management services, starting from the initiation and visioning of a project to handing over and exiting completed assets.

Prior to joining the Group, Ms Yang was CEO, Sustainable Urban Development, Ascendas-Singbridge (ASB), responsible for managing ASB's investment in urbanisation projects and master developments overseas. Notable projects she oversaw were the Sino-Singapore Guangzhou Knowledge City, Sino-Singapore Chengdu Innovation Park, Sino-Singapore Tianjin Eco-City and the Amaravati Capital City. Ms Yang is familiar with complex government-to-government collaboration projects.

Before ASB, Ms Yang spent 25 years with CPG Consultants practising urban planning and architecture, as well as water-sensitive urban design. She was involved with various projects across cities in China, India, Middle East, Vietnam and Myanmar. She led a consortium to assist the Myanmar government in the economic positioning, master planning and investment promotion of the Kyauk Phyu Deep Sea Port and Special Economic Zone. While based in China for two years, Ms Yang set up offices in Shanghai and Suzhou for ASB.

Ms Yang graduated from Harvard University with a Master in Design Studies in Real Estate Finance and Urban Development. She holds a Bachelor of Architecture (Honours) Degree and a Bachelor of Arts Degree from the National University of Singapore. She is a registered architect with Board of Architects Singapore, Vice-President of the Singapore Institute of Planners as well as the co-Chair of Urban Land Institute, Singapore's Sustainability Product Council.

Mr Jason Whitcombe

Group Director, Managed Services

Mr Jason Whitcombe joined the Group early 2018 and is the Company's Group Director of Managed Services. In this role, Mr Whitcombe is responsible for overseeing the strategy, growth and operations of the Managed Services businesses - Asset Management, Smart City Solutions, Facilities Management and Security.

Mr Whitcombe is a seasoned executive with 30 years' experience. Over the last ten years, he has been responsible for leading and managing regional and international teams in market development, operations and account management. Most recently, Mr Whitcombe was Managing Director of a global leading real estate company for Asia Pacific and a member of its Global Management Team.

With continual focus on the customer, Mr Whitcombe is constantly seeking new solutions to address client challenges and strongly believes that collaboration delivers the best results. By leveraging the multiple service offerings of the Group he strives to deliver unique world class outcomes to our customers. He has extensive local and international experience having spent the last three decades residing in Hong Kong, Beijing, Shanghai and Singapore.

Mr Whitcombe holds an Honours degree in Estate Management from University of East London.

Mr Richard Tan

Managing Director, SJ Defence Services

Mr Richard Tan joined the Group from its formation in 2015. He is the Managing Director of SJ Defence Services, the defence arm of the Group. He is a Board member of SJ Defence Services and its subsidiary, MMR Services.

In his years in the design consultancy and construction industry with Jurong International, Mr Tan led two multi-disciplinary teams to the successful design and build completion of the Multi-Mission Range Complex and the Home Team Tactical Centre for the Ministries of Defence and Home Affairs respectively.

Mr Tan brings on board his diverse experience from the sport industry and the military. He was the Director for Corporate Planning at the Ministry of Community Development, Youth and Sports where he was a key member in the delivery of the Singapore Youth Olympic Games. The Games were delivered within an extraordinary tight timeline, working with the IOC, the 205 National Olympic Committees and Olympic Partner sponsors in a whole of government effort. Mr Tan was also the Director of the Games Operations Centre overseeing the execution of the first Youth Olympic Games.

Mr Tan served 21 years in the Singapore Armed Forces as an Infantry officer. He left the service after his Brigade Command, where he was part of the Army Leadership Team. Mr Tan had the rare privilege of commanding his Brigade in a 2-sided Brigade force-on-force full troop exercise involving the land, air and sea elements. His varied competencies and experience in the Army include crisis and operations management, doctrine development and training, programme management of significant infrastructure and weapons projects, organisational establishment and resource management, and military education and organisational learning.

Mr Tan holds a Bachelor of Arts in Political Science and Philosophy from National University of Singapore, and a Masters in Instructional Design and Technology from Nanyang Technological University.

Dr Tom Marshall

COO, Africa

Dr Tom Marshall joined the Group in 2016 and leads the Africa Division for the Group and SMEC. As COO, Africa, Dr Marshall has oversight of the Group's operations throughout Africa. He has 40 years' experience in civil engineering design, construction supervision and management of multidisciplinary engineering teams and deep knowledge of Southern Africa. He also has extensive experience in rail and road infrastructure, including tunneling, as well as urban development and water supply schemes. Dr Marshall joined SMEC in 1982.

Dr Marshall holds a Bachelor of Engineering (Civil) and a Master of Engineering (Geotechnics and Transportation) from the University of Stellenbosch, South Africa and a Doctor of Engineering (Engineering Management) from the University of Johannesburg, South Africa. He has attended advanced international executive programmes at the Gordon Institute of Business Science and at the Kellogg School of Management.

Mr George Lasek

COO, Americas

Mr George Lasek joined the Group in 2016 and leads the Group's operations in the Americas. As Chief Operating Officer (COO), Americas Division, Mr Lasek drives growth in markets in North, Central and Latin America.

Mr Lasek joined SMEC in 2011 and was appointed COO, Americas in 2017 after serving as COO, South Asia Middle East since 2015. Prior to this, he held the role of Managing Director, SMEC India and Regional Manager, India and Bhutan. Mr Lasek has over 30 years of experience in both the private and public sectors and has proven ability to operate effectively at both operational and strategic levels within large, complex business environments.

Mr Lasek holds a Bachelor of Engineering (First Class Honours) from the University of Wollongong.

Mr James Phillis

CEO, SMEC Australia and New Zealand

Mr James Phillis was appointed Chief Executive Officer, SMEC Australia & New Zealand in 2018 after serving as its Chief Operating Officer from 2017. He joined SMEC in 2014. Under Mr Phillis's leadership, SMEC Australia & New Zealand has matured as a business, expanded its portfolio of services and achieved strategic growth.

Mr Phillis is an engineer with over 30 years' experience leading international engineering consultancies with global operations. His experience spans multiple engineering fields including civil infrastructure, buildings, telecommunications, manufacturing, mining, oil & gas, environmental and process engineering.

Mr Phillis holds a Bachelor of Engineering (Hons) from University of Sydney, a Master of Business Administration (MBA) from Southern Cross University. He completed the Stanford University Executive Programme and is a graduate of the Australian Institute of Company Directors. He is a Fellow of Engineers Australia and Engineering New Zealand, and also a Male Champion of Change under the Consult Australia MCC chapter.

Mr Yeo Choon Chong

CEO, ASEAN, Group Managing Director, KTP

Mr Yeo Choon Chong joined the Group in 2016. He is the Chief Executive Officer of ASEAN Division, responsible for managing a multi-disciplinary portfolio for the region. Concurrently, he is the Group Managing Director of KTP Consultants Pte Ltd. Mr Yeo is a veteran and qualified engineer with more than 30 years' experience in managing domestic and international infrastructure, architectural and engineering consultancy businesses.

Prior to joining the Group, Mr Yeo was one of the stakeholders who established KTP Consultants. He was instrumental in expanding KTP's business operations across Asia before it was acquired by the Group in 2015.

Before that, Mr Yeo was the Asian Board Director in Meinhardt Group for 17 years, where he oversaw projects in the Middle East and Southeast Asia regions. Notable projects under his charge included Dubai Mall and Ocean Heights Tower in Dubai, and Kuala Lumpur Sentral Station in Malaysia. Upon graduation from the university, Mr Yeo joined Arup as an engineer in the United Kingdom. At Arup, he was involved in iconic projects which included the "Cloud" at La Grande Arche Paris and Moorgate Hall in London.

Mr Yeo is a keen advocate of setting industry standards for innovative design, sustainability and buildability. He sits on several professional committees including the Building and Construction Authority of Singapore to promote these initiatives.

He has received a number of Buildability and Design & Engineering Safety Excellence Awards (DESEA) for his notable contributions in developing projects that comply with safety requirements in terms of design, construction and maintenance.

Mr Michael Ng

CEO, North Asia

Mr Michael Ng heads up the North Asia division of the Group, Asia's leading engineering, construction and infrastructure multi-disciplinary consultancy. He is responsible for the overall delivery, leadership and development of the division across Mainland China, Hong Kong, Macau, Taiwan and other parts of North Asia including Korea, Mongolia and Russia.

He sits on the boards of five of the Group's subsidiaries and associated companies, including SMEC Asia Ltd, Sino-Sun Architects & Engineers and Arcplus SJ Digital Ltd.

Before joining the Group, Mr Ng had spent the initial 20 years of his career in the Information and Communications Technology (ICT) industry with portfolios ranging from telecommunications, Managed Services, Smart City solutions to emerging technologies such as Machine to Machine (M2M) and The Internet of Things (IoT). Michael had held several senior appointments in SingTel Group and StarHub Ltd, heading business units for Managed Services, Global Enterprise Sales, Solution Sales, Enterprise Mobility, Partnership & Alliances, Product, Delivery and Operations. He had accumulated vast experience in managing global teams of diverse background and competencies in more than 20 countries.

Mr Ng holds a Bachelor of Science (BSc)(Hons) from National University of Singapore. He also holds several technical design certifications in Network and Unified Communications from Avaya, Nortel and Cisco.

Dr Uma Maheswaran

COO, South Asia and Central Asia

Dr Uma Maheswaran joined the Group when it was formed in 2015 and was part of the management of JIH prior to the merger of Surbana and JIH. He is currently the Company's Chief Operating Officer, South Asia and Central Asia. He has also held the role of CEO and Managing Director for Surbana Jurong India since 2012. Dr Uma has more than 10 years of management experience across various organisations. Dr Uma leads sustainability as a core business value proposition across the Group. In his previous role, he also spearheaded the sustainable urban solutions division in the then Jurong Consultants.

Dr Uma was the winner of the "Inaugural Young Green Building Individual award" and has served as the Nominated Industry Ambassador for sustainability by Singapore's Building and Construction Authority. He holds a doctorate in building science and is a well-recognised professional in the field of sustainability across the region.";

18. by replacing the paragraph at the section titled "Subscription and Sale – Public Offer Selling Restriction under the Prospectus Directive" appearing on page 197 of the Offering Circular with the following:

"***Prohibition of Sales to EEA Retail Investors***

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); and

(b) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); and

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.";

19. by deleting in its entirety the section "Subscription and Sale – Singapore" appearing on page 199 of the Offering Circular and substituting therefor:

"**Singapore**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the MAS and the Instruments will be offered pursuant to exemptions under the SFA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Instruments or caused the Instruments to be made the subject of an invitation for subscription or purchase and will not offer or sell any Instruments or cause the Instruments to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Instruments, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Instruments are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Instruments pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) pursuant to Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time."; and

20. by deleting in its entirety the section "TAXATION" appearing on page 190 of the Offering Circular and substituting therefor:

"**TAXATION**

*The statements herein regarding taxation are based on the laws (including certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Monetary Authority of Singapore (the "**MAS**") and Inland Revenue Authority of Singapore ("**IRAS**")) in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Instruments or of any person acquiring, selling or otherwise dealing with the Instruments or on any tax implications arising from the acquisition, sale or other dealings in respect of the Instruments. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Instruments and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Instruments are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Instruments, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the relevant Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for* *any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Instruments.*

*In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Securities as "debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**") and that distribution payments made under each tranche of the Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, **provided that** the other conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Securities is not regarded as "debt securities" for the purposes of the ITA, distribution payments made under any tranche of the Securities is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions and exemptions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Securities.*

Singapore Taxation

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by DBS Bank Ltd., which was a Financial Sector Incentive (Capital Market) Company or a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Instruments (the "**Relevant Instruments**") issued as debt securities under the Programme during the period from the date of this Offering Circular to 31 December 2023 would be qualifying debt securities ("**QDS**") pursuant to the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Instruments in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Instruments as MAS may require, and the inclusion by the relevant Issuer in all offering documents relating to the Relevant Instruments of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Instruments is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Instruments using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Instruments paid by the relevant Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Instruments are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities in respect of the Relevant Instruments in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Instruments as MAS may require), Qualifying Income from the Relevant Instruments paid by the relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

    (a) the relevant Issuer including in all offering documents relating to the Relevant Instruments a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Instruments is not exempt from tax shall include such income in a return of income made under the ITA; and

(b) the furnishing by the relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Instruments in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Instruments as MAS may require,

payments of Qualifying Income derived from the Relevant Instruments are not subject to withholding of tax by the relevant Issuer.

Notwithstanding the foregoing:

(a) if during the primary launch of any tranche of the Relevant Instruments, the Relevant Instruments of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Instruments is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, such Relevant Instruments would not qualify as QDS; and

(b) even though a particular tranche of the Relevant Instruments are QDS, if at any time during the tenure of such tranche of the Relevant Instruments, 50 per cent. or more of such Relevant Instruments which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the relevant Issuer, Qualifying Income derived from such Relevant Instruments held by:

    (i) any related party of the relevant Issuer; or

    (ii) any other person where the funds used by such person to acquire such Relevant Instruments are obtained, directly or indirectly, from any related party of the relevant Issuer,

    shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

(a) "**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

(b) "**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

(c) "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Instruments by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Instruments using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Instruments is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Instruments will not be taxable in Singapore. However, any gains derived by any person from the sale of the Instruments which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Instruments who apply or are required to apply Singapore Financial Reporting Standard ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("SFRS(I) 9") (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Instruments, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes".

Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments".

Holders of the Instruments who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Instruments.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Proposed Financial Transaction Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, the "**participating Member States**"). However, Estonia has ceased to participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Instruments (including secondary market transactions) in certain circumstances. The issuance and subscription of Instruments should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Instruments where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State or; (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Instruments are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act Withholding ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. Each of the relevant Issuers may be a foreign financial institution for these purposes. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Instruments, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Instruments, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Instruments, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Instruments issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Instruments (as described under Condition 19 of the Notes and Condition 17 of the Securities) that are not distinguishable from previously issued Instruments are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Instruments, including the Instruments offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Instruments, no person will be required to pay additional amounts as a result of the withholding.

Noteholders and Securityholders should consult their own tax advisers regarding how these rules may apply to their investment in the Instruments.".

SCHEDULE 4 – FINANCIAL STATEMENTS

1. Audited annual financial statements for the year ended 31 December 2018
2. Audited annual financial statements for the year ended 31 December 2019

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**Surbana Jurong Private Limited
and its Subsidiaries**

Registration Number: 201428879H

Annual Report
Year ended 31 December 2018

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

(a) the financial statements set out on pages FS1 to FS116 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 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

Liew Mun Leong	
Eric Ang Teik Lim	
Fong Heng Boo	
Gan Chee Yen	
Guy Daniel Harvey-Samuel	
Ku Moon Lun	
Neo Gim Huay	
Philip Antony Jeyaretnam	
Tan Gee Paw	
Tan Kong Yam	
Desmond Choo Pey Ching	(Appointed on 8 June 2018)
Yaacob bin Ibrahim	(Appointed on 1 January 2019)
Wong Heang Fine	

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**
Liew Mun Leong		
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	346,490	346,490
- deemed interests	620	620
Mapletree Commercial Trust		
- units		
- interest held	200,000	200,000
Mapletree North Asia Commercial Trust		
- units		
- interest held	300,000	300,000
Mapletree Logistics Trust		
- units		
- interest held	–	507,845
Mapletree Commercial Trust		
- bond		
- interest held	1,000,000	1,000,000
Mapletree Logistics Trust		
- bond		
- interest held	1,000,000	1,000,000
Mapletree Treasury Services		
- bond		
- interest held	1,000,000	500,000
Singapore Airlines Ltd		
- bond		
- interest held	500,000	500,000
Singtel Group Treasury Pte Ltd		
- bond		
- interest held	1,000,000	1,000,000
Surbana Jurong Private Limited		
- bond		
- interest held	–	1,500,000

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Eric Ang Teik Lim		
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	2,420	2,420
- deemed interests	52,900	52,900
Singapore Airlines Ltd		
- ordinary shares		
- deemed interests	2,000	2,000
Mapletree Commercial Trust		
- units		
- deemed interests	168,371	168,371
Mapletree Logistics Trust		
- units		
- deemed interests	56,715	56,715
Fong Heng Boo		
SIA Engineering Company Ltd		
- ordinary shares		
- interest held	5,000	5,000
Singapore Technologies Engineering Ltd		
- ordinary shares		
- interest held	10,000	10,000
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	9,690	9,690
- deemed interests	190	190
- special discount shares		
- interest held	1,610	1,610
- deemed interests	1,360	1,360
Mapletree Industrial Trust		
- units		
- interest held	4,000	4,000
Astrea IV Pte Ltd		
- bond		
- interest held	–	5,000

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Gan Chee Yen		
Ascendas Property Fund Trustee Pte Ltd		
- units		
- interest held	50,000	50,000
Eugenics Ltd		
- ordinary shares		
- interest held	30,000	30,000
Mapletree Commercial Trust		
- units		
- interest held	383,831	383,831
Mapletree Industrial Trust		
- units		
- interest held	324,000	324,000
Mapletree Logistics Trust		
- units		
- interest held	472,500	472,500
Singapore Technologies Engineering Ltd		
- ordinary shares		
- interest held	336,396	336,396
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	1,490	1,490
- deemed interests	1,360	1,360
Starhub Ltd		
- ordinary shares		
- interest held	15,730	15,730
Ku Moon Lun		
Temasek Financial (I) Ltd		
- units		
- interest held	–	250,000
Olam International Ltd		
- bond		
- interest held	–	500,000
Singapore Airlines Ltd		
- bond		
- interest held	–	250,000

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Neo Gim Huay		
Astrea IV Pte Ltd		
- bond		
- interest held	–	5,000
Temasek Financial (IV) Private Limited		
- bond		
- interest held	–	6,000
Wong Heang Fine		
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	1,360	1,360

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

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

Share options

During the financial year, there were:

(a) no options granted by the Company and its subsidiaries to any person to take up unissued shares in the Company and its subsidiaries; and

(b) no shares issued by virtue of any exercise of option to take up unissued shares of the Company and its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company and its subsidiaries under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Liew Mun Leong
Director

Wong Heang Fine
Director

- 9 APR 2019

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Independent auditors' report

Member of the Company
Surbana Jurong Private Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Surbana Jurong Private Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS116.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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Impairment assessment of goodwill ($320.4 million) (Refer to Note 5 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The assessment of the recoverability of goodwill requires significant judgement in determining the forecast future performance of the cash generating unit to which goodwill is allocated. Management's impairment assessment involves significant estimation, principally relating to the key assumptions for revenue growth rates, terminal growth rates and discount rates. The subjectivity of the principal assumptions required a significant amount of judgement and audit effort.	We assessed the appropriateness of management's determination of cash generating units (CGU). Our work focused on detailed analysis of the Group's value- in-use (VIU) calculations and we challenged the assumptions used by the Group in conducting the impairment review. Our procedures for challenging management's key assumptions included: ▪ developing independent expectations for the key assumptions driving the cash flow projections, in particular discount rates, and comparing our independent expectations to those used by the Group; ▪ challenging key assumptions for revenue growth rates and terminal growth rates with reference to economic and industry forecasts; ▪ assessing the historical accuracy of the Group's estimates in the previous period; and ▪ performing sensitivity analysis around the key assumptions including revenue growth rates and discount rates to assess the extent of the change that would be required for the assets to be impaired. We also assessed whether the Group's disclosures about the CGU's key assumptions used and sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.

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Our findings
We found that the assumptions and resulting estimates were balanced. The CGU's key assumptions were appropriately disclosed.

Expected credit loss on trade receivables and contract assets ($36.5 million)

(Refer to Notes 11 and 19 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
Trade receivables are significant to the Group's consolidated financial statements both in amount and nature, and estimation of expected credit loss entails a significant degree of judgement of the inability of the customers to make the required payments.	In connection with the Group's adoption of expected credit loss ("ECL") model for impairment allowances of trade receivables and contract assets under SFRS(I) 9 *Financial Instruments*, we assessed the appropriateness of the ECL model by: ▪ Assessing the segmentation of the customer base into similar credit risks profile. ▪ Reviewing the assumptions used in the model; and ▪ Testing the completeness and accuracy of data inputs in the model. We evaluated whether all supportable information, which includes historical, current and forecast information, was considered. We also tested the mathematical accuracy of the ECL allowance calculations as at 1 January 2018 and as at 31 December 2018, including examination, on a sample basis, of evidence related to post year end cash receipts.

Our findings
We found the key judgements and assumptions used by management in the ECL model and the calculated ECL allowance to be supportable based on the available evidence.

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Revenue recognition ($1,548 million) (Refer to Note 20 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group's revenue from design, architectural and engineering consultancy services is recognised in profit or loss using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total cost for the contract. Significant judgement is applied in assessing the total costs to be incurred for each of the projects.	In connection with the Group's adoption of SFRS(I) 15 *Revenue from Contracts with Customers*, we assessed the appropriateness of the identification, separation and valuation of contract elements and the timing of revenue recognition by management. We challenged and assessed the qualification of performance obligations of significant existing and new contracts on a sample basis. We tested the controls over the Group's processes for budgeting contract costs and for determining the dollar amount of revenue attributable to the percentage of work done to be recognised in profit or loss. We also assessed the reliability of management's estimation of contract costs by comparing the final outcome of projects completed during the year to previous estimates made on those projects. For a selection of projects, we assessed the adequacy of budgeted costs by comparing them with the actual costs incurred to date. We also discussed the progress of the projects with project directors to identify potential delays or cost overruns that may require revision in budgeted costs. We focused on those contracts with low and negative margins. For contracts with negative margins, we recomputed management's estimation of expected losses and assessed whether such losses have been accounted for. We also performed audit procedures to assess the adequacy and accuracy of the Group's revenue recognition disclosures as presented in the consolidated financial statements.

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Our findings
We found the Group's estimates of its budgeted contract costs and the revenue attributable to the percentage of work done from design, architectural and engineering consultancy services recognised in profit or loss to be appropriate.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained Directors' statement prior to the date of the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

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

- Obtain an understanding of internal controls 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 controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Lau Kam Yuen.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

9 April 2019

Statements of financial position
As at 31 December 2018

	Note	Group 31 Dec 2018 $'000	Group 31 Dec 2017 $'000	Group 1 Jan 2017 $'000	Company 31 Dec 2018 $'000	Company 31 Dec 2017 $'000	Company 1 Jan 2017 $'000
Assets							
Property, plant and equipment	4	72,789	81,960	27,002	188	88	120
Intangible assets and goodwill	5	469,062	469,675	450,846	5,830	2,532	–
Subsidiaries	6	–	–	–	791,102	682,816	661,036
Associates and joint venture	7	24,487	26,326	20,306	–	–	–
Other investments	8	9,552	11,320	14,211	–	–	–
Deferred tax assets	9	31,351	22,768	8,057	–	56	93
Derivative financial asset	17	1,005	5	–	–	5	–
Non-current assets		608,246	612,054	520,422	797,120	685,497	661,249
Other investments	8	–	–	6,891	–	–	–
Derivative financial asset	17	304	–	–	–	–	–
Inventories	10	1,137	548	693	–	–	–
Contract assets	12	292,884	209,715	165,046	–	–	–
Trade and other receivables	11	436,568	394,504	339,944	70,104	62,971	62,614
Cash and cash equivalents	13	318,504	239,026	243,291	65,027	19,960	8,062
		1,049,397	843,793	755,865	135,131	82,931	70,676
Asset held for sale		–	–	126	–	–	–
Current assets		1,049,397	843,793	755,991	135,131	82,931	70,676
Total assets		1,657,643	1,455,847	1,276,413	932,251	768,428	731,925
Equity							
Share capital	14	634,813	634,813	634,813	634,813	634,813	634,813
Reserves	14	(58,336)	(55,944)	(76,630)	(89,659)	(97,907)	(105,898)
Equity attributable to owner of the Company		576,477	578,869	558,183	545,154	536,906	528,915
Non-controlling interests	6	17,802	(154)	404	–	–	–
Total equity		594,279	578,715	558,587	545,154	536,906	528,915
Liabilities							
Loans and borrowings	15	495,364	69,621	389,015	348,642	22,051	196,347
Trade and other payables	16	8,831	10,894	6,119	–	–	–
Derivative financial liabilities	17	5,735	762	1,793	–	–	544
Provisions	18	2,122	2,835	1,297	–	–	–
Deferred tax liabilities	9	23,618	16,846	15,607	240	–	–
Non-current liabilities		535,670	100,958	413,831	348,882	22,051	196,891

The accompanying notes form an integral part of these financial statements.

Statements of financial position (cont'd)
As at 31 December 2018

		Group			Company		
	Note	**31 Dec 2018 $'000**	**31 Dec 2017 $'000**	**1 Jan 2017 $'000**	**31 Dec 2018 $'000**	**31 Dec 2017 $'000**	**1 Jan 2017 $'000**
Loans and borrowings	15	77,343	397,778	1,879	20,593	194,646	–
Trade and other payables	16	289,050	289,010	214,272	17,614	14,490	6,119
Contract liabilities	12	112,783	38,952	46,131	–	–	–
Derivative financial liabilities	17	257	664	–	8	335	–
Provisions	18	32,250	33,778	29,709	–	–	–
Current tax liabilities		16,011	15,992	12,004	–	–	–
Current liabilities		527,694	776,174	303,995	38,215	209,471	6,119
Total liabilities		1,063,364	877,132	717,826	387,097	231,522	203,010
Total equity and liabilities		1,657,643	1,455,847	1,276,413	932,251	768,428	731,925

The accompanying notes form an integral part of these financial statements.

Consolidated statement of profit or loss
Year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Revenue	20	1,547,717	1,370,502
Cost of sales		(1,162,689)	(1,026,932)
Gross profit		385,028	343,570
Other income	21	14,359	16,008
Administrative expenses		(326,539)	(283,345)
Other expenses	22	(15,114)	(13,760)
Results from operating activities		57,734	62,473
Finance income		4,003	3,567
Finance costs		(19,427)	(24,424)
Net finance costs	23	(15,424)	(20,857)
Share of profit of associates (net of tax)		527	599
Share of profit of joint ventures (net of tax)		1,488	1,831
Profit before tax		44,325	44,046
Tax expense	24	(22,289)	(15,716)
Profit for the year	25	22,036	28,330
Profit attributable to:			
Owner of the Company		20,756	27,607
Non-controlling interests		1,280	723
Profit for the year		22,036	28,330

The accompanying notes form an integral part of these financial statements.

Consolidated statement of comprehensive income
Year ended 31 December 2018

	Group	
	2018	**2017**
	$'000	**$'000**
Profit for the year	22,036	28,330
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("FVOCI") – net change in fair value	(1,696)	–
	(1,696)	–
Items that are or may be reclassified subsequently to profit or loss:		
Net change in fair value of available-for-sale financial assets	–	(1,739)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	(3)
Effective portion of changes in fair value of cash flow hedges	(1,044)	235
Net change in fair value of cash flow hedges reclassified to profit or loss	(1,520)	–
Net gain on hedge of net investment in foreign operation	10,709	1,429
Foreign currency translation differences relating to translation of the financial statements of foreign operations	(25,140)	(1,780)
Share of foreign currency translation differences - joint venture	(361)	(233)
	(17,356)	(2,091)
Other comprehensive loss for the year, net of tax	(19,052)	(2,091)
Total comprehensive income for the year	2,984	26,239
Total comprehensive income attributable to:		
Owner of the Company	2,911	25,377
Non-controlling interests	73	862
Total comprehensive income for the year	2,984	26,239

The accompanying notes form an integral part of these financial statements.

Group	Share capital $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Statutory reserve $'000	Retained earnings/ (Accumulated losses) $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017	634,813	2,778	(144)	(58)	572	(79,778)	558,183	404	558,587
Total comprehensive income/(loss) for the year									
Profit for the year	–	–	–	–	–	27,607	27,607	723	28,330
Other comprehensive (loss)/income									
Net change in fair value of available-for-sale financial assets	–	–	–	(1,739)	–	–	(1,739)	–	(1,739)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	–	–	(3)	–	–	(3)	–	(3)
Effective portion of changes in fair value of cash flow hedges	–	–	235	–	–	–	235	–	235
Net gain on hedge of net investment in foreign operation	–	1,429	–	–	–	–	1,429	–	1,429
Foreign currency translation differences relating to translation of the financial statements of foreign operations		(1,919)	–	–	–	–	(1,919)	139	(1,780)
Share of foreign currency translation differences – joint venture	–	(233)	–	–	–	–	(233)	–	(233)
Total other comprehensive income/(loss)	–	(723)	235	(1,742)	–	–	(2,230)	139	(2,091)
Total comprehensive income/(loss) for the year	–	(723)	235	(1,742)	–	27,607	25,377	862	26,239
Transactions with owner of the Company, recognised directly in equity									
Contributions by and distributions to owner									
Dividends declared by a subsidiary company to non-controlling interests	–	–	–	–	–	–	–	(498)	(498)
Total transactions with owner of the Company	–	–	–	–	–	–	–	(498)	(498)
Changes in ownership interests in subsidiaries									
Dilution of interest in subsidiary without loss of control	–	(223)	–	–	–	(4,468)	(4,691)	(922)	(5,613)
Total transactions with owner of the Company	–	(223)	–	–	–	(4,468)	(4,691)	(922)	(5,613)
At 31 December 2017	634,813	1,832	91	(1,800)	572	(56,639)	578,869	(154)	578,715

The accompanying notes form an integral part of these financial statements.

	Share capital $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Statutory reserve $'000	Retained earnings/ (Accumulated losses) $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group									
At 1 January 2018	634,813	1,832	91	(1,800)	572	(56,639)	578,869	(154)	578,715
Adjustment on initial application of SFRS(I) 9 (net of tax)	–	(9)	–	–	–	(5,294)	(5,303)	–	(5,303)
Adjusted balance at 1 January 2018	634,813	1,823	91	(1,800)	572	(61,933)	573,566	(154)	573,412
Total comprehensive income/(loss) for the year									
Profit for the year	–	–	–	–	–	20,756	20,756	1,280	22,036
Other comprehensive (loss)/income									
Equity investments at FVOCI – net change in fair value	–	–	–	(1,696)	–	–	(1,696)	–	(1,696)
Effective portion of changes in fair value of cash flow hedges	–	–	(1,044)	–	–	–	(1,044)	–	(1,044)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	(1,520)	–	–	–	(1,520)	–	(1,520)
Net gain on hedge of net investment in foreign operation	–	10,709	–	–	–	–	10,709	–	10,709
Foreign currency translation differences	–	(23,933)	–	–	–	–	(23,933)	(1,207)	(25,140)
Share of foreign currency translation differences – joint venture	–	(361)	–	–	–	–	(361)	–	(361)
Total other comprehensive (loss)/income	–	(13,585)	(2,564)	(1,696)	–	–	(17,845)	(1,207)	(19,052)
Total comprehensive income/(loss) for the year	–	(13,585)	(2,564)	(1,696)	–	20,756	2,911	73	2,984
Transactions with owner of the Company, recognised directly in equity									
Contributions by and distributions to owner									
Dividends declared by a subsidiary company to non-controlling interests	–	–	–	–	–	–	–	(87)	(87)
Total transactions with owner of the Company	–	–	–	–	–	–	–	(87)	(87)
Changes in ownership interests in subsidiaries									
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	–	17,970	17,970
Total transactions with owner of the Company	–	–	–	–	–	–	–	17,970	17,970
At 31 December 2018	634,813	(11,762)	(2,473)	(3,496)	572	(41,177)	576,477	17,802	594,279

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows
Year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from operating activities			
Profit for the year		22,036	28,330
Adjustments for:			
Depreciation of property, plant and equipment	4	14,051	9,924
Amortisation of intangible assets	5	19,708	18,923
Gain on disposal of property, plant and equipment		(147)	(129)
Gain on discontinuation of cash flow hedges		(498)	–
Gain on sale of asset held for sale		–	(5)
Loss on sale of other investments		–	6
Gain on sale of subsidiary		(245)	–
Impairment loss on other investments		–	632
Impairment loss on joint venture		1,400	–
Recognition of impairment loss on trade receivables		1,388	6,192
Reversal of expected loss on contract assets		(76)	–
(Reversal)/ provision for onerous contracts		(333)	131
Change in fair value of financial asset		–	(3)
Share of profit of associate, net of income tax		(527)	(599)
Share of profit of joint venture, net of income tax		(1,488)	(1,831)
Dividend income		(48)	(313)
Finance income		(4,003)	(3,567)
Finance costs		19,427	24,424
Tax expense		22,289	15,716
		92,934	97,831
Changes in working capital:			
Inventories		(589)	145
Contract assets		(56,259)	(50,908)
Trade and other receivables		(33,538)	(33,088)
Trade and other payables		(16,987)	42,602
Contract liabilities		64,676	(6,956)
Derivative financial liabilities		(888)	(5)
Cash generated from operations		49,349	49,621
Tax paid		(20,060)	(19,740)
Net cash from operating activities		29,289	29,881

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from investing activities			
Interest received		2,458	2,015
Acquisition of subsidiaries, net of cash acquired upon acquisition of subsidiaries	26	(48,142)	(43,256)
Payment for acquisition of joint ventures		(495)	(5,438)
Purchase of property, plant and equipment	4	(23,921)	(51,374)
Purchase of intangible assets	5	(6,220)	(5,738)
Proceeds from disposal of property, plant and equipment		6,472	1,210
Proceeds from disposal of intangible asset		7	438
Proceeds from disposal of subsidiary	27	12,128	–
Proceeds from sale of asset held for sale		–	131
Proceeds from sale of other investments		–	6,885
Dividends received		48	313
Dividends from associates		587	404
Dividends from a joint venture		740	843
Net cash used in investing activities		(56,338)	(93,567)
Cash flows from financing activities			
Payments to repurchase shares from non-controlling interests		(1,704)	(1,147)
Proceeds from dilution of interest in subsidiary without loss of control		–	1,584
Repayment of loans and borrowings		(381,591)	(52,219)
Proceeds from loans and borrowings		151,837	128,928
Proceeds from issuance of mid-term notes		350,000	–
Payment of lease liabilities		(271)	(130)
Interest paid		(16,363)	(15,175)
Dividends paid to non-controlling interests		(87)	(498)
Changes in pledged deposits		(103)	215
Net cash from financing activities		101,718	61,558
Net increase/(decrease) in cash and cash equivalents		74,669	(2,128)
Cash and cash equivalents at 1 January		237,788	241,287
Effect of exchange rate fluctuations on cash held		278	(1,371)
Cash and cash equivalents at 31 December	(i)	312,735	237,788

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2018

(i) Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	Group	
	2018	**2017**
	$'000	**$'000**
Cash and cash equivalents in the consolidated statement of financial position	318,504	239,026
Less: bank overdraft	(5,666)	(1,238)
Less: pledged deposits/restricted cash	(103)	–
Cash and cash equivalents in the consolidated statement of cash flows	312,735	237,788

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 9 April 2019.

1 Domicile and activities

Surbana Jurong Private Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 168 Jalan Bukit Merah, #01-01, Connection One, Singapore 150168.

The ultimate holding company during the financial year is Temasek Holdings (Private) Limited. The immediate holding company is Glenville Investments Pte Ltd. These holding companies are incorporated in Singapore.

The financial statements of the Group as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and joint ventures.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are those relating to provision of feasibility studies, urban planning, architectural and engineering consultancy services, contract administration services, property consultancy services, land survey, project management, site supervision services, facility management services, quality, environmental, health and safety ("QEHS") services, integrated estate management services, management advisory services, armed and unarmed guard services, training and consultancy and provision of security services and products.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in note 35.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except where otherwise described in Note 3.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. The Company has subsidiaries, associates and joint ventures in foreign countries, whose functional currencies included Australian dollar, Indian Rupee, Chinese Yuan Renminbi, South African Rand, Canadian dollar and US dollar.

All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.12 (i) – revenue recognition of consultancy contracts;
- Note 5 – impairment test on goodwill: key assumptions underlying recoverable amounts;
- Note 12 – expected losses on consultancy contracts;
- Note 18 – provisions; and
- Note 19 – measurement of expected credit loss ("ECL") allowances for trade and other receivables and contract assets.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The accounting team led by the Group Chief Finance Officer has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable.

