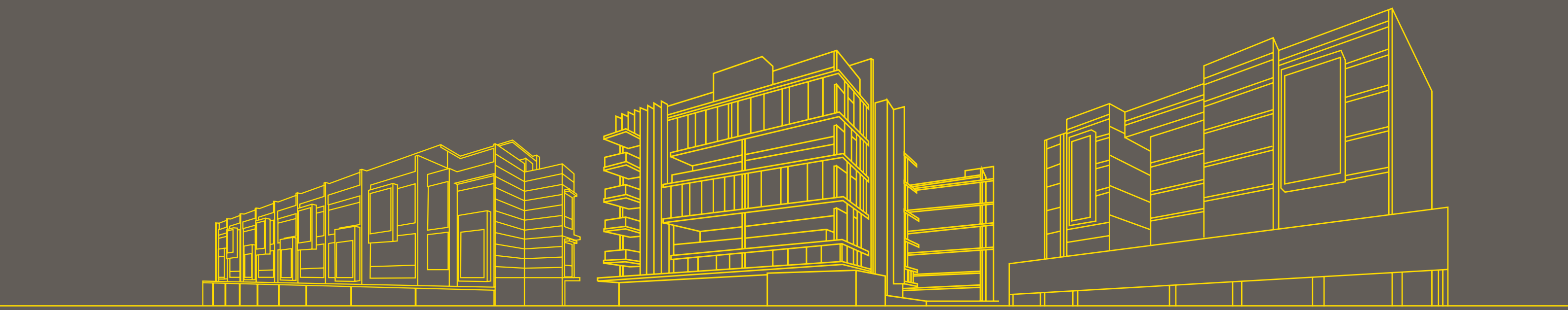
GOODLAND GROUP LIMITED
良園集團

# BUILDING NEW **FOUNDATIONS**
# ENVISIONING **OPPORTUNITIES**

## ANNUAL REPORT 2016



# BUILDING NEW **FOUNDATIONS**
# ENVISIONING **OPPORTUNITIES**

The Group remains committed to explore and envision opportunities to grow and enhance the quality of its portfolio while building new foundations across the region, so as to create and enhance shareholder value.




From left to right:
The Morris Residences,
The Bently Residences@Kovan and
The Citron and The Citron Residences

# CONTENTS

# STRATEGIC **OPPORTUNITIES**
# DELIVERING ON OUR **INVESTMENTS**

Goodland aims to be the best to market and to register high quality, award-winning properties

# FINANCIAL **HIGHLIGHTS**

### Revenue ($'000)

| | |
|---|---|
| **2016** | **52,283** |
| 2015 | 35,226 |
| 2014 | 25,300 |

### (Loss)/Profit Before Tax ($'000)

| | |
|---|---|
| **2016** | **(3,952)** |
| 2015 | 5,383 |
| 2014 | 20,351 |

### (Loss)/Profit After Tax ($'000)

| | |
|---|---|
| **2016** | **(3,886)** |
| 2015 | 4,744 |
| 2014 | 21,058 |

### (Loss)/Profit Attributable To Equity Holders ($'000)

| | |
|---|---|
| **2016** | **(3,867)** |
| 2015 | 2,970 |
| 2014 | 21,059 |



### (Loss)/EPS — Basic (Cents)

| **(1.09)** | 0.89 | 10.84 |
|---|---|---|
| **2016** | 2015 | 2014 |

### (Loss)/EPS — Diluted (Cents)

| **(1.09)** | 0.76 | 8.45 |
|---|---|---|
| **2016** | 2015 | 2014 |

### Total Assets ($'000)

| | |
|---|---|
| **2016** | **426,821** |
| 2015 | 426,318 |
| 2014 | 224,134 |

### Total Liabilities ($'000)

| | |
|---|---|
| **2016** | **191,402** |
| 2015 | 191,453 |
| 2014 | 134,688 |

### NAV Per Share (Cents)

| **65.27** | 70.70 | 46.00 |
|---|---|---|
| **2016** | 2015 | 2014 |

### Net Profit Margin (%)

| **(7.43)** | 13.47 | 83.23 |
|---|---|---|
| **2016** | 2015 | 2014 |

### Cash & Cash Equivalents

| | |
|---|---|
| **2016** | **30,231** |
| 2015 | 18,396 |
| 2014 | 12,683 |

### Shareholders' Equity

| | |
|---|---|
| **2016** | **235,419** |
| 2015 | 234,865 |
| 2014 | 89,446 |

# CHAIRMAN'S **STATEMENT**



The task ahead is to strike a balance between organic growth and quality overseas investments so that they can be the catalysts for the Group's growth in the years ahead.



**Ben Tan Chee Beng**
*Executive Chairman*

**Dear valued stakeholders,**

On behalf of the Board of Directors of Goodland Group Ltd, I would like to present to you the annual report for the financial year ended 30 September 2016 ("FY2016").

## BUSINESS REVIEW

Throughout FY2016, Goodland continued to focus on the sales and development of our projects. Citron Residences is fully sold, while more than 81% of Bently Residences@Kovan has been taken up. Together with the sales of our detached and terrace houses, the Group's revenue increased by 48% to S$52.3 million, up from S$35.2 million the previous year.

Due to the economic slowdown and challenging property market conditions in Singapore, the Group registered loss attributable to shareholders in FY2016 of S$3.9 million, compared to net profit attributable to shareholders of S$3.0 million the previous year.

## SINGAPORE DEVELOPMENTS

Goodland celebrated the completion of our award winning residential project – The Morris Residences – comprising three-storey freehold strata terrace houses. It won the *Highly Commended Best Landed Development* at the 2016 South East Asia Property Awards (Singapore). The Citron and Citron Residences is expected to receive Temporary Occupation Permit in 2017.

## OVERSEAS PROJECTS

T-City, a 20.8 hectare modern motorsports-themed integrated township development in Ipoh, Perak, Malaysia is our largest overseas investment till date. On 11 November 2016, Goodland, jointly with the Perak State Government, held a ground-breaking ceremony for the T-City project in Ipoh, Perak. The Chief Minister of Perak State, YAB Dato' Seri DiRaja Dr. Zambry Abdul Kadir officiated at the ceremony.

# CHAIRMAN'S **STATEMENT**





For our development project in Siem Reap, Cambodia, we will commence sales and marketing activities in 2017.

The task ahead is to strike a balance between organic growth and quality overseas investments so that they can be the catalysts for the Group's growth in the years ahead. The property market is expected to remain challenging and competitive in the next 12 months. Nevertheless, the Group will continue to refine its investment strategy to stay relevant for sustained growth, whilst continuing to explore development opportunities in Singapore, as well as in foreign markets, including Malaysia and Cambodia to diversify our portfolio and to mitigate the risks experienced in the local environment.

**WORD OF APPRECIATION**

I would like to express my appreciation to the shareholders for your steadfast support. The Group's directors have proposed a final cash dividend of 0.3 Singapore cent a share, subject to shareholders' approval at our upcoming Annual General Meeting.

I would like to thank the Board members for their valuable insights and counsel; our customers and business partners for their continuing support; and our dedicated management team and staff for working tirelessly to ensure Goodland's sustained growth.

I look forward to continuing this journey with all of you in 2017.

**Ben Tan Chee Beng**
Executive Chairman

# SOARING TO **NEW HEIGHTS**

Goodland will continue to explore strategic expansion and accretive acquisitions

Project with SL Capital (1) Pte. Ltd.

*Artist Impression Only*

# CEO'S **STATEMENT**



The Group will continue to remain focused on cost control, working capital management and generating higher returns, on top of exploring new opportunities and partnerships.



**Alvin Tan Chee Tiong**
*Chief Executive Officer*

**Dear valued stakeholders,**

In 2016, the property market continues to be challenging. In recent years, Goodland invested in projects in both local and overseas markets to ensure that our business growth is sustainable. Across the Group, our people strive to improve operational efficiency and to deliver as promised to our customers.

**FINANCIAL PERFORMANCE**

During the financial year ended 30 September 2016 ("FY2016"), the Group delivered a 48% increase in revenue by S$17.1 million to S$52.3 million against S$35.2 million in the financial year ended 30 September 2015 ("FY2015"). This increase in revenue was driven by sales at The Bently Residences@Kovan, The Citron and The Citron Residences as well as landed developments.

The Group recorded an increase in cost of sales by S$17.9 million to S$46.2 million in FY2016 from S$28.3 million in FY2015. However due to lower margins from sale of development properties, our gross profit margin decreased to 11.6% in FY2016 from 19.7% in FY2015, with gross profits recorded at S$6.0 million compared to S$7.0 million in the previous year.

Administrative expenses rose by S$0.7 million to S$6.0 million mainly due to increase in property taxes paid and higher depreciation cost arising from additions to construction equipment. Finance costs increased by S$0.5 million to S$1.9 million due to increase in interest expenses on additional credit facilities utilised.

Other operating income was S$0.6 million in FY2016 as compared to S$7.2 million in FY2015 due mainly to fair value gain on investment properties in the previous year. Other operating expenses was S$2.9 million as compared to S$2.6 million in FY2015 due to the impairment of development properties for sale, fair value loss of investment property as well as loss on disposal of investment property in FY2015. Share of results of associated companies was lower by S$0.3 million to a profit of S$0.1 million as compared to S$0.4 million previously.

FY2016 loss per share was 1.09 Singapore cents on a fully diluted basis, compared to earnings per share of 0.76 Singapore cent the previous year.




Net asset value per share for FY2016 was 65.27 Singapore cents, compared to 70.70 Singapore cents in the previous year. As of 30 September 2016, Goodland's net assets stood at S$235.4 million with cash and cash equivalents of S$30.2 million up from S$234.9 million and S$16.5 million respectively at the end of the previous year.

**OPERATING REVIEW**

Our award winning residential project, The Morris Residences – comprising 10 units of freehold strata houses – will be launched in the first quarter of 2017. Sale of this residential project is expected to contribute to the Group's results in the financial year ended 30 September 2017.

Our investment in Sturdee Residences, a high-rise condominium with 305 residential units, is also expected to contribute to Goodland's share of results from our associate in the years to come.

Meanwhile, our two buildings – the Goodland Group Building at 3 Kim Chuan Lane and Goodland Building at 18 Roberts Lane will generate leasing income to the Group.

**REGIONAL EXPANSION**

Following the completion of our S$58.9 million acquisition of Citrine Assets Pte Ltd in October 2014, which owns 70% of T-City in Ipoh, we are pleased to announce that we have conducted the ground-breaking ceremony for T-City's development which was officiated by the Chief Minister of Perak State, YAB Dato' Seri DiRaja Dr. Zambry Abdul Kadir on 11 November 2016.

During the year, we also saw substantial progress from our investment project in Siem Reap, Cambodia which we announced on 28 June 2013. Sales and marketing efforts for this project will commence in 2017.

Going forward, the Group will continue to remain focused on cost control, working capital management and generating higher returns, on top of exploring new opportunities and partnerships.

We thank you and look forward to your continued support.

**Alvin Tan Chee Tiong**
Chief Executive Officer

# RIGHT **PERSPECTIVES**
# TOWARDS NEW **FRONTIERS**

As Goodland breaks new frontiers, the Group is unwavering in the values of quality and excellence. These values continue to play important roles in our sustainable development strategies.

# BOARD OF **DIRECTORS**

## BEN TAN CHEE BENG

*Executive Chairman*

Appointed as the Executive Director on 6 May 2004, Mr Tan is the Chairman of the Board of Directors, and is primarily responsible for overseeing the strategic direction and investment of the Group.

He was last re-elected on 18 February 2016.

Prior to joining the Group, Mr Tan worked as a civil engineer with the Housing and Development Board, Singapore. In July 1994, he was appointed as a director of Goodland Development Pte Ltd, which commenced operations as a building and civil engineering company undertaking both private projects and public infrastructure works.

Together with the other cofounder, Mr Alvin Tan, they expanded the company's business operations to include property development.

He has been the director of Farmart Centre Pte Ltd, a company involved in the mini farm businesses since October 2003.

Mr Tan holds a Bachelor of Engineering (Civil) from the National University of Singapore.



## ALVIN TAN CHEE TIONG

*Chief Executive Officer*

Appointed as the Executive Director on 6 May 2004, Mr Alvin Tan is the Chief Executive Officer and the Managing Director of the Group, and is primarily responsible for the overall management, performance, as well as for the formulation of corporate strategies of the Group. Under his leadership, the Group has seen a significant expansion in its holdings, and a substantial increase in capital base.

He was last re-elected on 18 February 2016.

Mr Tan possesses more than 20 years of industry experience in both the construction and property development businesses. In January 1993, he became a cofounder and a director of Goodland Development Pte Ltd, which started as a building and civil engineering firm undertaking both private and public work projects.

Together with the other cofounder, Mr Ben Tan, he continued growing the business of the company to include property development in 1994.

Apart from his commitment to the Group, Mr Alvin Tan participates in community work. He serves as a grassroots leader in Ponggol East Single Member Constituency as a Patron of the Ponggol East Citizens' Consultative Committee. He also serves as a grassroots leader in Marine Parade Group Representation Constituency as a Patron of the Braddell Heights Community Club Management Committee. He was conferred the Public Service Medal (PBM) by the President of Singapore in the 2016 National Day Awards.

Mr Tan holds a First Class (Honours) Degree in Construction Management from RMIT University Australia.