The accounting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

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

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

- Note 5 – Goodwill;
- Note 19 – Financial instruments; and
- Note 26 – Acquisitions of subsidiaries

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (“NCI”) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed off as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not include the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Investment in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. Such investments are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see note below); or
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

(iii) Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets: Business model assessment **–** *Policy applicable from 1 January 2018*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Non-derivative financial assets – Subsequent remeasurement and gains and losses – Policy applicable before 1 January 2018

Financial assets at fair value through profit or loss

A financial asset was classified at FVTPL if it is classified as held for trading or was designated as such upon initial recognition. Financial assets were designated at FVTPL if the Group managed such investments and made purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs were recognised in profit or loss as incurred. Financial assets at FVTPL were measured at fair value, and changes therein, which took into account any dividend income, were recognised in profit or loss.

Financial assets designated at FVTPL comprised equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets were recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, trade and other receivables, excluding prepayments and contract assets.

For the purpose of the statement of cash flows, pledged deposits were excluded whilst bank overdrafts that formed an integral part of the Group's cash management were included in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available-for-sale or were not classified in any of the above categories of financial assets. Available-for-sale financial assets were recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses (see Note 3.8(i)), were recognised in OCI and presented in the fair value reserve in equity. When an investment was derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Available-for-sale financial assets comprised equity securities and debt securities.

Non-derivative financial liabilities: Classification, subsequent remeasurement and gains and losses

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, and trade and other payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

(vii) Derivative financial instruments, including hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Derivative financial instruments and hedge accounting – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. Furthermore, for all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affected profit or loss. Furthermore, for cash flow hedges that were terminated before 2017, forward points were recognised immediately in profit or loss.

(viii) Intra-group financial guarantees in the separate financial statements

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The cost of self-constructed assets includes:

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Land	Freehold
Building and property	28 to 50 years
Furniture and fittings	2 to 10 years
Office equipment and machinery	1 to 20 years
Plant and equipment	5 to 20 years
Computer equipment	1 to 6 years
Motor vehicles	2 to 8 years
Office renovation	1 to 20 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1 (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets with indefinite lives are not amortised.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, a brand and exclusive license with indefinite useful lives from the date that they are available for use.

The estimated useful lives for the current financial year and comparative financial period are as follows:

Brand - SMEC	Indefinite
Brand - SJ	10 years
Intellectual property	5 years
Order backlogs	3 to 19 years
Customer relationship	5 to 10 years
Exclusive license	Indefinite
Software	1 to 9 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Inventories

Inventories comprise materials and supplies to be consumed in the rendering of services and goods held for resale. Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

3.7 Contract assets/liabilities

A contract asset is a Group entity's right to consideration in exchange for goods or services that the Group entity has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability is a Group entity's obligation to transfer goods or services to a customer for which the Group entity has received consideration (or the amount is due) from the customer.

Contracts work-in-progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see Note 3.12(i)) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Contracts work-in-progress is presented as contract assets in the statement of financial position for all contracts in which costs incurred plus recognised profits (less recognised losses) exceed progress billings. If progress billings exceed costs incurred plus recognised profits (less recognised losses), then the difference is presented as contract liabilities.

Progress billings not yet paid by customers and retention sums are included within trade and other receivables.

3.8 Impairment

(i) Non-derivative financial assets and contract assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for expected credit loss (ECL) on:
- financial assets measured at amortised costs;
- contract assets (as defined in SFRS(I) 15); and
- intra-group financial guarantee contracts (FGC).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

A financial asset not carried at fair value through profit or loss, including an interest in an associate, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event had occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity instruments) were impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlated with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. The Group considered a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables were assessed for specific impairment. All individually significant receivables found not to be specifically impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Loans and receivables that were not individually significant were collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group used historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions were such that the actual losses were likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continued to be recognised. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease could be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that was reclassified from equity to profit or loss was the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method were reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increased and the increase could be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed. The amount of the reversal was recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security was recognised in other comprehensive income.

(ii) Associates and joint venture

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Asset held for sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as asset held for sale. Immediately before classification as asset held for sale, the assets, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute). Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Employee leave entitlement

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 reporting date.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.12 Revenue

(i) Revenue from provision of services

Revenue from provision of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. The individual standalone selling price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised services. The transaction price may be fixed or variable. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(1) Consultancy contracts

Contract revenue from consultancy contracts, which relate to the provision of architectural services, engineering consultancy, quantity surveying and project management, includes the initial amount agreed in the contract plus any variations in the contract work and claims, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the percentage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The percentage of completion is determined by:

(a) reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; or
(b) completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(2) Rendering of other services

Revenue from rendering of other services, which includes land survey services, site supervision service, facility management services, integrated estate management services, armed and unarmed guard services is recognised in profit or loss when the service is rendered.

(ii) Patent licence and royalty fees

Patent licence and royalty fees are recognised on an accrual basis in accordance with the substance of the relevant agreement.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3.13 Government grants

Government grants are recognised in profit or loss as other income when the grant becomes receivable.

Other government grants related to assets are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.14 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.15 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;
- the fair value gain/(loss) on contingent consideration classified as a financial liability;
- hedge ineffectiveness recognised in profit or loss; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Core Group, comprising Group Chief Executive Officer (GCEO), Group Chief Finance Officer (GCFO), Group Chief Corporate Officer (GCCO) and the Chief Executive Officers (CEOs) of the operating units, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Core Group include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate and support costs, finance income, finance costs and non-operating income and expenses such as government grants and gain or loss on disposal of property, plant and equipment, derivatives and impairment on investments.

3.18 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 35.

4 Property, plant and equipment

	Land $'000	Building and properties $'000	Furniture and fittings $'000	Office equipment and machinery $'000	Plant and equipment $'000	Computer equipment $'000	Motor vehicles $'000	Office renovation $'000	Asset under construction $'000	Total $'000
Group										
Cost										
At 1 January 2017	215	1,831	5,450	1,885	2,507	10,158	7,281	1,873	2,496	33,696
Acquisitions through business combinations	–	12,917	1,100	–	384	678	119	–	–	15,198
Other additions	–	29,174	1,651	573	2,878	4,494	1,252	6,932	4,420	51,374
Disposals	–	–	(118)	(7)	(16)	(289)	(135)	(1)	(515)	(1,081)
Effect of movement in exchange rates	(2)	(261)	(199)	(6)	(82)	(350)	(306)	(10)	–	(1,216)
At 31 December 2017	213	43,661	7,884	2,445	5,671	14,691	8,211	8,794	6,401	97,971
Acquisitions through business combinations	–	–	488	–	–	1,042	–	340	–	1,870
Disposal of subsidiary	–	(12,190)	(161)	–	–	–	–	–	–	(12,351)
Other additions	181	93	6,448	317	4,789	6,757	972	804	3,560	23,921
Disposals	–	–	(1,150)	(131)	(383)	(79)	(344)	(358)	(3,901)	(6,346)
Transfer from/(to) intangibles	–	–	–	–	758	–	–	–	(1,339)	(581)
Effect of movement in exchange rates	(21)	(687)	(1,540)	(21)	(522)	(1,070)	(358)	(20)	–	(4,239)
At 31 December 2018	373	30,877	11,969	2,610	10,313	21,341	8,481	9,560	4,721	100,245
Accumulated depreciation										
At 1 January 2017	–	74	1,068	470	505	3,262	659	656	–	6,694
Depreciation for the year	–	300	1,476	423	657	3,862	2,017	1,189	–	9,924
Effect of movement in exchange rates	–	(4)	(119)	(3)	(41)	(233)	(197)	(10)	–	(607)
At 31 December 2017	–	370	2,425	890	1,121	6,891	2,479	1,835	–	16,011
Depreciation for the year	–	1,160	2,418	453	1,272	4,965	1,914	1,869	–	14,051
Disposals	–	–	–	–	–	–	–	(21)	–	(21)
Effect of movement in exchange rates	–	(84)	(1,091)	(17)	(302)	(800)	(274)	(17)	–	(2,585)
At 31 December 2018	–	1,446	3,752	1,326	2,091	11,056	4,119	3,666	–	27,456
Carrying amounts										
At 1 January 2017	215	1,757	4,382	1,415	2,002	6,896	6,622	1,217	2,496	27,002
At 31 December 2017	213	43,291	5,459	1,555	4,550	7,800	5,732	6,959	6,401	81,960
At 31 December 2018	373	29,431	8,217	1,284	8,222	10,285	4,362	5,894	4,721	72,789

Company	**Office equipment and machinery $'000**	**Computer equipment $'000**	**Office Renovation $'000**	**Total $'000**
Cost				
At 1 January 2017	11	133	–	144
Additions	7	61	–	68
Disposals	–	(63)	–	(63)
At 31 December 2017	18	131	–	149
Additions	36	89	39	164
At 31 December 2018	54	220	39	313
Accumulated depreciation				
At 1 January 2017	2	22	–	24
Depreciation for the year	3	55	–	58
Disposals	–	(21)	–	(21)
At 31 December 2017	5	56	–	61
Depreciation for the year	3	54	7	64
At 31 December 2018	8	110	7	125
Carrying amounts				
At 1 January 2017	9	111	–	120
At 31 December 2017	13	75	–	88
At 31 December 2018	46	110	32	188

Certain items of plant and equipment of the Group's subsidiaries were pledged to secure banking facilities. Refer to Note 15 for the carrying amount and further details.

5 Intangible assets and goodwill

Group	Goodwill $'000	Brand $'000	Order backlog $'000	Customer relationship $'000	Exclusive license $'000	Software $'000	Intellectual property $'000	Total $'000
Cost								
At 1 January 2017	379,986	40,927	56,841	12,712	58,779	12,888	–	562,133
Acquisitions through business combinations	35,081	–	–	–	–	729	–	35,810
Other additions	–	–	–	–	–	3,206	2,532	5,738
Disposals	–	–	–	–	–	(438)	–	(438)
Effect of movement in exchange rates	(3,059)	(242)	(132)	–	–	(277)	–	(3,710)
At 31 December 2017	412,008	40,685	56,709	12,712	58,779	16,108	2,532	599,533
Acquisitions through business combinations	19,522	8,723	6,477	2,064	–	787	–	37,573
Disposal of subsidiary	(1,629)	–	–	–	–	–	–	(1,629)
Other additions	–	–	–	–	–	2,635	3,585	6,220
Transfer from property, plant and equipment, net	–	–	–	–	–	581	–	581
Disposals	–	–	–	–	–	(7)	–	(7)
Effect of movement in exchange rates	(20,939)	(2,157)	(1,238)	(75)	–	(1,795)	–	(26,204)
At 31 December 2018	408,962	47,251	61,948	14,701	58,779	18,309	6,117	616,067
Accumulated amortisation and impairment losses								
At 1 January 2017	88,596	2,021	14,002	2,798	–	3,870	–	111,287
Amortisation for the year	–	1,301	10,618	1,841	–	5,163	–	18,923
Effect of movement in exchange rates	–	–	(138)	–	–	(214)	–	(352)
At 31 December 2017	88,596	3,322	24,482	4,639	–	8,819	–	129,858
Amortisation for the year	–	1,301	11,477	2,048	–	4,595	287	19,708
Effect of movement in exchange rates	–	–	(915)	(7)	–	(1,639)	–	(2,561)
At 31 December 2018	88,596	4,623	35,044	6,680	–	11,775	287	147,005
Carrying amounts								
At 1 January 2017	291,390	38,906	42,839	9,914	58,779	9,018	–	450,846
At 31 December 2017	323,412	37,363	32,227	8,073	58,779	7,289	2,532	469,675
At 31 December 2018	320,366	42,628	26,904	8,021	58,779	6,534	5,830	469,062

	Intellectual property $'000
Company	
Cost	
At 1 January 2017	–
Additions	2,532
At 31 December 2017	2,532
Additions	3,585
At 31 December 2018	6,117
Accumulated amortisation	
At 1 January 2017	–
Amortisation for the year	–
At 31 December 2017	–
Amortisation for the year	287
At 31 December 2018	287
Carrying amounts	
At 1 January 2017	–
At 31 December 2017	2,532
At 31 December 2018	5,830

In 2017, the Group commenced a development project called Smart City in a Box ("Project" or "SC in a Box"). The Project is a digital application programme that allows monitoring of residential/office buildings, collating and analysing data and deploying solutions to specific problems in a timely manner. The Group expects to commercialise the outputs of the Project. As such, the costs incurred on the Project, mainly manpower costs, have been capitalised as intangible asset – intellectual property.

Certain intangible assets of the Group's subsidiaries were pledged to secure banking facilities. Refer to Note 15 for the carrying amount and further details.

Impairment assessment for cash-generating units containing goodwill

In 2018, the Group obtained control over B+H subgroup ("B+H"). The Group elects to complete the purchase price allocation ("PPA") exercise for the acquisition within the 12-month measurement period from the date of acquisition. Provisional amounts of goodwill and other intangible assets were recognised upon the completion of acquisitions (see Note 26 for details of these acquisition). The B+H subgroup was identified as a separate CGU in the impairment testing of goodwill as at 31 December 2018.

The acquisition of the B+H subgroup was completed at the end of August 2018, four months to the current financial year end. The fair value less costs of disposal of the B+H CGU was assessed with reference to the consideration agreed between the Group and the selling shareholders and was used as the recoverable amount of the B+H CGU for the purposes of impairment testing for the current financial year. The recoverable amounts of the remaining CGUs were determined based on their value in use.

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs as follows:

	2018 $'000	2017 $'000	1 Jan 2017 $'000
SJ CGU	88,596	88,596	88,596
Impairment loss	(88,596)	(88,596)	(88,596)
	–	–	–
C&S Singapore CGU	16,245	16,245	16,245
SMEC CGU comprising the SMEC subgroup and PDR	252,021[(i)]	269,854[(i)]	275,052[(i)]
AETOS CGU comprising the AETOS subgroup	93	93	93
RBG CGU comprising the RBG subgroup	27,544[(i)]	35,520[(i)]	–
Robow CGU	–	1,700[(i)]	–
B+H CGU comprising the B+H subgroup	24,463[(i)]	–	–
Carrying amount	320,366	323,412	291,390

[(i)] *Including effect of movement in exchange rates totalling -$20,939,000 (2017: -$3,059,000).*

Key assumptions used in discounted cash flow projection calculations

The key assumptions used in the estimation of recoverable amounts are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	C&S Singapore CGU			SMEC CGU			RBG CGU		
Group	**2018**	**2017**	**1 Jan 2017**	**2018**	**2017**	**1 Jan 2017**	**2018**	**2017**	**1 Jan 2017**
Forecast years	5	5	5	5	5	N/A*	5	N/A*	N/A
Discount rate	10.0%	8.0%	11.0%	9.3%	8.3%	N/A*	8.2%	N/A*	N/A
Terminal value growth rate	0%	0%	0%	3.0%	3.0%	N/A*	3.0%	N/A*	N/A
Average yearly revenue growth rate	5.0%	5.0%	5.0%	5.0%	5.0%	N/A*	5.0%	N/A*	N/A

* The recoverable amount of the SMEC CGU as at 1 January 2017 and RBG CGU as at 31 December 2017 were based on fair value less costs of disposal.

Discount rate

The discount rate was a post-tax measure estimated based on past experience, and industry weighted average cost of capital.

Terminal value growth rate

A long-term growth rate into perpetuity had been determined based on management's estimate of the long-term compound annual growth rate in EBITDA which management believed was consistent with the assumption that a market participant would make.

Average yearly revenue growth rate

Average yearly revenue growth is expressed as the average annual revenue growth rates in the forecast year of the plans used for impairment testing and had been based on past experience.

Sensitivity analysis

Management is of the view that reasonably possible changes in the key assumptions, such as an increase in the discount rate by 1%, would not cause the respective recoverable amounts for the Group to fall below the carrying amounts as at 31 December 2018.

6 Subsidiaries

	Company		
	2018	**2017**	**2017**
	$'000	**$'000**	**$'000**
Equity investments at cost	879,698	771,412	749,632
Impairment loss	(88,596)	(88,596)	(88,596)
	791,102	682,816	661,036

Details of the significant subsidiaries are as follows:

Name of subsidiaries	**Country of incorporation**	**Effective equity interest held by the Group**	
		2018	**2017**
		%	**%**
Surbana International Consultants Holdings Pte Ltd ("SICHPL")	Singapore	100	100
Surbana Consultants Pte Ltd	Singapore	100	100
Surbana Technologies Pte Ltd	Singapore	100	100
Surbana Site Supervisors Pte Ltd	Singapore	100	100
Threesixty Cost Management Pte. Ltd.	Singapore	100	100
Surbana Jurong Consultants Pte Ltd	Singapore	100	100
SIPM Consultants Pte Ltd	Singapore	100	100
CESMA International Private Limited	Singapore	100	100
Threesixty Contract Advisory Pte. Ltd.	Singapore	100	100
Surbana International Consultants (India) Pvt Ltd	India	100	100
Surbana (Shanghai) Planning & Design Consultants Ltd	People's Republic of China ("PRC")	100	100
Surbana International Consultants (Malaysia) Sdn. Bhd.	Malaysia	100	100
Surbana Consultants Sdn. Bhd.	Malaysia	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
Surbana International Consultants (Vietnam) Co. Ltd	Vietnam	100	100
Surbana International Consultants (Brunei) Sdn Bhd	Brunei	100	100
Surbana International Consultants (Myanmar) Co Ltd	Myanmar	100	100
Jurong International Holdings Pte Ltd ("JIHPL")	Singapore	100	100
Surbana Jurong Infrastructure Pte Ltd	Singapore	100	100
Jurong Overseas Pte Ltd	Singapore	100	100
Jurong Axtra Investments Pte Ltd	Singapore	100	100
Portella Pte Ltd	Singapore	100	100
Jurong International Constructors (Suzhou) Co Ltd	PRC	100	100
Jurong Consultants (India) Private Limited	India	100	100
Jurong International Consulting Pte Ltd	Singapore	100	100
Surbana Jurong Campus Pte Ltd	Singapore	100	100
SMM Pte Ltd	Singapore	100	100
Jurong Integrated Solutions Pte Ltd	Singapore	100	100
MMR Services Pte Ltd	Singapore	100	100
SJ Defence Services Pte Ltd	Singapore	100	100
Surbana Jurong Lanka (Pvt) Ltd	Sri Lanka	100	100
Surbana Jurong Capital (Holdings) Pte. Ltd.(i)	Singapore	100	–
Surbana Jurong Capital (JID) Pte. Ltd.(ii)	Singapore	100	–
Surbana Jurong Bangladesh Ltd(iii)	Bangladesh	100	–

Name of subsidiaries	**Country of incorporation**	**Effective equity interest held by the Group 2018 %**	**2017 %**
Surbana Jurong Holdings (Australia) Pty Ltd	Australia	100	100
Surbana Jurong Finance Pty Ltd	Australia	100	100
SMEC Holdings Pty Ltd	Australia	100	100
Brisbane City Enterprises Pty Ltd	Australia	100	100
Global Maintenance Consulting Pty Ltd	Australia	100	100
PDR Engineers Pty Ltd	Australia	100	100
Robert Bird Group Pty Ltd	Australia	100	100
R.O. Bird & Associates Pty. Ltd. ATF The Lynch Birkil Unit Trust	Australia	100	100
SMEC Australia Pty Ltd	Australia	100	100
SMEC International Pty Ltd	Australia	100	100
SMEC SAME Pty Ltd	Australia	100	100
SMEC Testing Services Pty Ltd	Australia	51	51
SMECTS Holdings Pty Ltd	Australia	51	51
STS Geoenvironmental Pty Ltd	Australia	51	51
Ace Consultants Limited	Bangladesh	100	100
SMEC Bangladesh Ltd	Bangladesh	100	100
Engineering Consultants Underwriters Ltd	Bermuda	100	100
VKE Botswana Pty Ltd	Botswana	100	100
SMEC International (Canada) Inc	Canada	100	100
Global Maintenance Consulting Chile Limitada	Chile	100	100
Frontier Energy Ltd	Dubai	100	100
Frontier Hydro Ltd	Dubai	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
Robert Bird Group Hong Kong Ltd	Hong Kong	100	100
SMEC Asia Ltd	Hong Kong	100	100
Leadrail Infra Solutions Private Ltd	India	100	100
SMEC India (Pvt) Ltd	India	100	100
PT SMEC Denka Indonesia	Indonesia	100	100
SMEC Central Asia LLP	Kazakhstan	100	100
SMEC Kenya Limited	Kenya	100	100
SMEC Macau Engineering Consulting Limited	Macau	100	100
Robert Bird Group (Malaysia) Sdn Bhd	Malaysia	100	100
SMEC Energy Sdn Bhd	Malaysia	100	100
SMEC International (Malaysia) Sdn Bhd	Malaysia	100	100
SMEC (Malaysia) Sdn Bhd	Malaysia	100	100
Energy Holdings Limited	Mauritius	100	100
SMEC International (Africa) Ltd	Mauritius	100	100
SMEC Servicios De Ingenieria De Mexico	Mexico	100	100
SMEC Mongolia LLC	Mongolia	100	100
SMEC Myanmar Company Limited	Myanmar	100	100
VKE Namibia Consulting Engineers Pty Ltd	Namibia	100	100
Vincpro (Pty) Ltd	Namibia	100	100
SMEC Nigeria Limited	Nigeria	100	100
Robert Bird Group (New Zealand) Limited	New Zealand	100	100
SMEC New Zealand Ltd	New Zealand	100	100
South Asia Middle East Management Company LLC	Oman	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
SMEC Oil and Gas (Private) Limited	Pakistan	100	100
Engineering General Consultants (Pvt) Ltd	Pakistan	100	100
SMEC Pakistan (Pvt) Ltd	Pakistan	100	100
SMEC Philippines Inc	Philippines	100	100
SMEC PNG Ltd	Papua New Guinea	100	100
ECCL Singapore Pty Ltd	Singapore	100	100
Global Maintenance Consulting Singapore Pte Ltd	Singapore	100	100
GMC Global Africa (Pty) Ltd	South Africa	100	100
Robow Investments No52 Pty Ltd(iv)	South Africa	–	75
SMEC South Africa Pty Ltd	South Africa	75	75
Soillab Pty Ltd	South Africa	75	75
SMEC International (Africa) (Pty) Ltd	South Africa	100	100
Ocyana Consultants Pvt Ltd	Sri Lanka	100	100
SMEC (Tanzania) Limited	Tanzania	100	100
SMEC Uganda Limited	Uganda	100	100
Robert Bird & Partners Ltd	United Kingdom	100	100
Robert Bird Group (USA) Inc.	United States of America	100	–
Global Maintenance Consulting – America, Inc	United States of America	100	100
SMEC Vietnam Joint Stock Company	Vietnam	100	100
AETOS Holdings Pte. Ltd.	Singapore	100	100
AETOS Security Management Pte. Ltd.	Singapore	100	100
AETOS Guard Services Pte. Ltd.	Singapore	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
AETOS Training Academy Pte. Ltd.	Singapore	100	100
AETOS Technologies and Solutions Pte. Ltd.	Singapore	100	100
AETOS Assets Management Pte Ltd	Singapore	100	100
Shanghai Surbana Jurong Entity Management Co., Ltd	PRC	100	100
KTP Consultants Pte Ltd ("KTPC")	Singapore	100	100
KTP (Tianjin) Architectural Design Co. Ltd	PRC	100	100
KTP (Beijing) Co. Pte. Ltd.	PRC	100	100
KTP International Pte. Ltd.	Singapore	100	100
T&T Civil & Structural Pte. Ltd.	Singapore	100	100
KTP Civil & Structural Sdn. Bhd.(v)	Malaysia	100*	100*
Surbana Jurong Holdings (Canada) Inc.	Canada	100	–
B+H Architects Corp.(vi)	Canada	49	–
B+H International Corp. (vi)	Canada	65	–
B+H Architects Inc. (vi)	Canada	65	–
B+H Consulting Holdings Inc. (vi)	Canada	65	–
B+H Consulting International Inc. (vi)	PRC	65	–
B+H Architects Hong Kong Ltd. (vi)	Hong Kong	65	–
B+H Architects Singapore Pte. Ltd. (vi)	Singapore	65	–
B+H Architects Inc. (vi)	United States of America	65	–
B+H Architects (Washington) LLC(vi)	United States of America	65	–

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
B+H Architects Vietnam Co. Ltd(vi)	Vietnam	65	–

(i) Incorporated on 15 August 2018.
(ii) Incorporated on 17 August 2018.
(iii) Incorporated on 25 March 2018.
(iv) Disposed on 31 March 2018. Please refer to Note 27.
(v) On 22 July 2015, two shareholders of KTP Civil & Structural Sdn. Bhd. ("KTPM"), each granted a power of attorney to KTPC in respect of their shareholdings in KTPM, the aggregate of which represents the entire issued share capital of KTPM. As such, KTPM is deemed as a subsidiary of KTPC and the Group. Accordingly, the assets and liabilities of KTPM were consolidated by the Group from 22 July 2015.
(vi) Acquired on 31 August 2018. Please refer to Note 26.

Non-controlling interests

On 31 August 2018, the Group acquired 65.37% equity interest in B+H subgroup ("B+H") (see note 26). Accordingly, the information relating to B+H is only for the period from 1 September 2018 to 31 December 2018. As at 31 December 2018, the Group has one subgroup (2017: nil) that has non-controlling interests ("NCI") that is material to the Group.

Name	Country of incorporation	Ownership held by NCI 2018 %	2017 %
B+H subgroup	Canada	35	–

The following summarised financial information for B+H subgroup is prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition.

	B+H $'000	Other individually immaterial subsidiaries $'000	Total $'000
2018			
Revenue	32,063		
Profit for the year(i)	1,018		
Other comprehensive income	–		
Total comprehensive income	1,018		
Attributable to NCI:			
- Profit	352	928	1,280
- Other comprehensive income	–	–	–
Total comprehensive income	352	928	1,280

	B+H $'000	Other individually immaterial subsidiaries $'000	Total $'000
2018			
Non-current assets	33,569		
Current assets	56,474		
Non-current liabilities	(2,645)		
Current liabilities	(36,400)		
Net assets	50,998		
Net assets attributable to NCI	17,661	141	17,802
Cash flows from operating activities	406		
Cash flows from investing activities	(215)		
Cash flows from financing activities (dividends to NCI: nil)	(211)		
Net decrease in cash and cash equivalents	(20)		

7 Associates and joint venture

	Group		
	2018 $'000	2017 $'000	1 Jan 2017 $'000
Interest in associates	3,893	3,945	3,948
Interest in a joint venture	20,594	22,381	16,358
	24,487	26,326	20,306

Associates

As at 31 December 2018, the Group has two (2017: two) associates that are material and five associates (2017: five) that are individually immaterial to the Group. All are equity accounted.

	Banyan Cavern Storage Services Pte Ltd ("Banyan")	**CITICC (Africa) Holding Limited ("CITICC")**
Principal activities	Storage of petrochemical products	Investment platform to enable partnership with local housing developers to build affordable homes in Sub-Saharan Africa
Principal place of business/Country of incorporation	Singapore	Mauritius
Ownership interest/Voting rights held	20% (2017: 20%)	20% (2017: 20%)

The following summarises the financial information of each of the Group's material associates based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial associates.

	Banyan $'000	**CITICC $'000**	**Immaterial associates $'000**	**Total $'000**
2018				
Revenue	13,403	–		
Profit/(Loss) for the year	2,588	(170)		
Other comprehensive income	–	298		
Total comprehensive income	2,588	128		
Non-current assets	329	–		
Current assets	11,178	13,061		
Non-current liabilities	(3,194)	–		
Current liabilities	(4,025)	(43)		
Net assets	4,288	13,018		
Group's interest in net assets of associates at beginning of the year	904	2,628	413	3,945
Effect of movement in exchange rates	–	–	(52)	(52)
Group's share of:				
- profit/(loss) for the year	518	(34)	43	527
- other comprehensive income	–	60	–	60
- total comprehensive income	518	26	43	587
Dividends received during the year	(564)	–	(23)	(587)
Carrying amount of interest in associates at end of the year	858	2,654	381	3,893

	Banyan $'000	CITICC $'000	Immaterial associates $'000	Total $'000
2017				
Revenue	12,893	–		
Profit for the year	2,816	(315)		
Other comprehensive income	–	(619)		
Total comprehensive income	2,816	(934)		
Non-current assets	284	–		
Current assets	9,692	12,932		
Non-current liabilities	(2,522)	–		
Current liabilities	(2,931)	(42)		
Net assets	4,523	12,890		
Group's interest in net assets of associates at beginning of the year	641	2,902	405	3,948
Effect of movement in exchange rates	–	(87)	13	(74)
Group's share of:				
- profit for the year	563	(63)	99	599
- other comprehensive income	–	(124)	–	(124)
- total comprehensive income	563	(187)	99	475
Dividends received during the year	(300)	–	(104)	(404)
Carrying amount of interest in associates at end of the year	904	2,628	413	3,945

	Banyan $'000	CITICC $'000	Immaterial associates $'000	Total $'000
1 January 2017				
Non-current assets	199	–		
Current assets	7,085	14,299		
Non-current liabilities	(1,912)	–		
Current liabilities	(2,166)	(48)		
Net assets	3,206	14,251		
Group's share of net assets	641	2,902		
Carrying amount of interest in investee	641	2,902	405	3,948

Joint venture

Details of the joint ventures are as follows:

Name of joint venture	Country of incorporation	Effective equity interest held by the Group 2018 %	2017 %
Sino-Sun Architects & Engineers Co., Ltd ("Sino-Sun")	PRC	60	60
China Highway-Surbana Jurong Transportation Design and Research Co. Ltd. ("China Highway")	PRC	49	49
CCCC-SJ Pte Ltd	Singapore	50	50
Arcplus SJ Digital Ltd	PRC	49	–

Sino-Sun is an unlisted joint venture in which the Group's wholly owned subsidiary, Surbana (Shanghai) Planning & Design Consultants Ltd ("Surbana Shanghai"), obtained joint control via a series of agreements between Surbana Shanghai and the existing shareholders of Sino-Sun on 1 September 2015. The principal activities of Sino-Sun are those relating to architectural design, planning, landscape and interior design in the PRC.

China Highway is an unlisted joint venture in which the Group's wholly owned subsidiary, Surbana Jurong Consultants Pte Ltd ("SJCPL"), obtained joint control in January 2017. The principal activities of China Highway are those relating to provision of design and consultancy services for highway and municipal projects.

The Group's interests in Sino-Sun and China Highway are structured as separate vehicles and the Group has a residual interest in their net assets respectively. Accordingly, the Group classified its interest in both Sino-Sun and China Highway as joint ventures, which are equity-accounted.

The following table summarises the financial information of each of the Group's material joint ventures, based on its financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial joint venture.

	Sino-Sun $'000	China Highway $'000	Immaterial joint venture $'000	Total $'000
2018				
Revenue	24,467	10,360		
Profit for the year[(i)]	1,235	1,262		
Other comprehensive income	(269)	(406)		
Total comprehensive income	966	856		
Non-current assets	785	1,996		
Current assets[(ii)]	15,188	21,670		
Current liabilities[(iii)]	(6,918)	(9,891)		
Net assets	9,055	13,775		
Group's interest in net assets of joint ventures at beginning of the year	3,920	6,330	169	10,419
Adjustment on initial application of SFRS(I) 9	(918)	–	–	(918)
Effect of movement in exchange rates	(351)	–	(1)	(352)
Investment during the year	–	–	495	495
Group's share of:				
- profit for the year	741	619	128	1,488
- other comprehensive income	(161)	(199)	–	(360)
- total comprehensive income	580	420	128	1,128
Dividends received during the year	(740)	–	–	(740)
Impairment charge	(1,400)	–	–	(1,400)
Goodwill	11,962			11,962
Carrying amount of interest in joint ventures at end of the year	13,053	6,750	791	20,594

Impairment loss

Based on management's assessment, the recoverable amount of Sino-Sun CGU as at 31 December 2018 was determined to be $14,240,000 using discounted cash flow projections. This is lower than the carrying amount by $1,400,000 and as a result an impairment loss of $1,400,000 was recognised in relation to the investment in Sino-Sun.

Key assumptions used in discounted cash flow projection calculations

The recoverable amount of Sino-Sun was based on its value in use. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Sino-Sun CGU		
Group	**2018**	**2017**	**1 Jan 2017**
Forecast years	5	5	5
Discount rate	10%	8%	11%
Terminal value growth rate	0%	0%	0%
Average yearly revenue growth rate	11%	8%	5%

Discount rate

The discount rate was a post-tax measure based on past experience, and industry weighted average cost of capital.

Terminal value growth rate

A long-term growth rate into perpetuity had been determined based on management's estimate of the long-term compound annual growth rate in EBITDA which management believed was consistent with the assumption that a market participant would make.

Average yearly revenue growth rate

Average yearly revenue growth is expressed as the average annual revenue growth rates in the forecast year of the plans used for impairment testing and had been based on past experience.

	Sino-Sun $'000	**China Highway $'000**	**Immaterial joint venture $'000**	**Total $'000**
2017				
Revenue	30,047	22,036		
Profit for the year[i]	1,026	2,648		
Other comprehensive income	(132)	(316)		
Total comprehensive income	894	2,332		
Non-current assets	1,411	2,564		
Current assets[ii]	11,317	27,099		
Current liabilities[iii]	(3,899)	(16,744)		
Net assets	8,829	12,919		
Group's interest in net assets of joint ventures at beginning of the year	4,396	–	–	4,396
Effect of movement in exchange rates	(169)	–	–	(169)
Investment during the year	–	5,188	250	5,438
Group's share of:				
- profit for the year	615	1,297	(81)	1,831
- other comprehensive income	(79)	(155)	–	(234)
- total comprehensive income	536	1,142	(81)	1,597
Dividends received during the year	(843)	–	–	(843)
Goodwill	11,962	–	–	11,962
Carrying amount of interest in joint ventures at end of the year	15,882	6,330	169	22,381

(i) Includes:
- depreciation and amortisation of \$80,000 (2017: \$185,000)
- interest expense of \$nil (2017: \$nil)
- income tax expense of \$402,000 (2017: \$896,000).

(ii) Includes cash and cash equivalents of \$10,008,000 (2017: \$5,469,000).

(iii) Includes current financial liabilities (excluding trade and other payables and provisions) of \$1,251,000 (2017: \$2,249,000).

1 January 2017	**Total \$'000**
Non-current assets	1,123
Current assets (includes cash and cash equivalents of \$5,949,000)	13,312
Current liabilities	(5,027)
Net assets	9,408
Group's share of net assets	4,396
Goodwill	11,962
Carrying amount of interest in investee	16,358

Joint operation

In 2018, the Group is a 38.3% partner in Surbana Jurong/Arup/Mott Macdonald Joint Venture (SAM) and 28.3% partner in Surbana Jurong/Arup/Mott Macdonald/CAPE Joint Venture (SAMC). Both SAM and SAMC are joint arrangements formed with two to three external parties to provide master building services and master civil consultancy services for a project in Singapore. The principal place of business for both joint operations are in Singapore.

8 Other investments

	Group		
	2018	**2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**
Non-current investments			
Equity investments – at FVOCI	9,552	–	–
Available-for-sale financial assets:			
- Unquoted equity securities, at costs	–	163	14,211
- Unquoted equity securities, at fair value	–	11,157	–
	9,552	11,320	14,211
Current investments			
Financial assets designated at fair value through profit or loss:			
- Quoted equity securities	–	–	1,016
- Unquoted perpetual securities (Singapore)	–	–	2,563
- Unquoted debt securities (Singapore)	–	–	1,515
Available-for-sale financial assets:			
- Unquoted perpetual securities (Singapore)	–	–	762
- Unquoted debt securities (Singapore)	–	–	1,035
	–	–	6,891

Equity investments designated as at FVOCI

In 2015, the Group acquired a 8.5% stake in Helix RE, Inc. (formerly known as Flux Factory Inc), a San Francisco-based architecture design software start-up. The Group's investment comprises 2,092,000 Class B shares at a subscription price of US$ 4.42 per share.

The Group elected an irrevocable option to account for the investment in Helix RE, Inc as financial asset at FVOCI because it represents an investment that the Group intends to hold for long-term strategic purpose. In 2017, this investment was classified as available-for-sale.

Refer to Note 19 for fair value measurement of the investments.