## MELANIE TAN BEE BEE

*Executive Director*

Ms Melanie Tan was appointed as the Executive Director on 19 August 2009 and was last re-elected on 23 January 2014. Ms Tan has an accounting background, and is responsible for overseeing the finances of the Group, its strategic investments, acquisitions and finance, including the Company's initial public offering. She joined the Group as Financial Controller in 1995.

Ms Tan also oversees the Group's human resource and administration, and drives service innovation within the Group.

## WONG MING KWONG

*Non-Executive Director*

Mr Wong Ming Kwong was appointed as our non-executive Director on 11 June 2009 and was last re-elected on 29 January 2015. Mr Wong established Key Elements Consulting Group in 1999, providing consultancy services for companies, especially small and medium enterprises in Singapore. He is now the president of Key Elements Consulting Pte Ltd. He is also currently the director for few other private limited companies including Key Elements Consulting Pte Ltd, Premium 360 Pte Ltd, Wismore Investment Pte Ltd and A List Capital Pte Ltd. Prior to that, he was the marketing communications manager for the motors group in Inchcape Sendirian Berhad in 1990 and subsequently, the business development manager till 1993. Mr Wong spearheaded business development as a sales and marketing manager in Singapore National Printers Pte Ltd (now known as SNP Corporation Ltd) from 1993 to 1995. Following that, he became the marketing director of APV Asia Pte Ltd, part of the Invensys PLC global technology and controls group, before being promoted to the position of managing director (Greater China Division) in 1997, a position he held till 1998.

Mr Wong was an executive director for China Fashion Holdings Limited from Dec 2009 to May 2011, a non-executive director at Mary Chia Holdings Limited from June 2009 to December 2012 and was independent director for Old Chang Kee Limited from July 2010 to July 2015. In addition, he was an executive director of ITE Electric Co Ltd. from 9 September 2014 to 30 September 2016. All these companies are listed on the SGX Catalist.

Mr Wong holds a Bachelor of Arts (Second Upper Honours) (Chinese Studies) and Bachelor of Arts (Economics and Statistics) degree from the National University of Singapore. In addition, he holds a Graduate Diploma in Marketing from the Marketing Institute of Singapore.

# BOARD OF **DIRECTORS**

## DR WU CHIAW CHING
*Lead Independent Director*

Dr Wu Chiaw Ching was appointed as the Independent Director on 19 August 2009 and was last re-elected on 23 January 2014. Dr Wu is the managing partner of Wu Chiaw Ching & Company.

Dr Wu is a fellow member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants, United Kingdom and Certified Public Accountants, Australia. In addition, Dr Wu is a member of the Singapore Institute of Directors.

Dr Wu is presently an independent director of Natural Cool Holdings Ltd and GDS Global Limited, companies listed on the SGX Catalist and LHT Holdings Limited and Gaylin Holdings Limited, companies listed on the Main Board of the SGX-ST.

## RAYMOND LYE HOONG YIP
*Independent Director*



Mr Raymond Lye was appointed as the Independent Director on 19 August 2009 and was last re-elected on 29 January 2015. Mr Lye holds a Bachelor of Laws (Hons) from the National University of Singapore and has been in legal practice since 1990. In January 2014, he founded Union Law LLP and become its managing partner. He was an executive director of CitiLegal LLC from April 2010 to December 2013. Prior to that, Mr Lye served as a Magistrate and Deputy Registrar before going into private practice.

His areas of expertise are civil and criminal litigation, corporate and commercial work, building and construction law, family law and intellectual property rights. Mr Lye also serves as an independent director on the boards of 800 Super Holdings Limited and Soo Kee Group Limited, companies listed on the SGX-Catalist.

He is also active in community and public service. Mr Lye is currently the Chairman of the English Programme Advisory Committee of the Media Development Authority and a member of the Strata Titles Board. He is also a Resource Panel member of the Government Parliamentary Committee on Defence and Foreign Affairs, and the Chairman of the Punggol East Citizens Consultative Committee. He was also conferred the Public Service Medal (PBM) and the Public Service Star (BBM) by the President of Singapore in the 1998 and 2008 National Day Awards.

# KEY MANAGEMENT

## KENNETH HOR SWEE LIANG

*Chief Financial Officer and Company Secretary*

Mr Kenneth Hor was appointed as the Group Financial Controller on 1 February 2012 and as the Group Company Secretary on 10 February 2012. Mr Hor was re-designated as Chief Financial Officer on 1 February 2013.

Mr Hor has more than 20 years of experience in the financial and accounting profession. Prior to joining the Group, Mr Hor worked at an international public accounting firm; at local and foreign financial institutions in Singapore and Hong Kong; at a leading aviation communications, engineering and systems integration US multinational company covering the Asia-Pacific region, including China, India, Korea, Japan, South East Asia and Australia; and at a public listed manufacturing company in Singapore with presence in Indonesia.

Mr Hor holds a Bachelor of Accountancy degree from the Nanyang Technological University and is a Chartered Accountant of Singapore.

## MINDY TAN

*Associate Director (Property)*

Ms Mindy Tan was appointed as the Associate Director (Property) and has been overseeing the Group's property division since July 2009.

She has more than 15 years of experience in the real estate industry and has been successful in conceptualising the design, sales and marketing, leasing and managing the Group's portfolio of properties.

Ms Tan is a registered appraiser, licensed by the Inland Revenue Authority of Singapore. She holds a Bachelor of Science (Honours) in Estate Management from University of Reading, United Kingdom and is also a Member of Singapore Institute of Surveyors and Valuers.



## JENNIFER GALON TEOLOGO

*Human Resource and Public Relations Officer*

Ms Jennifer Galon Teologo is the Human Resource and Public Relations Officer, and is responsible for recruiting, orienting and training of staff. She provides guidance and direction to ensure that public relations and communications programs reflect corporate objectives.

Ms Teologo has a Bachelor of Science in Accountancy from the University of St. La Salle, the Philippines, and a Masters in Business Administration from the University of Negros Occidental – Recoletos, the Philippines. Ms Teologo is also a member of the Philippine Institute of Certified Public Accountants.

## RAJ NAINANI

*Associate Director (Projects And Contracts)*

Mr Raj Nainani was appointed as Associate Director (Projects And Contracts) in February 2010.

Mr Raj Nainani has previously worked with the Building and Construction Authority, Singapore, and also has diverse experience in the real estate industry in India. His expertise includes contract administration, project management, cost planning, procurement and cost management of building projects.

Mr Raj holds a Bachelor of Architecture from Bangalore University, India, and also a First Class (Honours) in Construction Management from RMIT University Australia.

BUILDING
# BEYOND EXPECTATIONS

The Group's business has grown substantially and is more diversified than before. With our intensive portfolio, we are on track to build beyond expectations

# ON-GOING **PROJECTS**

*Artist Impression Only*



## THE CITRON AND THE CITRON RESIDENCES

**LOCATION**
1 Marne Road

**TENURE**
Estate in Fee Simple (Freehold)

**TYPE**
6-storey residential apartment (total 54 units) with 1st storey commercial shops (total 36 units), with basement carparks, swimming pool and communal facilities

*Artist Impression Only*

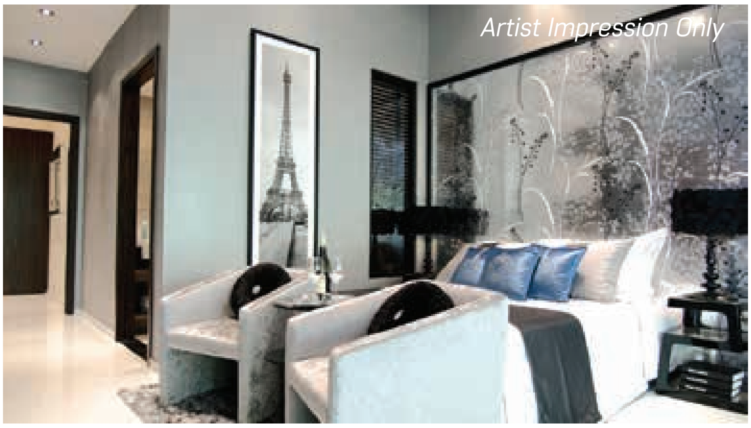



# THE BENTLY RESIDENCES @ KOVAN

**LOCATION**
28 & 30 Kovan Road

**TENURE**
Estate in Fee Simple (Freehold)

**TYPE**
5-storey residential apartment (total 48 units) with roof terrace and swimming pool and other communal facilities



# COMPLETED **PROJECTS**




## THE MORRIS RESIDENCES

**LOCATION**
63 Paya Lebar Crescent

**TENURE**
Estate in Fee Simple (Freehold)

**TYPE**
3-storey strata terrace houses (total 10 units) with basement, roof terrace, private lift and private pool




# 20 WINDSOR PARK ROAD

**LOCATION**
20 Windsor Park Road

**TENURE**
Estate in Fee Simple (Freehold)

**TYPE**
2-storey intermediate terrace house with an attic and swimming pool

# CORPORATE **INFORMATION**

## BOARD OF DIRECTORS

**Ben Tan Chee Beng**
*Executive Chairman*

**Alvin Tan Chee Tiong**
*Chief Executive Officer and Group Managing Director*

**Melanie Tan Bee Bee**
*Executive Director*

**Wong Ming Kwong**
*Non-Executive Director*

**Dr Wu Chiaw Ching**
*Lead Independent Director*

**Raymond Lye Hoong Yip**
*Independent Director*

## AUDIT COMMITTEE

**Dr Wu Chiaw Ching**
(Chairman)
**Wong Ming Kwong**
**Raymond Lye Hoong Yip**

## NOMINATING COMMITTEE

**Raymond Lye Hoong Yip**
(Chairman)
**Wong Ming Kwong**
**Dr Wu Chiaw Ching**

## REMUNERATION COMMITTEE

**Dr Wu Chiaw Ching**
(Chairman)
**Wong Ming Kwong**
**Raymond Lye Hoong Yip**

## COMPANY SECRETARIES

**Kenneth Hor Swee Liang**
**Claudia Teo Kwee Yee**

## REGISTERED OFFICE

3 Kim Chuan Lane
#07-01 Goodland Group Building
Singapore 537069
Tel: +65 6289 0003
Fax: +65 6289 3818
www.goodlandgroup.com.sg

## SHARE REGISTRAR

**B.A.C.S. Private Limited**
8 Robinson Road
#03-00 ASO Building
Singapore 048544

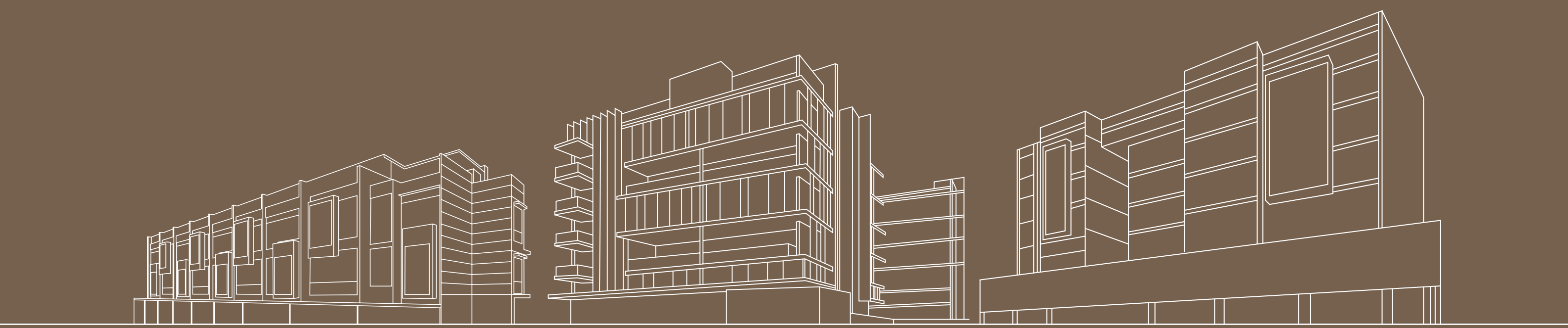
## CORPORATE SECRETARIAL AGENT

**HEPCorporate Services Pte Ltd**
4 Shenton Way
SGX Centre 2, #17-01
Singapore 068807

## AUDITORS

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

Partner-in-charge
**Toh Kim Teck**
(since financial year ended 30 September 2015)



# FINANCIAL **CONTENTS**

# CORPORATE GOVERNANCE **REPORT**

The Board of Directors (the "**Board**") of Goodland Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to upholding high standards of corporate governance, to promote corporate transparency and to protect and enhance shareholders' interests, and is guided by the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "**Code**") issued by the Singapore Council on Corporate Disclosure and Governance.

This report outlines the Group's corporate governance practices and activities in line with the Code for the financial year ended 30 September 2016 ("**FY2016**").

## BOARD MATTERS

### The Board's Conduct of its Affairs

*Principle 1: Effective Board to lead and control the company*

The Board has the responsibility to oversee the business affairs of the Group and provide oversight, strategic direction and entrepreneurial leadership. It reviews the Group's financial performance, establishes the corporate strategies, sets overall business direction and goals and monitors the performance of these goals to enhance shareholders' value. The Board also has separate and independent access to the Company's senior management.



The Board is also responsible for the overall corporate governance of the Group. The Board has formed three committees, namely: (i) the Audit Committee, (ii) the Remuneration Committee and (iii) the Nominating Committee (collectively, the "**Board Committees**"), to assist in the execution of its responsibility. The Board delegates specific responsibilities to these three committees. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

The Board will meet at least quarterly every year to coincide with the announcement of the Group's quarterly and full year financial results, with optional meetings scheduled as and when necessary. Board approval is specifically required for the below matters:

(a) Financial results announcements;
(b) Annual report and accounts;
(c) Dividend payment to shareholders;
(d) Interested person transactions;
(e) Major acquisition or disposal;
(f) Corporate strategies and financial restructuring; and
(g) Transactions of a material nature.