9 Deferred tax

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1/1/2017 $'000	Acquired in business combi-nations $'000 (Note 26)	Recognised in profit or loss $'000 (Note 24)	Transfer to tax recoverable $'000	Recognised directly in equity $'000	Exchange difference $'000	Set off of tax $'000	At 31/12/2017 $'000	Adjusted on initial application of SFRS(I) 9 $'000	Acquired in business combi-nations $'000 (Note 26)	Disposal of subsidiary $'000 (Note 27)	Recognised in profit or loss $'000 (Note 24)	Transfer (to)/ from tax recoverable $'000	Recognised directly in equity $'000	Exchange difference $'000	Set off of tax $'000	At 31/12/2018 $'000
Deferred tax assets																	
Trade and other payables	6,174	1,523	3,757	(242)	(36)	(152)	–	11,024	–	–	–	(2,448)	236	–	(330)	–	8,482
Allowance for receivables and contract assets	6,256	–	(1,682)	–	–	(24)	–	4,550	1,275	–	–	(350)	–	–	(379)	–	5,096
Employee benefits	7,883	87	181	–	–	(63)	–	8,088	–	–	–	5,098	–	–	(765)	–	12,421
Tax loss carry-forwards	2,262	–	2,355	–	–	(82)	–	4,535	–	–	–	(1,624)	–	–	(261)	–	2,650
Other items	808	–	1,134	71	(94)	(9)	–	1,910	–	109	–	2,674	(115)	150	(250)	–	4,478
Set off of tax	(15,326)	–	–	–	–	(51)	8,038	(7,339)	–	–	–	–	–	–	162	5,401	(1,776)
	8,057	1,610	5,745	(171)	(130)	(381)	8,038	22,768	1,275	109	–	3,350	121	150	(1,823)	5,401	31,351
Deferred tax liabilities																	
Property, plant and equipment	(857)	(84)	(651)	–	–	(25)	–	(1,617)	–	–	–	(1,561)	–	–	36	–	(3,142)
Intangible assets	(20,370)	7,864	2,904	–	–	(81)	–	(9,683)	–	(1,237)	–	1,472	–	–	180	–	(9,268)
Deferred revenue	(4,484)	(463)	(408)	–	–	(46)	–	(5,401)	–	–	–	(1,302)	–	–	637	–	(6,066)
Taxable temporary difference arising from amount due from overseas subsidiary	(1,800)	–	–	–	–	–	–	(1,800)	–	–	–	–	–	–	–	–	(1,800)
Other items	(3,422)	(2,178)	(236)	–	–	152	–	(5,684)	–	–	1,780	(1,201)	10	(142)	119	–	(5,118)
Set off of tax	15,326	–	–	–	–	51	(8,038)	7,339	–	–	–	–	–	–	(162)	(5,401)	1,776
	(15,607)	5,139	1,609	–	–	51	(8,038)	(16,846)	–	(1,237)	1,780	(2,592)	10	(142)	810	(5,401)	(23,618)
Total	(7,550)	6,749	7,354	(171)	(130)	(330)	–	5,922	1,275	(1,128)	1,780	758	131	8	(1,013)	–	7,733

Company	**At 1/1/2017 $'000**	**Recognised directly in equity $'000**	**At 31/12/2017 $'000**	**Recognised in profit or loss $'000**	**Recognised directly in equity $'000**	**Set off of tax $'000**	**At 31/12/2018 $'000**
Deferred tax asset							
Derivative financial liabilities	93	(37)	56		(55)	–	1
Trade and other payables	–	–	–	82	–	–	82
Allowance for receivables	–	–	–	10	–	–	10
Set-off tax	–	–	–	–	–	(93)	(93)
	93	(37)	56	92	(55)	(93)	–
Deferred tax liability							
Property, plant and equipment	–	–	–	(333)	–	–	(333)
Set-off tax	–	–	–	–	–	93	93
	–	–	–	(333)	–	93	(240)
Total	93	(37)	56	(241)	(55)	–	(240)

Deferred tax assets have not been recognised in respect of the following items:

	Group		**Company**	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Deductible temporary differences	127	224	–	–
Tax losses	30,645	33,474	–	–
	30,772	33,698	–	–

Tax losses of $18,007,000 (2017: $20,524,000) expire between 1 and 8 years. The remaining tax losses and deductible temporary differences do not expire under current tax legislation. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain Group entities operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

10 Inventories

	Group		
	2018	**2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**
Consumables	1,000	378	538
Trading goods	137	170	155
	1,137	548	693

A total amount of $1,137,000 (2017: $548,000; 1 Jan 2017: $562,000) was recognised as expense during the year and included in 'costs of sales' (see note 25).

11 Trade and other receivables

	Group			Company		
	2018	**2017**	**1 Jan 2017**	**2018**	**2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables	378,966	339,994	292,231	–	–	–
Impairment losses	(29,519)	(22,797)	(17,187)	–	–	–
Net trade receivables	349,447	317,197	275,044	–	–	–
Trade amounts due from:						
- related corporations	8,342	6,643	6,814	–	–	–
- related parties	634	1,747	1,076	–	–	–
Non-trade amounts due from:						
- related corporations	1	58	3	–	–	–
- related parties	–	130	205	–	51	133
- joint venture	1,338	980	680	–	–	–
- subsidiaries	–	–	–	69,870	62,754	62,440
Reinsurance receivable	20,295	21,982	19,818	–	–	–
Other receivables	34,467	23,513	20,528	114	32	20
Deposits	4,437	4,443	6,880	91	93	–
	418,961	376,693	331,048	70,075	62,930	62,593
Prepayments	17,607	17,811	8,896	29	41	21
	436,568	394,504	339,944	70,104	62,971	62,614

Outstanding balances with subsidiaries, related corporations and related parties are unsecured, interest free and repayable on demand. The Company's amount due from subsidiaries relate to the management services rendered by the Company to the subsidiaries and advances to a subsidiary amounting to $61.1 million (2017: $59.5 million; 1 Jan 2017: $56.3 million).

Reinsurance receivable amounts from third-party insurers, $20,295,000 (2017: $21,982,000; 1 Jan 2017: $19,818,000), pertain to the SMEC subgroup's captive insurance arrangement, and are recognised when recovery is virtually certain. These amounts are recognised gross of the provision for insurance claims (see Note 18 for more information).

The Group and the Company's exposure to credit and currency risks, relating to trade and other receivables (excluding prepayments), are disclosed in Note 19.

12 Contract assets/ liabilities

	Group		
	2018	**2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	4,827,634	4,131,614	3,593,480
Less: Progress billings	(4,647,533)	(3,960,851)	(3,474,565)
	180,101	170,763	118,915
Representing:			
Contract assets	292,884	209,715	165,046
Contract liabilities	(112,783)	(38,952)	(46,131)
	180,101	170,763	118,915

Contracts work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is determined based on costs incurred to date plus profit recognised to date less progress billings and recognised losses.

The estimation of the allowance for expected losses on long-term consultancy contracts requires management to prepare cost estimates to complete such contracts, and in making such estimates, judgments are required to evaluate contingencies such as potential variance in scheduling, staff costs, and the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. These estimates are based on management's business practices as well as historical experience and contractual arrangements with suppliers. The estimated total costs for each contract are reviewed on a regular basis by management in order to determine the cost to be recognised in profit or loss at each reporting date and to assess whether allowance for expected losses is required to be set up. Actual costs could differ from the estimates.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows.

	Contract assets		Contract liabilities	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	7,409	18,881
Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(75,058)	(14,504)
Contract assets reclassed to trade receivables	(191,338)	(146,214)	–	–
Changes in measurement of progress	556	(3,315)	498	4,068
Impairment loss on contract assets	(76)	–	–	–
Cumulative catch-up as a result of contract modifications	5,075	(3,696)	587	864

13 Cash and cash equivalents

	Group			Company		
			1 Jan		31 Dec	
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at bank and in hand	299,404	218,106	218,804	65,027	19,960	8,062
Fixed deposits	19,100	20,920	24,487	–	–	–
Cash and cash equivalents in the consolidated statement of financial position	318,504	239,026	243,291	65,027	19,960	8,062
Bank overdraft	(5,666)	(1,238)	(1,789)			
Restricted cash	(103)	–	(215)			
Cash and cash equivalents in the consolidated statement of cash flows	312,735	237,788	241,287			

Fixed deposits with financial institutions mature with varying dates between 1 day and 170 days (2017: 1 day and 277 days; 1 Jan 2017: 1 day and 277 days) from the financial year end.

14 Capital and reserve

Share capital	**Ordinary shares**		**Redeemable convertible preference shares**	
	2018	**2017**	**2018**	**2017**
Fully paid, with no par value	**No of shares**	**No of shares**	**No of shares**	**No of shares**
Company	**’000**	**’000**	**’000**	**’000**
In issue as at 1 January and 31 December	124,700	124,700	510,633	510,633

Ordinary shares

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.

Redeemable convertible preference shares

	Group and Company		
	31 December 2018	**31 December 2017**	**1 January 2017**
	$’000	**$’000**	**$’000**
Issue of redeemable convertible preference shares	510,633	510,633	510,633
Transaction costs	(520)	(520)	(520)
Carrying amount as at 31 December	510,113	510,113	510,113

The redeemable convertible preference shares may be redeemed from time to time at the sole option of the Company at a conversion rate of 1 redeemable convertible preference share to 2 ordinary shares, subject to the written consent of each redeemable convertible preference share holder.

The holders of the redeemable convertible preference shares are entitled to receive, in preference to the holders of ordinary shares, a cumulative dividend to be determined by the Board of Directors from time to time (“Preference Dividend”). So long as any redeemable convertible preference shares are in issue, no dividends shall be declared and/or paid on the ordinary shares except with prior written consent of the holders of redeemable convertible preference shares. The holders of the redeemable convertible preference shares are not entitled to vote at any general meeting of the Company.

Reserves

	Group			**Company**		
	2018	**2017**	**1 Jan 2017**	**2018**	**2017**	**1 Jan 2017**
	$’000	**$’000**	**$’000**	**$’000**	**$’000**	**$’000**
Foreign currency translation reserve	(11,762)	1,832	2,778	–	–	–
Hedging reserve	(2,473)	91	(144)	(6)	(274)	(452)
Fair value reserve	(3,496)	(1,800)	(58)	–	–	–
Statutory reserve	572	572	572	–	–	–
Retained earnings	(41,177)	(56,639)	(79,778)	(89,653)	(97,633)	(105,446)
	(58,336)	(55,944)	(76,630)	(89,659)	(97,907)	(105,898)

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign currency differences arising from hedges of net investment in foreign operations.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income (2017: of available-for-sale financial assets) until the assets are derecognised or impaired.

Statutory reserve

In accordance with the relevant PRC regulations, certain subsidiaries in the PRC are required to appropriate at least 10% of their profit after tax in their annual statutory financial statements, as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiaries, to the statutory reserve until such reserve reaches 50% of the registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders.

Dilution of interest in subsidiary without loss of control

On 15 February 2017, a subsidiary of the Group entered into agreements to repurchase the 15% of its shares held by a third party and simultaneously sell 25% of its shares to another third party. Despite this dilution in equity, there is no loss of control in the subsidiary. The effect of the dilution has been recorded in equity.

15 Loans and borrowings

	Group			**Company**		
	2018	**2017**	**1 Jan 2017**	**2018**	**2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-current						
Mid-term notes	350,000	–	–	350,000	–	–
Transaction costs	(1,358)	–	–	(1,358)	–	–
Carrying amount of bonds	348,642	–	–	348,642	–	–
Secured bank loans	35,000	28,000	78,533	–	–	–
Unsecured bank loans	111,486	41,254	310,021	–	22,051	196,347
Finance lease liabilities	236	367	461	–	–	–
	495,364	69,621	389,015	348,642	22,051	196,347

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Bank overdrafts	5,666	1,238	1,789	–	–	–
Secured bank loans	–	89,151	–	–	–	–
Unsecured bank loans	70,908	307,335	–	20,593	194,646	–
Finance lease liabilities	769	54	90	–	–	–
	77,343	397,778	1,879	20,593	194,646	–
Total interest-bearing liabilities	572,707	467,399	390,894	369,235	216,697	196,347

The weighted average effective interest rates of bank overdrafts at the end of the reporting period were as follows:

	Group		
	2018	2017	1 Jan 2017
Bank overdrafts	5.87%	9.20%	12.34%

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2018			2017			1 Jan 2017		
	Future minimum lease payments $'000	**Interest $'000**	**Present value of minimum lease payments $'000**	**Future minimum lease payments $'000**	**Interest $'000**	**Present value of minimum lease payments $'000**	**Future minimum lease payments $'000**	**Interest $'000**	**Present value of minimum lease payments $'000**
Group									
Within one year	815	46	769	62	8	54	94	4	90
Between one to five years	259	23	236	397	30	367	488	27	461
	1,074	69	1,005	459	38	421	582	31	551

The Group leases equipment under finance leases expiring from 1 to 5 years. At the end of the lease term, the Group has the option to purchase the equipment.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

				2018		2017		1 Jan 2017	
	Currency	Nominal interest rate %	Year of maturity $'000	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Group									
Mid-term notes	SGD	4.11%	2025	350,000	348,642	–	–	–	–
Secured bank loans	AUD	3.20%	2018	–	–	62,283	62,283	78,533	78,533
Secured bank loans	USD	2.40%	2018	–	–	26,868	26,868	–	–
Secured bank loans	SGD	3-month SOR +0.83%	2022	35,000	35,000	28,000	28,000	–	–
Unsecured bank loans	AUD	3-month AUD BBSY +0.75%	2018	–	–	307,335	307,335	310,021	310,021
Unsecured bank loans	AUD	3-month AUD BBSY +0.7%	2019	17,935	17,935	19,203	19,203	–	–
Unsecured bank loans	AUD	3-month AUD BBSW +0.7%	2019	20,593	20,593	22,051	22,051	–	–
Unsecured bank loans	AUD	2.838%	2019	32,380	32,380	–	–	–	–
Unsecured bank loans	AUD	3-month AUD BBSY + 0.9%	2023	111,486	111,486	–	–	–	–
Finance lease liabilities	SGD	3.00%	2019-2021	115	101	171	150	221	194
Finance lease liabilities	CAD	5.4% - 16.81%	2019-2021	648	624	–	–	–	–
Secured finance lease liabilities	AUD	2.70%	2023	311	280	288	271	361	357
Bank overdrafts	CAD/INR	4.8% - 9.0%	Nil	5,666	5,666	1,238	1,238	1,789	1,789
				574,134	572,707	467,437	467,399	390,925	390,894

The carrying amounts of assets pledged as security for loans and borrowings are:

	2018 $'000	2017 $'000
Current		
Floating charge:		
Cash and cash equivalent	42,516	29,836
Receivables	123,647	125,061
Other current assets	51,619	76,873
Total current assets pledged as security	217,782	231,770
Non-current		
Finance lease:		
Plant and equipment	188	274
	188	274
Non-current		
Floating charge:		
Freehold land and buildings	35,947	29,045
Other investments*	38,619	38,392
Other intangible assets	29,633	36,959
Deferred tax assets	21,286	15,310
Plant and equipment	7,378	5,052
	132,863	124,758
Total non-current assets pledged as security	133,051	125,032
Total assets pledged as security	350,833	356,802

* Other investments pledged as security include investments in controlled entities that are eliminated on consolidation in the Group's financial statements.

The bank's interest in assets pledged as security is up to the bank facility limit of $97m (2017: $204m).

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk is included in Note 19.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Derivative (assets)/ liabilities held to hedge long-term borrowings		
	Bank overdrafts $'000	**Other loans and borrowings $'000**	**Finance lease liabilities $'000**	**Total Loans and Borrowings $'000**	**Interest rate swaps used for hedging - assets $'000**	**Interest rate swaps used for hedging - liabilities $'000**	**Total $'000**
Balance at 1 January 2017	1,789	388,554	551	390,894	–	1,793	392,687
Changes from financing cash flows							
Proceeds from borrowings	–	128,928	–	128,928	–	–	128,928
Repayment of borrowings	–	(52,219)	–	(52,219)	–	–	(52,219)
Payment of lease liabilities	–	–	(130)	(130)	–	–	(130)
Other changes							
Acquisition through business combinations	86	477	–	563	–	–	563
Change in bank overdrafts	(637)	–	–	(637)	–	–	(637)
Others	–	–	–	–	(5)	(367)	(372)
Balance at 31 December 2017	1,238	465,740	421	467,399	(5)	1,426	468,820

	Liabilities				Derivative (assets)/ liabilities held to hedge long-term borrowings		
	Bank overdrafts $'000	**Other loans and borrowings $'000**	**Finance lease liabilities $'000**	**Total Loans and Borrowings $'000**	**Interest rate swaps, currency swaps and forward contracts used for hedging - assets $'000**	**Interest rate swaps, currency swaps and forward contracts used for hedging - liabilities $'000**	**Total $'000**
Balance at 1 January 2018	1,238	465,740	421	467,399	(5)	1,426	468,820
Changes from financing cash flows							
Proceeds from issuance of mid-term notes	–	350,000	–	350,000	–	–	350,000
Proceeds from borrowings	–	151,837	–	151,837	–	–	151,837
Repayment of borrowings	–	(381,591)	–	(381,591)	–	–	(381,591)
Payment of lease liabilities	–	–	(271)	(271)	–	–	(271)
Other changes							
Acquisition through business combinations	–	–	154	154	–	–	154
Effect of movement in exchange rates	(161)	(18,592)	(42)	(18,795)	7	(42)	(18,830)
Change in bank overdrafts	4,589	–	–	4,589	–	–	4,589
New finance leases	–	–	743	743	–	–	743
Capitalised borrowing costs	–	(1,358)	–	(1,358)	–	–	(1,358)
Others	–	–	–	–	(306)	1,494	1,188
Balance at 31 December 2018	5,666	566,036	1,005	572,707	(304)	2,878	575,281

16 Trade and other payables

	Group			Company		
	2018 $'000	**2017 $'000**	**1 Jan 2017 $'000**	**2018 $'000**	**2017 $'000**	**1 Jan 2017 $'000**
Non-current						
Contingent consideration for acquisition of:						
- a joint venture	–	1,651	2,968	–	–	–
Deferred consideration for acquisition of:						
- a subsidiary	–	311	–	–	–	–
- additional interests in a subsidiary	–	2,983	–	–	–	–
Share-based payment liability	1,800	2,031	–	–	–	–
Accrued expenses	7,031	3,918	3,151	–	–	–
	8,831	10,894	6,119	–	–	–
Current						
Trade payables	62,677	62,548	47,305	–	–	–
Trade amounts due to:						
- related corporations	152	162	183	–	–	–
- a related party	–	–	3	–	–	–
Other payables	40,289	33,418	35,058	6,598	1,764	1,066
Non-trade amounts due to:						
- subsidiaries	–	–	–	5,292	9,537	1,449
- related corporation	29	245	47	–	–	–
- related party	–	24	–	–	24	–
Advance payments received	20,347	25,533	16,833	–	–	–
Accrued project costs and expenses	160,964	146,148	106,547	5,724	3,165	3,604
Deferred consideration for acquisition of:						
- subsidiaries	291	17,623	–	–	–	–
- additional interests in a subsidiary	2,553	1,796	–	–	–	–
Contingent consideration for acquisition of:						
- a subsidiary	–	–	6,762	–	–	–
- a joint venture	1,748	1,513	1,534	–	–	–
	289,050	289,010	214,272	17,614	14,490	6,119
	297,881	299,904	220,391	17,614	14,490	6,119

Non-current accrued expenses relate to long service leave payable upon employees leaving service.

Outstanding balances with subsidiaries, related corporations and a related party are unsecured, interest-free and repayable on demand.

The Group and Company's exposure to currency and liquidity risks relating to trade and other payables is disclosed in Note 19.

Deferred consideration for the acquisition of a subsidiary.

Deferred consideration of $0.3m is payable in March 2019.

Deferred consideration for the acquisition of additional interests in a subsidiary

In 2017, a Group entity entered into an agreement with the non-controlling interest of a subsidiary to repurchase its shares. The consideration payable includes deferred consideration of $4.8 million, of which $1.8 million was paid in 2018 and the balance of $2.6 million (after exchange movement of $0.4 million) was paid in February 2019.

Share-based payment liability

Share-based payment liability pertains to a cash-settled share-based payment transaction that originated in 2017. It is measured at fair value at inception and at the end of the reporting period. Refer to Note 32 for details of the cash-settled share-based payment transaction.

Contingent consideration for the acquisition of a joint venture

The Group had agreed to pay the selling shareholders in 2 to 4 years' time additional consideration of $5.5 million if the acquiree achieves net profit after tax of more than RMB14 million per year in each of the financial years ended 31 December 2016, 2017 and 2018. The Group has included $1.7 million (2017: $3.2 million; 1 Jan 2017: $4.5 million) as contingent consideration related to the additional consideration, which represents its fair value at 31 December 2018.

The fair value measurement for contingent consideration has been categorised as a Level 3 fair value. The following table shows a reconciliation from the beginning balance to the ending balance for the fair value measurements in Level 3 of the fair value hierarchy.

	Group **$'000**
At 1 January 2017	11,264
Contingent consideration paid	(6,900)
Unwinding of discount	352
Change in fair value	(1,552)
At 31 December 2017	3,164
Unwinding of discount	129
Change in fair value	(1,545)
At 31 December 2018	1,748

In 2018, the negative change in fair value of contingent consideration was due to the aforementioned joint venture not achieving the profit target of RMB14 million for either of the two financial years ended 31 December 2017 and 31 December 2018.

17 Derivative financial instruments

	Group			Company		
	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000	2017 $'000	1 Jan 2017 $'000
Assets						
Non-current						
Interest rate swaps used for hedging	–	5	–	–	5	–
Call options	1,005	–	–	–	–	–
	1,005	5	–	–	5	–
Current						
Forward exchange contracts used for hedging	98	–	–	–	–	–
Cross currency swaps used for hedging	206	–	–	–	–	–
	304	–	–	–	–	–
Liabilities						
Non-current						
Interest rate swaps used for hedging	2,621	762	1,793	–	–	544
Put options	3,114	–	–	–	–	–
	5,735	762	1,793	–	–	544
Current						
Interest rate swaps used for hedging	257	664	–	8	335	–
Total	(4,683)	(1,421)	(1,793)	(8)	(330)	(544)

Derivative financial instruments, measured at fair value, include:

(1) interest rate swaps entered into by the Group to manage the interest rate risk on the AUD-denominated and SGD-denominated floating rate bank loans;
(2) forward exchange contracts;
(3) cross currency swaps to manage currency risk on AUD-denominated loans and balances; and
(4) put-and-call options to purchase the remaining equity interest in the B+H subgroup at a price to be determined by the financial performance of the B+H subgroup from 2018 to 2021.

Fair values of (1) to (3) are based on broker's quote. Fair values of (4) are based on independent valuations. The notional amounts and the fair value measurement are disclosed in Note 19.

18 Provisions

	Onerous contracts $'000	Liquidated damages $'000	Restoration costs $'000	Insurance claims $'000	Total $'000
Group					
At 1 January 2017	8,048	223	1,553	21,182	31,006
Addition through business combinations	763	–	706	4,105	5,574
Provisions (reversed)/made during the year	131	441	532	9,416	10,520
Provisions used during the year	(2,380)	(595)	(212)	(6,913)	(10,100)
Effect of movement in exchange rates	(44)	–	(31)	(312)	(387)
At 31 December 2017	6,518	69	2,548	27,478	36,613
Addition through business combinations	2,618	–	–	–	2,618
Provisions made during the year	(333)	1,146	144	2,223	3,180
Provisions used during the year	(2,072)	(1,083)	(437)	(2,301)	(5,893)
Effect of movement in exchange rates	(189)	–	(144)	(1,813)	(2,146)
At 31 December 2018	6,542	132	2,111	25,587	34,372
1 January 2017					
Non-current	–	–	1,297	–	1,297
Current	8,048	223	256	21,182	29,709
	8,048	223	1,553	21,182	31,006
2017					
Non-current	287	–	2,548	–	2,835
Current	6,231	69	–	27,478	33,778
	6,518	69	2,548	27,478	36,613
2018					
Non-current	93	–	2,029	–	2,122
Current	6,449	132	82	25,587	32,250
	6,542	132	2,111	25,587	34,372

Onerous contracts

Provision for onerous contracts on long-term consultancy contracts are made when cost estimates to complete such contracts exceed revenue derived from these contracts.

A subsidiary of the Group has entered into non-cancellable contracts for the provision of qualified resident engineers to assist in the supervision of civil and structural works for various construction contracts for a client. The costs of employing the resident engineers are higher than the revenue derived from the contracts. The Group expects to incur the majority of the liability over the next year. A provision for the obligation for the future payments, net of expected revenue from the contracts, has been provided for.

Another subsidiary of the Group sublets its office space at an amount lower than its rental cost. A provision for the rental shortfall up to the end of the lease period, has been provided for.

Liquidated damages

Provision for liquidated damages is in respect of accrual for contractual obligations, and is expected to be utilised in the following financial year.

Restoration costs

The Group is required to restore certain offices to their original condition at the end of the respective lease terms.

Insurance claims

A provision for insurance claims is recognised in respect of the Group's wholly-owned captive insurance controlled entity. The provision covers claims incurred but not yet paid; claims incurred but not yet reported; and the anticipated direct and indirect costs of settling these claims (see Note 11 for related reinsurance receivable).

19 Financial instruments

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Audit and Risk Committee is responsible for setting the objectives, policies and procedures of financial risk management for the Group. The Audit and Risk Committee and management establish 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 Audit and Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Management establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed before entering into agreements with new customers. The reinsurance receivable of $20,295,000 (2017: $21,982,000; 1 Jan 2017: $19,818,000) is with a leading global reinsurer and is considered not to include any amounts owing with significant credit risk.

The carrying amounts of financial assets and contract assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets. The Group does not require collateral in respect of trade receivables.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographical region was as follows:

	Group			**Company**		
	2018 $'000	**2017 $'000**	**1 Jan 2017 $'000**	**2018 $'000**	**2017 $'000**	**1 Jan 2017 $'000**
Singapore	157,754	129,255	116,234	68,252	61,419	61,955
Australia and New Zealand	91,148	86,894	45,442	1,809	1,445	638
South Asia and Middle East	56,804	57,446	58,467	2	–	–
Africa	49,613	52,557	60,588	9	6	–
Others	63,642	50,541	50,317	3	60	–
	418,961	376,693	331,048	70,075	62,930	62,593

Impairment

The ageing of trade and other receivables at the reporting date was:

	Gross 2018 $'000	**Impairment losses 2018 $'000**	**Gross 2017 $'000**	**Impairment losses 2017 $'000**	**Gross 1 Jan 2017 $'000**	**Impairment losses 1 Jan 2017 $'000**
Group						
Not past due	220,065	(402)	200,955	(335)	159,486	–
Past due < 3 months	110,900	(373)	79,581	(175)	84,704	(1)
Past due 3 to 6 months	25,083	(2,974)	30,290	(276)	33,468	(630)
Past due 6 to 12 months	28,943	(1,916)	21,254	(1,422)	8,879	(570)
Past due 1 to 2 years	22,371	(2,212)	24,836	(809)	17,479	(2,463)
Past due 2 to 3 years	14,006	(3,840)	21,211	(4,994)	9,299	(1,522)
Past due more than 3 years	27,112	(17,802)	21,363	(14,786)	34,920	(12,001)
	448,480	(29,519)	399,490	(22,797)	348,235	(17,187)

	Gross 2018 $'000	Impairment losses 2018 $'000	Gross 2017 $'000	Impairment losses 2017 $'000	Gross 1 Jan 2017 $'000	Impairment losses 1 Jan 2017 $'000
Company						
Not past due	66,410	–	61,699	–	61,585	–
Past due < 3 months	1,405	–	1,068	–	499	–
Past due 3 to 6 months	1,414	–	7	–	5	–
Past due 6 to 12 months	10	–	102	–	504	–
Past due 1 to 2 years	781	–	54	–	–	–
Past due 2 to 3 years	55	–	–	–	–	–
Past due more than 3 years	–	–	–	–	–	–
	70,075	–	62,930	–	62,593	–

Impairment losses in respect of the trade receivables of the Group related to customers where there is an indication that the customers may not be able to pay their outstanding balances, mainly due to economic circumstances.

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables, as those amounts mainly relate to customers that have good payment record with the Group.

No aging analysis of contract assets is presented as the balance as at 31 December 2018 is current.

The credit quality of trade and other receivables is assessed based on the credit policy established by the management. The Group monitors customer credit risk by grouping trade and other receivables based on their characteristics.

A summary of the Group's and the Company's exposures to credit risk for trade and other receivables are as follows:

	Group 2018		2017	1 Jan 2017
	Not credit-impaired $'000	Credit-impaired $'000	Total $'000	Total $'000
2018				
Singapore *	159,227	–	129,255	116,234
Australia and New Zealand *	90,137	–	86,894	45,442
South Asia and Middle East *	57,070	–	57,446	58,467
Africa *	49,943	–	52,557	60,588
Others *	65,247	–	50,541	50,317
High risk	–	26,856	22,797	17,187
	421,624	26,856	399,490	348,235
Loss allowance	(4,074)	(25,445)	(22,797)	(17,187)
	417,550	1,411	376,693	331,048

* excluding higher risk

Expected credit loss assessment for customers as at 1 January 2018 and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from customers, which comprise a very large number of balances.

The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is mainly derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and contract assets as at 31 December 2018:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
Group		$'000	$'000	
2018				
Not past due (including contract assets)	1.4%	519,978	(7,432)	Yes
Past due < 3 months	0.3%	110,900	(373)	Yes
Past due 3 to 6 months	11.9%	25,083	(2,974)	Yes
Past due 6 to 12 months	6.6%	28,943	(1,916)	Yes
Past due 1 to 2 years	9.9%	22,371	(2,212)	Yes
Past due 2 to 3 years	27.4%	14,006	(3,840)	Yes
Past due more than 3 years	65.7%	27,113	(17,802)	Yes
		748,394	(36,549)	

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
Company		$'000	$'000	
2018				No
Not past due	0%	66,410	–	No
Past due < 3 months	0%	1,405	–	No
Past due 3 to 6 months	0%	1,414	–	No
Past due 6 to 12 months	0%	10	–	No
Past due 1 to 2 years	0%	781	–	No
Past due 2 to 3 years	0%	55	–	No
Past due more than 3 years	0%	–	–	No
		70,075	–	

Movements in allowance for impairment in respect of trade and other receivables and contract assets during the year was as follows:

	Group **$'000**
At 1 January 2017 per FRS 39	27,406
Additions through business combinations	2,569
Effect of movement in exchange rates	(486)
Impairment loss recognised	6,192
Amounts written off	(7,257)
At 31 December 2017 per FRS 39	28,424
Adjustment on initial application of SFRS(I) 9	5,660
Additions through business combinations	3,276
Effect of movement in exchange rates	(1,674)
Impairment loss recognised	901
Amounts written off	(38)
At 31 December 2018	36,549

Non-trade amounts due from subsidiaries

The Company held non-trade amounts due from its subsidiaries of $69,870,000 (2017: $62,754,000; 1 January 2017: $62,440,000). These balances comprise mainly amount lent to a subsidiary to satisfy its short term funding requirements. The Company applies the general approach for assessment of ECLs on these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $318,504,000 and $65,027,000 as 31 December 2018 respectively (2017: $239,026,000 and $19,960,000; 1 January 2017: $243,291,000 and $8,062,000). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Baa1 to Aa1, based on Moody's ratings. The Group and the Company used the general approach for assessment of ECLs for cash and cash equivalents. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact in extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 to 3 years $'000	More than 3 years $'000
Group					
31 December 2018					
Non-derivative financial instruments					
Loans and borrowings	572,707	695,224	98,382	38,575	558,267
Trade and other payables (i)	277,534	277,734	262,198	15,536	–
	850,241	972,958	360,580	54,111	558,267
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled) - Liability	2,878	3,875	1,069	1,733	1,073
Forward exchange contracts used for hedging	(98)	(98)	(98)	–	–
Cross currency swap used for hedging	(206)	(206)	(206)	–	–
Call options	(1,005)	(1,005)	–	–	(1,005)
Put options	3,114	3,114	–	–	3,114
	4,683	5,680	765	1,733	3,182

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 to 3 years $'000	More than 3 years $'000
Group					
31 December 2017					
Non-derivative financial instruments					
Loans and borrowings	467,399	480,305	406,668	44,071	29,566
Trade and other payables [i]	274,371	273,006	263,758	9,248	–
	741,770	753,311	670,426	53,319	29,566
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled) - Liability	1,426	1,589	1,272	317	–
Interest rate swaps used for hedging (net-settled) - Asset	(5)	(5)	33	(38)	–
Interest rate swaps used for hedging (net-settled)	1,421	1,584	1,305	279	–
Company					
31 December 2018					
Non-derivative financial instruments					
Loans and borrowings	369,235	468,372	35,491	28,809	404,072
Trade and other payables	17,614	17,614	17,614	–	–
	386,849	485,986	53,105	28,809	404,072
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled) - Liability	8	8	8	–	–
31 December 2017					
Non-derivative financial instruments					
Loans and borrowings	216,697	219,847	197,248	22,599	–
Trade and other payables	14,490	14,490	14,490	–	–
	231,187	234,337	211,738	22,599	–
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled) - Liability	355	420	420	–	–
Interest rate swaps used for hedging (net-settled) - Asset	(5)	(5)	33	(38)	–
Interest rate swaps used for hedging (net-settled)	350	415	453	(38)	–

[i] *Excluding consultancy contracts due to customers and advance payments received*

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollar (SGD), US dollar (USD), Indian Rupee (INR) and Chinese Yuan Renminbi (RMB).

The Group's centralised treasury unit manages intra-group foreign exchange transactions by netting off the foreign exchange exposures within the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

In 2017, the Group's investment in the SMEC subgroup was hedged by AUD-denominated unsecured bank loans at a carrying amount of $194,646,000, which mitigated the currency risk arising from SMEC subgroup's net assets. In 2018, the loan was fully repaid.

The Group's investment in RBG subgroup is hedged by AUD-denominated unsecured bank loans at a carrying amount $20,593,000 as at 31 December 2018 (2017: $22,051,000), which mitigates the currency risk arising from RBG subgroup's net assets. The loan is designated as a net investment hedge and its fair value at 31 December 2018 was $20,593,000 (2017: $22,051,000). No ineffectiveness was recognised from the net investment hedge. The Group's investments in other subsidiaries are not hedged.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk (excluding the AUD-denominated unsecured bank loans that is designated as a hedge of the Group's net investment in the SMEC and RBG subgroups) as reported to the management of the Group is as follows:

	SGD $'000	USD $'000	INR $'000	RMB $'000
Group				
2018				
Financial assets				
Other investments	–	9,400	–	–
Trade and other receivables [(i)]	7,825	48,319	12,030	5,370
Cash and cash equivalents	89	9,639	2,059	1,747
	7,914	67,358	14,089	7,117
Financial liabilities				
Trade and other payables	(27,843)	(17,904)	(7,892)	(1,341)
Net exposure	(19,929)	49,454	6,197	5,776
2017				
Financial assets				
Other investments	–	11,157	–	–
Trade and other receivables [(i)]	6,853	50,729	14,211	3,800
Cash and cash equivalents	26	16,485	1,410	1,872
	6,879	78,371	15,621	5,672
Financial liabilities				
Trade and other payables	(38,110)	(42,784)	(7,482)	(3,067)
Loans and borrowings	–	(26,868)	–	–
Net exposure	(31,231)	8,719	8,139	2,605
1 January 2017				
Financial assets				
Other investments	–	13,421	–	–
Trade and other receivables [(i)]	6,095	74,539	11,932	2,287
Cash and cash equivalents	19	16,759	1,087	1,213
	6,114	104,719	13,019	3,500
Financial liabilities				
Trade and other payables	(41,158)	(40,238)	(2,865)	(1,505)
Net exposure	(35,044)	64,481	10,154	1,995

[(i)] *Excluding prepayments*

The Company is not exposed to significant foreign currency exposure.