The Company's Constitution allows the Board meetings to be conducted in the form of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a member being in the physical presence of another member or members.

# CORPORATE GOVERNANCE **REPORT**

During the financial year under review, the number of Board and Board Committee meetings held and the attendance of each Board member were as follows:–

| | Board | | Audit Committee | | Nominating Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|---|---|
| Name of Director | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended |
| Ben Tan Chee Beng | 3 | 2 | NA | NA | NA | NA | NA | NA |
| Alvin Tan Chee Tiong | 3 | 3 | NA | NA | NA | NA | NA | NA |
| Melanie Tan Bee Bee | 3 | 3 | NA | NA | NA | NA | NA | NA |
| Dr. Wu Chiaw Ching | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 |
| Wong Ming Kwong | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 |
| Raymond Lye Hoong Yip | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 |

NA: Not applicable

All Board members are provided with regular updates on the changes in the relevant laws and regulations and financial reporting standards to enable them to make well-informed decisions and to ensure they are competent in carrying out their expected roles and responsibilities. In addition, members of the Board are encouraged to attend relevant courses and seminars so as to keep themselves updated on developments and changes in financial and regulatory requirements, and the business environment and outlook.

Newly appointed Directors will also be provided a formal letter setting out their duties and obligations and first-time Directors will be required to attend training in areas such as accounting, legal and industry-specific knowledge as appropriate. No new members were appointed to the Board during FY2016.

**Board Composition and Balance**

*Principle 2: Strong and independent Board*

Currently, the Board comprises six members, of whom two are independent directors, thereby fulfilling the Code's recommendation that independent directors make up at least one-third of the Board. The independent directors, namely Dr. Wu Chiaw Ching and Mr. Raymond Lye Hoong Yip, have confirmed that they do not have any relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent judgment of the Group's affairs with a view to the best interest of the Company. The independence of the independent Directors will be reviewed annually by the Nominating Committee based on the guidelines set forth in the Code. The Nominating Committee has reviewed and determined that the said Directors are independent.

# CORPORATE GOVERNANCE **REPORT**

The Board comprises the following members:

| | |
|---|---|
| Ben Tan Chee Beng | Executive Chairman |
| Alvin Tan Chee Tiong | Chief Executive Officer ("**CEO**") and Group Managing Director |
| Melanie Tan Bee Bee | Executive Director |
| Wong Ming Kwong | Non-Executive Director |
| Dr. Wu Chiaw Ching | Lead Independent Director |
| Raymond Lye Hoong Yip | Independent Director |

The Board members possess core competencies such as financial, accounting, legal, management experiences and industry knowledge. The current composition enables the management to benefit from a diverse and objective external perspective on issues raised before the Board. The Board considers that its Directors possess the necessary competencies to lead and govern the Company effectively.



The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate in facilitating effective decision making.

The Nominating Committee is of the view that the present Board comprises persons who as a group provide capabilities required for the Board to be effective. Key information regarding the Directors is set out on pages 12 to 14 of the Annual Report.

Non-executive Directors meet regularly without the presence of management.

**Chairman and Chief Executive Officer**

*Principle 3: Clear division of responsibilities to ensure a balance of power and authority*

The Chairman and CEO of the Company are separate persons. Mr. Ben Tan Chee Beng is the Chairman of the Board and Mr. Alvin Tan Chee Tiong, brother of Mr. Ben Tan Chee Beng, is the CEO.

The Chairman is responsible for:

- leading Board discussions and deliberation;
- ensuring Board meetings are held when necessary;
- setting meeting agendas;
- ensuring that directors receive complete and timely information;
- ensuring effective communication with shareholders; and
- promoting a high standards of corporate governance and ensuring compliance with the Group's guidelines on corporate governance.

# CORPORATE GOVERNANCE **REPORT**

The CEO is responsible for:

- the day-to-day management of the business;
- setting business directions and ensuring operating efficiency of the Group;
- overseeing the execution of the Group's corporate and business strategy set out by the Board; and
- ensuring that the Directors are kept updated and informed of the Group's business.

Although the Chairman and the CEO are siblings, the Board is of the view that the process of decision making by the Board is independent and is based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. With the establishment of the various Board Committees which are chaired by Independent Directors, the Board is of the view that there are adequate accountability safeguards to ensure an appropriate balance of power and authority for good corporate governance.

For good corporate governance, the Board has appointed Dr. Wu Chiaw Ching as the Lead Independent Director of the Company to address the concerns of the shareholders and employees in the event the normal interactions with the Executive Chairman and CEO or Chief Financial Officer could not satisfactorily resolve their concerns or where such channel of communications is considered inappropriate.



**BOARD COMMITTEES**

**Nominating Committee**

**Board membership**
*Principle 4: Formal and transparent process for appointment and re-appointment of directors*

The Nominating Committee ("**NC**") comprises Mr. Raymond Lye Hoong Yip, Mr. Wong Ming Kwong and Dr. Wu Chiaw Ching, where the majority, including the Chairman, are independent. The Chairman of the NC is Mr. Lye, an Independent Director. Dr. Wu is the Lead Independent Director.

The NC is responsible for:

(a) making recommendation to the Board on the appointment of new directors with the appropriate profile having regards to their expertise, experiences, industry background, track record and competencies;
(b) reviewing the Board structure, size and composition and making recommendation to the Board;
(c) re-nomination and re-election of the Directors having regard to the Director's contribution and performance;
(d) determining on an annual basis whether or not a Director is independent;
(e) conducting annual assessment of the effectiveness of the Board and individual director; and
(f) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value.

# CORPORATE GOVERNANCE **REPORT**

The NC establishes the process for assessing the effectiveness of the Board and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolutions and making any recommendations or participating in any deliberations in respect of the assessment of his performance or re-nomination as Director.

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC in consultation with the Board, determines the selection criteria and selects candidates with appropriate expertise and experience. The search and nomination process for new Directors, if any, will be through contacts and recommendations that go through the normal selection process for the right candidate. Upon the review and recommendations of the NC to the Board, the new Directors will be appointed by way of a board resolution.

All Directors are subject to re-nomination and re-election at regular intervals of at least once every three years. At each Annual General Meeting ("**AGM**"), at least one third (or the number nearest to a third) of the Directors are required to retire from office and to submit themselves for re-election. However, a retiring Director is eligible for re-election at the meeting at which he retires.



There is no alternate Director on the Board.

The Board believes that each individual director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as directors of the Company, bearing in mind his other commitments. In considering the nomination of directors for re-election and re-appointment, the NC will take into account, amongst others, the competing time commitments faced by the directors with multiple Board memberships.

The NC recommended to the Board that Ms. Melanie Tan Bee Bee and Dr. Wu Chiaw Ching be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the said Directors' overall contributions and performance.

The NC meets at least once a year. Meetings of the NC can also be in the form of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a member being in the physical presence of another member or members and participation in a meeting.

**Board performance**

*Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director*

The NC evaluates the performance of the Board and that of the individual Directors based on performance criteria set by the Board.

The criteria for assessing the Board's and individual Directors performance include Board composition and size, board processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance to and communication with the management. The level of contribution to Board meetings and other deliberations are also considered.

# CORPORATE GOVERNANCE **REPORT**

The NC is responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual director. The NC proposes objective performance criteria which are approved by the Board. The performance criteria include comparison with industry peers, how the Board has enhanced long-term shareholders' value and the Company's share price performance vis-à-vis the Singapore Straits Times Index or a benchmark index of its industry peers. Other performance criteria may include return on equity. These performance criteria will not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the onus will be on the Board to justify such changes.

The evaluation of individual directors aims to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and committee meetings, and any other duties). The Executive Chairman will act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the NC.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention have been given by the Directors to the Group.



**Access to information**

*Principle 6: Provision of complete, adequate and timely information prior to board meetings and on an on-going basis*

On an on-going basis, Management provides the Board with complete, adequate and timely information prior to Board meetings. Where a decision has to be made, the necessary information are provided to the Directors to enable them to make informed decisions.

The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary is present at all Board meetings to ensure that Board's procedures are followed and the relevant rules and regulations are complied with. The Management deals with requests for information from the Board promptly and consults the Board members regularly whenever necessary and appropriate. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Should the Directors, whether individually or as a group, require independent advice on specific issues, they may engage independent professionals at the Company's expense to enable them to discharge their duties with adequate knowledge on the matters being deliberated.

**Remuneration Committee**

**Remuneration Matters**

*Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors*

The Remuneration Committee ("**RC**") comprises Dr. Wu Chiaw Ching, Mr. Raymond Lye Hoong Yip and Mr. Wong Ming Kwong, where the majority of whom, including the Chairman, are independent. All members of the RC are non-executive. The Chairman of the RC is Dr. Wu Chiaw Ching, the Lead Independent Director

# CORPORATE GOVERNANCE **REPORT**

The RC is responsible for:

(a) reviewing and recommending to the Board a framework of remuneration for the Board and Senior Management;

(b) considering the various disclosure requirements for directors' remuneration; and

(c) reviewing and recommending to the Board for approval by shareholders, the remuneration of non-executive directors.

The RC recommends to the Board a framework of remuneration for the Directors and executive officers, and determines specific remuneration packages for the Executive Chairman and each Executive Director. The RC submits its recommendations to the Board for endorsement. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered by the RC. Each member of the RC shall abstain from voting on any resolutions and making recommendations or participating in any deliberations in respect of his remuneration package.

**Level and mix of remuneration**

*Principle 8: Appropriate remuneration to attract, retain and motivate directors and key management*



The RC performs an annual review and ensures that the remuneration packages are comparable within the industry and with similar companies and will also take into consideration the Group's relative performance and the contributions and responsibilities of the individual Directors.

The Company's Executive Directors do not receive directors' fees. Instead, the Executive Directors are paid a basic salary and a performance-related bonus for their contributions.

The non-executive Director and Independent Directors are compensated based on fixed directors' fees taking into consideration their contributions, responsibilities and time spent. Their fees are recommended to shareholders for approval at the AGM and paid after the necessary approval has been obtained.

On 24 September 2009, the Company entered into separate service agreements with Mr. Ben Tan Chee Beng, Mr. Alvin Tan Chee Tiong and Ms. Melanie Tan Bee Bee in relation to their appointment as Chairman, CEO and Executive Director respectively. The service agreements were valid for an initial period of three years from the date the Company was admitted to the Official List of Catalist, being 8 October 2009, and thereafter shall be renewed annually on such terms and conditions as may be mutually agreed between the parties. The service agreements have been renewed accordingly based on the same terms and conditions.

# CORPORATE GOVERNANCE **REPORT**

**Disclosure on Remuneration**

*Principle 9: Clear disclosure on remuneration policy, level and mix of remuneration*

The details of the remuneration packages of the Directors and key executive officers for FY2016 are as follows:

Remuneration of Directors

| Remuneration Bands | Salary % | Variable or Performance-related Income/Bonus % | Fees % | Other Benefits % | Total % |
|---|---|---|---|---|---|
| **S$250,000 to below S$500,000** | | | | | |
| Ben Tan Chee Beng | 100 | – | – | – | 100 |
| Alvin Tan Chee Tiong | 100 | – | – | – | 100 |
| Melanie Tan Bee Bee | 100 | – | – | – | 100 |
| **Below S$250,000** | | | | | |
| Dr. Wu Chiaw Ching | – | – | 100 | – | 100 |
| Wong Ming Kwong | – | – | 100 | – | 100 |
| Raymond Lye Hoong Yip | – | – | 100 | – | 100 |



Remuneration of key executive officers

The top five key executives of the Group (excluding CEO in the above table) in each remuneration band are:

| Remuneration Bands | Salary % | Variable or Performance-related Income/Bonus % | Fees % | Other Benefits % | Total % |
|---|---|---|---|---|---|
| **Below S$250,000** | | | | | |
| Koh Chin Kim | 85 | 15 | – | – | 100 |
| Mindy Tan Bee Leng | 84 | 16 | – | – | 100 |
| Kenneth Hor Swee Liang | 84 | 16 | – | – | 100 |
| Rajesh Kannaya Nainani | 84 | 16 | – | – | 100 |
| Jennifer Galon Teologo | 84 | 16 | – | – | 100 |

# CORPORATE GOVERNANCE **REPORT**

In the above table, Mdm. Koh Chin Kim is the mother, and Ms. Mindy Tan Bee Leng is the sister, of the Executive Directors, Mr. Ben Tan Chee Beng, Mr. Alvin Tan Chee Tiong and Ms. Melanie Tan Bee Bee.

In view of the confidentiality and commercial sensitivity attached to remuneration matters, as well as the competitive environment and the nature of the industry which may adversely affect the Group's ability to retain talent, the Company did not disclose the aggregate remuneration of each Director and key executive. The remuneration of its Directors, the CEO and its top five executives who are not also Directors of the Company are disclosed in bands of S$250,000.

Save for the above-mentioned, none of the employees who are immediate family members of a Director or the CEO received remuneration exceeding S$50,000 during FY2016.

The Company does not have any employee share option scheme.

## ACCOUNTABILITY AND AUDIT



### Accountability

*Principle 10: Board to present balanced and understandable assessment of the company's performance, position and prospects*

The Board is accountable to shareholders and disseminates information on the Group's performance, position and prospects through the quarterly and full year results announcements via SGXNET and the annual reports. The Board also furnishes timely information and ensures full disclosure of material information to shareholders.

The management provides the Board with management accounts of the Group's performance, position and prospects on a quarterly basis and as and when deemed necessary for FY2016.

### Risk Management and Internal Controls

*Principle 11: Sound system of internal controls*

The Audit Committee will ensure that a review of the effectiveness of the Group's material internal controls, including financial, operational, compliance controls and risk management is conducted annually. The AC will review the audit plans, and the findings of the auditors and will ensure that the Group follows up on auditors' recommendations raised, if any, during the audit process. In its review of the external auditors' examination and evaluation of the system of internal controls to the extent as reviewed by them to form an opinion on the financial statements, no significant weakness in the system has come to the attention of the AC to cause to believe that the system of internal controls is inadequate.

The Company believes that the system of internal controls maintained by the management and that was in place throughout the financial year under review and up to the date of this report provides reasonable, but not absolute assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with relevant legislation, regulations and best practices, and the identification and containment of business risk.

# CORPORATE GOVERNANCE **REPORT**

For FY2016, the Board has received assurance from the CEO and the Chief Financial Officer of the Group that:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;

(b) the system of internal controls in place for the Group is adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations; and

(c) the risk management systems in place for the Group are adequate and effective to address risks which the Group considers relevant and material to its operations.

**Board opinion on internal controls and risk management systems**

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Board, in concurrence with the AC, is of the view that the Group's internal controls addressing financial, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 30 September 2016. These controls are and will be continually assessed for improvement.



The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board will, on a continuing basis, endeavour to further enhance and improve the Group's system of internal controls and risk management policies.

**Risk Management and Processes**

Information relating to risk management, objective and policies is set out on pages 112 to 118 of the Annual Report.

**Audit Committee**

*Principle 12: Establishment of an Audit Committee with written terms of reference*

The Audit Committee ("**AC**") comprises Dr. Wu Chiaw Ching, Mr. Wong Ming Kwong and Mr. Raymond Lye Hoong Yip, the majority of whom, including the Chairman, are independent. All members of the AC are non-executive. The Chairman of the AC is Dr. Wu Chiaw Ching, the Lead Independent Director.

The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the AC's functions. The AC carried out its functions in accordance with the Companies Act, Cap. 50 of Singapore ("**Companies Act**") and its terms of reference.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that

# CORPORATE GOVERNANCE **REPORT**

the management creates and maintains an effective control environment in the Group. The AC provides a channel of communication between the Board, management and external auditors on matters relating to audit.

The AC meets at least twice a year. In 2016, the AC shall meet at least once on a quarterly basis to discuss and review the following where applicable:

(a) Reviews with the external auditors, the audit plan, the evaluation of the system of internal accounting controls, the audit report, the assistance given by the company's officers to the external auditors and the scope and results of the internal audit procedures;

(b) Reviews with the internal auditors the internal audit plan, the evaluation of the adequacy of internal accounting controls and the internal audit report before submission of such report to the Board;

(c) Reviews the annual consolidated financial statements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual and any other relevant statutory or regulatory requirements;



(d) Reviews the internal control procedures and ensures co-ordination between the external auditors and the management, reviews the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(e) Reviews and discuss with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(f) Considers the appointment or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;

(g) Reviews interested person transactions (if any) and potential conflicts of interest (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(h) Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(i) Generally undertakes such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time; and

(j) Reviews the Group's key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET.

# CORPORATE GOVERNANCE **REPORT**

In addition, all transactions with related parties shall comply with the requirements of the SGX-ST Listing Manual. The Directors shall abstain from voting in any contract or arrangement or proposed contract or proposed arrangement in which he has a personal material interest.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position or both.

The AC also has the power to investigate any matter brought to its attention, within its terms of reference, with the power to obtain professional advice at the Company's expense.

The AC has full access to and co-operation of management, has full discretion to invite any Director or executive officer to attend the meetings and has been given reasonable resources to enable it to discharge its functions.

The AC meets with the external auditors and internal auditors, without the presence of the Company's management, at least once a year.



The Company has appointed a suitable auditing firm to meet its audit obligations, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit. Foo Kon Tan LLP was appointed as the Company's external auditors on 26 October 2015. Mr. Toh Kim Teck is the audit engagement partner-in-charge of the audit of the Company from the reporting year ended 30 September 2015. The Company confirms that Rule 712 of the SGX-ST Listing Manual is complied with.

The AC is satisfied with the independence and objectivity of the external auditor and recommends to the Board the nomination of Foo Kon Tan LLP for re-appointment at the forthcoming AGM. The AC is also satisfied with the level of co-operation rendered by management to the external auditors and the adequacy of the scope and quality of their audits.

For FY2016, the amount of audit fees payable by the Group to the external auditors, Foo Kon Tan LLP would be approximately S$130,000. There were no non-audit services rendered by the Group's external auditors, Foo Kon Tan LLP.

The auditors of the Company's subsidiaries and associated companies are disclosed in notes 6 and 7 to the financial statements in this annual report. The Company confirms that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with.

The AC has incorporated "whistle blowing" procedures as part of the Company's system of internal controls. This is to provide a channel for employees of the Group to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting and other matters. The objective of the policy is to ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. For FY2016, there were no reports received.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on financial statements with updates provided or training conducted by professionals or external consultants.

# CORPORATE GOVERNANCE **REPORT**

The Board, with concurrence of the AC, is satisfied with the adequacy of the Company's internal controls, including financial, operational and compliance controls, risk management system as at 30 September 2016.

**Internal Audit**

*Principle 13: Establishment of an internal audit function that is independent of the function it audits*

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risk.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function.

The internal audit function is outsourced to a professional consultancy firm, Crowe Horwath First Trust Risk Advisory Pte. Ltd. The AC decides on the timing of the commissioning of the internal audit function from time to time and ensures that adequate resources are directed to carry out those plans. The internal auditors have full access to all of the Group's documents, records, properties and personnel, including access to the AC.



The Company's internal auditors have conducted an annual review in accordance with their audit plans, of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC has also reviewed the effectiveness of actions taken by the management on the recommendations made by the internal auditors in this respect. The AC is satisfied that the internal audit is adequately resourced and has the appropriate standing within the Group.

**SHAREHOLDERS RIGHTS AND RESPONSIBILITIES**

*Principle 14: Treat all shareholders fairly and equitably and recognize, protect and facilitate exercise of shareholders' rights*

*Principle 15: Regular, effective and fair communication with shareholder*

In line with the continuing obligations of the Group pursuant to the SGX-ST Listing Manual and the Companies Act, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The shareholders are informed of the rules, including voting procedures, which govern general meetings of shareholders.

The Constitution of the Company allows a shareholder to appoint one or two proxies to attend and vote at its general meetings.

Resolutions are, as far as possible, structured separately and may be voted on independently. All resolutions are also voted by poll and results for each resolution would be duly announced.

The Board is mindful of its obligation to provide timely and fair disclosure of material information to shareholders. Shareholders are kept abreast of results and other material information concerning the Group through regular and timely dissemination of information via SGXNET announcements, annual reports, and various other announcements made during the year. The Company does not practice selective disclosure.

# CORPORATE GOVERNANCE **REPORT**

The Company does not have a formal dividend policy. The Board considers the Company's capital structure, cash requirements and future plans in deciding whether to declare dividends or not.

### CONDUCT OF SHAREHOLDERS' MEETING

*Principle 16: Greater shareholder participation at AGMs*

All shareholders of the Company will receive the notice of the AGM and the notice will also be advertised in the newspaper. The Chairman and the other Directors will attend the AGM and are available to answer questions from the shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries from shareholders. The Board considers the AGM as the main forum where dialogue with shareholders can be effectively conducted.

The Company's Constitution allows a member of the Company to appoint one or two proxies to attend and vote at its general meetings.

Resolutions are, as far as possible, structured separately and may be voted on independently. All resolutions are also voted by poll and results for each resolution would be duly announced.



The Company Secretary prepares the minutes of all general meetings and these minutes are available to shareholders upon their request.

### DEALING IN COMPANY'S SECURITIES

In line with Rule 1207(19) of the SGX-Listing Manual on Dealing in Securities, the Group has adopted an internal code of conduct to provide guidance to its Directors, and employees with regard to dealings in the Company's securities. Directors and employees of the Company should not deal in Company's securities on short term considerations or when they are in possession of unpublished price sensitive information. They are also not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's results for each of the first three quarters of its financial year and one month before the announcement of the company's full year financial results. The Directors and employees are also required to adhere to the provisions of the Companies Act, and any other relevant regulations with regard to their securities transactions.

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST.

### INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported to the AC which will review, at least twice a year, to ensure that they are carried out at arm's length, not prejudicial to the interest of the Group and its minority interests and in accordance with the established procedures. When a potential conflict of interest arises, the Director concerned will not participate in discussions and will refrain from exercising any influence over other members of the Board.

The Group does not have a general mandate for recurrent interested person transactions.

# CORPORATE GOVERNANCE **REPORT**

During the year under review, save for the information disclosed below, there were no other interested person transactions which exceeds S$100,000 in value.

| Name of Interested Person | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000.00 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) | Description of the transaction entered into with the interested person during the financial period under review | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000.00) |
|---|---|---|---|
| Ben Tan Chee Beng ("Mr. Tan")(1) | S$175,706 | As at 30 September 2016, construction works on common infrastructures on the entire plot of land covering the Included Plots and Excluded Plots had been carried out.<br><br>The construction costs attributable to Citrine Capital Pte Ltd ("Citrine Capital") for the Excluded Plots recharged by the Group to Citrine Capital is S$175,706 for the period under review.<br><br>Further details are as set out in the Circular dated 15 September 2014. | – |

Note:
(1) Mr. Tan is an "Interested Person" within the meaning of Chapter 9 of the SGX-ST Listing Manual by virtue of the following:
 (a) Mr. Tan is an executive director and the Executive Chairman of the Company;
 (b) Mr. Tan is deemed a controlling shareholder of the Company; and
 (c) Mr. Tan is deemed to have a 100% equity interest in Citrine Capital, a private company incorporated in Singapore.

## MATERIAL CONTRACTS

Same as otherwise disclosed in Interested Person Transaction, there was no material contract or loan entered into between the Company and any of its subsidiaries involving interests of the CEO, Director or controlling shareholder, either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.

# CORPORATE GOVERNANCE **REPORT**

**USE OF PROCEEDS FROM RIGHTS ISSUE OF WARRANTS AND EXERCISE PROCEEDS OF WARRANTS**

The Company issued 115,048,800 warrants at a price of S$0.01 per warrant pursuant to the completion of the rights issue of warrants on 22 February 2011 ("**Rights Issue of Warrants**"). The warrants expired on 17 February 2016. The proceeds from the Rights Issue of Warrants have been fully utilised as at the date of this Annual Report.

As of the date of this report, the proceeds from the exercise of the Warrants amounting to S$9,213,068 have been fully utilised for local and regional expansion (S$8,000,000) and for general working capital purposes (S$1,213,068), in accordance with the intended use as described in the Offer Information Statement dated 18 January 2011.

# DIRECTORS' STATEMENT

for the financial year ended 30 September 2016

We are pleased to submit this statement to the members of the Company together with the audited financial statements for the financial year ended 30 September 2016.

In our opinion,

(a) the accompanying financial statements of the Group and the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2016 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; 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.



**Names of directors**

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

Ben Tan Chee Beng
Alvin Tan Chee Tiong
Melanie Tan Bee Bee
Dr Wu Chiaw Ching
Wong Ming Kwong
Raymond Lye Hoong Yip

**Arrangements to enable directors to acquire shares or debentures**

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

**Directors' interest in shares or debentures**

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those of 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:

# DIRECTORS' **STATEMENT**

for the financial year ended 30 September 2016

**Directors' interest in shares or debentures (Cont'd)**

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| | As at 1.10.2015 | As at 30.9.2016 | As at 1.10.2015 | As at 30.9.2016 |
| The Company | | | | |
| Ordinary shares | | | | |
| Ben Tan Chee Beng | 16,220,000 | **27,795,000** | 245,039,894 | **255,534,994** |
| Alvin Tan Chee Tiong | 23,628,100 | **22,917,400** | 237,631,794 | **260,412,594** |
| Melanie Tan Bee Bee | 15,271,200 | **21,208,700** | 245,988,694 | **262,121,294** |
| Wong Ming Kwong | – | **–** | 4,760,000 | **4,760,000** |
| | | | | |
| Warrants (expiry date: 17 February 2016) | | | | |
| Ben Tan Chee Beng | – | **–** | 18,732,000 | **–** |
| Alvin Tan Chee Tiong | – | **–** | 17,482,000 | **–** |
| Melanie Tan Bee Bee | – | **–** | 9,162,720 | **–** |
| Wong Ming Kwong | – | **–** | 2,856,000 | **–** |



There was no change in the above-mentioned interests in shareholdings between the end of the current financial year and 21 October 2016.

As at 21 October 2016, the interests of directors who held office at the end of the financial year, in shares of the Company, or of its related corporations, are as follows:

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| **Name of director** | **No. of shares** | **%** | **No. of shares** | **%** |
| Alvin Tan Chee Tiong | 27,795,000 | 7.71 | 255,534,994 | 70.84 |
| Ben Tan Chee Beng | 22,917,400 | 6.35 | 260,412,594 | 72.20 |
| Melanie Tan Bee Bee | 21,208,700 | 5.88 | 262,121,294 | 72.67 |

Mr Ben Tan Chee Beng, Mr Alvin Tan Chee Tiong and Ms Melanie Tan Bee Bee, who by virtue of their interest in not less than 20% of the issued share capital of the Company, are deemed to have an interest in the shares of the subsidiaries held by the Company.