Sensitivity analysis

A 10% weakening of the following currencies against the functional currency of each of the Group entities at the reporting date would increase/(decrease) profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 31 December, as indicated below:

	Profit or loss	
	2018	**2017**
	$'000	**$'000**
Group		
SGD	1,993	3,123
USD	(4,945)	(872)
INR	(620)	(814)
RMB	(578)	(261)

A 10% strengthening of the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's interest rate risk arises primarily from the interest-bearing financial instruments. Interest rate risk is managed by management on an ongoing basis with the primary objective of limiting the extent to which interest income/expenses could be affected by movements in interest rates. The Group uses interest rate swaps as hedges for the variability in cash flows attributable to interest rate risk.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management was as follows:

	Group Nominal amount			Company Nominal amount		
	2018	**2017**	**1 Jan 2017**	**2018**	**2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Fixed rate instruments						
Loans and borrowings	(381,022)	–	–	(348,642)	–	–
Financial assets	19,100	20,920	30,360	–	–	–
Financial liabilities	(382)	(271)	(357)	–	–	–
Effect of interest rate swaps	(185,014)	(412,921)	(346,669)	(20,593)	(216,697)	(196,347)
	(547,318)	(392,272)	(316,666)	(369,235)	(216,697)	(196,347)
Variable rate instruments						
Financial assets	209,451	191,481	148,940	5,166	19,203	8,052
Financial liabilities	(190,680)	(466,978)	(390,343)	(20,593)	(216,697)	(196,347)
Effect of interest rate swaps	185,014	412,921	346,669	20,593	216,697	196,347
	203,785	137,424	105,266	5,166	19,203	8,052

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instrument a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		**Equity**	
	100 bp increase $'000	**100 bp decrease $'000**	**100 bp increase $'000**	**100 bp decrease $'000**
Group				
31 December 2018				
Variable rate instruments	2,038	(2,038)	–	–
Interest rate swap	–	–	1,850	(1,850)
Cash flow sensitivity (net)	2,038	(2,038)	1,850	(1,850)
31 December 2017				
Variable rate instruments	1,374	(1,374)	–	–
Interest rate swap	–	–	4,129	(4,129)
Cash flow sensitivity (net)	1,374	(1,374)	4,129	(4,129)
Company				
31 December 2018				
Variable rate instruments	52	(52)	–	–
Interest rate swap	–	–	206	(206)
Cash flow sensitivity (net)	52	(52)	206	(206)
31 December 2017				
Variable rate instruments	192	(192)	–	–
Interest rate swap	–	–	2,167	(2,167)
Cash flow sensitivity (net)	192	(192)	2,167	(2,167)

Derivative assets and liabilities designated as cash flow hedges

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss and the fair value of the related hedging instruments.

	Carrying amount $'000	Expected cash flows $'000	Within 1 year $'000	1-3 years $'000	More than 3 years $'000
2018					
Group					
Interest rate swaps					
Liabilities	2,878	3,875	1,069	1,733	1,073
Assets	–	–	–	–	–
	2,878	3,875	1,069	1,733	1,073
Company					
Interest rate swaps					
Liabilities	8	8	8	–	–

	Carrying amount $'000	Expected cash flows $'000	Within 1 year $'000	1-3 years $'000	More than 3 years $'000
2017					
Group					
Interest rate swaps					
Liabilities	1,426	1,589	1,272	317	–
Assets	(5)	(5)	33	(38)	–
	1,421	1,584	1,305	279	–
Company					
Interest rate swaps					
Liabilities	355	420	420	–	–
Assets	(5)	(5)	33	(38)	–
	350	415	453	(38)	–

Capital management

The Group defines "Capital" as including all components of equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management during the year.

The Group is required to maintain consolidated net worth of at least $500 million at all times, as a condition for bank facilities offered by a bank to the Group. The Group is also required to maintain a Group net worth of no less than $250 million at all times, as a condition for bank facilities offered by 2 banks to the Group.

Several Group entities are required to maintain a minimum tangible net worth ranging from positive net worth to $70 million at all times.

Apart from maintaining minimum net worth as mentioned above, several Group entities have a requirement to maintain certain ratios such as interest coverage ratio of at least 2 times to 7 times, debt not exceeding consolidated net worth by more than 0.8 times to 3 times, debt to capital ratio not exceeding 50%, leverage ratio not exceeding 2 times and debt service coverage ratio of at least 125% for operations in a certain region.

The Group had complied with these capital requirement conditions throughout the year.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount						Fair value			
	Amortised cost $'000	FVOCI – equity instruments $'000	Mandatorily at fair value $'000	Fair value – hedging instrument $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2018										
Financial assets measured at fair value										
Equity investments – at FVOCI	–	9,552	–	–	–	9,552	–	–	9,552	9,552
Forward exchange contracts used for hedging	–	–	–	98	–	98	–	98	–	98
Cross currency swaps used for hedging	–	–	–	206	–	206	–	206	–	206
Call options	–	–	1,005	–	–	1,005	–	–	1,005	1,005
	–	9,552	1,005	304	–	10,861				
Financial assets not measured at fair value										
Cash and cash equivalents	318,504	–	–	–	–	318,504				
Trade and other receivables[(i)]	418,961	–	–	–	–	418,961				
	737,465	–	–	–	–	737,465				
Financial liabilities measured at fair value										
Contingent consideration	–	–	–	–	(1,748)	(1,748)	–	–	(1,748)	(1,748)
Share-based payment liability	–	–	–	–	(1,800)	(1,800)	–	–	(1,800)	(1,800)
Interest rate swaps used for hedging	–	–	–	(2,878)	–	(2,878)	–	(2,878)	–	(2,878)
Put options	–	–	(3,114)	–	–	(3,114)	–	–	(3,114)	(3,114)
	–	–	(3,114)	(2,878)	(3,548)	(9,540)				
Financial liabilities not measured at fair value										
Loans and borrowings	–	–	–	–	(572,707)	(572,707)				
Trade and other payables[(ii)]	–	–	–	–	(273,986)	(273,986)				
	–	–	–	–	(846,693)	(846,693)				

[(i)] *Excluding prepayments*
[(ii)] *Excluding advance payments received, contingent consideration and share-based payment liability.*

	Carrying amount						Fair value			
	Loans and receivables $'000	**Available-for-sale $'000**	**Designated at fair value $'000**	**Fair value – hedging instrument $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group										
31 December 2017										
Financial assets measured at fair value										
Available-for-sale financial assets	–	11,157	–	–	–	11,157	–	–	11,157	11,157
Interest rate swaps used for hedging	–	–	–	5	–	5	–	5	–	5
	–	11,157	–	5	–	11,162				
Financial assets not measured at fair value										
Available-for-sale financial assets	–	163	–	–	–	163				
Cash and cash equivalents	239,026	–	–	–	–	239,026				
Trade and other receivables(i)	376,693	–	–	–	–	376,693				
	615,719	163	–	–	–	615,882				
Financial liabilities measured at fair value										
Contingent consideration	–	–	–	–	(3,164)	(3,164)	–	–	(3,164)	(3,164)
Share-based payment liability	–	–	–	–	(2,031)	(2,031)	–	–	(2,031)	(2,031)
Interest rate swaps used for hedging	–	–	–	(1,426)	–	(1,426)	–	(1,426)	–	(1,426)
	–	–	–	(1,426)	(5,195)	(6,621)				
Financial liabilities not measured at fair value										
Loans and borrowings	–	–	–	–	(467,399)	(467,399)				
Trade and other payables(ii)	–	–	–	–	(269,176)	(269,176)				
	–	–	–	–	(736,575)	(736,575)				

(i) *Excluding prepayments*
(ii) *Excluding advance payments received and contingent considerations*

	Carrying amount						Fair value			
	Loans and receivables $'000	**Available-for-sale $'000**	**Designated at fair value $'000**	**Fair value – hedging instrument $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group										
1 January 2017										
Financial assets measured at fair value										
Available-for-sale financial assets	–	1,797	5,094	–	–	6,891	1,016	5,875	–	6,891
Financial assets not measured at fair value										
Available-for-sale financial assets	–	14,211	–	–	–	14,211				
Cash and cash equivalents	243,291	–	–	–	–	243,291	–			
Trade and other receivables[(i)]	331,048	–	–	–	–	331,048				
	574,339	14,211	–	–	–	588,550				
Financial liabilities measured at fair value										
Contingent consideration	–	–	–	–	(11,264)	(11,264)	–	–	(11,264)	(11,264)
Interest rate swaps used for hedging	–	–	–	(1,793)	–	(1,793)	–	(1,793)	–	(1,793)
	–	–	–	(1,793)	(11,264)	(13,057)				
Financial liabilities not measured at fair value										
Loans and borrowings	–	–	–	–	(390,894)	(390,894)				
Trade and other payables[(ii)]	–	–	–	–	(192,294)	(192,294)				
	–	–	–	–	(583,188)	(583,188)				

(i) *Excluding prepayments*
(ii) *Excluding advance payments received and contingent considerations*

	Carrying amount				Fair value
Company	**Amortised cost $'000**	**Fair value – hedging instruments $'000**	**Other financial liabilities $'000**	**Total carrying amount $'000**	**Level 2 $'000**
31 December 2018					
Financial assets not measured at fair value					
Cash and cash equivalents	65,027	–	–	65,027	
Trade and other receivables[(i)]	70,075	–	–	70,075	
	135,102	–	–	135,102	
Financial liabilities measured at fair value					
Interest rate swaps used for hedging	–	(8)	–	(8)	(8)
Financial liabilities not measured at fair value					
Loans and borrowings	–	–	(369,235)	(369,235)	
Trade and other payables	–	–	(17,614)	(17,614)	
	–	–	(386,849)	(386,849)	
31 December 2017					
Financial assets measured at fair value					
Interest rate swaps used for hedging	–	5	–	5	5
Financial assets not measured at fair value					
Cash and cash equivalents	19,960	–	–	19,960	
Trade and other receivables[(i)]	62,930	–	–	62,930	
	82,890	–	–	82,890	
Financial liabilities measured at fair value					
Interest rate swaps used for hedging	–	(335)	–	(335)	(335)
Financial liabilities not measured at fair value					
Loans and borrowings	–	–	(216,697)	(216,697)	
Trade and other payables	–	–	(14,490)	(14,490)	
	–	–	(231,187)	(231,187)	

[(i)] *Excluding prepayments*

	Carrying amount				Fair value
	Loans and receivables $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 2 $'000
Company					
1 January 2017					
Financial assets not measured at fair value					
Cash and cash equivalents	8,062	–	–	8,062	
Trade and other receivables[(i)]	62,593	–	–	62,593	
	70,655	–	–	70,655	
Financial liabilities measured at fair value					
Interest rate swaps used for hedging	–	(544)	–	(544)	(544)
Financial liabilities not measured at fair value					
Loans and borrowings	–	–	(196,347)	(196,347)	
Trade and other payables	–	–	(6,199)	(6,199)	
	–	–	(202,546)	(202,546)	

(i) *Excluding prepayments*

Measurement of fair values

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Equity investments - FVOCI

The fair value is determined by valuation of the investment using discounted cash flow method.

Derivatives

In respect of interest rate swaps, foreign exchange contracts and cross currency swaps, the fair values are determined by reference to brokers' quote at the end of the reporting period.

In respect of put-and call options relating to purchase of the remaining equity interest in a subsidiary, the fair value is determined based on probability of occurrence of a triggering event as a result of a departure (voluntary resignation or termination for cause of a selling shareholder). The calculation of the options value is dependent on the timing of their expected exercise and management provided an estimate of the timing of triggering events. On occurrence of a triggering event, a discount is applied to the calculated purchase price which decreases by 10% each year such that the discount is nil from the fifth year after the closing date. After the sixth anniversary of the closing date, the options purchase price is determined based on fair market value.

Level 3 fair values

Level 3 fair values relate to equity investments designated at fair value through other comprehensive income, contingent consideration, share-based payment liability and put-and-call options which have no observable market prices.

During the financial years presented, there have been no transfers between level 1, 2 and 3.

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of fair value hierarchy:

	Equity investment - FVOCI $'000	**Contingent consideration $'000**	**Share-based payment liability $'000**	**Put-and call-options $'000**
At 1 January 2018	11,157	3,164	2,031	–
Reclassification from cost measurement	163	–	–	–
Additions	–	–	–	2,109
Effect of movement in exchange rates	(11)	–	(130)	–
Unwinding of discount	–	129	–	–
Change in fair value	(1,757)	(1,545)	(101)	–
At 31 December 2018	9,552	1,748	1,800	2,109
At 1 January 2017	–	11,264	–	
Reclassification from the cost measurement	12,896	–	–	
Additions	–	–	1,607	
Payments	–	(6,900)	–	
Unwinding of discount	–	352	–	
Change in fair value	(1,739)	(1,552)	424	
At 31 December 2017	11,157	3,164	2,031	

The following table shows the valuation technique used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Interest rate swap used for hedging Forward exchange contracts Cross currency swap used for hedging	Reference to broker's quote	Not applicable.	Not applicable.

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Equity investment - FVOCI	The fair value is determined based on discounted cash flow method.	Discount rate of 9.11%	The estimated fair value would increase/decrease if there is decrease/increase in the discount rate.
Contingent consideration	The fair value is determined considering the probability of the acquiree meeting the specified earn-out targets.	Discount rate of 6.35% (2017: 6.35%; 1 Jan 2017: 6.35%)	The estimated fair value would increase/decrease if there is decrease/increase in the discount rate
Share-based payment liability	Refer to Note 32	Discount rate of 16.45% (2017: 17.50%; 1 Jan 2017: Nil%)	The estimated fair value would increase/decrease if there is decrease/increase in the discount rate
Put-and-call options	The fair value is determined considering the probability of occurrence of a triggering event and timing of expected exercise of the options.	Discount rate of 10% to 11%	The estimated fair value would increase/ decrease there is a decrease/increase in the discount rate

20 Revenue

	Group	
	2018	**2017**
	$'000	**$'000**
Consultancy fees income	1,095,164	957,833
Revenue from other services rendered	452,553	412,669
	1,547,717	1,370,502

The Group provides feasibility studies, urban planning, architectural and engineering consultancy services, contract administration services, property consultancy services, land survey, project management, site supervision services, facility management services, quality, environmental, health and safety ("QEHS") services, integrated estate management services, management advisory services, armed and unarmed guard services, training and consultancy and provision of security services and products.

The Group has assessed that the consultancy contracts qualify for over time revenue recognition as there is no alternative use for the consultancy services provided to the customer, and the Group generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract. Revenue from rendering other services, which includes land survey services, site supervision service, facility management services, integrated estate management services, armed and unarmed guard services is recognised over time when the service is rendered and all criteria for acceptance have been satisfied.

Progress billings to the customer for consultancy contracts are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value of the consultancy services rendered exceeds payments received from the customer, a contract asset is recognised. Invoices for rendering of other services are issued upon completion of services and payable within the agreed credit term days given to the customer. The period between satisfaction of performance obligation and payment by customer is not expected to exceed a year. Hence, the Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component.

No adjustment is made to the transaction price for time value of money as the contracts do not include significant financing component.

As at 31 December 2018, amounts of $2.6 billion were allocated to the performance obligations that are unsatisfied, or partially unsatisfied.

21 Other income

	Group	
	2018	**2017**
	$'000	**$'000**
Reinsurance recoveries and claims	5,683	3,504
Government grants	5,503	7,404
Dividend income	48	313
Management fee income	457	770
Gain on disposal of property, plant and equipment	147	129
Gain on sale of asset held for sale	–	5
Loss on sale of other investments	–	(6)
Gain on sale of subsidiary	245	–
Gain on discontinuation of cash flow hedges	498	–
Impairment loss on investment in joint venture	(1,400)	–
Printing service income	379	405
Recovery of expenses from clients	1,055	890
Others	1,744	2,594
	14,359	16,008

22 Other expenses

	Group	
	2018	**2017**
	$'000	**$'000**
Amortisation of intangible assets (excluding computer software)	15,114	13,760

23 Finance income/ (costs)

	Group 2018 $'000	Group 2017 $'000
Interest income from bank	2,458	1,960
Interest income - others	–	55
Change in fair value of contingent consideration payable	1,545	1,552
Finance income	4,003	3,567
Interest and finance charges paid or payable for financial liabilities	(18,318)	(14,301)
Unwinding of discount of contingent consideration payable	(129)	(352)
Unwinding of capitalised borrowing costs	(51)	–
Unwinding of discount of provisions	–	(58)
Change in fair value of share-based payment liability	101	(424)
Net foreign exchange loss	(1,030)	(9,289)
Finance costs	(19,427)	(24,424)
Net finance costs	(15,424)	(20,857)

24 Tax expense

	Group 2018 $'000	Group 2017 $'000
Current tax expense		
Current year	22,623	20,942
Withholding tax	1,767	1,855
(Over)/Under provided in prior years	(1,343)	273
	23,047	23,070
Deferred tax credit		
Origination and reversal of temporary differences	(758)	(7,354)
Total tax expense	22,289	15,716

	Group	
	2018	**2017 (Restated)**
	$'000	**$'000**
Reconciliation of effective tax rate		
Profit before tax	44,325	44,046
Tax using Singapore tax rate of 17% (2017: 17%)	7,535	7,488
Effect of tax rates in foreign jurisdictions	6,143	4,872
Income not subject to tax	(2,902)	(2,522)
Non-deductible expenses	12,086	5,303
Withholding tax	1,238	3,073
Recognition of tax effect of previously unrecognised tax losses	(718)	(863)
Recognition of tax effect of previously unrecognised capital allowances	(3)	(22)
Deferred tax assets not recognised	2,382	433
Tax effect on share of profit of associates	(108)	(102)
Tax effect on share of profit of joint ventures	(231)	(311)
Tax incentives	(1,790)	(1,906)
(Over)/Under provided in prior years	(1,343)	273
	22,289	15,716

In the current financial year, the Group benefitted from various tax incentives such as the Mergers and Acquisitions Allowance ("M&A") scheme, corporate income tax rebate as well as Development and Expansion Incentive ("DEI").

Under the M&A scheme, an allowance will be granted to a company that acquires the ordinary shares of another company during the period 1 April 2010 to 31 March 2020. The M&A allowance is set at 25% of the value of acquisition and the maximum allowance is capped at $10 million for all qualifying share acquisitions in the basis period for each year of assessment.

Under the DEI scheme, income derived from qualifying activities in excess of the base income will be taxed at a concessionary rate stipulated in the CEI certificate.

A number of the group entities also benefitted from the 20% corporate tax rebate capped at $10,000 for Year of Assessment 2019.

25 Profit for the year

The following items have been included in arriving at profit for the year:

		Group	
	Note	**2018**	**2017**
		$'000	**$'000**
Recognition of impairment losses recognised on trade receivables		(1,388)	(6,192)
Reversal of expected losses on contracts		76	–
Reversal/(provision) for onerous contracts		333	(131)
Gain on disposal of property, plant and equipment		147	129
Gain on sale of asset held for sale		–	5
Loss on sale of other investments		–	(6)
Gain on sale of subsidiary	27	245	–
Amortisation of intangible assets included in other expenses	5	(15,114)	(13,760)
Amortisation of intangible assets included in administrative expenses	5	(4,594)	(5,163)
Depreciation of plant and equipment	4	(14,051)	(9,924)
Staff costs		(970,117)	(838,307)
Contributions to defined contribution plans, included in staff costs		(41,576)	(40,963)
Operating lease expense		(50,418)	(43,362)

26 Acquisition of subsidiaries

Acquisition of B+H Group in 2018

On 31 August 2018, a wholly-owned subsidiary of the Company acquired 65.37% equity interest in B+H subgroup ("B+H"). The principal activities of B+H are those relating to provision of architectural services.

During the 4 months from the date of acquisition to 31 December 2018, B+H contributed revenue of $32,063,000 and net profit of $787,000 to the Group's results.

The acquisition of B+H will open up new markets as well as allowing the Group to explore specialised hospitality and healthcare sectors that B+H has notable strengths in.

If the acquisition had occurred on 1 January 2018, management estimates that the consolidated revenue for the Group would have been $1,610.1 million and the consolidated profit of the Group for the year would have been $28.4 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable assets acquired and liabilities assumed

	Note	2018 B+H $'000	2018 RBG [(i)] $'000	2018 Total $'000
Property, plant and equipment	4	1,870	–	1,870
Intangible assets	5	9,792	8,259	18,051
Deferred tax assets	9	109	–	109
Derivative financial asset		1,042	–	1,042
Trade and other receivables		21,207	–	21,207
Contract assets		28,731	–	28,731
Cash and cash equivalents		4,266	–	4,266
Derivative financial liability		(3,231)	–	(3,231)
Deferred tax liabilities	9	–	(1,237)	(1,237)
Loans and borrowings		(154)	–	(154)
Current tax payable		(1,343)	–	(1,343)
Contract liability		(9,155)	–	(9,155)
Trade and other payables		(23,106)	–	(23,106)
Provisions		(2,618)	–	(2,618)
Total identifiable net assets [(ii)]		27,410	7,022	34,432
Less: Non-controlling interest acquired		(17,970)	–	(17,970)
Identifiable net assets acquired		9,440	7,022	16,462

(i) In 2017, the amounts accounted for the Robert Bird Group ("RBG") business combination were provisional. In 2018, the amounts were finalised and net identifiable assets at acquisition date was adjusted upwards by $7,022,000.

(ii) The amounts accounted for in the B+H business combination including the net identifiable assets acquired as shown above, are provisional and are based on the best available evidence that the Group had at the time of acquisition.

	2018 B+H $'000	2018 RBG $'000	2018 Total $'000
Cash and cash equivalents of the subsidiaries acquired	4,266	–	4,266
Less: cash paid for acquisition of the subsidiaries	(33,279)	–	(33,279)
Net cash paid on acquisition of the subsidiaries	(29,013)	–	(29,013)
Deferred consideration paid for:			
PDR			(571)
RBG			(6,295)
Robow			(12,263)
Net cash paid on acquisition of the subsidiaries, including deferred consideration paid for the prior year's acquisition			(48,142)

In respect of the acquired businesses of the B+H Group, the trade receivables comprise gross contractual amounts due of $20,043,000, of which $3,277,000 was impaired at the date of acquisition.

Acquisition of PDR Engineers Pty Ltd in 2017

On 27 March 2017, a wholly-owned subsidiary of the Company acquired the entire issued share capital of PDR Engineers Pty Ltd ("PDR"). The principal activities of PDR are those relating to provision of structural, civil, geotechnical and mining engineering services to government and corporate clients.

During the 9 months from the date of acquisition to 31 December 2017, PDR contributed revenue of $2,618,000 and net profit of $694,000 to the Group's results.

Acquisition of Robert Bird Group in 2017

On 30 November 2017, a wholly-owned subsidiary of the Company acquired 100% of the shares in Robert Bird Group Pty Ltd and the entities it controlled (collectively "RBG"). The principal activities of RBG are those relating to provision of high-quality consultancy services to clients ranging from private organisations to government agencies and international institutions, operating in Australia, the Middle East and United Kingdom.

During the 1 month from the date of acquisition to 31 December 2017, RBG contributed revenue of $8,868,000 and net loss of $29,000 to the Group's results.

The acquisitions of PDR and RBG will further deepen the Group's urban development capabilities and extend its geographical reach, filling the Group's current market gaps and creating more synergies for its urban and infrastructure businesses.

Acquisition of Robow Investments No52 Pty Ltd in 2017

On 1 December 2017, a subsidiary of the Company acquired 75% of the shares in Robow Investments No. 52 Pty Ltd ("Robow"). The principal activities of Robow are those relating to leasing of commercial properties. Robow's contribution to the Group's results was negligible in the 1 month from date of acquisition to 31 December 2017.

If these three acquisitions had occurred on 1 January 2017, management estimates that the consolidated revenue of the Group would have been $1,475.3 million and the consolidated profit of the Group for the year would have been $37.8 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable assets acquired and liabilities assumed

	Note	2017 PDR $'000	2017 RBG $'000	2017 Robow $'000	2017 SMEC (i) $'000	2017 Total $'000
Property, plant and equipment	4	124	2,003	13,071	–	15,198
Intangible assets	5	1	728	–	–	729
Deferred tax assets	9	87	1,523	–	–	1,610
Trade and other receivables		490	28,122	531	–	29,143
Contract work-in-progress		–	(3,815)	–	–	(3,815)
Cash and cash equivalents		239	8,715	15	–	8,969
Deferred tax liabilities	9	(2)	–	(1,887)	7,028	5,139
Loans and borrowings		(477)	–	(86)	–	(563)
Current tax payable		(85)	(1,984)	–	–	(2,069)
Provisions	19	–	(5,574)	–	–	(5,574)
Trade and other payables		(444)	(19,365)	(514)	–	(20,323)
Total identifiable net assets (ii)		(67)	10,353	11,130	7,028	28,444

(i) In 2016, the amounts accounted for in the SMEC business combination were provisional. In 2017, the amounts were finalised and net identifiable assets at acquisition date was adjusted upwards by $7,028,000.

(ii) The amounts accounted for in the PDR, RBG and Robow business combinations including the net identifiable assets acquired as shown above, were provisional and are based on the best available evidence that the Group had at the time of acquisition.

	2017 PDR $'000	2017 RBG $'000	2017 Robow $'000	2017 SMEC $'000	2017 Total $'000
Cash and cash equivalents of the subsidiaries acquired (net of overdrafts of $86,000)	239	8,715	(71)	–	8,883
Less: cash paid for acquisition of the subsidiaries	(3,175)	(42,064)	–	–	(45,239)
Net cash paid on acquisition of the subsidiaries	(2,936)	(33,349)	(71)	–	(36,356)
Contingent consideration paid for the KTP subgroup					(6,900)
Net cash paid on acquisition of the subsidiaries, including contingent consideration paid for the prior year's acquisition					(43,256)

In respect of the acquired businesses of PDR, RBG and Robow, the trade receivables comprise gross contractual amounts due of $22,822,000, of which $2,016,000 was impaired at the date of acquisition.

Goodwill

Goodwill recognised as a result of the acquisitions was as follows:

	Note	2018 B+H $'000	2018 RBG $'000	2018 Total $'000
Total consideration paid and payable		34,820	1,164	35,984
Fair value of identifiable net assets		(9,440)	(7,022)	(16,462)
Goodwill	5	25,380	(5,858)	19,522

	Note	2017 PDR $'000	2017 RBG $'000	2017 Robow $'000	2017 SMEC $'000	2017 Total $'000
Total consideration paid and payable		4,092	46,570	12,863	–	63,525
Fair value of identifiable net assets		67	(10,353)	(11,130)	(7,028)	(28,444)
Goodwill	5	4,159	36,217	1,733	(7,028)	35,081

The goodwill is attributable mainly to the geographies presence, assembled workforce and synergies expected to be achieved from integrating the acquired subgroups into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs comprising mainly legal fees and due diligence costs amounting to $1,466,000 (2017: $74,000). These costs have been included in administrative expenses in the Group's consolidated statement of profit or loss.

Determination of fair values in purchase price allocation

(i) Property, plant and equipment

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approach using quoted market prices for similar items when available and depreciated replacement cost when appropriate

(ii) Intangible assets – order backlog

The fair value of order backlog is estimated using the multi-period excess earnings method based on the expected revenue to be received, less the costs to deliver the products and/or services. Contributory asset capital charges are deducted from the net income of the order backlog to estimate the cash flows attributable solely to the order backlog intangible asset.

(iii) Intangible assets – brand

The fair value of a brand is estimated based on the combined revenue of the entities associated with the brand, using the relief-from-royalty method. The value under this method is the present value of the future stream of royalty payments that the user saves by owning the brand.

(iv) Intangible assets – exclusive licence

The fair value of the exclusive licence is estimated using the multi-period excess earnings method based on 95% of the expected revenue to be received, less revenue from order backlog.

(v) Customer relationship

The fair value of the customer relationship is estimated using the multi-period excess earnings method. The customer attrition rate is set at 5%.

(vi) Trade and other receivables

The fair values of trade and other receivables, excluding contract work-in-progress, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables are measured at the original invoice amount if the effect of discounting is immaterial.

(vii) Other non-derivative financial liabilities

Other non-derivative financial liabilities, excluding contingent consideration, are measured at fair value at the date of acquisition. 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.

27 Disposal of subsidiary

Disposal of Robow No52 Investments Pty Ltd

On 31 March 2018, a subsidiary of the Company disposed of its 75% equity interest in Robow.

Details of the disposal are as follow:

Fair value of identifiable assets and liabilities disposed

	Note	**2018 Robow $'000**
Property, plant and equipment	4	12,351
Trade and other receivables		314
Cash and cash equivalents		15
Deferred tax liabilities	9	(1,780)
Trade and other payables		(10)
Total identifiable net assets		10,890
Attributable goodwill		1,628
Total identifiable net assets disposed		12,518
Gain on disposal of subsidiary		245
Total consideration received or receivable		12,763
Less:		
Deferred consideration		(620)
Cash disposed		(15)
Net cash received on disposal of subsidiary		12,128

28 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Within 1 year	31,231	32,662
After 1 year but within 5 years	63,285	53,135
After 5 years	36,991	13,495
	131,507	99,292

The Group leases a number of offices in the countries it operates under operating leases. The lease of the headquarter office at 168 Jalan Bukit Merah, Connection One, which expires on 31 December 2020, contributes to 14% (2017: 10%) of the total operating lease of the Group.

The lease of another office at 727 Collins Street, Melbourne, which expires on 31 July 2030, contributes to another 34% (2017: nil) of the total operating lease of the Group.

29 Commitments

The Group is committed to incur capital commitments of $184,000. These commitments are expected to be settled in 2019.

30 Contingencies

Guarantees

The Group provided corporate guarantee including performance bonds of up to $144,903,000 (2017: $104,642,000) in favour of certain customers and landlords.

In 2018, the Company ceased to provide corporate deed of guarantee and indemnity in favour of a bank in respect of the bank loan extended to a subsidiary of the Group (2017: $112,690,000). Two Group entities also provided corporate guarantees in favour of two banks in respect of bank facilities extended to other Group entities, amounting to $15,819,000 (2017: $18,279,000).

At the reporting date, the Group does not consider it probable that a claim will be made against the Group under the guarantees.

Australian Federal Police ("AFP") Investigation

Prior to the acquisition by the Group, the SMEC subgroup became aware that the AFP had commenced an investigation regarding a small number of institutionally funded projects in which the SMEC subgroup is or was involved. The Group became aware in February 2018 of the inclusion of an additional project in the AFP investigation. The AFP investigation is ongoing, however matters of this nature may take some time to resolve. The SMEC subgroup retained an external law firm to conduct an independent investigation into the project activities in question. The SMEC Board received a report on the findings of this investigation. The finalised report has been provided to the AFP to assist in its investigations. Parts of the report have been provided to relevant international financial institutions. The Group continues to cooperate with the AFP in its investigation.

In September 2017, the Group entered into a Negotiated Resolution Agreement ("NRA") with the World Bank. The terms of the NRA exclude SMEC International Pty Ltd and four of its subsidiaries from bidding for, or benefitting from World Bank Group funded or supported projects for varying periods of 6 to 30 months. Under the terms of the NRA, the Group has also committed to make any necessary enhancements to its group-wide corporate integrity compliance program to ensure that it is consistent with the World Bank's Integrity Compliance Guidelines.

Based on the results of the independent investigation and its ongoing review of the matter, management has concluded that there is no obligation to recognise a provision in the consolidated statement of financial position as at 31 December 2018.

Costs totalling $5.4 million in relation to the above independent investigation are included in administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2018 (2017: $2.4 million).

31 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Transactions with key management personnel

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and senior executive officers of the Group. Key management personnel compensation comprised:

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term employee benefits	25,895	23,452
Post-employment benefits (including CPF)	959	916
Other long-term benefits	4,992	951
	31,846	25,319

Other related party transactions

Other than disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out by the Group with its related parties at terms agreed between the parties:

	Group	
	2018	**2017**
	$'000	**$'000**
Related corporations		
Purchases	(1,935)	(3,916)
Sales	28,604	38,940
Management fee charged by a related party	(92)	(117)
Management fee charged to a related party	805	1,052

32 Cash-settled share-based payment transaction

In February 2017, a subsidiary of the Group issued shares to a third party entity that resulted in the dilution of the Group's interest in the Group subsidiary without loss of control. The immediate holding company of the Group subsidiary also entered into put-and-call options to acquire equity of the third party in 7 years or in the event of certain triggering events.

This transaction was accounted for as a cash-settled share-based payment transaction. A share-based payment liability associated with the put-and-call options was initially recognised at fair value of $2.5 million and share-based payment expense of $0.8 million was recognised in profit or loss at the transaction date. The share-based payment liability was remeasured at fair value of $1.8 million (2017: $2.0 million) as at 31 December 2018. The fair value change of $0.1 million (2017: $0.5 million) was recognised in profit or loss.

The fair value of the share-based payment liability is measured using the Black-Scholes formula.

The inputs used in the measurement of the fair values at transaction date and measurement date are as follows:

	Transaction date 23 February 2017	**Measurement date 31 December 2017**	**Measurement date 31 December 2018**
Fair value	2,488	1,990	1,800
Spot price	10,335	8,524	7,434
Strike price	4,274	6,109	8,818
Time to maturity (in years)	10	9	8
Volatility	15%	35%	35%
Risk-free rate	7.73%	8.23%	8.41%
Dividend yield (ave)	8.46%	8.39%	6.60%

33 Operating segments

The Group has the following strategic divisions, which are its reportable segments. These divisions are managed separately as they operate in different geographical segments and offer different services. The Core Group, comprising Group Chief Executive Officer (GCEO), Group Chief Finance Officer (GCFO), Group Chief Corporate Officer (GCCO) and the Chief Executive Officers (CEOs) of the different segments, reviews internal management reports of these operating segments on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Consultancy services offered in different geographical segments based on resources deployed:

- Singapore
- North Asia and South-east Asia
- Australia and New Zealand
- Africa
- South Asia and Middle East
- Americas

Global Managed Services: Includes facilities management services, integrated estate management services, armed and unarmed guard services.

Global Initiatives: Includes the new investment arm of the Group as well as other global initiatives such as innovation program office that collaborates with external partners on research and development.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit/(loss) before tax, as included in the internal management reports that are reviewed by the Core Group.

Information about reportable segments

2018

	Consultancy Services							Global Managed Services	Global Initiatives	Eliminations/ Others	Total
Group	**Singapore $'000**	**North and South-east Asia $'000**	**Australia and New Zealand $'000**	**Africa $'000**	**South Asia and Middle East $'000**	**Americas $'000**	**Subtotal**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	280,386	123,184	468,891	108,404	130,152	43,376	1,154,393	452,182	15,196	(74,054)	1,547,717
Operating Profit/ (loss)	24,888	(3,134)	47,903	1,913	13,630	(1,777)	83,423	43,296	(10,168)	(9,711)	106,840

2017

	Consultancy Services							Global Managed Services	Global Initiatives	Eliminations/ Others	Total
Group	**Singapore $'000**	**North and South-east Asia $'000**	**Australia and New Zealand $'000**	**Africa $'000**	**South Asia and Middle East $'000**	**Americas $'000**	**Subtotal**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	269,123	177,309	313,819	138,056	122,955	12,109	1,033,371	398,017	1,370	(62,256)	1,370,502
Operating Profit/ (loss)	21,054	10,277	37,834	13,262	9,666	(1,392)	90,701	35,760	(9,512)	(3,901)	113,048

Reconciliations of reportable segment profit or loss to SFRS(I) measures

	Group	
	2018	**2017**
	$'000	**$'000**
Operating profit	106,840	113,048
Unallocated corporate or support costs	(36,365)	(42,372)
Net finance cost	(15,424)	(20,857)
Amortisation of intangibles arising from acquisitions	(14,826)	(13,760)
Others	4,100	7,987
Net profit before tax	44,325	44,046

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of projects and segment assets are based on the geographical location of the assets.

	Group	
	2018	**2017**
Revenue	**$'000**	**$'000**
Singapore	692,806	619,561
Australia	463,429	311,169
South Africa	63,798	65,323
Indonesia	24,113	51,861
Other countries	303,571	322,588
Consolidated revenue	1,574,717	1,370,502

	Group	
	2018	**2017**
Non-current assets (i)	**$'000**	**$'000**
Singapore	174,091	180,682
Australia	314,897	340,113
Other countries	52,863	30,840
	541,851	551,635

(i) Non-current assets include property, plant and equipment, goodwill and intangible assets and exclude financial instruments and deferred tax assets.

34 Subsequent events

(1) On 31 January 2019, the Group acquired 100% equity interest in SAA Architects Pte. Ltd. for a conditional purchase consideration of $50 million. Of this amount, $15 million was paid to the selling shareholders on 31 January 2019, with the remaining deferred consideration payable between 1 to 4 years.