Except as disclosed in this statement, no directors who held office at the end of the financial year had an interest in the shares, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

**Share options**

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

No shares were issued during the financial year to which this report related by virtue of the exercise of options to take up unissued shares of the Company or of its subsidiaries.

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

# DIRECTORS' STATEMENT

for the financial year ended 30 September 2016

**Audit committee**

The Audit Committee ("AC") comprises three non-executive directors who are also independent directors. The Chairman of the AC is Dr Wu Chiaw Ching, and the members of the AC are Mr Wong Ming Kwong and Mr Raymond Lye Hoong Yip.

The AC carried out its functions in accordance with Section 201B(5) of the Companies Act, Chapter 50.

In performing those functions, the AC:

(a) Reviews with the external auditors, the audit plan, the evaluation of the system of internal accounting controls, the audit report, the assistance given by the company's officers to the external auditors and the scope and results of the internal audit procedures;

(b) Reviews with the internal auditors the internal audit plan, the evaluation of the adequacy of internal accounting controls and the internal audit report before submission of such report to the Board;

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



(d) Reviews the annual consolidated financial statements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and any other relevant statutory or regulatory requirements;

(e) Reviews the internal control procedures and ensure co-ordination between the external auditors and the management, review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(f) Reviews and discuss with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(g) Considers the appointment or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;

(h) Reviews interested person transactions (if any) and potential conflicts of interest (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(i) Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(j) Generally undertakes such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time; and

(k) Reviews the Group's key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET.

# DIRECTORS' **STATEMENT**

for the financial year ended 30 September 2016

**Audit committee (Cont'd)**

The AC has recommended to the directors the nomination of Foo Kon Tan LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, in concurrence with the AC is of the view that the Group's internal controls addressing financial, operational, compliance, controls and information technology risks, and risk management systems were adequate as at 30 September 2016.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.



Further details regarding the AC are disclosed in the Corporate Governance Report in the Company's Annual Report.

In appointing our external auditors for the Company, its subsidiaries and significant associated companies, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

**Independent auditor**

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

On behalf of the Directors

.............................................................................

BEN TAN CHEE BENG

.............................................................................

ALVIN TAN CHEE TIONG

Dated: 23 December 2016

# INDEPENDENT
# AUDITOR'S REPORT

to the members of Goodland Group Limited

**Report on the financial statements**

We have audited the accompanying financial statements of Goodland Group Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and of the Company as at 30 September 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2016, and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

# INDEPENDENT **AUDITOR'S REPORT**

to the members of Goodland Group Limited

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
23 December 2016

# STATEMENTS OF **FINANCIAL POSITION**

as at 30 September 2016

| | Note | The Group 30.9.2016 $ | The Group 30.9.2015 $ | The Company 30.9.2016 $ | The Company 30.9.2015 $ |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 4 | **6,079,950** | 6,960,132 | **–** | – |
| Investment properties | 5 | **85,219,897** | 84,804,752 | **–** | – |
| Investments in subsidiaries | 6 | **–** | – | **10,516,086** | 10,516,086 |
| Investments in associated companies | 7 | **1,940,961** | 3,447,712 | **–** | – |
| Available-for-sale financial asset | 8 | **10,485,033** | 10,730,647 | **–** | – |
| Investments in joint venture | 9 | **–** | – | **–** | – |
| Deferred tax assets | 10 | **854,955** | 929,444 | **–** | – |
| | | **104,580,796** | 106,872,687 | **10,516,086** | 10,516,086 |
| **Current Assets** | | | | | |
| Trade and other receivables | 11 | **51,781,973** | 30,349,026 | **66,181,148** | 63,385,694 |
| Other current assets | 12 | **55,608** | 128,950 | **22,612** | 35,346 |
| Development properties for sale | 13 | **240,034,588** | 270,421,546 | **–** | – |
| Other financial assets | 14 | **137,387** | 150,088 | **–** | – |
| Cash and cash equivalents | 15 | **30,231,047** | 18,395,739 | **599,591** | 550,606 |
| | | **322,240,603** | 319,445,349 | **66,803,351** | 63,971,646 |
| **Total Assets** | | **426,821,399** | 426,318,036 | **77,319,437** | 74,487,732 |
| **EQUITY** | | | | | |
| Share capital | 16 | **63,280,416** | 53,980,893 | **63,280,416** | 53,980,893 |
| Treasury shares | 17 | **(9,356,702)** | (1,992,727) | **(9,356,702)** | (1,992,727) |
| Reserves | 18 | **135,147,864** | 137,310,851 | **4,231,263** | 6,498,139 |
| Equity attributable to owner of the Company | | **189,071,578** | 189,299,017 | **58,154,977** | 58,486,305 |
| **Non-controlling interests** | | **46,347,889** | 45,566,431 | **–** | – |
| **Total Equity** | | **235,419,467** | 234,865,448 | **58,154,977** | 58,486,305 |
| **Non-Current Liabilities** | | | | | |
| Obligations under finance leases | 19 | **89,073** | 135,692 | **–** | – |
| Convertible bonds | 20 | **–** | 1,583,325 | **–** | 1,583,325 |
| Bank borrowings | 21 | **17,601,957** | 18,378,039 | **–** | – |
| Deferred tax liabilities | 10 | **31,033,063** | 31,041,474 | **–** | – |
| | | **48,724,093** | 51,138,530 | **–** | 1,583,325 |
| **Current Liabilities** | | | | | |
| Obligations under finance leases | 19 | **46,578** | 50,501 | **–** | – |
| Convertible bonds | 20 | **1,659,539** | – | **1,659,539** | – |
| Trade and other payables | 22 | **9,241,262** | 9,135,645 | **17,504,921** | 14,418,102 |
| Bank borrowings | 21 | **131,730,460** | 131,121,240 | **–** | – |
| Current tax payable | | **–** | 6,672 | **–** | – |
| | | **142,677,839** | 140,314,058 | **19,164,460** | 14,418,102 |
| **Total Liabilities** | | **191,401,932** | 191,452,588 | **19,164,460** | 16,001,427 |
| **Total Equity and Liabilities** | | **426,821,399** | 426,318,036 | **77,319,437** | 74,487,732 |

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

# CONSOLIDATED STATEMENT **OF COMPREHENSIVE INCOME**

for the financial year ended 30 September 2016

| | Note | Year ended 30 September 2016 $ | Year ended 30 September 2015 $ |
|---|---|---|---|
| Revenue | 3 | **52,283,307** | 35,226,390 |
| Cost of sales | | **(46,242,662)** | (28,272,052) |
| Gross profit | | **6,040,645** | 6,954,338 |
| Other operating income | 23 | **629,016** | 7,163,112 |
| Finance income | 24 | **2,410** | 4,042 |
| Administrative expenses | | **(5,967,562)** | (5,233,729) |
| Finance costs | 25 | **(1,896,993)** | (1,394,792) |
| Other operating expenses | 26 | **(2,902,743)** | (2,555,977) |
| Share of associate's results (net of tax) | | **143,249** | 446,296 |
| **(Loss)/profit before taxation** | 26 | **(3,951,978)** | 5,383,290 |
| Income tax | 28 | **65,732** | (639,687) |
| **(Loss)/profit after taxation** | | **(3,886,246)** | 4,743,603 |
| **Item that may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation differences | | **2,681,176** | (34,156,499) |
| Fair value of available-for-sale financial assets | | **(245,614)** | 252,332 |
| Revaluation surplus resulting from the reclassification of property, plant and equipment to investment properties | | **1,699,316** | – |
| **Other comprehensive income/(loss) for the year, net of tax** | | **4,134,878** | (33,904,167) |
| **Total comprehensive income/(loss) for the year** | | **248,632** | (29,160,564) |
| **Loss attributable to:** | | | |
| Owners of the Company | | **(3,867,030)** | 2,969,860 |
| Non-controlling interests | | **(19,216)** | 1,773,743 |
| | | **(3,886,246)** | 4,743,603 |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Equity holders of the Company | | **(532,826)** | (20,251,705) |
| Non-controlling interests | | **781,458** | (8,908,859) |
| | | **248,632** | (29,160,564) |
| (Loss)/earnings per share | | | |
| – Basic (loss)/earnings per share (cents) | 29 | **(1.09)** | 0.89 |
| – Diluted (loss)/earnings per share (cents) | 29 | **(1.09)** | 0.76 |

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

# CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

for the financial year ended 30 September 2016

| The Group | Share capital $ | Treasury shares $ | Acquisition reserve $ | Currency translation reserve $ | Equity reserve $ | Fair value reserve $ | Merger reserve $ | Retained earnings $ | Warrants reserve $ | Total $ | Non-controlling interests $ | Total equity $ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the Company | | | | | | | | | | | |
| At 1 October 2014 | 9,080,580 | – | – | (42,411) | – | – | (485,076) | 79,840,083 | 962,022 | 89,355,198 | 91,018 | 89,446,216 |
| ***Total comprehensive income for the year*** | | | | | | | | | | | | |
| **Profit for the year** | – | – | – | – | – | – | – | 2,969,860 | – | 2,969,860 | 1,773,743 | 4,743,603 |
| **Other comprehensive income** | | | | | | | | | | | | |
| Exchange differences arising from translation | – | – | – | (23,473,897) | – | – | – | – | – | (23,473,897) | (10,682,602) | (34,156,499) |
| Net change in fair value of available-for-sale financial assets | – | – | – | – | – | 252,332 | – | – | – | 252,332 | – | 252,332 |
| ***Total other comprehensive income*** | – | – | – | (23,473,897) | – | 252,332 | – | – | – | (23,221,565) | (10,682,602) | (33,904,167) |
| **Total comprehensive income for the year** | – | – | – | (23,473,897) | – | 252,332 | – | 2,969,860 | – | (20,251,705) | (8,908,859) | (29,160,564) |
| ***Transactions with owners, recognised directly in equity*** | | | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | | | |
| Gain on business combinations (Note 6(a)) | – | – | 78,743,302 | – | – | – | – | – | – | 78,743,302 | – | 78,743,302 |
| Issuance of ordinary shares (Note 16) | 31,892 | – | – | – | – | – | – | – | (1,876) | 30,016 | – | 30,016 |
| Purchase of treasury shares (Note 17) | – | (1,992,727) | – | – | – | – | – | – | – | (1,992,727) | – | (1,992,727) |
| Dividends paid (Note 37) | – | – | – | – | – | – | – | (1,682,299) | – | (1,682,299) | – | (1,682,299) |
| **Total contributions by and distributions to owners** | 31,892 | (1,992,727) | 78,743,302 | – | – | – | – | (1,682,299) | (1,876) | 75,098,292 | – | 75,098,292 |
| ***Changes in ownership interests in subsidiaries*** | | | | | | | | | | | | |
| Acquisition of subsidiary | | | | | | | | | | | | |
| – Issuance of shares (Notes 6(a) and 16) | 44,868,421 | – | – | – | – | – | – | – | – | 44,868,421 | – | 44,868,421 |
| – Issue of convertible bonds | – | – | – | – | 228,811 | – | – | – | – | 228,811 | – | 228,811 |
| – Non-controlling interest (Note 6(a)) | – | – | – | – | – | – | – | – | – | – | 54,384,272 | 54,384,272 |
| **Total changes in ownership interests in subsidiaries** | 44,868,421 | – | – | – | 228,811 | – | – | – | – | 45,097,232 | 54,384,272 | 99,481,504 |
| ***Total transactions with owners*** | 44,900,313 | (1,992,727) | 78,743,302 | – | 228,811 | – | – | (1,682,299) | (1,876) | 120,195,524 | 54,384,272 | 174,579,796 |
| **At 30 September 2015** | 53,980,893 | (1,992,727) | 78,743,302 | (23,516,308) | 228,811 | 252,332 | (485,076) | 81,127,644 | 960,146 | 189,299,017 | 45,566,431 | 234,865,448 |

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

# CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

for the financial year ended 30 September 2016

| The Group | Share capital $ | Treasury shares $ | Acquisition reserve $ | Currency translation reserve $ | Equity reserve $ | Fair value reserve $ | Revaluation surplus reserve $ | Merger reserve $ | Retained earnings $ | Warrants reserve $ | Total $ | Non-controlling interests $ | Total equity $ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the Company | | | | | | | | | | | | |
| At 1 October 2015 | 53,980,893 | (1,992,727) | 78,743,302 | (23,516,308) | 228,811 | 252,332 | – | (485,076) | 81,127,644 | 960,146 | 189,299,017 | 45,566,431 | 234,865,448 |
| ***Total comprehensive income for the year*** | | | | | | | | | | | | | |
| **Profit for the year** | | | | | | | | | (3,867,030) | | (3,867,030) | (19,216) | (3,886,246) |
| **Other comprehensive income** | | | | | | | | | | | | | |
| Exchange differences arising from translation | – | – | – | 1,880,502 | – | – | – | – | – | – | 1,880,502 | 800,674 | 2,681,176 |
| Revaluation surplus resulting from reclassification of property, plant and equipment to investment properties | – | – | – | – | – | – | 1,699,316 | – | – | – | 1,699,316 | – | 1,699,316 |
| Net change in fair value of available-for-sale financial assets | – | – | – | – | – | (245,614) | – | – | – | – | (245,614) | – | (245,614) |
| **Total other comprehensive income** | – | – | – | 1,880,502 | – | (245,614) | 1,699,316 | – | – | – | 3,334,204 | 800,674 | 4,134,878 |
| **Total comprehensive income for the year** | – | – | – | 1,880,502 | – | (245,614) | 1,699,316 | – | (3,867,030) | – | (532,826) | 781,458 | 248,632 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | | | | |
| Expired warrants | – | – | – | – | – | – | – | – | 413,116 | (413,116) | – | – | – |
| Issuance of ordinary shares (Note 16) | 9,299,523 | – | – | – | – | – | – | – | – | (547,030) | 8,752,493 | – | 8,752,493 |
| Purchase of treasury shares (Note 17) | – | (7,363,975) | – | – | – | – | – | – | – | – | (7,363,975) | – | (7,363,975) |
| Dividends paid (Note 37) | – | – | – | – | – | – | – | – | (1,083,131) | – | (1,083,131) | – | (1,083,131) |
| **Total contributions by and distributions to owners and total transactions with owners** | 9,299,523 | (7,363,975) | – | – | – | – | – | – | (670,015) | (960,146) | 305,387 | – | 305,387 |
| **At 30 September 2016** | 63,280,416 | (9,356,702) | 78,743,302 | (21,635,806) | 228,811 | 6,718 | 1,699,316 | (485,076) | 76,590,599 | – | 189,071,578 | 46,347,889 | 235,419,467 |

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

# CONSOLIDATED STATEMENT OF **CASH FLOWS**

for the financial year ended 30 September 2016

| | Note | Year ended 30 September 2016 $ | Year ended 30 September 2015 $ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| (Loss)/profit before taxation | | **(3,951,978)** | 5,383,290 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 4 | **654,957** | 523,794 |
| Goodwill written off | | **–** | 6,191 |
| Write down in value of – development properties for sale | | **1,721,738** | 800,856 |
| (Gain)/loss on disposal of property, plant and equipment | | **(49,392)** | 5,871 |
| Impairment allowance on other receivables | | **–** | 1,312,066 |
| Fair value loss/(gain) on investment properties | | **381,005** | (6,240,536) |
| Loss on disposal of investment property | | **800,000** | – |
| Fair value changes on financial assets, at fair value through profit or loss | | **12,701** | 56,759 |
| Interest expense | | **1,896,993** | 1,394,792 |
| Interest income | | **(2,410)** | (4,042) |
| Dividend income | | **(3,198)** | (3,018) |
| Share of profit from associated companies | | **(143,249)** | (446,296) |
| **Operating results before working capital changes** | | **1,317,167** | 2,789,727 |
| Change in trade and other receivables and other current assets | | **(19,826,978)** | (13,591,751) |
| Change in trade and other payables | | **(1,754,438)** | (2,794,485) |
| Change in development properties for sale | | **34,718,261** | 9,339,506 |
| **Cash generated from/(used in) operations** | | **14,454,012** | (4,257,003) |
| Interest received | | **2,410** | 4,042 |
| Income tax refund/(paid) | | **139,763** | (45,454) |
| **Net cash generated from/(used in) operating activities** | | **14,596,185** | (4,298,415) |
| **Cash Flows from Investing Activities** | | | |
| Purchase of property, plant and equipment | 4 | **(227,608)** | (1,009,960) |
| Payment for investment properties | 5 | **(1,286,279)** | – |
| Payment for investment in associated companies | | **–** | (170,000) |
| Net cash outflows from acquisition of subsidiaries | 6(a) | **–** | (2,462,328) |
| Dividend received from associated companies | | **1,650,000** | 1,466,720 |
| Proceeds from disposal of property, plant and equipment | | **115,867** | 2,000 |
| Proceeds from disposal of investment property | | **2,200,000** | – |
| Advances to associated companies | | **(1,539,135)** | (8,971,193) |
| Dividend received from other equity investments | | **3,198** | 3,018 |
| **Net cash generated from/(used in) investing activities** | | **916,043** | (11,141,743) |
| **Cash Flows from Financing Activities** | | | |
| Gross proceeds from issuance of shares and exercise of warrants | | **8,752,493** | 30,016 |
| Purchase of own shares | | **(7,363,975)** | (1,992,727) |
| Proceeds from bank loans | | **7,319,251** | 27,947,750 |
| Repayment of bank loans | | **(5,598,592)** | (1,469,202) |
| Repayment of finance lease liabilities | | **(50,542)** | (53,989) |
| Advances from associated companies | | **970,000** | – |
| Interest paid | | **(4,734,903)** | (3,514,059) |
| Dividend paid | | **(1,083,131)** | (1,682,299) |
| **Net cash (used in)/generated from financing activities** | | **(1,789,399)** | 19,265,490 |
| **Net changes in cash and cash equivalents** | | **13,722,829** | 3,825,332 |
| **Cash and cash equivalents at beginning of year** | | **16,508,218** | 12,682,886 |
| **Cash and cash equivalents at end of year** | 15 | **30,231,047** | 16,508,218 |

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 1 General Information

The financial statements of the Company and of the Group for the year ended 30 September 2016 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a public limited company and domiciled in the Republic of Singapore. The Company was listed on 8 October 2009 in the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and transferred to the Mainboard of SGX-ST effective from 25 June 2013.

The registered office of the Company is located at 3 Kim Chuan Lane #07-01 Goodland Group Building, Singapore 537069.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries, associated companies and joint venture are disclosed in Note 6, Note 7 and Note 9, respectively.

## 2(a) Going concern



The Group incurred net loss after taxation of $3,886,246 and had positive cash flow from operating activities amounting to $14,596,185 for the year ended 30 September 2016. As at 30 September 2016, the Group's total equity was $235,419,467 and current assets exceeded its current liabilities by $179,562,764.

The directors of the Company are of the opinion that the Group will continuously generate sufficient cash flows from its operations in future. The Group has unutilised credit facilities of approximately $8,438,000 for working capital purposes as of 30 September 2016.

Accordingly, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 30 September 2016 is appropriate.

## 2(b) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar which is the Company's functional currency. All financial information is presented in Singapore Dollar, unless otherwise stated.

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(b) Basis of preparation (Cont'd)**

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

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

**(i) Significant judgements in applying accounting policies**

(a) Impairment of trade and other receivables (Note 11)

Management reviews its receivables annually for objective evidence of impairment. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the debtor's ability to pay, or whether there have been significant changes with an adverse effect in the technological, market, economic or legal environment in which the debtor operates.



Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on historical loss experienced for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experienced.

A 1% (2015 – 1%) difference in the present value of estimated future cash flows from trade and other receivables from management's estimates would result in approximately 13% (2015: 6%) variance in the Group's profit or loss for the financial year.

The carrying amount of trade and other receivables as at the reporting date for the Group and the Company are disclosed in Note 11.

(b) Income taxes (Note 28)

Significant judgement is involved in determining the group-wide provision for income taxes mainly in Singapore and Malaysia. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(b) Basis of preparation (Cont'd)**

**(i) Significant judgements in applying accounting policies (Cont'd)**

(c) Deferred taxation on investment properties (Note 10)

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under the business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, but rather through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.



(d) Significant influence over SL Capital (1) Pte Ltd

Note 7 describes that SL Capital (1) Pte Ltd is an associate of the Group although the Group only owns 17% ownership interest in SL Capital (1) Pte Ltd. The Group has significant influences, being the power to participate in the financial and operating policies decisions of SL Capital (1) Pte Ltd (but not control or joint control).

**(ii) Critical accounting estimates and assumptions**

(a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. The estimation of useful lives is based on the assumptions of wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid.

As changes in the expected level of usage, maintenance programmes, and technological developments could impact the economic useful lives and the residual values of these assets, future depreciation charges could be revised. A 5% (2015 – 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 1% (2015: 1%) variance in the Group's profit or loss for the financial year. The carrying amount of the Group's depreciable property, plant and equipment as at the reporting date is disclosed in Note 4.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(b) Basis of preparation (Cont'd)**

**(ii) Critical accounting estimates and assumptions (Cont'd)**

(b) Carrying amount of development properties for sale (Note 13)

Significant judgement is required in assessing the recoverability of the carrying value of development properties for sale. The Group pre-sells properties under development. Net realisable value in respect of development properties for sale is assessed with reference to pre-sale proceeds received less estimated costs to complete construction.

(c) Valuation of investment properties

The Group's investment properties and properties, plant and equipment transferred to investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers using various valuation methods including the direct comparison method and capitalisation of income method. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. The Group's carrying amount of investment properties as at the reporting date is disclosed in Note 5.



Information about the valuation techniques and unobservable inputs used in determining the fair value of the investment properties and properties, plant and equipment transferred to investment properties is disclosed in Note 36.

If changes in the estimated fair value of the investment properties decreases/increases by 5% from management's estimates, the Group's profit or loss for the financial year will decrease/increase by 1% (2015: 7%).

(d) Estimation of the fair value of available-for-sale financial asset

The fair value of the unquoted equity investment as at the reporting date is disclosed in Note 8.

Information about the valuation techniques and unobservable inputs used in determining the fair value of the "available-for-sale" ("AFS") financial assets is disclosed in Note 36.

A 5% (2015: 5%) difference in the changes to the estimated fair value of this asset from management's assessment would not have any material effect on the Group's comprehensive income for the financial year.

**2(c) Interpretations and amendments to published standards effective in 2015/2016**

On 1 October 2015, the Group adopted FRSs that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. The amended FRSs are not relevant to the Group and the adoption of these amended FRSs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

**2(c) Interpretations and amendments to published standards effective in 2015/2016 (Cont'd)**

**New or revised accounting standards and interpretations not yet effective**

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1 First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

The following are the new or amended FRS and INT FRS issued in 2015/2016 that are not yet effective but may be early adopted for the current financial year:

| Reference | Description | Effective date (Annual periods beginning on or after) |
|---|---|---|
| FRS 115 | Revenue from Contracts with Customers | 1 January 2018 |
| FRS 109 | Financial Instruments | 1 January 2018 |
| FRS 116 | Leases | 1 January 2019 |
| INT FRS 122 | Foreign Currency Transaction and Advance Consideration | 1 January 2018 |
| Amendments to: | | |
| FRS 1 | Disclosure Initiative | 1 January 2016 |
| FRS 7 | Disclosure Initiative | 1 January 2017 |
| FRS 12 | Recognition of Deferred Tax Assets for Unrealised Losses | 1 January 2017 |
| FRS 111 | Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| FRS 115 | Clarification to FRS 115: Revenue from Contracts with Customers | 1 January 2018 |
| FRS 40 | Transfers of Investment Property | 1 January 2018 |
| Improvement to FRSs (November 2014) | | |
| FRS 19 | Employee Benefits | 1 January 2016 |
| FRS 107 | Financial Instruments: Disclosures | 1 January 2016 |
| Improvement to FRSs (December 2016) | | |
| FRS 112 | Disclosure of Interests in Other Entities | 1 January 2017 |

The directors do not anticipate that the adoption of the above FRS in future financial periods will have a material impact on the financial statements of the Group except for the following:

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(c) Interpretations and amendments to published standards effective in 2015/2016 (Cont'd)**

**New or revised accounting standards and interpretations not yet effective (Cont'd)**

**Amendments to FRS 1 Presentation of Financial Statements**

The Amendments to FRS 1 Presentation of Financial Statements clarify, rather than significantly change, existing FRS 1 requirements. The amendments clarify:

(i) the materiality requirements in FRS 1

(ii) that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated

(iii) that entities should adopt a systematic order in which they present the notes to financial statements

(iv) that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss



Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments to FRS 1 are effective for annual periods beginning on or after 1 January 2016. As this is a disclosure standard, it will have no impact to the financial position and performance of the Company when applied in.

**Amendments to FRS 7 Statement of Cash Flows**

The Amendments to FRS 7 Statement of Cash Flows required entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way – e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective on beginning or after 1 January 2017. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in.

**Amendments to FRS 40 Transfers of Investment Property**

Under the amendments in FRS 40 Transfers of Investment Property has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

The amendments are effective on 1 January 2018. However, if finalised, earlier adoption is permitted. The amendments would be applied retrospectively in accordance with FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Group is currently assessing the impact.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(c) Interpretations and amendments to published standards effective in 2015/2016 (Cont'd)**

**New or revised accounting standards and interpretations not yet effective (Cont'd)**

**Improvements to FRSs (December 2016) FRS 112: Disclosure of Interests in Other Entities**

To clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

These annual improvements are effective from annual periods beginning on or after 1 January 2017. The Group is currently assessing the impact.

**INT FRS 122 Foreign Currency Transactions and Advance Consideration**

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.



The Interpretations are effective from 1 January 2018.

On initial application, entities would have the option of applying the Interpretations either retrospectively or prospectively in accordance with FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Group is currently assessing the impact.

**FRS 115 Revenue Contracts with Customers**

FRS 115 Revenue from Contracts with Customers establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces FRS 11 Construction Contracts, FRS 18 Revenue, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for Construction of Real Estate, INT FRS 118 Transfer of Assets from Customers and INT FRS 31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

FRS 115 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(c) Interpretations and amendments to published standards effective in 2015/2016 (Cont'd)**

**New or revised accounting standards and interpretations not yet effective (Cont'd)**

**FRS 115 Revenue Contracts with Customers (Cont'd)**

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the Standard, FRS 115, i.e. on 1 January 2018.