(2) On 27 March 2019, the Company, through its wholly-owned subsidiary, Surbana Jurong Capital (Aviation) Pte Ltd, entered into a subscription agreement to subscribe for up to S$500,000,000 in aggregate principal amount of fixed rate bonds due 2029 (the "Bonds") and 300,000,000 detachable warrants (the "Warrants") issued by Changi Airports International Pte. Ltd. (the "Issuer").

The Bonds may be issued in one or more tranche(s), bear interest at the rate of 5.00% per annum and mature on the tenth anniversary of the date of issue of the first tranche of Bonds. The Warrants will be issued subject to and with the benefit of a deed poll executed by the Issuer, and are exercisable into shares in the capital of certain subsidiaries of the Issuer. The subscription of the Bonds and Warrants will enable the Group to potentially gain exposure to the Issuer's portfolio of international airport assets.

This subscription will be funded by the Company's internal resources, as well as shareholder's equity which will be made available to the Company when the Company is due to make payment to the Issuer for the Bonds. The initial subscription of S$300,000,000 will be funded by shareholder's equity.

35 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;

- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;

- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;

- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and

- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

The application of the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 9 and SFRS (I) 15.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 and SFRS(I) 15 have affected the Group's financial position, financial performance and cash flows is set out under the summary of quantitative impact and the accompanying notes. There is no impact on the Company's financial position.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 on the Group's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's profit or loss and other comprehensive income for the year ended 31 December 2017.

Reconciliation of the Group's equity
Consolidated statement of financial position

		31 December 2017			1 January 2018	
	Note	**FRS framework $'000**	**SFRS(I) 15 $'000**	**SFRS(I) framework $'000**	**SFRS(I) 9 $'000**	**SFRS(I) framework $'000**
Assets						
Associates and joint venture	C	26,326	–	26,326	(918)	25,408
Deferred tax assets	C	22,768	–	22,768	1,275	24,043
Others		562,960	–	562,960	–	562,960
Non-current assets		612,054	–	612,054	357	612,411
Contract assets	B,C	207,230	2,485	209,715	(1,898)	207,817
Trade and other receivables	C	394,504	–	394,504	(3,762)	390,742
Others		239,574	–	239,574	–	239,574
Current assets		841,308	2,485	843,793	(5,660)	838,133
Total assets		1,453,362	2,485	1,455,847	(5,303)	1,450,544
Equity						
Share capital		634,813	–	634,813	–	634,813
Reserves	B,C	(55,655)	(289)	(55,944)	(5,303)	(61,247)
Equity attributable to owner of the Company		579,158	(289)	578,869	(5,303)	573,566
Non-controlling interests		(154)	–	(154)	–	(154)
Total equity		579,004	(289)	578,715	(5,303)	573,412
Liabilities						
Deferred tax liabilities	B	16,969	(123)	16,846	–	16,846
Others		84,112	–	84,112	–	84,112
Non-current liabilities		101,081	(123)	100,958	–	100,958
Contract liabilities		41,440	(2,488)	38,952	–	38,952
Trade and other payables		289,010	–	289,010	–	289,010
Others		442,827	5,385	448,212	–	448,212
Current liabilities		773,277	2,897	776,174	–	776,174
Total liabilities		874,358	2,774	877,132	–	877,132
Total equity and liabilities		1,453,362	2,485	1,455,847	(5,303)	1,450,544

Reconciliation of the Group's equity
Consolidated statement of financial position

		1 January 2017		
	Note	**FRS framework $'000**	**SFRS(I) 15 $'000**	**SFRS(I) framework $'000**
Assets				
Associates and joint venture		20,306	–	20,306
Deferred tax assets		8,057	–	8,057
Others		492,059	–	492,059
Non-current assets		520,422	–	520,422
Contract assets	B	158,882	6,164	165,046
Trade and other receivables		339,944	–	339,944
Others		251,001	–	251,001
Current assets		749,827	6,164	755,991
Total assets		1,270,249	6,164	1,276,413
Equity				
Share capital		634,813	–	634,813
Reserves	B	(77,209)	579	(76,630)
Equity attributable to owner of the Company		557,604	579	558,183
Non-controlling interests		404	–	404
Total equity		558,008	579	558,587
Liabilities				
Deferred tax liabilities	B	15,359	248	15,607
Others		398,224	–	398,224
Non-current liabilities		413,583	248	413,831
Contract liabilities		48,395	(2,264)	46,131
Trade and other payables		214,272	–	214,272
Others		35,991	7,601	43,592
Current liabilities		298,658	5,337	303,995
Total liabilities		712,241	5,585	717,826
Total equity and liabilities		1,270,249	6,164	1,276,413

Reconciliation of the Group's profit or loss
Consolidated statement of profit or loss

		Year ended 31 December 2017		
	Note	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Revenue	B	1,371,756	(1,254)	1,370,502
Cost of sales		(1,026,932)	–	(1,026,932)
Gross profit		344,824	(1,254)	343,570
Other income		16,008	–	16,008
Administrative expenses		(283,345)	–	(283,345)
Other expenses		(13,760)	–	(13,760)
Results from operating activities		63,727	(1,254)	62,473
Finance income		3,567	–	3,567
Finance costs		(24,424)	–	(24,424)
Net finance costs		(20,857)	–	(20,857)
Share of profit of associates (net of tax)		599	–	599
Share of profit of joint ventures (net of tax)		1,831	–	1,831
Profit before tax		45,300	(1,254)	44,046
Tax expense	B	(16,092)	376	(15,716)
Profit for the year		29,208	(878)	28,330
Profit attributable to:				
Owner of the Company		28,485	(878)	27,607
Non-controlling interests		723	–	723
Profit for the year		29,208	(878)	28,330

Reconciliation of the Group's total comprehensive income
Consolidated statement of comprehensive income

	Note	Year ended 31 December 2017 FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Profit for the year	B	29,208	(878)	28,330
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences relating to translation of the financial statements of foreign operations	B	(1,790)	10	(1,780)
Others		(311)	–	(311)
Other comprehensive income for the year, net of tax		(2,101)	10	(2,091)
Total comprehensive income for the year		27,107	(868)	26,239
Total comprehensive income attributable to:				
Owner of the Company		26,245	(868)	25,377
Non-controlling interests		862	–	862
Total comprehensive income for the year		27,107	(868)	26,239

A SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

Foreign currency translation reserve ("FCTR")

The Group assessed and considers that the requirements of SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* have been consistently applied since the incorporation of the Company, including in the accounting for all the business combinations of the Group post incorporation of the Company. As such, the Group did not elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR as at 1 January 2017 or 1 January 2018.

B SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the information presented for 2017 has been restated.

The Group has applied the following practical expedients as allowed under SFRS(I) 1.

- Completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017 are not restated.
- For the year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

The transition adjustments arose mainly from applying percentage of completion method ("POCM") to each of the POs of certain contracts separately under SFRS(I) 15, whereas the POCM was applied to each of those contracts as a whole under the previous FRS 11. The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

	31 December 2017 $'000	**1 January 2017 $'000**
Consolidated statement of financial position		
Increase in contract assets	2,485	6,164
Decrease in contract liabilities	2,488	2,264
Increase in provisions	(5,385)	(7,601)
Decrease/(increase) in deferred tax liabilities	123	(248)
Decrease/(increase) in retained earnings	310	(568)
Increase in foreign currency translation reserve	(21)	(11)

	31 December 2017 $'000
Consolidated statement of profit or loss	
Decrease in revenue	(1,254)
Decrease in tax expense	376
Decrease in profit for the year	(878)

Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has also changed presentation of the following amounts:

a) 'contracts work-in-progress due from customers' classified as 'Trade and other receivables' of $209,715,000 as at 31 December 2017 and $165,046,000 as at 1 January 2017 were reclassified to 'Contract assets'.

b) 'contracts work-in-progress due to customers' classified as 'Trade and other payables' of $38,952,000 as at 31 December 2017 and $46,131,000 as at 1 January 2017 were reclassified to 'Contract liabilities'.

C SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 Financial Instruments: *Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
  - The designation of an equity investment that is not held-for-trading as at FVOCI; and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 at 31 December 2017 met the criteria for hedge accounting under SFRS(I) 9 at 1 January 2018 and therefore were regarded as continuing hedging relationships.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

Classification and measurement of financial assets

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 3.3(ii).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policy for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

				1 January 2018	
Group	**Note**	**Original classification under FRS 39 \$'000**	**New classification under SFRS(I) 9 \$'000**	**Original carrying amount under FRS 39 \$'000**	**New carrying amount under SFRS(I) 9 \$'000**
Financial assets					
Equity investment	(a)	Available-for-sale	FVOCI – equity instrument	11,320	11,320
Interest rate swaps used for hedging		Fair value – hedging instrument	Fair value – hedging instrument	5	5
				11,325	11,325
Trade and other receivables	(b)	Loans and receivables	Amortised cost	376,693	372,931
Cash and cash equivalents		Loans and receivables	Amortised cost	239,026	239,026
Total financial assets				627,044	623,282
Company					
Financial assets					
Interest rate swaps used for hedging		Fair value – hedging instrument	Fair value – hedging instrument	5	5
				5	5
Trade and other receivables	(b)	Loans and receivables	Amortised cost	62,930	62,930
Cash and cash equivalents		Loans and receivables	Amortised cost	19,960	19,960
Total financial assets				82,895	82,895

(a) The equity investment represents an investment that the Group intends to hold for the long term for strategic purposes. The Group elected irrevocable option at 1 January 2018 to account for this investment at FVOCI. Unlike FRS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost and are subject to evaluation and recognition of ECL allowances. An increase of \$3,762,000 in the allowances was recognised in opening retained earnings of the Group at 1 January 2018 on transition to SFRS(I) 9.

Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and contract assets, but not to equity investments.

The application of SFRS(I) 9 impairment requirements on 1 January 2018 resulted in additional allowances for impairment as at 1 January 2018 as follows:

	Group
	$'000
Loss allowance at 31 December 2017 under FRS 39	28,424
Additional impairment recognised at 1 January 2018 on:	
Trade receivables as at 31 December 2017	3,762
Contract assets recognised on adoption of SFRS(I) 15	1,898
Loss allowance at 1 January 2018 under SFRS(I) 9	34,084

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Group and the Company measures allowance for impairment is described in Note 19.

The impact upon the adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

	1 January 2018
	$'000
Consolidated statement of financial position	
Decrease in investment in joint venture	(918)
Decrease in trade and other receivables	(3,762)
Decrease in contract assets	(1,898)
Increase in deferred tax assets	1,275
Decrease in retained earnings	5,294
Decrease in foreign currency translation reserve	9

Hedge accounting

The Group has elected to adopt the new general hedge accounting model in SFRS(I) 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

36 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018.

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)

The Group is still in the process of assessing the impact of these new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to Note 28).

The Group is in the process of assessing factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending financial impact of transition to the new standard.

Surbana Jurong Private Limited
and its Subsidiaries

Registration Number: 201428879H

Annual Report
Year ended 31 December 2019

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages FS1 to FS103 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 year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

Liew Mun Leong	
Eric Ang Teik Lim	
Desmond Choo Pey Ching	
Fong Heng Boo	
Gan Chee Yen	
Guy Daniel Harvey-Samuel	
Ku Moon Lun	
Neo Gim Huay	
Philip Antony Jeyaretnam	
Tan Gee Paw	
Tan Kong Yam	
Tan See Leng	(Appointed on 2 April 2020)
Yaacob bin Ibrahim	(Appointed on 1 January 2019)
Wong Heang Fine	

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Liew Mun Leong		
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	346,490	346,490
- deemed interests	620	620
Mapletree Commercial Trust		
- units		
- interest held	200,000	214,200
Mapletree North Asia Commercial Trust		
- units		
- interest held	300,000	300,000
Mapletree Logistics Trust		
- units		
- interest held	507,845	1,023,080
Mapletree Industrial Trust		
- units		
- interest held	–	500,000
Mapletree Commercial Trust		
- bond		
- interest held	1,000,000	1,000,000
Mapletree Logistics Trust		
- bond		
- interest held	1,000,000	1,000,000
Mapletree Treasury Services		
- bond		
- interest held	500,000	1,000,000
Singapore Airlines Ltd		
- bond		
- interest held	500,000	500,000

Name of director and corporation in which interests are held	**Holdings at beginning of the year/date of appointment**	**Holdings at end of the year**
Liew Mun Leong (cont'd)		
Singtel Group Treasury Pte Ltd		
- bond		
- interest held	1,000,000	1,000,000
Surbana Jurong Private Limited		
- bond		
- interest held	1,500,000	1,500,000
Astrea IV Pte Ltd		
- bond		
- interest held	–	US$400,000
Astrea V Pte Ltd		
- bond		
- interest held	–	US$200,000
Astrea V Pte Ltd		
- bond		
- interest held	–	100,000
Ascott Residence Trust		
- units		
- interest held	1,102,591	1,102,591
- deemed interests	73,200	73,200
- bond		
- interest held	3,000,000	3,000,000
Capitaland Limited		
- ordinary shares		
- interest held	320,619	320,619
- deemed interests	237,000	237,000
Capitaland Commercial Trust		
- units		
- interest held	206,000	206,000
Capitaland Retail China Trust		
- units		
- interest held	406,418	543,500
Capitaland Mall Trust		
- units		
- interest held	955,540	955,540
- deemed interests	970,319	970,319
Capitaland Treasury Limited		
- bond		
- interest held	1,250,000	1,250,000

Name of director and corporation in which interests are held	**Holdings at beginning of the year/date of appointment**	**Holdings at end of the year**
Liew Mun Leong (cont'd)		
Capitaland Mall Trust		
- bond		
- interest held	2,000,000	2,000,000
Capitaland Retail China Trust		
- bond		
- interest held	500,000	500,000
Eric Ang Teik Lim		
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	2,420	2,420
- deemed interests	62,900	62,900
Singapore Airlines Ltd		
- ordinary shares		
- deemed interests	2,000	2,000
Mapletree Commercial Trust		
- units		
- deemed interests	168,371	183,000
Mapletree Logistics Trust		
- units		
- deemed interests	56,715	56,715
Fong Heng Boo		
SIA Engineering Company Ltd		
- ordinary shares		
- interest held	5,000	5,000
Singapore Technologies Engineering Ltd		
- ordinary shares		
- interest held	10,000	10,000
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	9,690	9,690
- deemed interests	190	190
- special discount shares		
- interest held	1,610	1,610
- deemed interests	1,360	1,360
Capitaland Retail China Trust		
- units		
- interest held	59,468	79,842

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Fong Heng Boo (cont'd)		
Mapletree Industrial Trust		
- units		
- interest held	4,000	4,000
Astrea IV Pte Ltd		
- bond		
- interest held	5,000	5,000
Gan Chee Yen		
Ascendas Property Fund Trustee Pte Ltd		
- units		
- interest held	50,000	50,000
Eugenics Ltd		
- ordinary shares		
- interest held	30,000	30,000
Mapletree Commercial Trust		
- units		
- interest held	383,831	411,083
Mapletree Industrial Trust		
- units		
- interest held	324,000	324,000
Mapletree Logistics Trust		
- units		
- interest held	472,500	472,500
Singapore Technologies Engineering Ltd		
- ordinary shares		
- interest held	336,396	336,396
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	1,490	1,490
- deemed interests	1,360	1,360
Starhub Ltd		
- ordinary shares		
- interest held	15,730	15,730
Guy Daniel Harvey-Samuel		
Mapletree Logistics Trust		
- units		
- interest held	–	19,500

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Ku Moon Lun		
Temasek Financial (I) Ltd		
- units		
- interest held	250,000	250,000
Olam International Ltd		
- bond		
- interest held	500,000	–
Singapore Airlines Ltd		
- bond		
- interest held	250,000	250,000
Capitaland Limited		
- ordinary shares		
- interest held	12,692	12,692
Capitaland Mall Asia		
- bond		
- interest held	250,000	250,000
Ascott Residence Trust		
- units		
- interest held	90,294	90,294
Neo Gim Huay		
Astrea IV Pte Ltd		
- bond		
- interest held	5,000	5,000
Temasek Financial (IV) Private Limited		
- bond		
- interest held	6,000	6,000
Desmond Choo Pey Ching		
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	30,890	30,890
Singapore Airlines Ltd		
- ordinary shares		
- interest held	2,940	2,940
Capitaland Limited		
- ordinary shares		
- interest held	3,000	–

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Wong Heang Fine		
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	1,360	1,360
Capitaland Limited		
- ordinary shares		
- interest held	527,721	527,721
Capitaland Commercial Trust		
- units		
- interest held	80,000	80,000
Capitaland Retail China Trust		
- units		
- interest held	43,000	43,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

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

Share options

During the financial year, there were:

(a) no options granted by the Company and its subsidiaries to any person to take up unissued shares in the Company and its subsidiaries; and

(b) no shares issued by virtue of any exercise of option to take up unissued shares of the Company and its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company and its subsidiaries under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Liew Mun Leong
Director

Wong Heang Fine
Director

17 April 2020

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Independent auditors' report

Member of the Company
Surbana Jurong Private Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Surbana Jurong Private Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS103.

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

Basis for opinion

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

Key audit matters

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

Impairment assessment of goodwill ($338.3 million) (Refer to Note 5 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The assessment of the recoverability of goodwill requires significant judgement in determining the forecast future performance of the cash generating unit (CGU) to which goodwill is allocated. Management's impairment assessment involves significant estimation, principally relating to the key assumptions for revenue growth rates, terminal growth rates and discount rates. The subjectivity of the principal assumptions required a significant amount of judgement and audit effort.	We assessed the appropriateness of management's determination of CGUs. Our work focused on detailed analysis of the Group's value-in-use (VIU) calculations and we challenged the assumptions used by the Group in conducting the impairment review. Our procedures for challenging management's key assumptions included: ▪ developing independent expectations for the key assumptions driving the cash flow projections, in particular discount rates, and comparing our independent expectations to those used by the Group; ▪ challenging key assumptions for revenue growth rates and terminal growth rates with reference to economic and industry forecasts; ▪ assessing the historical accuracy of the Group's estimates in the previous period; and ▪ performing sensitivity analysis around the key assumptions including revenue growth rates and discount rates to assess the extent of the change that would be required for the assets to be impaired. We also assessed whether the Group's disclosures about the CGU's key assumptions used and sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.
Our findings	
We found that the assumptions and resulting estimates were balanced. The CGU's key assumptions were appropriately disclosed.	

Expected credit loss on trade receivables and contract assets ($39.8 million) (Refer to Notes 11 and 19 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group applies expected credit loss ("ECL") model for impairment allowances of trade receivables and contract assets under SFRS(I) 9 *Financial Instruments*. Trade receivables and contract assets are significant to the Group's consolidated financial statements both in amount and nature, and estimation of expected credit loss entails a significant degree of judgement of the inability of the customers to make the required payments.	We assessed the appropriateness of the ECL model by reviewing the assumptions used in the model and tested the completeness and accuracy of data inputs in the model. We evaluated whether all supportable information, which includes historical, current and forecast information were considered. We also tested the mathematical accuracy of the ECL allowance calculations as at 31 December 2019, including examination, on a sample basis, of evidence related to post year end cash receipts.
Our findings	
We found the key judgements and assumptions used by management in the expected credit loss model and the calculated expected credit loss to be supportable based on the available evidence.	

Revenue recognition ($1,677 million)

(Refer to Note 20 to the financial statements)

The key audit matter	_How the matter was addressed in our audit_
The Group's revenue from design, architectural and engineering consultancy services is recognised in profit or loss using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total cost for the contract. Significant judgement is applied in assessing the total costs to be incurred for each of the projects.	For selected significant new contracts undertaken during the current financial year, we assessed the appropriateness of the identification, separation and valuation of contract elements and the timing of revenue recognition by management. We made inquiries with management to understand changes made to the long-term contracts initiated in prior years. We challenged and assessed the qualification of performance obligations in those selected contracts. We tested the controls over the Group's processes for budgeting contract costs and for determining the dollar amount of revenue attributable to the percentage of work done to be recognised in profit or loss. We assessed the reliability of management's estimation of contract costs by comparing the final outcome of projects completed during the year to previous estimates made on those projects. For a selection of projects, we assessed the adequacy of budgeted costs by comparing them with the actual costs incurred to date. We also discussed the progress of the projects with project directors to identify potential delays or cost overruns that may require revision in budgeted costs. We focused on those contracts with low and negative margins. For contracts with negative margins, we recomputed management's estimation of expected losses and assessed whether such losses have been accounted for. We also assessed the adequacy and accuracy of the Group's revenue recognition disclosures as presented in the consolidated financial statements.

Our findings

We found the Group's estimates of its budgeted contract costs and the revenue recognised attributable to the percentage of work done from design, architectural and engineering consultancy services recognised in profit or loss to be appropriate.

Transition to SFRS(I) 16 *Leases* ($151.2 million)

(Refer to Note 33 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
SFRS(I) 16 *Leases* was first effective for the current financial year. The Group has entered into various leases as lessee primarily in respect of offices, motor vehicles and equipment. The Group elected to apply the modified retrospective approach and recognised right-of-use assets and lease liabilities of $142.0 million and $151.2 million, respectively, at 1 January 2019. Significant judgement is required in the assumptions and estimates made in order to determine the right-of-use assets and lease liabilities. The assumptions and estimates include the determination of appropriate discount rates.	In connection with the Group's adoption of SFRS(I) 16 Leases, we obtained an understanding of and assessed the design, implementation and operating effectiveness of key internal controls in place to ensure the identification and recognition of leases in order to assess the completeness of the population of leases to be capitalised under the requirements of SFRS(I) 16. We evaluated the appropriateness of the transition approach and accounting policies adopted, including the application of practical expedients and recognition exemptions available under SFRS(I) 16. With the assistance of our internal specialists, we evaluated the methodology adopted by management for determining the discount rates with reference to the requirements of SFRS(I) 16 and assessed the reasonableness of the data and significant assumptions adopted by management to determine the discount rates based on the Group's available debt financing arrangements, and our knowledge of the length and the repayment patterns of the leases. We re-performed, on a sample basis, the calculation of the lease liabilities and right of-use assets, tested the accuracy of the data used in the calculation compared to the lease agreements and other relevant documentation. We assessed adequacy of the disclosures in the consolidated financial statements in respect of leases, including transition disclosures and disclosures in relation to significant accounting judgements and estimates, with reference to the requirements of SFRS(I) 16.

Our findings

We found the Group's transition adjustments in respect of adoption of SFRS(I) 16 to be appropriate and the related disclosures to be in accordance with relevant requirements.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained Directors' statement prior to the date of the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

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

- Obtain an understanding of internal controls 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 controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

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

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

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

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

Report on other legal and regulatory requirements

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

The Engagement Partner on the audit resulting in this independent auditors' report is Quek Shu Ping.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
17 April 2020

Statements of financial position
As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Assets					
Property, plant and equipment	4	68,699	72,789	1,085	188
Right-of-use assets	28	124,884	–	15	–
Intangible assets and goodwill	5	490,661	469,062	7,112	5,830
Subsidiaries	6	–	–	817,631	791,102
Associates and joint venture	7	33,960	24,487	–	–
Other investments	8	307,681	9,552	–	–
Deferred tax assets	9	51,635	31,351	898	–
Derivative financial asset	17	1,030	1,005	–	–
Trade and other receivables	11	35	–	300,000	–
Non-current assets		1,078,585	608,246	1,126,741	797,120
Other investments	8	–	–	–	–
Derivative financial asset	17	79	304	–	–
Inventories	10	1,408	1,137	–	–
Contract assets	12	347,228	292,884	–	–
Trade and other receivables	11	411,940	436,568	101,506	70,104
Cash and cash equivalents	13	362,080	318,504	24,282	65,027
Current assets		1,122,735	1,049,397	125,788	135,131
Total assets		2,201,320	1,657,643	1,252,529	932,251
Equity					
Share capital	14	934,813	634,813	934,813	634,813
Reserves	14	(55,674)	(58,336)	(85,363)	(89,659)
Equity attributable to owner of the Company		879,139	576,477	849,450	545,154
Non-controlling interests	6	20,065	17,802	–	–
Total equity		899,204	594,279	849,450	545,154
Liabilities					
Loans and borrowings	15	663,530	495,364	382,404	348,642
Trade and other payables	16	21,309	8,831	–	–
Derivative financial liabilities	17	10,142	5,735	64	–
Provisions	18	2,433	2,122	–	–
Deferred tax liabilities	9	37,256	23,618	418	240
Non-current liabilities		734,670	535,670	382,886	348,882
Loans and borrowings	15	43,394	77,343	6	20,593
Trade and other payables	16	331,319	289,050	20,187	17,614
Contract liabilities	12	136,235	112,783	–	–
Derivative financial liabilities	17	197	257	–	8
Provisions	18	39,269	32,250	–	–
Current tax liabilities		17,032	16,011	–	–
Current liabilities		567,446	527,694	20,193	38,215
Total liabilities		1,302,116	1,063,364	403,079	387,097
Total equity and liabilities		2,201,320	1,657,643	1,252,529	932,251

The accompanying notes form an integral part of these financial statements.

Consolidated statement of profit or loss
Year ended 31 December 2019

		Group	
	Note	**2019** **$'000**	**2018** **$'000**
Revenue	20	1,677,338	1,547,717
Cost of sales		(1,250,268)	(1,162,689)
Gross profit		427,070	385,028
Other income	21	17,578	14,359
Administrative expenses		(352,104)	(326,539)
Other expenses	22	(12,811)	(15,114)
Results from operating activities		79,733	57,734
Finance income		20,789	4,003
Finance costs		(33,552)	(19,427)
Net finance costs	23	(12,763)	(15,424)
Share of profit of associates (net of tax)		305	527
Share of (loss)/ profit of joint ventures (net of tax)		(20)	1,488
Profit before tax		67,255	44,325
Tax expense	24	(29,435)	(22,289)
Profit for the year	25	37,820	22,036
Profit attributable to:			
Owner of the Company		36,117	20,756
Non-controlling interests		1,703	1,280
Profit for the year		37,820	22,036

The accompanying notes form an integral part of these financial statements.

Consolidated statement of comprehensive income
Year ended 31 December 2019

	Group 2019 $'000	Group 2018 $'000
Profit for the year	37,820	22,036
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("FVOCI") – net change in fair value	(9,400)	(1,696)
	(9,400)	(1,696)
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	(4,079)	(1,044)
Net change in fair value of cash flow hedges reclassified to profit or loss	674	(1,520)
Net gain on hedge of net investment in foreign operation	684	10,709
Foreign currency translation differences relating to translation of the financial statements of foreign operations	(14,892)	(25,140)
Share of foreign currency translation differences - joint venture	(418)	(361)
Share of foreign currency translation differences - associate	(36)	–
	(18,067)	(17,356)
Other comprehensive loss for the year, net of tax	(27,467)	(19,052)
Total comprehensive income for the year	10,353	2,984
Total comprehensive income attributable to:		
Owner of the Company	7,777	2,911
Non-controlling interests	2,576	73
Total comprehensive income for the year	10,353	2,984

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2019

Group	**Share capital $'000**	**Foreign currency translation reserve $'000**	**Hedging reserve $'000**	**Fair value reserve $'000**	**Statutory reserve $'000**	**Retained earnings/ (Accumulated losses) $'000**	**Total attributable to owners of the Company $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 January 2018	634,813	1,832	91	(1,800)	572	(56,639)	578,869	(154)	578,715
Adjustment on initial application of SFRS(I) 9 (net of tax)	–	(9)	–	–	–	(5,294)	(5,303)	–	(5,303)
Adjusted balance at 1 January 2018	634,813	1,823	91	(1,800)	572	(61,933)	573,566	(154)	573,412
Total comprehensive income/(loss) for the year									
Profit for the year	–	–	–	–	–	20,756	20,756	1,280	22,036
Other comprehensive (loss)/income									
Equity investments at FVOCI – net change in fair value	–	–	–	(1,696)	–	–	(1,696)	–	(1,696)
Effective portion of changes in fair value of cash flow hedges	–	–	(1,044)	–	–	–	(1,044)	–	(1,044)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	(1,520)	–	–	–	(1,520)	–	(1,520)
Net gain on hedge of net investment in foreign operation	–	10,709	–	–	–	–	10,709	–	10,709
Foreign currency translation differences	–	(23,933)	–	–	–	–	(23,933)	(1,207)	(25,140)
Share of foreign currency translation differences – joint venture	–	(361)	–	–	–	–	(361)	–	(361)
Total other comprehensive (loss)/income	–	(13,585)	(2,564)	(1,696)	–	–	(17,845)	(1,207)	(19,052)
Total comprehensive income/(loss) for the year	–	(13,585)	(2,564)	(1,696)	–	20,756	2,911	73	2,984
Transactions with owner of the Company, recognised directly in equity									
Contributions by and distributions to owner									
Dividends declared by a subsidiary company to non-controlling interests	–	–	–	–	–	–	–	(87)	(87)
Total transactions with owner of the Company	–	–	–	–	–	–	–	(87)	(87)
Changes in ownership interests in subsidiaries									
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	–	17,970	17,970
Total transactions with owner of the Company	–	–	–	–	–	–	–	17,970	17,970
At 31 December 2018	634,813	(11,762)	(2,473)	(3,496)	572	(41,177)	576,477	17,802	594,279

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2019

Group	Share capital $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Statutory reserve $'000	Retained earnings/ (Accumulated losses) $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2019	634,813	(11,762)	(2,473)	(3,496)	572	(41,177)	576,477	17,802	594,279
Adjustment on initial application of SFRS(I) 16 (net of tax)	–	–	–	–	–	(4,885)	(4,885)	(245)	(5,130)
Adjustment on initial application of SFRS(I) INT 23	–	–	–	–	–	(230)	(230)	–	(230)
Adjusted balance at 1 January 2019	634,813	(11,762)	(2,473)	(3,496)	572	(46,292)	571,362	17,557	588,919
Total comprehensive income/(loss) for the year									
Profit for the year	–	–	–	–	–	36,117	36,117	1,703	37,820
Other comprehensive (loss)/income									
Equity investments at FVOCI – net change in fair value	–	–	–	(9,400)	–	–	(9,400)	–	(9,400)
Effective portion of changes in fair value of cash flow hedges	–	–	(4,079)	–	–	–	(4,079)	–	(4,079)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	674	–	–	–	674	–	674
Net gain on hedge of net investment in foreign operation	–	684	–	–	–	–	684	–	684
Foreign currency translation differences	–	(15,765)	–	–	–	–	(15,765)	873	(14,892)
Share of foreign currency translation differences – joint venture	–	(418)	–	–	–	–	(418)	–	(418)
Share of foreign currency translation differences – associate		(36)	–	–	–	–	(36)		(36)
Total other comprehensive (loss)/income	–	(15,535)	(3,405)	(9,400)	–	–	(28,340)	873	(27,467)
Total comprehensive income/(loss) for the year	–	(15,535)	(3,405)	(9,400)	–	36,117	7,777	2,576	10,353
Transactions with owner of the Company, recognised directly in equity									
Contributions by and distributions to owner									
Issue of redeemable convertible preference shares	300,000	–	–	–	–	–	300,000	–	300,000
Dividends declared by a subsidiary company to non-controlling interests	–	–	–	–	–	–	–	(424)	(424)
Total transactions with owner of the Company	300,000	–	–	–	–	–	300,000	(424)	299,576
Changes in ownership interests in subsidiaries									
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	–	356	356
Total transactions with owner of the Company	–	–	–	–	–	–	–	356	356
At 31 December 2019	934,813	(27,297)	(5,878)	(12,896)	572	(10,175)	879,139	20,065	899,204

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows
Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from operating activities			
Profit for the year		37,820	22,036
Adjustments for:			
Depreciation of property, plant and equipment	4,28	51,489	14,051
Amortisation of intangible assets	5	16,862	19,708
Gain on disposal of property, plant and equipment		(212)	(147)
Gain on discontinuation of cash flow hedges		–	(498)
Gain on derivative financial instruments		(391)	–
Gain on sale of subsidiary		–	(245)
Impairment loss on joint venture		1,800	1,400
Recognition of impairment loss on trade receivables		5,178	1,388
Reversal of expected loss on contract assets		(925)	(76)
Reversal of provision for onerous contracts		(838)	(333)
Share of profit of associate, net of income tax		(305)	(527)
Share of loss/ (profit) of joint venture, net of income tax		20	(1,488)
Dividend income		(363)	(48)
Finance income		(20,789)	(4,003)
Finance costs		33,552	19,427
Tax expense		29,435	22,289
		152,333	92,934
Changes in working capital:			
Inventories		(271)	(589)
Contract assets		(40,863)	(56,259)
Trade and other receivables		9,215	(33,538)
Trade and other payables		42,740	(16,987)
Contract liabilities		20,974	64,676
Derivative financial instruments		(401)	(888)
Cash generated from operations		183,727	49,349
Tax paid		(22,354)	(20,060)
Net cash from operating activities		161,373	29,289

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from investing activities			
Interest received		11,668	2,458
Acquisition of subsidiaries, net of cash acquired upon acquisition of subsidiaries	26	(25,767)	(48,142)
Payment for acquisition of joint ventures		(13,077)	(495)
Acquisition of debt investment at fair value through profit or loss		(300,000)	–
Acquisition of equity investments at fair value through other comprehensive income		(294)	–
Purchase of property, plant and equipment	4	(22,388)	(23,921)
Purchase of intangible assets	5	(5,669)	(6,220)
Proceeds from disposal of property, plant and equipment		3,436	6,472
Proceeds from disposal of intangible asset		47	7
Proceeds from disposal of subsidiary	27	–	12,128
Dividends received		363	48
Dividends from associates		610	587
Dividends from a joint venture		714	740
Net cash used in investing activities		(350,357)	(56,338)
Cash flows from financing activities			
Payments to repurchase shares from non-controlling interests		(2,171)	(1,704)
Proceeds from issuance of redeemable convertible preference shares	14	300,000	–
Repayment of loans and borrowings	15	(71,225)	(381,591)
Proceeds from loans and borrowings	15	69,949	151,837
Proceeds from issuance of mid-term notes	15	–	350,000
Payment of lease liabilities	15	(30,850)	(271)
Interest paid		(32,828)	(16,363)
Dividends paid to non-controlling interests		(424)	(87)
Changes in pledged deposits		–	(103)
Net cash from financing activities		232,451	101,718
Net increase in cash and cash equivalents		43,467	74,669
Cash and cash equivalents at 1 January		312,735	237,788
Effect of exchange rate fluctuations on cash held		(767)	278
Cash and cash equivalents at 31 December	(i)	355,435	312,735

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2019

(i) Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	Group	
	2019	**2018**
	$'000	**$'000**
Cash and cash equivalents in the consolidated statement of financial position	362,080	318,504
Less: bank overdraft	(6,539)	(5,666)
Less: pledged deposits/restricted cash	(106)	(103)
Cash and cash equivalents in the consolidated statement of cash flows	355,435	312,735

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 17 April 2020.

1 Domicile and activities

Surbana Jurong Private Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 168 Jalan Bukit Merah, #01-01, Connection One, Singapore 150168.

The ultimate holding company and the immediate holding company during the financial year are Temasek Holdings (Private) Limited and Glenville Investments Pte Ltd, respectively. Both holding companies are incorporated in Singapore.

The financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and joint ventures.

The principal activities of the Company are those relating to provision of management services and investment holding. The principal activities of the subsidiaries are those relating to provision of feasibility studies, urban planning, architectural and engineering consultancy services, contract administration services, property consultancy services, land survey, project management, site supervision services, facility management services, quality, environmental, health and safety ("QEHS") services, integrated estate management services, management advisory services, armed and unarmed guard services, training and consultancy and provision of security services and products.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)).

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 33.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except where otherwise described in Note 3.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. The Company has subsidiaries, associates and joint ventures in foreign countries, whose functional currencies included but not limited to Australian dollar, Indian Rupee, Chinese Yuan Renminbi, South African Rand, Canadian dollar and US dollar.

All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Notes 3.12 (i) and 20 – revenue recognition of consultancy contracts;
- Note 5 – impairment test on goodwill: key assumptions underlying recoverable amounts;
- Note 12 – expected losses on consultancy contracts;
- Note 18 – provisions; and
- Note 19 – measurement of expected credit loss ("ECL") allowances for trade and other receivables and contract assets.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The accounting team led by the Group Chief Finance Officer has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable.

The accounting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

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

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

- Note 19 – Financial instruments; and
- Note 26 – Acquisitions of subsidiaries

2.5 Changes in accounting policies

Refer to Note 33 for new accounting standards, amendments and interpretations to the standards during the year.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed off as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not include the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Investment in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see note below); or
- qualifying cash flow hedges to the extent the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

(iii) Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent remeasurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, and trade and other payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

(vii) Derivative financial instruments, including hedge accounting

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

The derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

Designation of hedges

At inception or upon reassessment of the hedge arrangement, the Group documents the relationship between hedging instrument and hedged item, and the methods that will be used to measure the effectiveness of the hedged relationship, as well as risk management policies and strategies in undertaking various hedged transactions.

The Group also documents its assessment, both at inception and on an ongoing basis, the economic relationship between hedging instruments and hedged item, including whether derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of the hedged item.

Specific policies applicable from 1 January 2019 for hedges directly affected by interbank offer rates (IBOR) reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates (SIBORs) and Singapore swap offer rates (SORs), and the transition from SOR to the Singapore Overnight Rate Average (SORA), is also ongoing.

The Group early adopted the principles of the amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 issued in December 2019 in relation to the project on interest rate benchmark reform ("the amendment").

A hedging relationship is directly affected by the uncertainties arising from the IBOR reform with respect to the hedged risk and the timing and amount of the interest rate benchmark-based cash flows of the hedged item and hedge instruments. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

The Group will cease to apply the amendments to its effectiveness assessment of the hedging relationship at the earlier of, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and hedging instrument; and when the hedging relationship is discontinued.

Policy applicable for all hedging relationships

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as the hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

Refer to Note 3.2 (iii).

(viii) Intra-group financial guarantees in the separate financial statements

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until it becomes probable that the Company will be required to make a payment under the guarantee.

A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Land	Freehold
Building and property	28 to 50 years
Furniture and fittings	2 to 10 years
Office equipment and machinery	1 to 20 years
Plant and equipment	5 to 20 years
Computer equipment	1 to 6 years
Motor vehicles	2 to 8 years
Office renovation	1 to 20 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1 (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets with indefinite lives are not amortised.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, a brand and exclusive license with indefinite useful lives from the date that they are available for use. The estimated useful lives for the current financial year and comparative financial period are as follows:

Brand	10 years to Indefinite
Intellectual property	5 years
Order backlogs	3 to 19 years
Customer relationship	5 to 10 years
Exclusive license	Indefinite
Software	1 to 9 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Inventories

Inventories comprise materials and supplies to be consumed in the rendering of services and goods held for resale. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

3.7 Contract assets/liabilities

A contract asset is a Group entity's right to consideration in exchange for goods or services that the Group entity has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability is a Group entity's obligation to transfer goods or services to a customer for which the Group entity has received consideration (or the amount is due) from the customer.

Contracts work-in-progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see Note 3.12(i)) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Contracts work-in-progress is presented as contract assets in the statement of financial position for all contracts in which costs incurred plus recognised profits (less recognised losses) exceed progress billings. If progress billings exceed costs incurred plus recognised profits (less recognised losses), then the difference is presented as contract liabilities.

Progress billings not yet paid by customers and retention sums are included within trade and other receivables.

3.8 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit loss ("ECL") on:

- financial assets measured at amortised costs;
- contract assets (as defined in SFRS(I) 15); and
- intra-group financial guarantee contracts ("FGC").

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows 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 or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Associates and joint venture

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Asset held for sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as asset held for sale. Immediately before classification as asset held for sale, the assets, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Employee leave entitlement

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 reporting date.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.12 Revenue

(i) Revenue from provision of services

Revenue from provision of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. The individual standalone selling price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised services. The transaction price may be fixed or variable. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(ii) Consultancy contracts

Contract revenue from consultancy contracts, which relate to the provision of architectural services, engineering consultancy, quantity surveying and project management, includes the initial amount agreed in the contract plus any variations in the contract work and claims, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the percentage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The percentage of completion is determined by:

(a) reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; or
(b) completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iii) Rendering of other services

Revenue from rendering of other services, which includes land survey services, site supervision service, facility management services, integrated estate management services, armed and unarmed guard services is recognised in profit or loss when the service is rendered.

(iv) Patent licence and royalty fees

Patent licence and royalty fees are recognised on an accrual basis in accordance with the substance of the relevant agreement.

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3.13 Government grants

Government grants are recognised in profit or loss as other income when the grant becomes receivable.

Other government grants related to assets are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.14 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. 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, 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, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless 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. In that case 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 and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines the lessee’s incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- 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; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3.15 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;
- the fair value gain/(loss) on contingent and deferred consideration classified as a financial liability;
- hedge ineffectiveness recognised in profit or loss; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Core Group, comprising Group Chief Executive Officer (GCEO), Group Chief Finance Officer (GCFO), Group Chief Corporate Officer (GCCO), Group Chief Strategy Officer (GCSO) and the Chief Executive Officers (CEOs) of the operating units, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Core Group include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate and support costs, finance income, finance costs and non-operating income and expenses such as government grants and gain or loss on disposal of property, plant and equipment, derivatives and impairment on investments.

3.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 103)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)

4 Property, plant and equipment

	Land $'000	Building and properties $'000	Furniture and fittings $'000	Office equipment and machinery $'000	Plant and equipment $'000	Computer equipment $'000	Motor vehicles $'000	Office renovation $'000	Asset under construction $'000	Total $'000
Group										
Cost										
At 1 January 2018	213	43,661	7,884	2,445	5,671	14,691	8,211	8,794	6,401	97,971
Acquisitions through business combinations	–	–	488	–	–	1,042	–	340	–	1,870
Disposal of subsidiary	–	(12,190)	(161)	–	–	–	–	–	–	(12,351)
Other additions	181	93	6,448	317	4,789	6,757	972	804	3,560	23,921
Disposals	–	–	(1,150)	(131)	(383)	(79)	(344)	(358)	(3,901)	(6,346)
Transfer from/(to) intangibles	–	–	–	–	758	–	–	–	(1,339)	(581)
Effect of movement in exchange rates	(21)	(687)	(1,540)	(21)	(522)	(1,070)	(358)	(20)	–	(4,239)
At 31 December 2018	373	30,877	11,969	2,610	10,313	21,341	8,481	9,560	4,721	100,245
Acquisitions through business combinations	–	–	10	31	–	55	–	250	–	346
Other additions	863	147	4,405	255	591	5,900	984	2,397	6,846	22,388
Disposals	(98)	(16)	(556)	(10)	(583)	(208)	(123)	(72)	(1,571)	(3,237)
Transfer from/(to) intangibles	–	–	(309)	–	2,050	1,262	–	129	(9,718)	(6,586)
Effect of movement in exchange rates	(20)	(34)	67	(10)	(170)	(159)	(187)	(14)	–	(527)
At 31 December 2019	1,118	30,974	15,586	2,876	12,201	28,191	9,155	12,250	278	112,629
Accumulated depreciation										
At 1 January 2018	–	370	2,425	890	1,121	6,891	2,479	1,835	–	16,011
Depreciation for the year	–	1,160	2,418	453	1,272	4,965	1,914	1,869	–	14,051
Disposals	–	–	–	–	–	–	–	(21)	–	(21)
Effect of movement in exchange rates	–	(84)	(1,091)	(17)	(302)	(800)	(274)	(17)	–	(2,585)
At 31 December 2018	–	1,446	3,752	1,326	2,091	11,056	4,119	3,666	–	27,456
Depreciation for the year	–	1,160	2,570	456	2,307	5,933	1,900	2,125	–	16,451
Disposals	–	–	–	–	–	(4)	–	(9)	–	(13)
Transfer from/(to) intangibles	–	–	145	–	(145)	783	–	–	–	783
Effect of movement in exchange rates	–	(19)	(246)	(9)	(125)	(132)	(177)	(39)	–	(747)
At 31 December 2019	–	2,587	6,221	1,773	4,128	17,636	5,842	5,743	–	43,930
Carrying amounts										
At 1 January 2018	213	43,291	5,459	1,555	4,550	7,800	5,732	6,959	6,401	81,960
At 31 December 2018	373	29,431	8,217	1,284	8,222	10,285	4,362	5,894	4,721	72,789
At 31 December 2019	1,118	28,387	9,365	1,103	8,073	10,555	3,313	6,507	278	68,699

	Furniture and fittings $'000	Office equipment and machinery $'000	Computer equipment $'000	Office Renovation $'000	Total $'000
Company					
Cost					
At 1 January 2018	–	18	131	–	149
Additions	–	36	89	39	164
At 31 December 2018	–	54	220	39	313
Additions	21	–	144	893	1,058
Disposals	(1)	(2)	(22)	(31)	(56)
At 31 December 2019	20	52	342	901	1,315
Accumulated depreciation					
At 1 January 2018	–	5	56	–	61
Depreciation for the year	–	3	54	7	64
At 31 December 2018	–	8	110	7	125
Depreciation for the year	–	18	69	31	118
Disposals	–	–	(4)	(9)	(13)
At 31 December 2019	–	26	175	29	230
Carrying amounts					
At 1 January 2018	–	13	75	–	88
At 31 December 2018	–	46	110	32	188
At 31 December 2019	20	26	167	872	1,085

Certain items of plant and equipment of the Group's subsidiaries were pledged to secure banking facilities in 2018. Refer to Note 15 for the carrying amount and further details.

5 Intangible assets and goodwill

Group	Goodwill $'000	Brand $'000	Order backlog $'000	Customer relationship $'000	Exclusive license $'000	Software $'000	Intellectual property $'000	Total $'000
Cost								
At 1 January 2018	412,008	40,685	56,709	12,712	58,779	16,108	2,532	599,533
Acquisitions through business combinations	19,522	8,723	6,477	2,064	–	787	–	37,573
Disposal of subsidiary	(1,629)	–	–	–	–	–	–	(1,629)
Other additions	–	–	–	–	–	2,635	3,585	6,220
Transfer from property, plant and equipment, net	–	–	–	–	–	581	–	581
Disposals	–	–	–	–	–	(7)	–	(7)
Effect of movement in exchange rates	(20,939)	(2,157)	(1,238)	(75)	–	(1,795)	–	(26,204)
At 31 December 2018	408,962	47,251	61,948	14,701	58,779	18,309	6,117	616,067
Acquisitions through business combinations (including measurement period adjustment)	27,685	1,249	7,738	–	–	(552)	–	36,120
Other additions	–	–	–	–	–	3,840	1,829	5,669
Transfer from property, plant and equipment	–	–	–	–	–	6,587	–	6,587
Disposals	–	–	–	–	–	(8,070)	–	(8,070)
Effect of movement in exchange rates	(9,741)	(864)	(530)	51	–	(715)	–	(11,799)
At 31 December 2019	426,906	47,636	69,156	14,752	58,779	19,399	7,946	644,574
Accumulated amortisation and impairment losses								
At 1 January 2018	88,596	3,322	24,482	4,639	–	8,819	–	129,858
Amortisation for the year	–	1,301	11,477	2,048	–	4,595	287	19,708
Effect of movement in exchange rates	–	–	(915)	(7)	–	(1,639)	–	(2,561)
At 31 December 2018	88,596	4,623	35,044	6,680	–	11,775	287	147,005
Amortisation for the year	–	1,416	8,396	2,452	–	4,051	547	16,862
Transfer to property, plant and equipment	–	–	–	–	–	(783)	–	(783)
Disposals	–	–	–	–	–	(8,023)	–	(8,023)
Effect of movement in exchange rates	–	–	(490)	6	–	(664)	–	(1,148)
At 31 December 2019	88,596	6,039	42,950	9,138	–	6,356	834	153,913
Carrying amounts								
At 1 January 2018	323,412	37,363	32,227	8,073	58,779	7,289	2,532	469,675
At 31 December 2018	320,366	42,628	26,904	8,021	58,779	6,534	5,830	469,062
At 31 December 2019	338,310	41,597	26,206	5,614	58,779	13,043	7,112	490,661

	Intellectual property $'000
Company	
Cost	
At 1 January 2018	2,532
Additions	3,585
At 31 December 2018	6,117
Additions	1,829
At 31 December 2019	7,946
Accumulated amortisation	
At 1 January 2018	–
Amortisation for the year	287
At 31 December 2018	287
Amortisation for the year	547
At 31 December 2019	834
Carrying amounts	
At 1 January 2018	2,532
At 31 December 2018	5,830
At 31 December 2019	7,112

In 2017, the Group commenced a development project called Smart City in a Box ("Project" or "SC in a Box"). The Project is a digital application programme that allows monitoring of residential/office buildings, collating and analysing data and deploying solutions to specific problems in a timely manner. The Group expects to commercialise the outputs of the Project. As such, the costs incurred on the Project, mainly manpower costs, have been capitalised as intangible asset – intellectual property.

Certain intangible assets of the Group's subsidiaries were pledged to secure banking facilities in 2018. Refer to Note 15 for the carrying amount and further details.

Impairment assessment for cash-generating units containing goodwill

In 2019, the Group obtained control over SAA Architects Pte Ltd ("SAA"). Goodwill and other intangible assets were recognised upon the completion of acquisitions (see Note 26 for details of this acquisition). SAA was identified as a separate CGU in the impairment testing of goodwill as at 31 December 2019.

The recoverable amounts of all CGUs including SAA were determined based on their value in use.

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs as follows:

	2019 $'000	2018 $'000
SJ CGU	88,596	88,596
Impairment loss	(88,596)	(88,596)
	–	–
M&E and C&S Singapore CGU	16,245	16,245
SMEC CGU comprising the SMEC subgroup and PDR	244,053	252,021[(i)]
AETOS CGU comprising the AETOS subgroup	93	93
RBG CGU comprising the RBG subgroup	25,138	27,544[(i)]
B+H CGU comprising the B+H subgroup	27,087	24,463[(i)]
SAA CGU	25,694	–
Carrying amount	338,310	320,366

[(i)] *Including effect of movement in exchange rates totalling -$9,741,000 (2018: -$20,939,000).*

Key assumptions used in discounted cash flow projection calculations

The key assumptions used in the estimation of recoverable amounts are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	M&E and C&S Singapore CGU		SMEC CGU		RBG CGU		B+H CGU		SAA CGU	
Group	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Forecast years	5	5	5	5	5	5	5	–	5	–
Discount rate	10.0%	10.0%	10.0%	9.3%	10.5%	8.2%	9.3%	–	10.0%	–
Terminal value growth rate	1.5%	0%	3.6%	3.0%	3.0%	3.0%	1.0%	–	1.0%	–
Average yearly revenue growth rate	3.8%	5.0%	5.0%	5.0%	5.0%	5.0%	2.8%	–	4.7%	–

Discount rate

The discount rate was a post-tax measure estimated based on past experience, and industry weighted average cost of capital.

Terminal value growth rate

A long-term growth rate into perpetuity had been determined based on management's estimate of the long-term compound annual growth rate in EBITDA which management believed was consistent with the assumption that a market participant would make.

Average yearly revenue growth rate

Average yearly revenue growth is expressed as the average annual revenue growth rates in the forecast year of the plans used for impairment testing and had been based on past experience.

Sensitivity analysis

Management is of the view that reasonably possible changes in the key assumptions, such as an increase in the discount rate by 1%, would not cause the respective recoverable amounts for the Group to fall below the carrying amounts as at 31 December 2019.

6 Subsidiaries

	Company	
	2019	**2018**
	$'000	**$'000**
Equity investments at cost	906,227	879,698
Impairment loss	(88,596)	(88,596)
	817,631	791,102

Details of the significant subsidiaries are as follows:

Name of subsidiaries	**Country of incorporation**	**Effective equity interest held by the Group**	
		2019	**2018**
		%	**%**
Surbana International Consultants Holdings Pte Ltd ("SICHPL")	Singapore	100	100
Surbana Consultants Pte Ltd	Singapore	100	100
Surbana Technologies Pte Ltd	Singapore	100	100
Surbana Site Supervisors Pte Ltd	Singapore	100	100
Threesixty Cost Management Pte. Ltd.	Singapore	100	100
Surbana Jurong Consultants Pte Ltd	Singapore	100	100
SIPM Consultants Pte Ltd	Singapore	100	100
CESMA International Private Limited	Singapore	100	100

Name of subsidiaries	**Country of incorporation**	**Effective equity interest held by the Group**	
		2019	**2018**
		%	%
Threesixty Contract Advisory Pte. Ltd.	Singapore	100	100
Surbana International Consultants (India) Pvt Ltd	India	100	100
Surbana (Shanghai) Planning & Design Consultants Ltd	People's Republic of China ("PRC")	100	100
Surbana International Consultants (Malaysia) Sdn. Bhd.	Malaysia	100	100
Surbana Consultants Sdn. Bhd.	Malaysia	100	100
Surbana International Consultants (Vietnam) Co. Ltd	Vietnam	100	100
Surbana International Consultants (Brunei) Sdn Bhd	Brunei	100	100
Surbana International Consultants (Myanmar) Co Ltd	Myanmar	100	100
Jurong International Holdings Pte Ltd ("JIHPL")	Singapore	100	100
Surbana Jurong Infrastructure Pte Ltd	Singapore	100	100
Jurong Overseas Pte Ltd	Singapore	100	100
Jurong Axtra Investments Pte Ltd	Singapore	100	100
Portella Pte Ltd	Singapore	100	100
Jurong International Constructors (Suzhou) Co Ltd	PRC	100	100
Jurong Consultants (India) Private Limited	India	100	100
Jurong International Consulting Pte Ltd	Singapore	100	100
Surbana Jurong Campus Pte Ltd	Singapore	100	100
SMM Pte Ltd	Singapore	100	100
Jurong Integrated Solutions Pte Ltd	Singapore	100	100
MMR Services Pte Ltd	Singapore	100	100
SJ Defence Services Pte Ltd	Singapore	100	100
Surbana Jurong Capital (Holdings) Pte. Ltd	Singapore	100	100
Surbana Jurong Capital (JID) Pte. Ltd.	Singapore	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group 2019 %	2018 %
Surbana Jurong Capital (Aviation) Pte. Ltd.(i)	Singapore	100	–
Surbana Jurong Capital (Enso Q) Pte. Ltd.(ii)	Singapore	100	–
Surbana Jurong Bangladesh Ltd	Bangladesh	100	100
Surbana Jurong Lanka (Pvt) Ltd	Sri Lanka	100	100
Surbana Jurong Holdings (Australia) Pty Ltd	Australia	100	100
Surbana Jurong Finance Pty Ltd	Australia	100	100
SMEC Holdings Pty Ltd	Australia	100	100
Brisbane City Enterprises Pty Ltd (iii)	Australia	–	100
Global Maintenance Consulting Pty Ltd	Australia	100	100
PDR Engineers Pty Ltd	Australia	100	100
Robert Bird Group Pty Ltd	Australia	100	100
R.O. Bird & Associates Pty. Ltd. ATF The Lynch Birkil Unit Trust	Australia	100	100
SMEC Australia Pty Ltd	Australia	100	100
SMEC International Pty Ltd	Australia	100	100
SMEC SAME Pty Ltd	Australia	100	100
SMEC Testing Services Pty Ltd	Australia	51	51
SMECTS Holdings Pty Ltd	Australia	51	51
STS Geoenvironmental Pty Ltd	Australia	51	51
Ace Consultants Limited	Bangladesh	100	100
SMEC Bangladesh Ltd	Bangladesh	100	100
Engineering Consultants Underwriters Ltd	Bermuda	100	100
VKE Botswana Pty Ltd	Botswana	100	100
SMEC International (Canada) Inc	Canada	100	100
Global Maintenance Consulting Chile Limitada	Chile	100	100
Frontier Energy Ltd	Dubai	100	100
Frontier Hydro Ltd	Dubai	100	100
SMEC Georgia LLC (iv)	Georgia	100	–

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group 2019 %	2018 %
Robert Bird Group Hong Kong Ltd	Hong Kong	100	100
SMEC Asia Ltd	Hong Kong	100	100
Leadrail Infra Solutions Private Ltd	India	100	100
SMEC India (Pvt) Ltd	India	100	100
PT SMEC Denka Indonesia	Indonesia	100	100
SMEC Central Asia LLP	Kazakhstan	100	100
SMEC Kenya Limited	Kenya	100	100
SMEC Macau Engineering Consulting Limited	Macau	100	100
Robert Bird Group (Malaysia) Sdn Bhd	Malaysia	100	100
SMEC Energy Sdn Bhd	Malaysia	100	100
SMEC International (Malaysia) Sdn Bhd	Malaysia	100	100
SMEC (Malaysia) Sdn Bhd	Malaysia	100	100
Energy Holdings Limited	Mauritius	100	100
SMEC International (Africa) Ltd [(iii)]	Mauritius	–	100
SMEC Servicios De Ingenieria De Mexico	Mexico	100	100
SMEC Mongolia LLC	Mongolia	100	100
SMEC Myanmar Company Limited	Myanmar	100	100
VKE Namibia Consulting Engineers Pty Ltd	Namibia	100	100
Vincpro (Pty) Ltd	Namibia	100	100
SMEC Nigeria Limited	Nigeria	100	100
Robert Bird Group (New Zealand) Limited	New Zealand	100	100
SMEC New Zealand Ltd	New Zealand	100	100
South Asia Middle East Management Company LLC	Oman	100	100
SMEC Oil and Gas (Private) Limited	Pakistan	100	100
Engineering General Consultants (Pvt) Ltd	Pakistan	100	100
SMEC Pakistan (Pvt) Ltd	Pakistan	100	100
SMEC Philippines Inc	Philippines	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group 2019 %	2018 %
SMEC PNG Ltd	Papua New Guinea	100	100
ECCL Singapore Pty Ltd	Singapore	100	100
Global Maintenance Consulting Singapore Pte Ltd	Singapore	100	100
GMC Global Africa (Pty) Ltd (iii)	South Africa	–	100
SMEC South Africa Pty Ltd	South Africa	75	75
Soillab Pty Ltd	South Africa	75	75
SMEC International (Africa) (Pty) Ltd	South Africa	100	100
Ocyana Consultants Pvt Ltd	Sri Lanka	100	100
SMEC (Tanzania) Limited	Tanzania	100	100
SMEC Uganda Limited	Uganda	100	100
Robert Bird & Partners Ltd	United Kingdom	100	100
Robert Bird Group (USA) Inc.	United States of America	100	100
Global Maintenance Consulting – America, Inc	United States of America	100	100
SMEC Vietnam Joint Stock Company	Vietnam	100	100
AETOS Holdings Pte. Ltd.	Singapore	100	100
AETOS Security Management Pte. Ltd.	Singapore	100	100
AETOS Guard Services Pte. Ltd.	Singapore	100	100
AETOS Training Academy Pte. Ltd.	Singapore	100	100
AETOS Technologies and Solutions Pte. Ltd.	Singapore	100	100
AETOS Assets Management Pte Ltd	Singapore	100	100
Shanghai Surbana Jurong Entity Management Co., Ltd	PRC	100	100
KTP Consultants Pte Ltd ("KTPC")	Singapore	100	100
KTP (Tianjin) Architectural Design Co. Ltd	PRC	100	100
KTP (Beijing) Co. Pte. Ltd.	PRC	100	100
KTP International Pte. Ltd.	Singapore	100	100
T&T Civil & Structural Pte. Ltd.	Singapore	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2019	2018
		%	%
KTP Civil & Structural Sdn. Bhd.[v]	Malaysia	100*	100*
Surbana Jurong Holdings (Canada) Inc.	Canada	100	100
B+H Architects Corp.	Canada	49	49
B+H International Corp.	Canada	65	65
B+H Architects Inc.	Canada	65	65
B+H Consulting Holdings Inc.	Canada	65	65
B+H Consulting International Inc.	PRC	65	65
B+H Architects Hong Kong Ltd.	Hong Kong	65	65
B+H Architects Singapore Pte. Ltd.	Singapore	65	65
B+H Architects Inc.	United States of America	65	65
B+H Architects (Washington) LLC	United States of America	65	65
B+H Architects Vietnam Co. Ltd	Vietnam	65	65
SAA Architects Pte. Ltd. [vi]	Singapore	100	–

(i) Incorporated on 8 February 2019.
(ii) Incorporated on 15 April 2019.
(iii) Deregistered during the year.
(iv) Incorporated on 18 February 2019.
(v) On 22 July 2015, two shareholders of KTP Civil & Structural Sdn. Bhd. ("KTPM"), each granted a power of attorney to KTPC in respect of their shareholdings in KTPM, the aggregate of which represents the entire issued share capital of KTPM. As such, KTPM is deemed as a subsidiary of KTPC and the Group. Accordingly, the assets and liabilities of KTPM were consolidated by the Group from 22 July 2015.
(vi) Acquired on 31 January 2019. Please refer to Note 26.

Non-controlling interests

On 31 August 2018, the Group acquired 65.37% equity interest in B+H subgroup ("B+H") (see note 26). As at 31 December 2019, the Group has one subgroup, B+H, (2018: one subgroup) that has non-controlling interests ("NCI") that is material to the Group.

Name	Country of incorporation	Ownership held by NCI	
		2019	2018
		%	%
B+H subgroup	Canada	35	35

The following summarised financial information for B+H subgroup is prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition.

	B+H $'000	Other individually immaterial subsidiaries $'000	Total $'000
2019			
Revenue	68,547		
Profit for the year(i)	3,798		
Other comprehensive income	–		
Total comprehensive income	3,798		
Attributable to NCI:			
- Profit	1,315	388	1,703
- Other comprehensive income	–	–	–
Total comprehensive income	1,315	388	1,703
Non-current assets	51,927		
Current assets	57,433		
Non-current liabilities	(19,558)		
Current liabilities	(32,658)		
Net assets	57,144		
Net assets attributable to NCI	19,789	276	20,065
Cash flows from operating activities	4,042		
Cash flows used in investing activities	(1,778)		
Cash flows used in financing activities (dividends to NCI: nil)	(3,261)		
Net decrease in cash and cash equivalents	(997)		
2018			
Revenue	32,063		
Profit for the year(i)	1,018		
Other comprehensive income	–		
Total comprehensive income	1,018		
Attributable to NCI:			
- Profit	352	928	1,280
- Other comprehensive income	–	–	–
Total comprehensive income	352	928	1,280
Non-current assets	33,569		
Current assets	56,474		
Non-current liabilities	(2,645)		
Current liabilities	(36,400)		
Net assets	50,998		
Net assets attributable to NCI	17,661	141	17,802
Cash flows from operating activities	406		
Cash flows used in investing activities	(215)		
Cash flows used in financing activities (dividends to NCI: nil)	(211)		
Net decrease in cash and cash equivalents	(20)		

7 Associates and joint venture

	Group 2019 $'000	Group 2018 $'000
Interest in associates	3,559	3,893
Interest in a joint venture	30,401	20,594
	33,960	24,487

Associates

As at 31 December 2019, the Group has two (2018: two) associates that are material and five associates (2018: five) that are individually immaterial to the Group. All are equity accounted.

	Banyan Cavern Storage Services Pte Ltd ("Banyan")	**CITICC (Africa) Holding Limited ("CITICC")**
Principal activities	Storage of petrochemical products	Investment platform to enable partnership with local housing developers to build affordable homes in Sub-Saharan Africa
Principal place of business/ Country of incorporation	Singapore	Mauritius
Ownership interest/ Voting rights held	20% (2018: 20%)	20% (2018: 20%)

The following summarises the financial information of each of the Group's material associates based on their respective (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial associates.

	Banyan $'000	**CITICC $'000**	**Immaterial associates $'000**	**Total $'000**
2019				
Revenue	13,861	–		
Profit/(Loss) for the year	2,335	(604)		
Other comprehensive income	–	(181)		
Total comprehensive income	2,335	(785)		
Non-current assets	451	1		
Current assets	11,846	12,415		
Non-current liabilities	(3,908)	–		
Current liabilities	(4,427)	(184)		
Net assets	3,962	12,232		

	Banyan $'000	CITICC $'000	Immaterial associates $'000	Total $'000
2019 (cont'd)				
Group's interest in net assets of associates at beginning of the year	858	2,654	381	3,893
Effect of movement in exchange rates	–	–	7	7
Group's share of:	–	–	–	–
- profit/(loss) for the year	467	(121)	(41)	305
- other comprehensive income	–	(36)	–	(36)
- total comprehensive income	467	(157)	(41)	269
Dividends received during the year	(532)	–	(78)	(610)
Carrying amount of interest in associates at end of the year	793	2,497	269	3,559
2018				
Revenue	13,403	–		
Profit/(Loss) for the year	2,588	(170)		
Other comprehensive income	–	298		
Total comprehensive income	2,588	128		
Non-current assets	329	–		
Current assets	11,178	13,061		
Non-current liabilities	(3,194)	–		
Current liabilities	(4,025)	(43)		
Net assets	4,288	13,018		
Group's interest in net assets of associates at beginning of the year	904	2,628	413	3,945
Effect of movement in exchange rates	–	–	(52)	(52)
Group's share of:				
- profit/(loss) for the year	518	(34)	43	527
- other comprehensive income	–	60	–	60
- total comprehensive income	518	26	43	587
Dividends received during the year	(564)	–	(23)	(587)
Carrying amount of interest in associates at end of the year	858	2,654	381	3,893

Joint venture

Details of the joint ventures are as follows:

Name of joint venture	**Country of incorporation**	**Effective equity interest held by the Group 2019 %**	**2018 %**
Sino-Sun Architects & Engineers Co., Ltd ("Sino-Sun")	PRC	60	60
China Highway-Surbana Jurong Transportation Design and Research Co. Ltd. ("China Highway")	PRC	49	49
Enso Capital Sdn Bhd	Malaysia	48	–
CCCC-SJ Pte Ltd	Singapore	50	50
Arcplus SJ Digital Ltd	PRC	49	49
Mitbana Pte Ltd	Singapore	50	–

Sino-Sun is an unlisted joint venture in which the Group's wholly owned subsidiary, Surbana (Shanghai) Planning & Design Consultants Ltd ("Surbana Shanghai"), obtained joint control via a series of agreements between Surbana Shanghai and the existing shareholders of Sino-Sun on 1 September 2015. The principal activities of Sino-Sun are those relating to architectural design, planning, landscape and interior design in the PRC.

China Highway is an unlisted joint venture in which the Group's wholly owned subsidiary, Surbana Jurong Consultants Pte Ltd ("SJCPL"), obtained joint control in January 2017. The principal activities of China Highway are those relating to provision of design and consultancy services for highway and municipal projects.

Enso Capital Sdn Bhd ("Enso Capital") is an unlisted joint venture in which the Group's wholly owned subsidiary, Surbana Jurong Capital Holdings Pte Ltd ("SJCHPL"), obtained joint control in April 2019. The principal activities of Enso Capital are those relating to investment holding. SJCHPL entered into the joint venture agreement to jointly undertake the acquisition and development of a mixed residential and commercial development in Malaysia through Enso Capital.

The Group's interests in Sino-Sun, China Highway and Enso Capital are structured as separate vehicles and the Group has a residual interest in their net assets respectively. Accordingly, the Group classified its interest in Sino-Sun, China Highway and Enso Capital as joint ventures, which are equity-accounted.

The following table summarises the financial information of each of the Group's material joint ventures, based on its financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial joint venture.

	Sino-Sun $'000	**China Highway $'000**	**Enso Capital $'000**	**Immaterial joint venture $'000**	**Total $'000**
2019					
Revenue	23,453	11,619	–		
Profit for the year(i)	1,204	1,687	(197)		
Other comprehensive income	(245)	(380)	(143)		
Total comprehensive income	959	1,307	(340)		
Non-current assets	668	1,538	–		
Current assets(ii)	18,257	17,892	62,863		
Non-current liabilities	–	–	(39,941)		
Current liabilities(iii)	(9,638)	(4,376)	(184)		
Net assets	9,287	15,054	22,738		

	Sino-Sun $'000	China Highway $'000	Enso Capital $'000	Immaterial joint venture $'000	Total $'000
Group's interest in net assets of joint ventures at beginning of the year	13,053	6,750	–	791	20,594
Effect of movement in exchange rates	(319)	–	–	–	(319)
Investment during the year	–	–	11,077	2,000	13,077
Group's share of:					
- profit for the year	723	826	(94)	(1,475)	(20)
- other comprehensive income	(147)	(186)	(69)	(15)	(417)
- total comprehensive income	576	640	(163)	(1,490)	(437)
Dividends received during the year	(714)	–	–	–	(714)
Impairment charge	(1,800)	–	–	–	(1,800)
Carrying amount of interest in joint ventures at end of the year	10,796	7,390	10,914	1,301	30,401

	Sino-Sun $'000	China Highway $'000	Immaterial joint venture $'000	Total $'000
2018				
Revenue	24,467	10,360		
Profit for the year[(i)]	1,235	1,262		
Other comprehensive income	(269)	(406)		
Total comprehensive income	966	856		
Non-current assets	785	1,996		
Current assets[(ii)]	15,188	21,670		
Current liabilities[(iii)]	(6,918)	(9,891)		
Net assets	9,055	13,775		
Group's interest in net assets of joint ventures at beginning of the year	3,920	6,330	169	10,419
Adjustment on initial application of SFRS(I) 9	(918)	–	–	(918)
Effect of movement in exchange rates	(351)	–	(1)	(352)
Investment during the year	–	–	495	495
Group's share of:				
- profit/(loss) for the year	741	619	128	1,488
- other comprehensive income	(161)	(199)	–	(360)
- total comprehensive income	580	420	128	1,128
Dividends received during the year	(740)	–	–	(740)
Impairment charge	(1,400)	–	–	(1,400)
Goodwill	11,962			11,962
Carrying amount of interest in joint ventures at end of the year	13,053	6,750	791	20,594

Impairment loss

Based on management's assessment, the recoverable amount of Sino-Sun CGU as at 31 December 2019 was determined to be $10,730,000 (2018: $14,240,000) using discounted cash flow projections. This is lower than the carrying amount by $1,800,000 (2018: $1,400,000) and as a result an impairment loss of $1,800,000 (2018: $1,400,000) was recognised in relation to the investment in Sino-Sun.

Key assumptions used in discounted cash flow projection calculations

The recoverable amount of Sino-Sun was based on its value in use. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Sino-Sun CGU	
Group	**2019**	**2018**
Forecast years	5	5
Discount rate	10%	10%
Terminal value growth rate	0.5%	0%
Average yearly revenue growth rate	5%	11%

Discount rate

The discount rate was a post-tax measure based on past experience, and industry weighted average cost of capital.

Terminal value growth rate

A long-term growth rate into perpetuity had been determined based on management's estimate of the long-term compound annual growth rate in EBITDA which management believed was consistent with the assumption that a market participant would make.

Average yearly revenue growth rate

Average yearly revenue growth is expressed as the average annual revenue growth rates in the forecast year of the plans used for impairment testing and had been based on past experience.

8 Other investments

	Group	
	2019	**2018**
	$'000	**$'000**
Non-current investments		
Equity investments – at FVOCI	422	9,552
Debt investments – at FVTPL	307,259	–
	307,681	9,552

Equity investments designated as at FVOCI

The Group's equity investments included a 8.5% stake in Helix RE, Inc., a San Francisco-based architecture design software start-up. The Group's investment in Helix RE, Inc, comprises 2,092,000 Class B shares at a subscription price of US$ 4.42 per share.

The Group elected an irrevocable option to account for the investment in Helix RE, Inc as financial asset at FVOCI because it represents an investment that the Group intends to hold for long-term strategic purpose. As at 31 December 2019, the Group has fully written down the value of its investment based on an indicative valuation of management buy-out option.

Debt investments designated as at FVTPL

In 2019, the Group, through a wholly owned subsidiary, entered into a subscription agreement to subscribe for up to S$500,000,000 in aggregate principal amount of fixed rate bonds due 2029 (the "Bonds") and 300,000,000 detachable warrants (the "Warrants") issued by Changi Airports International Pte. Ltd. (the "Issuer").