**FRS 109 Financial Instruments**

FRS 109 Financial Instruments replaces the FRS 39 and it is a package of improvements introduced by FRS 109 which include a logical model for:

- Classification and measurement;
- A single, forward – looking "expected loss" impairment model and
- A substantially reformed approach to hedge accounting

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the financial statements.

**FRS 116 Leases**

FRS 116 Leases replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 Leases that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. FRS 116 Leases will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the company has adopted FRS 115. The Group is currently assessing the impact to the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 2(d) Summary of significant accounting policies

### Consolidation

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

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

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

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



Subsidiary

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

(i) power over the investee;

(ii) exposure, or rights or variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns

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

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

- The size of the Group's holding of the voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant authorities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

# NOTES TO
# THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Consolidation (Cont'd)**

Non-controlling interest

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

Acquisition of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in ownership interests in subsidiaries without change of control



Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

Changes in ownership interests in subsidiaries with change of control

When the Group loses control of a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained; and
- Recognises any gain or loss in profit or loss.

A gain or loss is recognised in profit or loss and is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and

(ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest.

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Consolidation (Cont'd)**

Changes in ownership interests in subsidiaries with change of control (Cont'd)

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRS).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39 when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.



Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Bargain purchase

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Subsidiaries**

Subsidiaries are entities controlled by the Company. In the Company's separate statement of financial position, subsidiaries are stated at cost less any impairment losses on an individual subsidiary basis.

**Associates**

An associate is defined as a company, not being a subsidiary or jointly controlled entity, in which the Group has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates at Company level are stated at cost. Allowance is made for any impairment losses on an individual company basis.



In applying the equity method of accounting, the Group's share of the post-acquisition profit or loss of associates, based on the latest available audited financial statements, is included in the profit or loss and its shares of post-acquisition other comprehensive income is recognised in other comprehensive income. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses of an associate equals or exceeds the carrying amount of an investment, the Group ordinarily discontinues including its share of further losses. The investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the Group has guaranteed or otherwise committed, for example, in the forms of loans. When the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of profits equal the share of net losses recognised.

The Group's share of the net assets and post-acquisition retained profits and reserves of associates is reflected in the book values of the investments in the consolidated statement of financial position.

Where the accounting policies of an associate do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

On acquisition of the investment, any difference between the cost of acquisition and the Group's share of the fair values of the net identifiable assets of the associate is accounted for in accordance with the accounting policies on "Consolidation" and "Goodwill".

**Investments in joint ventures**

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties.

# NOTES TO **THE FINANCIAL STATEMENTS**

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Investments in joint ventures (Cont'd)**

The Group's interest in joint ventures is accounted for in the consolidated financial statements using equity method. At the end of the reporting period, the Group's investment in joint venture is stated at cost of investment less any impairment losses, plus the Group's share of undistributed post-acquisition results.

Losses of a joint venture in excess of the Group's interest in that joint venture (which include any long-term receivables in substance, form part of the Group's net investment in that joint venture) are not recognised, unless it has obligations to make or has made payments on behalf of the joint venture.

**Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

| | |
|---|---|
| Freehold building | 50 years |
| Leasehold land and building | 25 years |
| Renovation | 5 years |
| Plant and equipment | 3 to 5 years |
| Motor vehicles | 5 years |

No depreciation is charged on freehold land.

Depreciation of property under construction commences when the asset is ready for its intended use.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

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

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

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Investment properties**

Investment properties are properties that are currently held either to earn rental or for capital appreciation or both and are not occupied by the Group. Investment properties are initially recognised at cost, including transaction costs and subsequently measured at fair value, based on valuations performed by an independent professional valuer. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as an addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is charged to profit or loss when incurred.

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss is the difference between the net disposal proceeds and the carrying amount of the investment property.



Transfers

Transfers to or from, investment properties are made when there is a change in use evidenced by:

- Commencement of owner's occupation, for a transfer from investment properties to property, plant and equipment,
- Commencement of development with a view to sell, for a transfer of investment properties to development properties; or
- End of owner occupation, for a transfer from property, plant and equipment to investment properties.

For transfer to investment property from development properties for sale, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is measured at revalued amount and accounted for in accordance with the accounting policy for Property, Plant and Equipment up to the date of change in use.

**Development properties for sale**

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

Development properties for sale are measured at the lower of cost and net realisable value.

The costs of development properties include:

– Cost of land;

– Construction costs; and

– Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes and other related costs.

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Development properties for sale (Cont'd)**

Net realisable value of development properties for sale is the estimated selling price in the ordinary course of business, based on market price at the end of the reporting period, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

**Financial assets**

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity assets, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting period with the exception that a financial asset shall not be reclassified into or out of fair value through profit or loss category while it is held or issued.



All financial assets are recognised on their trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

At the reporting date, the Group does not hold any held-to-maturity investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Financial assets (Cont'd)**

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the profit or loss for the period.



When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed in profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date. These are classified as non-current assets.

Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less provision for impairment.

# NOTES TO
# THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Financial assets (Cont'd)**

Loans and receivables (Cont'd)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.



Embedded derivatives

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

The embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the financial instrument is more than twelve months. The Group classifies the host contract as loans and receivable.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at bank and short-term deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the consolidated statement of cash flows, cash and cash equivalents are shown net of restricted bank deposits and bank overdraft.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Construction contracts**

Construction contracts are stated at the lower of cost plus attributable profit less anticipated losses and progress billings, and net realisable value. Cost comprises material costs, direct labour, borrowing costs and relevant overheads. Provision for total anticipated losses on construction contracts is recognised in the financial statements when the loss is foreseeable.

At the balance sheet date, the aggregated costs incurred with the addition of recognised profit (less recognised loss) on each contract is compared against the progress billings. Where such costs exceed the progress billings amount, the balance is presented as due from customers on construction contracts within 'trade and other receivables'. Where the progress billings amount exceeds costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within 'trade and other payables'.

Progress billings which are not paid by customers and retentions are classified as 'trade and other receivables' whereas advances received are classified as 'trade and other payables'.



**Share capital and treasury shares**

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

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

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

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

**Dividends**

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as liability when they are proposed and declared.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 2(d) Summary of significant accounting policies (Cont'd)

**Financial liabilities**

The Group's financial liabilities include trade and other payables, borrowings, finance lease liabilities and convertible bonds.

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

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

Borrowings



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

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

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

Convertible bonds

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Financial liabilities (Cont'd)**

Convertible bonds (Cont'd)

When convertible bonds are being repurchased before their maturity date, the purchase consideration (including directly attributable costs, net of tax effects) is allocated to the liability and equity components of the instrument at the date of transaction. Any resulting gain or loss relating to the liability component is recognised in the profit or loss. In an exchange of convertible bonds, the differences between the net proceeds of new convertible bond and the carrying value of the existing convertible bonds (including its equity component) is recognised in the profit or loss.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.



Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance lease).

**Borrowings costs**

Borrowing costs incurred to finance the development of properties and property, plant and equipment are capitalised for the period of time that is required to complete and prepare the asset for its intended use. The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings. Other borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

**Financial guarantees**

The Company has provided guarantees to banks in respect of loan facilities granted to subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of the borrowings.

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Leases**

*Where the Group is the lessee,*

Finance leases

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

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



Operating leases

Operating leases are office premises' leases where a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to profit or loss on a straight-line basis over the term of the leases.

*Where the Group is the lessor,*

Operating leases

- Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the leases) is recognised in profit or loss on a straight-line basis over the lease term.

- Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

**Income taxes**

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

Income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Income taxes (Cont'd)**

Deferred income tax is provided in full, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

– Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

– In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

– In respect of deductible temporary differences and carry-forward of unutilised tax losses, if it is not probable that taxable profits will be available against which those deductible temporary differences and carry -forward of unutilised tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model in countries where there is no capital gain tax, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale.

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

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 income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Employee benefits**

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 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.

Defined contribution plans

A defined contribution national pension 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. The contributions to national pension schemes are charged to the profit or loss in the period to which the contributions relate.

**Key management personnel**

Key management are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain executive officers are considered key management personnel.

**Related parties**

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 2(d) Summary of significant accounting policies (Cont'd)

### Related parties (Cont'd)

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

### Impairment of non-financial assets



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

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

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

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

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

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

# NOTES TO
# THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

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

With the exception of goodwill,

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

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

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

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

**Foreign currency**

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated in terms of historical cost in a foreign currency are translated using the closing exchange rate at the reporting date.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when fair values are determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. 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 non-controlling interests.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Revenue recognition**

Sale of development properties

Revenue from sale of development properties is recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the working-progress transfer to the buyer in its current state as construction progresses; (b) sales price is fixed and collectible; (c) the percentage of completion can be measured reliably; (d) there is no significant uncertainty as to the ability of the Group to complete the development; and (e) costs incurred or to be incurred can be measured reliably.

The percentage of completion is measured by reference to the physical surveys of construction work completed. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.



In all other instances, sales are transacted once the development properties are completed. Revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer.

Construction revenue

When the outcome of the construction contract can be estimated reliably, contract revenue and costs are recognised in profit or loss in proportion to the stage of completion of the contract.

When the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims, to the extent that it is probable that those additions will result in revenue and can be measured reliably. The stage of completion of the contract is measured by reference to the surveys of work performed.

Rendering of services

Revenue from the rendering of services, including management fees is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised on an accrual basis based on the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**2(d) Summary of significant accounting policies (Cont'd)**

**Revenue recognition (Cont'd)**

Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Dividend income

Dividend income is recognised when the right to receive payment is established.

**Earnings per share**

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and warrants.

**Segment reporting**

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

**3 Revenue**

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| **The Group** | | |
| Property development | **52,283,307** | 35,226,390 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016



## 4 Property, plant and equipment

| | Freehold land $ | Freehold building $ | Leasehold land and building $ | Renovation $ | Plant and equipment $ | Motor vehicles $ | Total $ |
|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | |
| **Cost** | | | | | | | |
| At 1 October 2014 | 1,315,050 | 1,676,699 | 3,136,100 | 88,833 | 864,150 | 541,705 | 7,622,537 |
| Acquisitions through business combinations | – | – | – | – | 137,714 | 28,472 | 166,186 |
| Additions | – | – | – | 526,608 | 517,451 | 82,251 | 1,126,310 |
| Disposals | – | – | – | – | (335,579) | (16,000) | (351,579) |
| At 30 September 2015 | 1,315,050 | 1,676,699 | 3,136,100 | 615,441 | 1,183,736 | 636,428 | 8,563,454 |
| Revaluation surplus | 698,342 | 1,000,974 | – | – | – | – | 1,699,316 |
| Transfer to investment properties (Note 5) | (910,527) | (1,305,111) | – | – | – | – | (2,215,638) |
| Additions | – | – | – | 1,727 | 202,132 | 23,749 | 227,608 |
| Disposals | – | – | – | – | (221,959) | (77,261) | (299,220) |
| Exchange difference on retranslation | – | – | – | 17 | 4,060 | 1,009 | 5,086 |
| **At 30 September 2016** | **1,102,865** | **1,372,562** | **3,136,100** | **617,185** | **1,167,969** | **583,925** | **7,980,606** |
| **Accumulated depreciation** | | | | | | | |
| At 1 October 2014 | – | 213,686 | 228,457 | 71,619 | 634,201 | 275,095 | 1,423,058 |
| Depreciation for the year | – | 39,267 | 124,613 | 31,219 | 234,560 | 94,135 | 523,794 |
| Disposals | – | – | – | – | (335,532) | (7,998) | (343,530) |
| At 30 September 2015 | – | 252,953 | 353,070 | 102,838 | 533,229 | 361,232 | 1,603,322 |
| Depreciation for the year | – | 50,503 | 124,613 | 136,491 | 255,818 | 87,532 | 654,957 |
| Transfer to investment properties | – | (125,638) | – | – | – | – | (125,638) |
| Disposals | – | – | – | – | (155,485) | (77,260) | (232,745) |
| Exchange difference on retranslation | – | – | – | 1 | 689 | 70 | 760 |
| **At 30 September 2016** | **–** | **177,818** | **477,683** | **239,330** | **634,251** | **371,574** | **1,900,656** |
| **Net book value** | | | | | | | |
| **At 30 September 2016** | **1,102,865** | **1,194,744** | **2,658,417** | **377,855** | **533,718** | **212,351** | **6,079,950** |
| At 30 September 2015 | 1,315,050 | 1,423,746 | 2,783,030 | 512,603 | 650,507 | 275,196 | 6,960,132 |

During the financial year ended 30 September 2016, the Group transferred a unit of 18 Roberts Lane, Goodland Building from property, plant and equipment because of end of owner occupation. At the date of the transfer, the difference between the carrying amount and its fair value amounting to $1,699,316 was recognised within revaluation surplus reserve.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**4 Property, plant and equipment (Cont'd)**

The Group acquired property, plant and equipment with an aggregate cost of $227,608 (2015 – $1,126,310) during the financial year ended 30 September 2016, comprising assets acquired under finance leases of $Nil (2015 – $116,350) and through cash payments of $227,608 (2015 – $1,009,960).

The carrying amount of property, plant and equipment acquired and secured under finance lease arrangements for the Group as at 30 September 2016 amounted to $161,855 (2015 – 242,848).

As at 30 September 2016, freehold and leasehold land and buildings with a total carrying amount of $4,956,026 (2015 – $5,521,826) were pledged to certain banks to secure credit facilities for the Group (Note 21).