The Bonds may be issued in one or more tranche(s), bear interest at the rate of 5.00% per annum and mature on the tenth anniversary of the date of issue of the first tranche of Bonds. The interest comprises a coupon payment of 3.75% per annum to be settled in cash and a payment-in-kind interest of 1.25% per annum to be settled by the incremental EBITDA value calculated and agreed between the Group and the Issuer in respect of the projects introduced by the Issuer to the Group. The Warrants will be issued subject to and with the benefit of a deed poll executed by the Issuer, and are exercisable by the Group to be converted into equity shares in the capital of certain subsidiaries of the Issuer that is worth up to $400 million. Valuation will be performed and agreed between the Issuer and the Group at each time of conversion to determine the number of shares to be issued or transferred to the Group. The subscription of the Bonds and Warrants will enable the Group to potentially gain exposure to the Issuer's portfolio of international airport assets.

In 2019, the Group subscribed to $300,000,000 of the bonds issued and 300,000,000 detachable warrants, funded by the redeemable convertible preference shares issued by the Company.

Refer to Note 19 for fair value measurement of the investments.

9 Deferred tax

Movements in deferred tax assets and liabilities during the year are as follows:

	At 1/1/2018 $'000	Adjusted on initial application of SFRS(I) 9 $'000	Acquired in business combinations $'000 (Note 26)	Disposal of subsidiary $'000 (Note 27)	Recognised in profit or loss $'000 (Note 24)	Transfer (to)/ from tax recoverable $'000	Recognised directly in equity $'000	Exchange difference $'000	Set off of tax $'000	At 31/12/2018 $'000
Group										
Deferred tax assets										
Trade and other payables	11,024	–	–	–	(2,448)	236	–	(330)	–	8,482
Allowance for receivables and contract assets	4,550	1,275	–	–	(350)	–	–	(379)	–	5,096
Employee benefits	8,088	–	–	–	5,098	–	–	(765)	–	12,421
Tax loss carry-forwards	4,535	–	–	–	(1,624)	–	–	(261)	–	2,650
Other items	1,910	–	109	–	2,674	(115)	150	(250)	–	4,478
Set off of tax	(7,339)	–	–	–	–	–	–	162	5,401	(1,776)
	22,768	1,275	109	–	3,350	121	150	(1,823)	5,401	31,351
Deferred tax liabilities										
Property, plant and equipment	(1,617)	–	–	–	(1,561)	–	–	36	–	(3,142)
Intangible assets	(9,683)	–	(1,237)	–	1,472	–	–	180	–	(9,268)
Deferred revenue	(5,401)	–	–	–	(1,302)	–	–	637	–	(6,066)
Taxable temporary difference arising from amount due from overseas subsidiary	(1,800)	–	–	–	–	–	–	–	–	(1,800)
Other items	(5,684)	–	–	1,780	(1,201)	10	(142)	119	–	(5,118)
Set off of tax	7,339	–	–	–	–	–	–	(162)	(5,401)	1,776
	(16,846)	–	(1,237)	1,780	(2,592)	10	(142)	810	(5,401)	(23,618)
Total	5,922	1,275	(1,128)	1,780	758	131	8	(1,013)	–	7,733

	At 1/1/2019 $'000	Adjusted on initial application of SFRS(I) 16 $'000 (Note 33)	Acquired in business combinations $'000 (Note 26)	Recognised in profit or loss $'000 (Note 24)	Transfer (to)/ from tax recoverable $'000	Recognised directly in equity $'000	Exchange difference $'000	Set off of tax $'000	At 31/12/2019 $'000
Group									
Deferred tax assets									
Trade and other payables	8,482	–	1	(1,797)	–	–	98	–	6,784
Lease liabilities	–	22,672	222	7,095	–	–	(319)	–	29,670
Allowance for receivables and contract assets	5,096	–	–	943	(1)	–	(209)	–	5,829
Employee benefits	12,421	–	–	(3,935)	–	1,234	(357)	–	9,363
Tax loss carry-forwards	2,650	–	(8)	1,035	–	–	(38)	–	3,639
Other items	4,478	–	–	(2,878)	(64)	699	(120)	–	2,115
Set off of tax	(1,776)	–	–	–	–	–	–	(3,989)	(5,765)
	31,351	22,672	215	463	(65)	1,933	(945)	(3,989)	51,635
Deferred tax liabilities									
Property, plant and equipment	(3,142)	132	(70)	564	(117)	–	1	–	(2,632)
Right-of-use assets	–	(21,136)	(215)	(5,310)	–	–	280	–	(26,381)
Intangible assets	(9,268)	–	(1,528)	1,268	–	–	63	–	(9,465)
Deferred revenue	(6,066)	–	–	3,670	–	–	106	–	(2,290)
Taxable temporary difference arising from amount due from overseas subsidiary	(1,800)	–	–	–	–	–	–	–	(1,800)
Other items	(5,118)	–	–	4,468	(207)	–	404	–	(453)
Set off of tax	1,776	–	–	–	–	–	–	3,989	5,765
	(23,618)	(21,004)	(1,813)	4,660	(324)	–	854	3,989	(37,256)
Total	7,733	1,668	(1,598)	5,123	(389)	1,933	(91)	–	14,379

	At 1/1/2018 $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Set off of tax $'000	At 31/12/2018 $'000	Adjusted on initial application of SFRS(I) 16 $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Set off of tax $'000	At 31/12/2019 $'000
Company										
Deferred tax asset										
Derivative financial liabilities	56		(55)	–	1	–	–	10	–	11
Trade and other payables	–	82	–	–	82	3	4	–	–	89
Allowance for receivables	–	10	–	–	10	–	12	–	–	22
Tax loss carry-forwards	–	–	–	–	–	–	885	–	–	885
Set-off tax	–	–	–	(93)	(93)	–	–	–	(16)	(109)
	56	92	(55)	(93)	–	3	901	10	(16)	898
Deferred tax liability										
Property, plant and equipment	–	(333)	–	–	(333)	(3)	(191)	–	–	(527)
Set-off tax	–	–	–	93	93	–	–	–	16	109
	–	(333)	–	93	(240)	(3)	(191)	–	16	(418)
Total	56	(241)	(55)	–	(240)	–	710	10	–	480

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Deductible temporary differences	604	127	–	–
Tax losses	25,100	30,645	–	–
	25,704	30,772	–	–

Tax losses of $12,425,000 (2018: $18,007,000) expire between 1 and 7 years. The remaining tax losses and deductible temporary differences do not expire under current tax legislation. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain Group entities operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

10 Inventories

	Group	
	2019	**2018**
	$'000	**$'000**
Consumables	906	1,000
Trading goods	502	137
	1,408	1,137

A total amount of $1,555,000 (2018: $1,137,000) was recognised as expense during the year and included in 'costs of sales' (see note 25).

11 Trade and other receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	350,984	378,966	–	–
Impairment losses	(34,224)	(29,519)	–	–
Net trade receivables	316,760	349,447	–	–
Trade amounts due from:				
- related corporations	8,980	8,342	–	–
- related parties	768	634	–	–
Non-trade amounts due from:				
- related corporations	–	1	–	–
- related parties	96	–	34	–
- joint venture	2,514	1,338	–	–
- subsidiaries	–	–	400,997	69,870
Reinsurance receivable	26,878	20,295	–	–
Other receivables	31,511	34,467	422	114
Deposits	5,739	4,437	6	91
	393,246	418,961	401,459	70,075
Prepayments	18,729	17,607	47	29
	411,975	436,568	401,506	70,104

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Non-current	35	–	300,000	–
Current	411,940	436,568	101,506	70,104
	411,975	436,568	401,506	70,104

Current outstanding balances with subsidiaries, related corporations and related parties are unsecured, interest free and repayable on demand. The Company's amount due from subsidiaries relate to the management services rendered by the Company to the subsidiaries and advances to subsidiaries amounting to $91.8 million (2018: $61.1 million). The Company's non-current outstanding receivable of $300 million relates to a loan due from a subsidiary that is repayable in 2029.

Reinsurance receivable amounts from third-party insurers, $26,878,000 (2018: $20,295,000), pertain to the SMEC subgroup's captive insurance arrangement, and are recognised when recovery is virtually certain. These amounts are recognised gross of the provision for insurance claims (see Note 18 for more information).

The Group and the Company's exposure to credit and currency risks, relating to trade and other receivables (excluding prepayments), are disclosed in Note 19.

12 Contract assets/liabilities

	Group	
	2019	**2018**
	$'000	**$'000**
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	5,015,409	4,827,634
Less: Progress billings	(4,804,416)	(4,647,533)
	210,993	180,101
Representing:		
Contract assets	347,228	292,884
Contract liabilities	(136,235)	(112,783)
	210,993	180,101

Contracts work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is determined based on costs incurred to date plus profit recognised to date less progress billings and recognised losses.

The estimation of the allowance for expected losses on long-term consultancy contracts requires management to prepare cost estimates to complete such contracts, and in making such estimates, judgments are required to evaluate contingencies such as potential variance in scheduling, staff costs, and the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. These estimates are based on management's business practices as well as historical experience and contractual arrangements with suppliers. The estimated total costs for each contract are reviewed on a regular basis by management in order to determine the cost to be recognised in profit or loss at each reporting date and to assess whether allowance for expected losses is required to be set up. Actual costs could differ from the estimates.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows.

	Contract assets		Contract liabilities	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	70,233	7,409
Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(91,027)	(75,058)
Contract assets reclassified to trade receivables	(117,840)	(191,338)	–	–
Changes in measurement of progress	(2,008)	556	(155)	498
Impairment loss on contract assets	(925)	(76)	–	–
Cumulative catch-up as a result of contract modifications	(6,865)	5,075	(1,157)	587

13 Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash at bank and in hand	350,337	299,404	24,282	65,027
Fixed deposits	11,743	19,100	–	–
Cash and cash equivalents in the consolidated statement of financial position	362,080	318,504	24,282	65,027
Bank overdraft	(6,539)	(5,666)		
Restricted cash	(106)	(103)		
Cash and cash equivalents in the consolidated statement of cash flows	355,435	312,735		

Fixed deposits with financial institutions mature with varying dates between 6 days and 82 days (2018: 1 day and 170 days) from the financial year end.

14 Capital and reserve

Share capital	**Ordinary shares**		**Redeemable convertible preference shares**	
	2019	**2018**	**2019**	**2018**
Fully paid, with no par value	**No of shares**	**No of shares**	**No of shares**	**No of shares**
Company	**'000**	**'000**	**'000**	**'000**
In issue as at 1 January	124,700	124,700	510,633	510,633
Issued for cash	–	–	300,000	–
As at 31 December	124,700	124,700	810,633	510,633

Ordinary shares

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.

Redeemable convertible preference shares

	Group and Company	
	2019	**2018**
	$'000	**$'000**
Issue of redeemable convertible preference shares	810,633	510,633
Transaction costs	(520)	(520)
Carrying amount as at 31 December	810,113	510,113

The redeemable convertible preference shares may be redeemed from time to time at the sole option of the Company at a conversion rate of 1 redeemable convertible preference share to 2 ordinary shares, subject to the written consent of each redeemable convertible preference share holder.

The holders of the redeemable convertible preference shares are entitled to receive, in preference to the holders of ordinary shares, a cumulative dividend to be determined by the Board of Directors from time to time ("Preference Dividend"). So long as any redeemable convertible preference shares are in issue, no dividends shall be declared and/or paid on the ordinary shares except with prior written consent of the holders of redeemable convertible preference shares. The holders of the redeemable convertible preference shares are not entitled to vote at any general meeting of the Company.

Reserves

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Foreign currency translation reserve	(27,297)	(11,762)	–	–
Hedging reserve	(5,878)	(2,473)	(53)	(6)
Fair value reserve	(12,896)	(3,496)	–	–
Statutory reserve	572	572	–	–
Accumulated losses	(10,175)	(41,177)	(85,310)	(89,653)
	(55,674)	(58,336)	(85,363)	(89,659)

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign currency differences arising from hedges of net investment in foreign operations.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income until the assets are derecognised or impaired.

Statutory reserve

In accordance with the relevant PRC regulations, certain subsidiaries in the PRC are required to appropriate at least 10% of their profit after tax in their annual statutory financial statements, as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiaries, to the statutory reserve until such reserve reaches 50% of the registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders.

15 Loans and borrowings

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current				
Mid-term notes	350,000	350,000	350,000	350,000
Transaction costs	(1,157)	(1,358)	(1,157)	(1,358)
Carrying amount of bonds	348,843	348,642	348,843	348,642
Secured bank loans	35,000	35,000	–	–
Unsecured bank loans	177,736	111,486	33,553	–
Lease liabilities (2018: finance lease liabilities)	101,951	236	8	–
	663,530	495,364	382,404	348,642
Current				
Bank overdrafts	6,539	5,666	–	–
Secured bank loans	–	–	–	–
Unsecured bank loans	–	70,908	–	20,593
Lease liabilities (2018: finance lease liabilities)	36,855	769	6	–
	43,394	77,343	6	20,593
Total interest-bearing liabilities	706,924	572,707	382,410	369,235

The weighted average effective interest rates of bank overdrafts at the end of the reporting period were as follows:

	Group	
	2019	2018
Bank overdrafts	5.65%	5.87%

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2018		
	Future minimum lease payments $'000	**Interest $'000**	**Present value of minimum lease payments $'000**
Group			
Within one year	815	46	769
Between one to five years	259	23	236
	1,074	69	1,005

The Group leases equipment under finance leases expiring from 1 to 5 years. At the end of the lease term, the Group has the option to purchase the equipment.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

				2019		2018	
	Currency	**Nominal interest rate %**	**Year of maturity $'000**	**Face value $'000**	**Carrying amount $'000**	**Face value $'000**	**Carrying amount $'000**
Group							
Mid-term notes	SGD	4.11%	2025	350,000	348,843	350,000	348,642
Secured bank loans	SGD	3-month SOR +0.83%	2022	35,000	35,000	35,000	35,000
Unsecured bank loans	AUD	3-month AUD BBSY +0.7%	2019	–	–	17,935	17,935
Unsecured bank loans	AUD	3-month AUD BBSW +0.7%	2019	–	–	20,593	20,593
Unsecured bank loans	AUD	2.838%	2019	–	–	32,380	32,380
Unsecured bank loans	AUD	3-month AUD BBSY + 0.9%	2023	107,834	107,834	111,486	111,486
Unsecured bank loans	SGD	SOR + 0.8%	2024	70,000	69,902	–	–
Lease liabilities (2018: finance lease liabilities)	SGD	2.00% - 4.17%	2020-2046	29,813	26,768	115	101
Lease liabilities (2018: finance lease liabilities)	AUD	4.26% - 4.99%	2020-2035	77,000	64,345	311	280
Lease liabilities (2018: finance lease liabilities)	CAD	5.4% - 16.81%	2020-2025	757	708	648	624
Lease liabilities	USD	4.06%-6.50%	2020-2029	12,713	10,264		
Lease liabilities	ZAR	10.25%-11.12%	2020-2028	28,285	18,814	–	–
Lease liabilities	Others	2.80%-20.14%	2020-2028	20,425	17,907	–	–
Bank overdrafts	CAD/INR	4.8% - 9.0%	Nil	6,539	6,539	5,666	5,666
				738,366	706,924	574,134	572,707

The carrying amounts of assets pledged as security for loans and borrowings are:

	2019 $'000	2018 $'000
Current		
Floating charge:		
Cash and cash equivalent	–	42,516
Receivables	–	123,647
Other current assets	–	51,619
Total current assets pledged as security	–	217,782
Non-current		
Finance lease:		
Plant and equipment	–	188
	–	188
Non-current		
Floating charge:		
Freehold land and buildings	26,754	35,947
Other investments*	–	38,619
Other intangible assets	–	29,633
Deferred tax assets	–	21,286
Plant and equipment	–	7,378
	26,754	132,863
Total non-current assets pledged as security	26,754	133,051
Total assets pledged as security	26,754	350,833

* Other investments pledged as security include investments in controlled entities that are eliminated on consolidation in the Group's financial statements.

The bank's interest in assets pledged as security is up to the bank facility limit of $nil (2018: $97m).

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk is included in Note 19.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Derivative (assets)/ liabilities held to hedge long-term borrowings		
	Bank overdrafts $'000	**Other loans and borrowings $'000**	**Finance lease liabilities $'000**	**Total loans and borrowings $'000**	**Interest rate swaps, currency swaps and forward contracts used for hedging - assets $'000**	**Interest rate swaps, currency swaps and forward contracts used for hedging - liabilities $'000**	**Total $'000**
Balance at 1 January 2018	1,238	465,740	421	467,399	(5)	1,426	468,820
Changes from financing cash flows							
Proceeds from issuance of mid-term notes	–	350,000	–	350,000	–	–	350,000
Proceeds from borrowings	–	151,837	–	151,837	–	–	151,837
Repayment of borrowings	–	(381,591)	–	(381,591)	–	–	(381,591)
Payment of lease liabilities	–	–	(271)	(271)	–	–	(271)
Other changes							
Acquisition through business combinations	–	–	154	154	–	–	154
Effect of movement in exchange rates	(161)	(18,592)	(42)	(18,795)	7	(42)	(18,830)
Change in bank overdrafts	4,589	–	–	4,589	–	–	4,589
New finance leases	–	–	743	743	–	–	743
Capitalised borrowing costs	–	(1,358)	–	(1,358)	–	–	(1,358)
Others	–	–	–	–	(306)	1,494	1,188
Balance at 31 December 2018	5,666	566,036	1,005	572,707	(304)	2,878	575,281

	Liabilities				**Derivative (assets)/ liabilities held to hedge long-term borrowings**		
	Bank overdrafts $'000	**Other loans and borrowings $'000**	**Lease liabilities $'000**	**Total loans and borrowings $'000**	**Interest rate swaps, currency swaps and forward contracts used for hedging - assets $'000**	**Interest rate swaps, currency swaps and forward contracts used for hedging - liabilities $'000**	**Total $'000**
Balance at 1 January 2019	5,666	566,036	1,005	572,707	(304)	2,878	575,281
Recognition of lease liabilities on initial application of SFRS(I) 16	–	–	151,176	151,176	–	–	151,176
Restated balance at 1 January 2019	5,666	566,036	152,181	723,883	(304)	2,878	726,457
Changes from financing cash flows							
Proceeds from borrowings	–	69,949	–	69,949	–	–	69,949
Repayment of borrowings	–	(71,225)	–	(71,225)	–	–	(71,225)
Payment of lease liabilities	–	–	(30,850)	(30,850)	–	–	(30,850)
Payment of interest on lease liabilities	–	–	(7,990)	(7,990)	–	–	(7,990)
Other changes							
Acquisition through business combinations	–	–	1,422	1,422	–	–	1,422
Effect of movement in exchange rates	109	(3,335)	(1,209)	(4,435)	(5)	(10)	(4,450)
Change in bank overdrafts	764	–	–	764	–	–	764
New leases	–	–	17,262	17,262	–	–	17,262
Capitalised borrowing costs	–	154	–	154	–	–	154
Interest expense on lease liabilities	–	–	7,990	7,990	–	–	7,990
Others	–	–	–	–	230	4,277	4,507
Balance at 31 December 2019	6,539	561,579	138,806	706,924	(79)	7,145	713,990

16 Trade and other payables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Contingent consideration for acquisition of:				
- a subsidiary	11,091	–	–	–
Deferred consideration for acquisition of:				
- a subsidiary	4,155	–	–	–
Share-based payment liability	1,272	1,800	–	–
Accrued expenses	4,791	7,031	–	–
	21,309	8,831	–	–
Current				
Trade payables	69,472	62,677	–	–
Trade amounts due to:				
- related corporations	142	152	–	–
- a related party	–	–	–	–
Other payables	40,758	40,289	6,719	6,598
Non-trade amounts due to:				
- subsidiaries	–	–	4,488	5,292
- related corporation	1,524	29	–	–
- related party		–		
Advance payments received	25,278	20,347	–	–
Accrued project costs and expenses	189,749	160,964	8,980	5,724
Deferred consideration for acquisition of:				
- subsidiaries	1,343	291	–	–
- additional interests in a subsidiary	–	2,553	–	–
Contingent consideration for acquisition of:				
- a subsidiary	3,053	–	–	–
- a joint venture	–	1,748	–	–
	331,319	289,050	20,187	17,614
	352,628	297,881	20,187	17,614

Non-current accrued expenses relate to long service leave payable upon employees leaving service.

Outstanding balances with subsidiaries, related corporations and a related party are unsecured, interest-free and repayable on demand.

The Group and Company's exposure to currency and liquidity risks relating to trade and other payables is disclosed in Note 19.

Contingent and deferred consideration for the acquisition of subsidiaries

The Group has agreed to pay the selling shareholders in 1 to 3 years' time additional consideration up to $22 million if the acquiree achieves certain EBITDA, new contracts secured and net cash contribution targets in each of the financial years ended 31 December 2018, 2019, 2020 and 2021. Contingent consideration of $4 million was paid in 2019. The Group has included $14.1 million as contingent consideration related to the additional consideration, which represents its fair value at 31 December 2019.

The consideration payable also includes deferred consideration of $16.5 million (payable of $17.1 million net of unamortised discount of $0.6 million), which is to be paid within 1 to 2 years. Deferred consideration of $11.4 million was paid in 2019. The Group has included $5.5 million as deferred consideration payable as at 31 December 2019.

The fair value measurement for contingent and deferred consideration relating to acquisition of subsidiaries has been categorised as a Level 3 fair value. The following table shows a reconciliation from the beginning balance to the ending balance for the fair value measurements in Level 3 of the fair value hierarchy.

	Group		
	Contingent consideration $'000	**Deferred consideration $'000**	**Total $'000**
At 1 January 2019	–	–	–
Acquisition through business combinations	17,414	16,468	33,882
Contingent consideration paid	(4,002)	–	(4,002)
Deferred consideration paid	–	(11,357)	(11,357)
Unwinding of discount	732	387	1,119
At 31 December 2019	14,144	5,498	19,642

Share-based payment liability

Share-based payment liability pertains to a cash-settled share-based payment transaction that originated in 2017. It is measured at fair value at inception and at the end of the reporting period. Refer to Note 31 for details of the cash-settled share-based payment transaction.

Contingent consideration for the acquisition of a joint venture

The Group had agreed to pay the selling shareholders in 2 to 4 years' time additional consideration of $5.5 million if the acquiree achieves net profit after tax of more than RMB14 million per year in each of the financial years ended 31 December 2016, 2017 and 2018. The Group has included $nil (2018: $1.7 million) as contingent consideration related to the additional consideration, which represents its fair value at 31 December 2019.

The fair value measurement for contingent consideration has been categorised as a Level 3 fair value. The following table shows a reconciliation from the beginning balance to the ending balance for the fair value measurements in Level 3 of the fair value hierarchy.

	Group $'000
At 1 January 2018	3,164
Unwinding of discount	129
Change in fair value	(1,545)
At 31 December 2018	1,748
Unwinding of discount	114
Change in fair value	(1,862)
At 31 December 2019	–

In 2019, the negative change in fair value of contingent consideration was due to the aforementioned joint venture not achieving the profit target of RMB14 million for either of the two financial years ended 31 December 2017 and 31 December 2018.

17 Derivative financial instruments

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Assets				
Non-current				
Interest rate swaps used for hedging	–	–	–	–
Call options	1,030	1,005	–	–
	1,030	1,005	–	–
Current				
Forward exchange contracts used for hedging	79	98	–	–
Cross currency swaps used for hedging	–	206	–	–
	79	304	–	–
Liabilities				
Non-current				
Interest rate swaps used for hedging	6,948	2,621	64	–
Put options	3,194	3,114	–	–
	10,142	5,735	64	–
Current				
Interest rate swaps used for hedging	–	257	–	8
Interest rate swaps not used for hedging	132	–	–	–
Forward exchange contracts used for hedging	65	–	–	–
	197	257	–	8
Total	(9,230)	(4,683)	(64)	(8)

Derivative financial instruments, measured at fair value, include:

(1) interest rate swaps entered into by the Group to manage the interest rate risk on the AUD-denominated and SGD-denominated floating rate bank loans;

(2) forward exchange contracts;

(3) cross currency swaps to manage currency risk on AUD-denominated loans and balances; and
(4) put-and-call options to purchase the remaining equity interest in the B+H subgroup at a price to be determined by the financial performance of the B+H subgroup from 2018 to 2021.

Fair values of (1) to (3) are based on broker's quote. Fair values of (4) are based on independent valuations. The notional amounts and the fair value measurement are disclosed in Note 19.

18 Provisions

	Onerous contracts $'000	Liquidated damages $'000	Restoration costs $'000	Insurance claims $'000	Total $'000
Group					
At 1 January 2018	6,518	69	2,548	27,478	36,613
Addition through business combinations	2,618	–	–	–	2,618
Provisions made during the year	(333)	1,146	144	2,223	3,180
Provisions used during the year	(2,072)	(1,083)	(437)	(2,301)	(5,893)
Effect of movement in exchange rates	(189)	–	(144)	(1,813)	(2,146)
At 31 December 2018	6,542	132	2,111	25,587	34,372
Initial application of SFRS(I) 16	(256)	–	2,301	–	2,045
Addition through business combinations	3	–	102	–	105
Provisions made during the year	(838)	2,046	460	18,675	20,343
Provisions used during the year	(1,814)	(1,587)	–	(10,772)	(14,173)
Effect of movement in exchange rates	1	–	(59)	(932)	(990)
At 31 December 2019	3,638	591	4,915	32,558	41,702
2018					
Non-current	93	–	2,029	–	2,122
Current	6,449	132	82	25,587	32,250
	6,542	132	2,111	25,587	34,372
2019					
Non-current	–	–	2,433	–	2,433
Current	3,638	591	2,482	32,558	39,269
	3,638	591	4,915	32,558	41,702

Onerous contracts

Provision for onerous contracts on long-term consultancy contracts are made when cost estimates to complete such contracts exceed revenue derived from these contracts.

A subsidiary of the Group has entered into non-cancellable contracts for the provision of qualified resident engineers to assist in the supervision of civil and structural works for various construction contracts for a client. The costs of employing the resident engineers are higher than the revenue derived from the contracts. The Group expects to incur the majority of the liability over the next year. A provision for the obligation for the future payments, net of expected revenue from the contracts, has been provided for.

Another subsidiary of the Group sublets its office space at an amount lower than its rental cost. A provision for the rental shortfall up to the end of the lease period, has been provided for.

Liquidated damages

Provision for liquidated damages is in respect of accrual for contractual obligations, and is expected to be utilised in the following financial year.

Restoration costs

The Group is required to restore certain offices to their original condition at the end of the respective lease terms.

Insurance claims

A provision for insurance claims is recognised in respect of the Group's wholly-owned captive insurance controlled entity. The provision covers claims incurred but not yet paid; claims incurred but not yet reported; and the anticipated direct and indirect costs of settling these claims (see Note 11 for related reinsurance receivable).

19 Financial instruments

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Audit and Risk Committee is responsible for setting the objectives, policies and procedures of financial risk management for the Group. The Audit and Risk Committee and management establish 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 Audit and Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Management establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed before entering into agreements with new customers. The reinsurance receivable of $26,878,000 (2018: $20,295,000) is with a leading global reinsurer and is considered not to include any amounts owing with significant credit risk.

The carrying amounts of financial assets and contract assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets. The Group does not require collateral in respect of trade receivables.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographical region was as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Singapore	124,776	157,754	397,212	68,252
Australia and New Zealand	95,925	91,148	2,846	1,809
South Asia and Middle East	61,662	56,804	3	2
Africa	47,161	49,613	346	9
Others	63,722	63,642	1,052	3
	393,246	418,961	401,459	70,075

Impairment

The ageing of trade and other receivables at the reporting date was:

	Gross 2019 $'000	Impairment losses 2019 $'000	Gross 2018 $'000	Impairment losses 2018 $'000
Group				
Not past due	182,567	(662)	220,065	(402)
Past due < 3 months	110,496	(2,123)	110,900	(373)
Past due 3 to 6 months	35,082	(5,786)	25,083	(2,974)
Past due 6 to 12 months	19,157	(701)	28,943	(1,916)
Past due 1 to 2 years	26,191	(2,193)	22,371	(2,212)
Past due 2 to 3 years	20,955	(1,841)	14,006	(3,840)
Past due more than 3 years	33,022	(20,918)	27,112	(17,802)
	427,470	(34,224)	448,480	(29,519)

	Gross 2019 $'000	Impairment losses 2019 $'000	Gross 2018 $'000	Impairment losses 2018 $'000
Company				
Not past due	395,925	–	66,410	–
Past due < 3 months	869	–	1,405	–
Past due 3 to 6 months	107	–	1,414	–
Past due 6 to 12 months	1,570	–	10	–
Past due 1 to 2 years	2,930	–	781	–
Past due 2 to 3 years	3	–	55	–
Past due more than 3 years	55	–	–	–
	401,459	–	70,075	–

Impairment losses in respect of the trade receivables of the Group related to customers where there is an indication that the customers may not be able to pay their outstanding balances, mainly due to economic circumstances.

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables, as those amounts mainly relate to customers that have good payment record with the Group.

No aging analysis of contract assets is presented as the balance as at 31 December 2019 is current.

The credit quality of trade and other receivables is assessed based on the credit policy established by the management. The Group monitors customer credit risk by grouping trade and other receivables based on their characteristics.

A summary of the Group's and the Company's exposures to credit risk for trade and other receivables are as follows:

	Group			
	2019		**2018**	
	Not credit-impaired $'000	**Credit-impaired $'000**	**Not credit-impaired $'000**	**Credit-impaired $'000**
Singapore *	124,608	4,965	157,754	3,579
Australia and New Zealand *	95,925	–	89,737	–
South Asia and Middle East *	61,661	3,493	56,804	3,285
Africa *	47,161	–	49,613	–
Others *	63,688	4,989	63,642	3,397
High risk	–	20,980	–	20,669
	393,043	34,427	417,550	30,930
Loss allowance	–	(34,224)	–	(29,519)
	393,043	203	417,550	1,411

* excluding higher risk

Expected credit loss assessment for customers

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from customers, which comprise a very large number of balances.

The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is mainly derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and contract assets as at 31 December 2019:

	Weighted average loss rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group				
2019				
Not past due (including contract assets)	1.2%	535,340	(6,207)	Yes
Past due < 3 months	1.9%	110,496	(2,123)	Yes
Past due 3 to 6 months	16.5%	35,082	(5,786)	Yes
Past due 6 to 12 months	3.7%	19,157	(701)	Yes
Past due 1 to 2 years	8.4%	26,191	(2,193)	Yes
Past due 2 to 3 years	8.8%	20,955	(1,841)	Yes
Past due more than 3 years	63.3%	33,022	(20,918)	Yes
		780,243	(39,769)	
2018				
Not past due (including contract assets)	1.4%	519,978	(7,432)	Yes
Past due < 3 months	0.3%	110,900	(373)	Yes
Past due 3 to 6 months	11.9%	25,083	(2,974)	Yes
Past due 6 to 12 months	6.6%	28,943	(1,916)	Yes
Past due 1 to 2 years	9.9%	22,371	(2,212)	Yes
Past due 2 to 3 years	27.4%	14,006	(3,840)	Yes
Past due more than 3 years	65.7%	27,113	(17,802)	Yes
		748,394	(36,549)	
Company				
2019				
Not past due	0%	395,925	–	No
Past due < 3 months	0%	869	–	No
Past due 3 to 6 months	0%	107	–	No
Past due 6 to 12 months	0%	1,570	–	No
Past due 1 to 2 years	0%	2,930	–	No
Past due 2 to 3 years	0%	3	–	No
Past due more than 3 years	0%	55	–	No
		401,459	–	

	Weighted average loss rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Company				
2018				
Not past due	0%	66,410	–	No
Past due < 3 months	0%	1,405	–	No
Past due 3 to 6 months	0%	1,414	–	No
Past due 6 to 12 months	0%	10	–	No
Past due 1 to 2 years	0%	781	–	No
Past due 2 to 3 years	0%	55	–	No
Past due more than 3 years	0%	–	–	No
		70,075	–	

Movements in allowance for impairment in respect of trade and other receivables and contract assets during the year was as follows:

	Group $'000
At 1 January 2018 per FRS 39	28,424
Adjustment on initial application of SFRS(I) 9	5,660
Additions through business combinations	3,276
Effect of movement in exchange rates	(1,674)
Impairment loss recognised	901
Amounts written off	(38)
At 31 December 2018	36,549
At 1 January 2019	36,549
Additions through business combinations	139
Effect of movement in exchange rates	(916)
Impairment loss recognised	4,253
Amounts written off	(256)
At 31 December 2019	39,769

Non-trade amounts due from subsidiaries

The Company held non-trade amounts due from its subsidiaries of $400,997,000 (2018: $69,870,000). These balances comprise mainly loans to subsidiaries for investments as well as amounts lent to a subsidiary to satisfy its short term funding requirements. The Company applies the general approach for assessment of ECLs on these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalent

The Group and Company held cash and cash equivalents of $362,080,000 and $24,282,000 as 31 December 2019 respectively (2018: $318,504,000 and $65,027,000). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Baa1 to Aa1, based on Moody's ratings. The Group and the Company used the general approach for assessment of ECLs for cash and cash equivalents. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact in extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 to 3 years $'000	More than 3 years $'000
Group					
31 December 2019					
Non-derivative financial instruments					
Loans and borrowings	706,924	841,025	67,486	93,590	679,949
Trade and other payables [(i)]	327,350	328,530	312,167	16,363	–
	1,034,274	1,169,555	379,653	109,953	679,949
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled) - Liability	6,948	6,973	1,992	3,684	1,297
Forward exchange contracts used for hedging	(14)	(15)	(15)	–	–
Call options	(1,030)	(1,030)	–	–	(1,030)
Put options	3,194	3,194	–	–	3,194
	9,098	9,122	1,977	3,684	3,461
31 December 2018					
Non-derivative financial instruments					
Loans and borrowings	572,707	695,224	98,382	38,575	558,267
Trade and other payables [(i)]	277,534	277,734	262,198	15,536	–
	850,241	972,958	360,580	54,111	558,267
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled) - Liability	2,878	3,875	1,069	1,733	1,073
Forward exchange contracts used for hedging	(98)	(98)	(98)	–	–
Cross currency swap used for hedging	(206)	(206)	(206)	–	–
Call options	(1,005)	(1,005)	–	–	(1,005)
Put options	3,114	3,114	–	–	3,114
	4,683	5,680	765	1,733	3,182

[(i)] *Excluding consultancy contracts due to customers and advance payments received*

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 to 3 years $'000	More than 3 years $'000
Company					
31 December 2019					
Non-derivative financial instruments					
Loans and borrowings	382,410	470,115	15,170	30,339	424,606
Trade and other payables	20,187	20,187	20,187	–	–
	402,597	490,302	35,357	30,339	424,606
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled) - Liability	64	64	49	42	(27)
31 December 2018					
Non-derivative financial instruments					
Loans and borrowings	369,235	468,372	35,491	28,809	404,072
Trade and other payables	17,614	17,614	17,614	–	–
	386,849	485,986	53,105	28,809	404,072
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled) - Liability	8	8	8	–	–

(i) *Excluding consultancy contracts due to customers and advance payments received*

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollar (SGD), US dollar (USD), Indian Rupee (INR) and Chinese Yuan Renminbi (RMB).

The Group's centralised treasury unit manages intra-group foreign exchange transactions by netting off the foreign exchange exposures within the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group's investment in RBG subgroup was hedged by AUD-denominated unsecured bank loan at a carrying amount $20,593,000 as at 31 December 2018, which mitigates the currency risk arising from RBG subgroup's net assets. The loan was designated as a net investment hedge and its fair value at 31 December 2018 was $20,593,000. No ineffectiveness was recognised from the net investment hedge. This AUD-denominated unsecured bank loan was fully repaid in 2019. The Group's investments in other subsidiaries are not hedged.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk (excluding the AUD-denominated unsecured bank loans that is designated as a hedge of the Group's net investment in the SMEC and RBG subgroups) as reported to the management of the Group is as follows:

	SGD $'000	USD $'000	INR $'000	RMB $'000
Group				
2019				
Financial assets				
Other investments	–	–	–	–
Trade and other receivables [i]	8,840	45,563	14,812	6,125
Cash and cash equivalents	53	9,320	1,081	1,765
	8,893	54,883	15,893	7,890
Financial liabilities				
Trade and other payables	(28,076)	(18,798)	(11,452)	(3,354)
Net exposure	(19,183)	36,085	4,441	4,536
2018				
Financial assets				
Other investments	–	9,400	–	–
Trade and other receivables [i]	7,825	48,319	12,030	5,370
Cash and cash equivalents	89	9,639	2,059	1,747
	7,914	67,358	14,089	7,117
Financial liabilities				
Trade and other payables	(27,843)	(17,904)	(7,892)	(1,341)
Net exposure	(19,929)	49,454	6,197	5,776

[i] *Excluding prepayments*

The Company is not exposed to significant foreign currency exposure.

Sensitivity analysis

A 10% weakening of the following currencies against the functional currency of each of the Group entities at the reporting date would increase/(decrease) profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 31 December, as indicated below:

	Profit or loss	
	2019	**2018**
	$'000	**$'000**
Group		
SGD	1,918	1,993
USD	(3,611)	(4,945)
INR	(444)	(620)
RMB	(454)	(578)

A 10% strengthening of the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's interest rate risk arises primarily from the interest-bearing financial instruments. Interest rate risk is managed by management on an ongoing basis with the primary objective of limiting the extent to which interest income/expenses could be affected by movements in interest rates. The Group uses interest rate swaps as hedges for the variability in cash flows attributable to interest rate risk.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. The Group's exposure to IBORs, that are widely referenced in financial contracts include Singapore interbank offered rates (SIBOR) and Australia bank bill swap bid rates (BBSY).

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the critical terms method. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness may occur due to changes in the critical terms of either the interest rate swaps or borrowings.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management was as follows:

	Group Nominal amount		Company Nominal amount	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Loans and borrowings	(348,843)	(381,022)	(348,843)	(348,642)
Financial assets	319,002	19,100	–	–
Financial liabilities	(138,806)	(382)	(15)	–
Effect of interest rate swaps	(236,178)	(185,014)	(33,553)	(20,593)
	(404,825)	(547,318)	(382,411)	(369,235)

	Group Nominal amount		Company Nominal amount	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Variable rate instruments				
Financial assets	291,526	209,451	9,159	5,166
Financial liabilities	(219,276)	(190,680)	(33,553)	(20,593)
Effect of interest rate swaps	236,178	185,014	33,553	20,593
	308,428	203,785	9,159	5,166

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instrument a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity	
	100 bp increase $'000	**100 bp decrease $'000**	**100 bp increase $'000**	**100 bp decrease $'000**
Group				
31 December 2019				
Variable rate instruments	3,084	(3,084)	–	–
Interest rate swap	–	–	2,362	(2,362)
Cash flow sensitivity (net)	3,084	(3,084)	2,362	(2,362)
31 December 2018				
Variable rate instruments	2,038	(2,038)	–	–
Interest rate swap	–	–	1,850	(1,850)
Cash flow sensitivity (net)	2,038	(2,038)	1,850	(1,850)
Company				
31 December 2019				
Variable rate instruments	92	(92)	–	–
Interest rate swap	–	–	336	(336)
Cash flow sensitivity (net)	92	(92)	336	(336)
31 December 2018				
Variable rate instruments	52	(52)	–	–
Interest rate swap	–	–	206	(206)
Cash flow sensitivity (net)	52	(52)	206	(206)

Derivative assets and liabilities designated as cash flow hedges

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss and the fair value of the related hedging instruments.

	Carrying amount $'000	Expected cash flows $'000	Within 1 year $'000	1-3 years $'000	More than 3 years $'000
2019					
Group					
Interest rate swaps					
Liabilities	6,948	6,973	1,992	3,684	1,297
Assets	–	–	–	–	–
	6,948	6,973	1,992	3,684	1,297
Company					
Interest rate swaps					
Liabilities	64	64	49	42	(27)
2018					
Group					
Interest rate swaps					
Liabilities	2,878	3,875	1,069	1,733	1,073
Assets	–	–	–	–	–
	2,878	3,875	1,069	1,733	1,073
Company					
Interest rate swaps					
Liabilities	8	8	8	–	–

Capital management

The Group defines "Capital" as including all components of equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management during the year.

The Group is required to maintain minimum consolidated net worth ranging between $250 million to $500 million at all times, as a condition for bank facilities offered by several banks to the Group.

Several Group entities are required to maintain a minimum tangible net worth ranging from positive net worth to $70 million at all times.

Apart from maintaining minimum net worth as mentioned above, several Group entities have a requirement to maintain certain ratios such as interest coverage ratio of at least 2 times to 7 times, debt not exceeding consolidated net worth by more than 0.8 times to 3 times, debt to capital ratio not exceeding 50%, leverage ratio not exceeding 2 times and debt service coverage ratio of at least 125% for operations in a certain region.

The Group had complied with these capital requirement conditions throughout the year.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount						Fair value			
	Amortised cost $'000	FVOCI – equity instruments $'000	Mandatorily at fair value $'000	Fair value – hedging instrument $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2019										
Financial assets measured at fair value										
Equity investments – at FVOCI	–	422	–	–	–	422	–	–	422	422
Debt investment – at FVTPL	–	–	307,259	–	–	307,259	–	–	307,259	307,259
Forward exchange contracts used for hedging	–	–	–	79	–	79	–	79	–	79
Call options	–	–	1,030	–	–	1,030	–	–	1,030	1,030
	–	422	308,289	79	–	308,790				
Financial assets not measured at fair value										
Cash and cash equivalents	362,080	–	–	–	–	362,080				
Trade and other receivables[(i)]	393,246	–	–	–	–	393,246				
	755,326	–	–	–	–	755,326				
Financial liabilities measured at fair value										
Deferred and contingent consideration	–	–	–	–	(19,642)	(19,642)	–	–	(19,642)	(19,642)
Share-based payment liability	–	–	–	–	(1,272)	(1,272)	–	–	(1,272)	(1,272)
Forward exchange contracts used for hedging	–	–	–	(65)	–	(65)	–	(65)	–	(65)
Interest rate swaps used for hedging	–	–	–	(7,080)	–	(7,080)	–	(7,080)	–	(7,080)
Put options	–	–	(3,194)	–	–	(3,194)	–	–	(3,194)	(3,194)
	–	–	(3,194)	(7,145)	(20,914)	(31,253)				
Financial liabilities not measured at fair value										
Loans and borrowings	–	–	–	–	(706,924)	(706,924)				
Trade and other payables[(ii)]	–	–	–	–	(306,436)	(306,436)				
	–	–	–	–	(1,013,360)	(1,013,360)				

(i) *Excluding prepayments*
(ii) *Excluding advance payments received, contingent consideration and share-based payment liability.*

	Carrying amount						Fair value			
	Amortised cost $'000	**FVOCI – equity instruments $'000**	**Mandatorily at fair value $'000**	**Fair value – hedging instrument $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group										
31 December 2018										
Financial assets measured at fair value										
Equity investments – at FVOCI	–	9,552	–	–	–	9,552	–	–	9,552	9,552
Forward exchange contracts used for hedging	–	–	–	98	–	98	–	98	–	98
Cross currency swaps used for hedging	–	–	–	206	–	206	–	206	–	206
Call options	–	–	1,005	–	–	1,005	–	–	1,005	1,005
	–	9,552	1,005	304	–	10,861				
Financial assets not measured at fair value										
Cash and cash equivalents	318,504	–	–	–	–	318,504				
Trade and other receivables[(i)]	418,961	–	–	–	–	418,961				
	737,465	–	–	–	–	737,465				
Financial liabilities measured at fair value										
Contingent consideration	–	–	–	–	(1,748)	(1,748)	–	–	(1,748)	(1,748)
Share-based payment liability	–	–	–	–	(1,800)	(1,800)	–	–	(1,800)	(1,800)
Interest rate swaps used for hedging	–	–	–	(2,878)	–	(2,878)	–	(2,878)	–	(2,878)
Put options	–	–	(3,114)	–	–	(3,114)	–	–	(3,114)	(3,114)
	–	–	(3,114)	(2,878)	(3,548)	(9,540)				
Financial liabilities not measured at fair value										
Loans and borrowings	–	–	–	–	(572,707)	(572,707)				
Trade and other payables[(ii)]	–	–	–	–	(273,986)	(273,986)				
	–	–	–	–	(846,693)	(846,693)				

[(i)] *Excluding prepayments*
[(ii)] *Excluding advance payments received and contingent considerations*

	Carrying amount				Fair value
	Amortised cost	**Fair value – hedging instruments**	**Other financial liabilities**	**Total carrying amount**	**Level 2**
Company	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
31 December 2019					
Financial assets not measured at fair value					
Cash and cash equivalents	24,282	–	–	24,282	
Trade and other receivables[i]	401,459	–	–	401,459	
	425,741	–	–	425,741	
Financial liabilities measured at fair value					
Interest rate swaps used for hedging	–	(64)	–	–	(64)
Financial liabilities not measured at fair value					
Loans and borrowings	–	–	(382,410)	(382,410)	
Trade and other payables	–	–	(20,187)	(20,187)	
	–	–	(402,597)	(402,597)	
31 December 2018					
Financial assets not measured at fair value					
Cash and cash equivalents	65,027	–	–	65,027	
Trade and other receivables[i]	70,075	–	–	70,075	
	135,102	–	–	135,102	
Financial liabilities measured at fair value					
Interest rate swaps used for hedging	–	(8)	–	(8)	(8)
Financial liabilities not measured at fair value					
Loans and borrowings	–	–	(369,235)	(369,235)	
Trade and other payables	–	–	(17,614)	(17,614)	
	–	–	(386,849)	(386,849)	

[i] *Excluding prepayments*

Measurement of fair values

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Equity investments - FVOCI

The fair value is determined by indicative pricing of a management buy-out option.

Debt investment – FVTPL

The fair value is determined by valuation using discounted cash flow method.

Derivatives

In respect of interest rate swaps, foreign exchange contracts and cross currency swaps, the fair values are determined by reference to brokers' quote at the end of the reporting period.

In respect of put-and-call options relating to purchase of the remaining equity interest in a subsidiary, the fair value is determined using a binomial option pricing model.

Level 3 fair values

Level 3 fair values relate to equity investments designated at fair value through other comprehensive income, contingent consideration, share-based payment liability and put-and-call options which have no observable market prices.

During the financial years presented, there have been no transfers between level 1, 2 and 3.

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of fair value hierarchy:

	Equity investment - FVOCI $'000	Debt investment – FVTPL $'000	Contingent and deferred consideration $'000	Share-based payment liability $'000	Put-and call-options $'000
At 1 January 2019	9,552	–	1,748	1,800	2,109
Acquisition through business combination	–	–	33,882	–	–
Additions	294	300,000	–	–	–
Consideration paid	–	–	(15,359)	–	–
Effect of movement in exchange rates	(5)	–	–	(53)	55
Unwinding of discount	–	–	1,233	–	–
Change in fair value	(9,419)	7,259	(1,862)	(475)	–
At 31 December 2019	422	307,259	19,642	1,272	2,164
At 1 January 2018	11,157	–	3,164	2,031	–
Reclassification from cost measurement	163	–	–	–	–
Additions	–	–	–	–	2,109
Effect of movement in exchange rates	(11)	–	–	(130)	–
Unwinding of discount	–	–	129	–	–
Change in fair value	(1,757)	–	(1,545)	(101)	–
At 31 December 2018	9,552	–	1,748	1,800	2,109

The following table shows the valuation technique used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Interest rate swap used for hedging Forward exchange contracts Cross currency swap used for hedging	Reference to broker's quote	Not applicable.	Not applicable.
Equity investment - FVOCI	The fair value is determined based on indicative valuation of management buy-out option.	Price of management buy-out option	The estimated fair value would increase/decrease if there is increase/decrease in the price of management buy-out option.
Debt investment - FVTPL	The fair value is determined based on discounted cash flow method.	Discount rate of 10.63%	The estimated fair value would increase/decrease if there is decrease/increase in the discount rate.
Contingent and deferred consideration	The fair value is determined considering the probability of the acquiree meeting the specified earn-out targets.	Discount rate of 6.35-10.0% (2018: 6.35%)	The estimated fair value would increase/decrease if there is decrease/increase in the discount rate
Share-based payment liability	Refer to Note 31	Discount rate of 15.30% (2018: 16.45%)	The estimated fair value would increase/decrease if there is decrease/increase in the discount rate
Put-and-call options	The fair value is determined using a binomial option pricing model.	Enterprise Value ("EV") of CAD58m; Volatility rate of 19% in share price	The estimated fair value would increase/ decrease if there is a decrease/increase in the EV and volatility rate

20 Revenue

	Group 2019 $'000	Group 2018 $'000
Consultancy fees income	1,207,086	1,095,164
Revenue from other services rendered	470,252	452,553
	1,677,338	1,547,717

The Group provides feasibility studies, urban planning, architectural and engineering consultancy services, contract administration services, property consultancy services, land survey, project management, site supervision services, facility management services, quality, environmental, health and safety ("QEHS") services, integrated estate management services, management advisory services, armed and unarmed guard services, training and consultancy and provision of security services and products.

The Group has assessed that the consultancy contracts qualify for over time revenue recognition as there is no alternative use for the consultancy services provided to the customer, and the Group generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract. Revenue from rendering other services, which includes land survey services, site supervision service, facility management services, integrated estate management services, armed and unarmed guard services is recognised over time when the service is rendered and all criteria for acceptance have been satisfied.

Progress billings to the customer for consultancy contracts are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value of the consultancy services rendered exceeds payments received from the customer, a contract asset is recognised. Invoices for rendering of other services are issued upon completion of services and payable within the agreed credit term days given to the customer. The period between satisfaction of performance obligation and payment by customer is not expected to exceed a year. Hence, the Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component.

No adjustment is made to the transaction price for time value of money as the contracts do not include significant financing component.

As at 31 December 2019, amounts of $2.8 billion (2018: $2.6 billion) were allocated to the performance obligations that are unsatisfied, or partially unsatisfied.

21 Other income

	Group	
	2019	**2018**
	$'000	**$'000**
Reinsurance recoveries and claims	7,957	5,683
Government grants	4,347	5,503
Dividend income	363	48
Management fee income	523	457
Gain on disposal of property, plant and equipment	212	147
Gain on sale of subsidiary	–	245
Gain on discontinuation of cash flow hedges	–	498
Gain on derivative financial instruments	391	–
Impairment loss on investment in joint venture	(1,800)	(1,400)
Printing service income	246	379
Recovery of expenses from clients	1,503	1,055
Others	3,836	1,744
	17,578	14,359

22 Other expenses

	Group	
	2019	**2018**
	$'000	**$'000**
Amortisation of intangible assets (excluding computer software)	12,811	15,114

23 Finance income/(costs)

	Group 2019 $'000	Group 2018 $'000
Interest income from bank	3,199	2,458
Interest income from debt investment at FVTPL	8,469	–
Change in fair value of debt investment at FVTPL	7,259	–
Change in fair value of contingent consideration payable	1,862	1,545
Finance income	20,789	4,003
Interest and finance charges paid or payable for financial liabilities	(22,792)	(18,318)
Interest on lease liabilities	(7,990)	–
Unwinding of discount of contingent consideration payable	(1,233)	(129)
Unwinding of discount of provisions	(105)	–
Unwinding of capitalised borrowing costs	(208)	(51)
Change in fair value of share-based payment liability	475	101
Net foreign exchange loss	(1,699)	(1,030)
Finance costs	(33,552)	(19,427)
Net finance costs	(12,763)	(15,424)

24 Tax expense

	Group 2019 $'000	Group 2018 $'000
Current tax expense		
Current year	28,857	22,623
Withholding tax	2,297	1,767
Under/(Over) provided in prior years	3,404	(1,343)
	34,558	23,047
Deferred tax credit		
Origination and reversal of temporary differences	(5,123)	(758)
Total tax expense	29,435	22,289

Reconciliation of effective tax rate

	Group	
	2019	**2018**
	$'000	**$'000**
Profit before tax	67,255	44,325
Tax using Singapore tax rate of 17% (2018: 17%)	11,433	7,535
Effect of tax rates in foreign jurisdictions	6,872	6,143
Income not subject to tax	(3,783)	(2,902)
Non-deductible expenses	11,220	12,086
Withholding tax	2,080	1,767
Recognition of tax effect of previously unrecognised tax losses	(1,603)	(718)
Recognition of tax effect of previously unrecognised capital allowances	(187)	(3)
Deferred tax assets not recognised	396	2,382
Tax effect on share of profit of associates	(52)	(108)
Tax effect on share of profit of joint ventures	3	(231)
Tax incentives	(793)	(1,790)
Under/(Over) provided in prior years	3,404	(1,343)
Others	445	529
	29,435	22,289

In the current financial year, the Group benefitted from various tax incentives such as the Mergers and Acquisitions Allowance ("M&A") scheme, corporate income tax rebate as well as Development and Expansion Incentive ("DEI").

Under the M&A scheme, an allowance will be granted to a company that acquires the ordinary shares of another company during the period 1 April 2010 to 31 March 2020. The M&A allowance is set at 25% of the value of acquisition and the maximum allowance is capped at $10 million for all qualifying share acquisitions in the basis period for each year of assessment.

Under the DEI scheme, income derived from qualifying activities in excess of the base income will be taxed at a concessionary rate stipulated in the DEI certificate.

A number of the group entities also benefitted from the 25% corporate tax rebate capped at $15,000 for Year of Assessment 2020.

25 Profit for the year

The following items have been included in arriving at profit for the year:

		Group	
	Note	**2019**	**2018**
		$'000	**$'000**
Recognition of impairment losses on trade receivables		(5,178)	(1,388)
Reversal of expected losses on contracts		925	76
(Provision)/reversal for onerous contracts		838	333
Gain on disposal of property, plant and equipment		212	147
Gain on sale of subsidiary	27	–	245
Amortisation of intangible assets included in other expenses	5	(12,811)	(15,114)
Amortisation of intangible assets included in administrative expenses	5	(4,051)	(4,594)
Depreciation of plant and equipment	4	(51,489)	(14,051)
Staff costs		(1,024,365)	(970,117)
Contributions to defined contribution plans, included in staff costs		(47,916)	(41,576)

26 Acquisition of subsidiaries

Acquisition of SAA Architects Pte. Ltd. in 2019

On 31 January 2019, a wholly-owned subsidiary of the Company acquired 100% equity interest in SAA Architects Pte. Ltd. ("SAA"). The principal activities of SAA are those relating to provision of architectural services.

During the 11 months from the date of acquisition to 31 December 2019, SAA contributed revenue of $31,080,000 and net profit of $6,453,000 to the Group's results.

The acquisition of SAA will boost the Group's ability to take on ambitious projects and deepen its urban capabilities, particularly in healthcare and transport. If the acquisition had occurred on 1 January 2019, management estimates that the consolidated revenue for the Group would have been $1,679.4 million and the consolidated profit of the Group for the year would have been $37.9 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable assets acquired and liabilities assumed

	2019 SAA $'000
Property, plant and equipment	345
Right-of-use assets	1,289
Intangible assets	8,989
Deferred tax assets	223
Trade and other receivables	3,838
Contract assets	13,001
Cash and cash equivalents	4,633
Deferred tax liabilities	(1,743)
Loans and borrowings	(1,201)
Current tax payable	(1,001)
Contract liability	(2,479)
Trade and other payables	(2,601)
Provisions	(104)
Total identifiable net assets	23,189
Less: Non-controlling interest acquired	–
Identifiable net assets acquired	23,189

The amounts accounted for in the SAA business combination including the net identifiable assets acquired as shown above, are provisional and are based on the best available evidence that the Group had at the time of acquisition.

	2019 $'000
Cash and cash equivalents of the subsidiary acquired	4,633
Less: cash paid for acquisition of the subsidiary	(29,240)
Net cash paid on acquisition of the subsidiary - SAA	(24,607)
Deferred consideration paid for:	
B+H	(875)
Acquisition of other subsidiaries in prior years	(285)
Net cash paid on acquisition of the subsidiaries, including deferred consideration paid for the prior year's acquisition	(25,767)

In respect of the acquired businesses of SAA, the trade receivables comprise gross contractual amounts due of $3,399,000, of which $139,000 was impaired at the date of acquisition.

Acquisition of B+H in 2018

On 31 August 2018, a wholly-owned subsidiary of the Company acquired 65.37% equity interest in B+H. The principal activities of B+H are those relating to provision of architectural services.

During the 4 months from the date of acquisition to 31 December 2018, B+H contributed revenue of $32,063,000 and net profit of $787,000 to the Group's results.

The acquisition of B+H will open up new markets as well as allow the Group to explore specialised hospitality and healthcare sectors that B+H has notable strengths in.

If the acquisition had occurred on 1 January 2018, management estimates that the consolidated revenue for the Group would have been $1,610.1 million and the consolidated profit of the Group for the year would have been $28.4 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable assets acquired and liabilities assumed

	2018 B+H $'000	**Measurement period adjustments $'000**	**Finalised amounts B+H $'000**
Property, plant and equipment	1,870	–	1,870
Intangible assets	9,792	(553)	9,239
Deferred tax assets	109	(8)	101
Derivative financial asset	1,042	–	1,042
Trade and other receivables	21,207	(308)	20,899
Contract assets	28,731	(445)	28,286
Cash and cash equivalents	4,266	–	4,266
Derivative financial liability	(3,231)	–	(3,231)
Deferred tax liabilities	–	(70)	(70)
Loans and borrowings	(154)	(221)	(375)
Current tax payable	(1,343)	17	(1,326)
Contract liability	(9,155)	–	(9,155)
Trade and other payables	(23,106)	(256)	(23,362)
Provisions	(2,618)	–	(2,618)
Total identifiable net assets	27,410	(1,844)	25,566
Less: Non-controlling interest acquired	(17,970)	(356)	(18,326)
Identifiable net assets acquired	9,440	(2,200)	7,240

In 2018, the amounts accounted for in the B+H business combination including the net identifiable assets acquired were provisional and were based on the best available evidence that the Group had at the time of acquisition. In 2019, the amounts were finalised and net identifiable assets at acquisition date was adjusted downwards by $2,200,000.

	2018 B+H $'000
Cash and cash equivalents of the subsidiaries acquired	4,266
Less: cash paid for acquisition of the subsidiaries	(33,279)
Net cash paid on acquisition of the subsidiaries – B+H	(29,013)
Deferred consideration paid for:	
Acquisition of other subsidiaries in prior years	(19,129)
Net cash paid on acquisition of the subsidiaries, including deferred consideration paid for the prior year's acquisition	(48,142)

In respect of the acquired businesses of B+H, the trade receivables comprised gross contractual amounts due of $20,043,000, of which $3,277,000 was impaired at the date of acquisition.

Goodwill

Goodwill recognised as a result of the acquisitions was as follows:

	2019 SAA $'000
Total consideration paid and payable	48,883
Fair value of identifiable net assets	(23,189)
Goodwill	25,694

	2018 B+H $'000	**Measurement period adjustment $'000**	**Finalised amounts $'000**
Total consideration paid and payable	34,820	(209)	34,611
Fair value of identifiable net assets	(9,440)	2,200	(7,240)
Goodwill	25,380	1,991	27,371

The goodwill is attributable mainly to the geographies presence, assembled workforce and synergies expected to be achieved from integrating the acquired subgroups into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs comprising mainly legal fees and due diligence costs amounting to $330,000 (2018: $1,466,000). These costs have been included in administrative expenses in the Group's consolidated statement of profit or loss.

Determination of fair values in purchase price allocation

(i) Property, plant and equipment

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approach using quoted market prices for similar items when available and depreciated replacement cost when appropriate.

(ii) Intangible assets – order backlog

The fair value of order backlog is estimated using the multi-period excess earnings method based on the expected revenue to be received, less the costs to deliver the products and/or services. Contributory asset capital charges are deducted from the net income of the order backlog to estimate the cash flows attributable solely to the order backlog intangible asset.

(iii) Intangible assets – brand

The fair value of a brand is estimated based on the combined revenue of the entities associated with the brand, using the relief-from-royalty method. The value under this method is the present value of the future stream of royalty payments that the user saves by owning the brand.

(iv) Intangible assets – exclusive licence

The fair value of the exclusive licence is estimated using the multi-period excess earnings method based on 95% of the expected revenue to be received, less revenue from order backlog.

(v) Customer relationship

The fair value of the customer relationship is estimated using the multi-period excess earnings method. The customer attrition rate is set at 5%.

(vi) Trade and other receivables

The fair values of trade and other receivables, excluding contract work-in-progress, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables are measured at the original invoice amount if the effect of discounting is immaterial.

(vii) Other non-derivative financial liabilities

Other non-derivative financial liabilities, excluding contingent consideration, are measured at fair value at the date of acquisition. 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.

27 Disposal of subsidiary

Disposal of Robow No52 Investments Pty Ltd ("Robow")

On 31 March 2018, a subsidiary of the Company disposed of its 75% equity interest in Robow.

Details of the disposal are as follow:

Fair value of identifiable assets and liabilities disposed

	Note	2018 Robow $'000
Property, plant and equipment	4	12,351
Trade and other receivables		314
Cash and cash equivalents		15
Deferred tax liabilities	9	(1,780)
Trade and other payables		(10)
Total identifiable net assets		10,890
Attributable goodwill		1,628
Total identifiable net assets disposed		12,518
Gain on disposal of subsidiary		245
Total consideration received or receivable		12,763
Less:		
Deferred consideration		(620)
Cash disposed		(15)
Net cash received on disposal of subsidiary		12,128

28 Leases

Leases as lessee (SFRS(I) 16)

The Group leases a number of offices in the countries it operates in. These leases run for a period between 1 and 28 years, with an option to renew the lease after that date. The Group also has lease contracts for various items of plant and equipment, furniture and fittings, office equipment and machinery and motor vehicles used in its operations. These leases generally have lease terms between 2 and 6 years. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Group	**Land $'000**	**Building and property $'000**	**Plant and equipment $'000**	**Furniture and fittings $'000**	**Office equipment and machinery $'000**	**Computer equipment $'000**	**Motor vehicle $'000**	**Total $'000**
At 1 January 2019 – initial recognition	2,444	132,654	95	12	254	2,324	4,179	141,962
Acquisitions through business combinations	–	1,262	–	–	–	27	–	1,289
Additions to right-of-use assets	–	13,101	14	671	75	1,562	2,307	17,730
Depreciation charge for the year	(89)	(31,518)	(34)	(94)	(96)	(1,076)	(2,131)	(35,038)
Effect of movement in exchange rates	–	(1,003)	–	1	–	(34)	(23)	(1,059)
At 31 December 2019	2,355	114,496	75	590	233	2,803	4,332	124,884

Company	**Office equipment and machinery $'000**
At 1 January 2019	20
Depreciation charge for the year	(5)
At 31 December 2019	15

Amounts recognised in profit or loss

2019 – Lease under SFRS(I) 16	**$'000**
Depreciation charge of right-of-use assets	35,038
Interest expense on lease liabilities	7,990
Expenses relating to short-term leases	11,289
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	84

2018 – Operating lease under SFRS(I) 1-17	**$'000**
Lease expense	50,418

Amounts recognised in statement of cash flows

	2019 **$'000**
Total cash outflow for leases	38,840

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

In respect of those whose extension options were not included in the initial recognition of lease liabilities up to 31 December 2019, the Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $69,722,000.

29 Contingencies

Guarantees

The Group provided corporate guarantee including performance bonds of up to $136,490,000 (2018: $144,903,000) in favour of certain customers and landlords.

Three Group entities also provided corporate guarantees in favour of three banks in respect of bank facilities extended to other Group entities, amounting to $26,136,000 (2018: $15,819,000).

At the reporting date, the Group does not consider it probable that a claim will be made against the Group under the guarantees.

Australian Federal Police ("AFP") Investigation

Prior to the acquisition by the Group, the SMEC subgroup became aware that the AFP had commenced an investigation regarding a small number of institutionally funded projects in which the SMEC subgroup is or was involved. The Group became aware in February 2018 of the inclusion of an additional project in the AFP investigation. The AFP investigation is ongoing, however matters of this nature may take some time to resolve. The SMEC subgroup retained an external law firm to conduct an independent investigation into the project activities in question. The SMEC Board received a report on the findings of this investigation. The finalised report has been provided to the AFP to assist in its investigations. Parts of the report have been provided to relevant international financial institutions. The Group continues to cooperate with the AFP in its investigation.

In September 2017, the Group entered into a Negotiated Resolution Agreement ("NRA") with the World Bank. The terms of the NRA exclude SMEC International Pty Ltd and four of its subsidiaries from bidding for, or benefitting from World Bank Group funded or supported projects for varying periods of 6 to 30 months. Under the terms of the NRA, the Group has also committed to make any necessary enhancements to its group-wide corporate integrity compliance program to ensure that it is consistent with the World Bank's Integrity Compliance Guidelines. Refer to Note 34 for an update on this matter.

Based on the results of the independent investigation and its ongoing review of the matter, management has concluded that there is no obligation to recognise a provision in the consolidated statement of financial position as at 31 December 2019.

Costs totalling \$1.6 million in relation to the above independent investigation are included in administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2019 (2018: \$5.4 million).

30 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Transactions with key management personnel

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and senior executive officers of the Group. Key management personnel compensation comprised:

	Group	
	2019	**2018**
	$'000	**$'000**
Short-term employee benefits	28,586	25,895
Post-employment benefits (including CPF)	972	959
Other long-term benefits	2,983	4,992
	32,541	31,846

Other related party transactions

Other than disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out by the Group with its related parties at terms agreed between the parties:

	Group	
	2019	**2018**
	$'000	**$'000**
Related corporations		
Purchases	(2,573)	(1,935)
Sales	41,370	28,604
Management fee charged by a related party	–	(92)
Management fee charged to a related party	937	805

31 Cash-settled share-based payment transaction

In February 2017, a subsidiary of the Group issued shares to a third party entity that resulted in the dilution of the Group's interest in the Group subsidiary without loss of control. The immediate holding company of the Group subsidiary also entered into put-and-call options to acquire equity of the third party in 7 years or in the event of certain triggering events.

This transaction was accounted for as a cash-settled share-based payment transaction. A share-based payment liability associated with the put-and-call options was initially recognised at fair value of $2.5 million and share-based payment expense of $0.8 million was recognised in profit or loss at the transaction date. The share-based payment liability was remeasured at fair value of $1.3 million (2018: $1.8 million) as at 31 December 2019. The fair value change of $0.5 million (2018: $0.1 million) was recognised in profit or loss.

The fair value of the share-based payment liability is measured using the Black-Scholes formula.

The inputs used in the measurement of the fair values at transaction date and measurement date are as follows:

	Transaction date 23 February 2017	**Measurement date 31 December 2018**	**Measurement date 31 December 2019**
Fair value	2,488	1,800	1,272
Spot price	10,335	7,434	7,706
Strike price	4,274	8,818	11,116
Time to maturity (in years)	10	8	7
Volatility	15%	35%	35%
Risk-free rate	7.73%	8.41%	7.80%
Dividend yield (ave)	8.46%	6.60%	6.70%

32 Operating segments

The Group has the following strategic divisions, which are its reportable segments. These divisions are managed separately as they operate in different geographical segments and offer different services. The Core Group, comprising Group Chief Executive Officer (GCEO), Group Chief Finance Officer (GCFO), Group Chief Corporate Officer (GCCO), Group Chief Strategy Officer (GCSO) and the Chief Executive Officers (CEOs) of the different segments, reviews internal management reports of these operating segments on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Consultancy services offered in different geographical segments based on resources deployed:

- Singapore
- North Asia and South-east Asia
- Australia and New Zealand
- Africa
- South Asia and Middle East
- Americas

Global Managed Services: Includes facilities management services, integrated estate management services, armed and unarmed guard services.

Global Initiatives: Includes the new investment arm of the Group as well as other global initiatives such as innovation program office that collaborates with external partners on research and development.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit/(loss) before tax, as included in the internal management reports that are reviewed by the Core Group.

Information about reportable segments

	2019										
	Consultancy Services							Global Managed Services	Global Initiatives	Eliminations / Others	Total
Group	**Singapore $'000**	**North and South-east Asia $'000**	**Australia and New Zealand $'000**	**Africa $'000**	**South Asia and Middle East $'000**	**Americas $'000**	**Subtotal**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	316,060	113,731	471,393	106,598	138,590	76,748	1,223,120	483,532	57,103	(86,417)	1,677,338
Operating Profit/ (loss)	22,212	6,806	47,158	5,171	15,246	7,100	103,693	42,137	(8,848)	1,171	138,153

	2018										
	Consultancy Services							Global Managed Services	Global Initiatives	Eliminations / Others	Total
Group	**Singapore $'000**	**North and South-east Asia $'000**	**Australia and New Zealand $'000**	**Africa $'000**	**South Asia and Middle East $'000**	**Americas $'000**	**Subtotal**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	280,386	123,184	468,891	108,404	130,152	43,376	1,154,393	452,182	15,196	(74,054)	1,547,717
Operating Profit/ (loss)	24,888	(3,134)	47,903	1,913	13,630	(1,777)	83,423	43,296	(10,168)	(9,711)	106,840

Reconciliations of reportable segment profit or loss to SFRS(I) measures

	Group	
	2019	**2018**
	$’000	**$’000**
Operating profit	138,153	106,840
Unallocated corporate or support costs	(44,714)	(36,365)
Net finance cost	(12,763)	(15,424)
Amortisation of intangibles arising from acquisitions	(12,264)	(14,826)
Others	(1,157)	4,100
Net profit before tax	67,255	44,325

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of projects and segment assets are based on the geographical location of the assets.

	Group	
	2019	**2018**
Revenue	**$’000**	**$’000**
Singapore	788,716	692,806
Australia	395,905	391,712
South Africa	61,657	63,798
Bangladesh	51,140	42,673
India	31,216	30,767
Canada	33,863	16,836
Other countries	314,841	309,125
Consolidated revenue	1,677,338	1,547,717
Non-current assets (i)		
Singapore	239,452	174,091
Australia	353,449	314,897
Other countries	94,100	52,863
	687,001	541,851

(i) Non-current assets include property, plant and equipment, goodwill and intangible assets and exclude financial instruments and deferred tax assets.

33 Explanation of adoption of new standards

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) *16 Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

Other than SFRS (I)16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

Refer to Note 3.3(vii) and Note 19 for related disclosures about adoption of the Amendments to SFRS (I) 9, SFRS(I) 1-39 and SFRS(I) 7.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including property, plant and equipment, furniture and fittings, office equipment, computer equipment and motor vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application. The Group applied this approach to all leases except for those exempted short-term or low value ones.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under SFRS(I) 1-17

The Group leases a number of items of equipment. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019 $'000
Right-of-use assets – property, plant and equipment	141,962
Deferred tax asset	22,672
Trade and other receivables	(37)
Lease liabilities	(151,176)
Deferred tax liability	(21,004)
Trade and other payables	4,498
Provisions	(2,045)
Retained earnings	4,885
Non-controlling interests	245

* For the impact of SFRS(I) 16 on profit or loss for the period, see note 28. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see note 3.14.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted-average rate applied is 5.65%.

	1 January 2019 $'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	131,507
Discounted using the incremental borrowing rate at 1 January 2019	107,499
Finance lease liabilities recognised as at 31 December 2018	1,005
− Recognition exemption for leases of low-value assets	(3,391)
− Recognition exemption for leases with less than 12 months of lease term at transition	(4,801)
− Extension options reasonably certain to be exercised	18,975
− Modification of lease payments	3,591
− Lease payments not disclosed as lease commitment as at 31 December 2018	29,341
− Others	(38)
Lease liabilities recognised at 1 January 2019	152,181

34 Subsequent events

(1) World Bank Group (WBG)

On 27 March 2020, the Group received the Determination of the World Bank Group (WBG) Integrity Compliance Officer that SMEC International and its subsidiaries have satisfied the conditions imposed under the NRA for its release from WBG sanctions, in accordance with the applicable World Bank Sanctions Procedures.

(2) COVID-19

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by disruption in supply chains, more volatile asset prices and currency exchange rates.

In respect of the Group's consolidated financial statements for the year ended 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities in these financial statements.

The Group is starting to see some existing projects slow down and new projects deferred. However, there is still significant uncertainty in the market and as such, the Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future.

(3) Acquisition

On 3 January 2020, the Group acquired 55% equity interest in Prostruct Consulting Pte. Ltd. for a purchase consideration of $0.5 million. As part of the acquisition agreement, the Group obtained an option to call the remaining 45% interest of the existing shareholder over the next 1 to 5 years, and provided put option to the shareholder in respect of the same.