The properties held by the Group as at 30 September 2016 are as follows:

| **Location** | **Tenure** | **Use of property** |
|---|---|---|
| 18 Roberts Lane, Goodland Building Singapore | Freehold | Office |
| 42 Lok Yang Way Singapore | Leasehold | Office |
| 3 Kim Chuan Lane Singapore | Freehold | Corporate Headquarters |



**5 Investment properties**

| | **2016** $ | **2015** $ |
|---|---|---|
| **The Group** | | |
| At fair value: | | |
| Balance at beginning of year | **84,804,752** | 64,008,405 |
| Acquisitions through business combination (Note 6(a)) | **–** | 17,277,132 |
| Other acquisitions | **1,286,279** | – |
| Transfer from property, plant and equipment (Note 4) | **2,090,000** | – |
| Disposals | **(3,000,000)** | – |
| Fair value (loss)/gain recognised in profit or loss (Note 26) | **(381,005)** | 6,240,536 |
| Exchange differences on translation | **419,871** | (2,721,321) |
| Balance at end of year | **85,219,897** | 84,804,752 |

# NOTES TO
# THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**5 Investment properties (Cont'd)**

Determination of fair value of investment properties is disclosed in Note 36.

As at 30 September 2016, investment properties with a total carrying amount of $85,219,897 (2015 – $84,804,752) were pledged to certain banks to secure credit facilities for the Group (Note 21).

Investment properties of the Group are leased to non-related parties under operating leases. The following amounts are recognised in the Group's profit or loss during the financial year:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Group** | | |
| Rental income | **378,405** | 315,586 |
| Direct operating expenses arising from investment properties that generated rental income | **71,478** | 16,709 |
| Direct operating expenses arising from investment properties that did not generate rental income | **231,074** | 43,236 |



The investment properties held by the Group as at 30 September 2016 are as follows:

| Description and Location | Land tenure | Approximate floor area (square metres) | Group's effective interest 2016<br>% | 2015<br>% |
|---|---|---|---|---|
| Residential apartment<br>23 Amber Road #02-06<br>The Aristo@Amber,<br>Singapore | Freehold | 69 | 100 | – |
| 6-storey commercial cum residential building,<br>18 Roberts Lane<br>Goodland Building,<br>Singapore | Freehold | 863 | 100 | 100 |
| 8-storey industrial building,<br>3 Kim Chuan Lane,<br>Goodland Group Building,<br>Singapore | Freehold | 3,487 | 100 | 100 |
| Commercial development,<br>Off Jalan Simpang Pulai/Gopeng,<br>Perak Darul Ridzuan,<br>Malaysia | Leasehold expiring on 8 April 2114 | 114,189 | 70 | 70 |

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

## 6 Subsidiaries

| The Company | 2016 $ | 2015 $ |
|---|---|---|
| Investment in unquoted shares, at cost | | |
| Balance at beginning | **10,516,086** | 10,516,084 |
| Additions | **–** | 2 |
| Balance at end | **10,516,086** | 10,516,086 |

Acquisition of subsidiaries

(a) Citrine Assets Pte. Ltd.

On 1 October 2014, the Group via its wholly-owned subsidiary, Goodland Capital Pte Ltd, acquired 100% equity interest in Citrine Assets Pte. Ltd. ("Citrine Assets"). Citrine Assets is an investment holding company which owns 70% equity interest in T-City (Ipoh) Sdn Bhd ("T-City"). T-City owns a plot of land that has been earmarked for development of residential and commercial units in Ipoh, Perak, Malaysia. The purchase consideration transferred was $48,784,146 comprising issue of 144,736,842 new ordinary shares of $0.31 each, based on the listed share price of the Company at 1 October 2014, in the share capital of the Company amounting to $44,868,421, issue of convertible bonds of $1,739,422 and cash of $2,176,303.

The acquisition is expected to provide the Group with an opportunity to diversify its existing business into both residential and commercial property development outside Singapore as part of its key strategic growth initiatives.

Citrine Assets and T-City contributed loss of$12,501 and $9,458, respectively, to the Group for the period from 1 October 2014 to 30 September 2015. No revenue contributions from these subsidiaries for the said same period.

**Fair value of identifiable assets acquired and liabilities assumed at acquisition date**

| The Group | 2015 At fair value $ |
|---|---|
| Development properties | 194,230,333 |
| Investment properties (Note 5) | 17,277,132 |
| Deferred tax liabilities (Note 10) | (29,595,745) |
| Total net identifiable net assets | 181,911,720 |
| Less: Non-controlling interests | (54,384,272) |
| | 127,527,448 |
| Less: Total consideration transferred | (48,784,146) |
| Gain on business combination recognised in acquisition reserve (Note 18) | 78,743,302 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**6 Subsidiaries (Cont'd)**

Acquisition of subsidiaries (Cont'd)

(a) Citrine Assets Pte. Ltd. (Cont'd)

As one of the shareholders of the Company is also a major shareholder of Citrine Assets, the acquisition of Citrine Assets is accounted for as a transaction with a shareholder and the gain on business combination is recognised directly within equity under "Acquisition reserve" (Note 18).

**Measurement of fair values**

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Development properties for sale and investment properties

The fair value of development properties for sale and investment properties was derived using the direct comparison method with adjustments for differences between the property and the comparable to arrive at the market value of the land in its existing state.



(b) Acquisition of Goodland Group Construction Sdn. Bhd.

On 31 October 2014, the Group, through Goodland Group Construction Pte. Ltd, acquired 100% equity interest in Goodland Group Construction Sdn. Bhd. ("GGC"), a company incorporated in Malaysia whose principal activities are those related to building construction, for a total consideration of RM750,000 (approximately $291,375).

This acquisition will enable the Group to expand its construction business in the region and enlarge the geographical base of the Group's construction business.

From 31 October 2014 to 30 September 2015, GGC contributed revenue of $212,366 and profit of $399 to the Group's results.

Fair value of identifiable assets acquired and liabilities assumed at the acquisition date.

| | 2015<br>At fair value<br>$ |
|---|---|
| **The Company** | |
| Plant and equipment | 166,186 |
| Trade receivable | 53,822 |
| Amount due from shareholder | 60,777 |
| Cash and cash equivalents | 5,350 |
| Trade and other payables | (951) |
| Total identifiable net assets | 285,184 |
| Total consideration transferred – cash | 291,375 |
| Goodwill | 6,191 |

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

**6 Subsidiaries (Cont'd)**

Acquisition of subsidiaries (Cont'd)

(b) Acquisition of Goodland Group Construction Sdn. Bhd. (Cont'd)

**Acquisitions of subsidiaries, net of cash acquired**

| | 2015<br>$ |
|---|---|
| **The Company** | |
| Cash consideration paid, satisfied in cash | |
| – Citrine Assets acquisition | 2,176,303 |
| – GGC acquisition | 291,375 |
| | 2,467,678 |
| Cash acquired | |
| – GGC acquisition | (5,350) |
| Total net cash outflow | 2,462,328 |



The transaction costs incurred for acquisitions referred to in note (a) and (b) above amounted to $443,055 and had been included in other operating expenses in the Group's income statement in the previous financial year ended 30 September 2015.

The investments in subsidiaries held by the Company at 30 September 2016 and 2015 are as follows:

| Name | Country of incorporation | Ownership interest 2016 % | Ownership interest 2015 % | Principal activities |
|---|---|---|---|---|
| Goodland Development Pte Ltd.[1] | Singapore | **100** | 100 | Real estate development |
| Goodland Investments Pte. Ltd.[1] | Singapore | **100** | 100 | Investment holding and real estate development |
| Goodland Capital Pte. Ltd.[1] | Singapore | **100** | 100 | Investment holding |
| Goodland Homes Pte. Ltd.[1] | Singapore | **100** | 100 | Investment holding and real estate development |
| Goodland Group Construction Pte. Ltd.[1] | Singapore | **100** | 100 | Building construction including major upgrading works |
| GPM Builders Pte. Ltd.[1] | Singapore | **100** | 100 | General building contractors, housekeeping cleaning and maintenance services |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**6 Subsidiaries (Cont'd)**

| Name | Country of incorporation | Ownership interest 2016 % | Ownership interest 2015 % | Principal activities |
|---|---|---|---|---|
| Banyan Housing Development Sdn. Bhd.(2) | Malaysia | **72** | 72 | Real estate development |
| Goodland Ventures Pte. Ltd.(1) | Singapore | **100** | 100 | Investment holding and real estate activities |
| Goodland Global Pte. Ltd.(1) | Singapore | **100** | 100 | Investment holding and real estate activities |
| Goodland Assets Pte. Ltd.(1) | Singapore | **100** | 100 | Real estate development |
| GLG Global Sdn. Bhd.(2) | Malaysia | **100** | 100 | Real estate development |
| Goodland Glory Pte. Ltd.(1) | Singapore | **100** | 100 | Real estate development |
| Goodland Harvest Pte. Ltd.(1) | Singapore | **100** | 100 | Real estate development |
| GLG (Cambodia) Investments Pte. Ltd.(1) | Singapore | **100** | 100 | Investment holding and real estate development |
| GLG International Investments Pte. Ltd.(1) | Singapore | **100** | 100 | Investment holding and real estate development |
| GLG Homes Pte Ltd (formerly known as "GLG Industrial Pte. Ltd".)(1) | Singapore | **100** | 100 | Real estate development |
| Held by Goodland Capital Pte Ltd | | | | |
| Citrine Assets Pte. Ltd (1) | Singapore | **100** | 100 | Investment holding |
| T-City Sdn Bhd(2) | Malaysia | **70** | 70 | Real estate development |
| Held by Goodland Group Construction Pte Ltd | | | | |
| Goodland Group Construction Sdn Bhd(2) | Malaysia | **100** | 100 | General building contractors |

(1) Audited by Foo Kon Tan LLP, a principal member of HLB International
(2) Audited by a member firm of HLB International

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 6 Subsidiaries (Cont'd)

Summarised financial information in respect of Group subsidiaries that has a material non-controlling interests (NCI) not adjusted for the percentage of equity interest held by the Group is set out below:

| | 2016<br>T-City (Ipoh)<br>Sdn Bhd<br>$ | 2015<br>T-City (Ipoh)<br>Sdn Bhd<br>$ |
|---|---|---|
| Current assets | **166,290,425** | 163,067,157 |
| Non-current assets | **21,328,797** | 20,796,347 |
| Current liabilities | **(1,121,039)** | (880,454) |
| Non-current liabilities | **(30,165,488)** | (29,595,745) |
| Net assets | **156,332,695** | 153,387,305 |
| Net assets attributable to NCI | **46,899,809** | 46,016,192 |
| Loss for the year | **(27,590)** | (13,511) |
| Other comprehensive income ("OCI") | **–** | – |
| Total comprehensive loss | **(27,590)** | (13,511) |
| Attributable to NCI: | | |
| – loss | **(8,277)** | (4,053) |
| – OCI | **–** | – |
| Total comprehensive loss | **(8,277)** | (4,053) |
| Cash flows from | | |
| – Operating activities | **(98,462)** | 111,221 |
| – investing activities | **(302)** | (111,221) |
| – financing activities | **177,329** | – |
| Net changes in cash and cash equivalents | **78,565** | – |

## 7 Associates

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Group** | | |
| Unquoted equity investments, at cost | **1,672,990** | 1,672,990 |
| Share of post-acquisition profits | **1,917,971** | 3,241,442 |
| Dividend declared | **(1,650,000)** | (1,466,720) |
| | **1,940,961** | 3,447,712 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**7 Associates (Cont'd)**

Details of the associates are as follows:

| Name | Country of incorporation | interest Ownership 2016 | 2015 | Principal activities |
|---|---|---|---|---|
| | | % | % | |
| AG Capital Pte. Ltd.[(2)] | Singapore | **50** | 50 | Real estate development |
| Goodland Sunny Pte. Ltd.[(1)] | Singapore | **50** | 50 | Real estate investment and development |
| RGL Equity (Siem Reap) Co., Ltd.[(2)] | Cambodia | **49** | 49 | Real estate investment and development |
| SL Capital (1) Pte. Ltd.[(2) (3)] | Singapore | **17** | 17 | Property developer |

(1) Audited by Foo Kon Tan LLP

(2) Audited by Foo Kon Tan LLP for Group consolidation purposes

(3) Acquired in financial year ended 30 September 2015 for SGD $170,000

Although the Group owned 17% equity interest in SL Capital (1) Pte Ltd, the Group has the ability to exercise significant influence, but not control, over its financial and operating policies.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016



## 7 Associates (Cont'd)

The summarised financial information of associates, not adjusted for the percentage of equity interest held by the Group, is as follows:

**2016**

| | AG Capital | Goodland Sunny | RGL Equity | SL Capital | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| The Group | | | | | |
| Current assets | 1,866,285 | 2,127,884 | 600,544 | 220,191,787 | 224,786,500 |
| Non-current assets | – | 623,981 | 2,953,649 | 1,794 | 3,579,424 |
| Current liabilities | (654,780) | (406,147) | (682) | (219,238,590) | (220,300,199) |
| Non-current liabilities | – | – | (3,599,006) | – | (3,599,006) |
| **Net assets attributable to investee's shareholders** | 1,211,505 | 2,345,718 | (45,495) | 954,991 | 4,466,719 |
| Revenue | 2,000,428 | 187,194 | – | 47,570 | 2,235,192 |
| Expenses | (1,891,284) | (23,326) | (17,386) | (7,907) | (1,939,903) |
| **Profit for the year** | 109,144 | 163,868 | (17,386) | 39,663 | 295,289 |
| Other comprehensive income | – | – | – | – | – |
| Total comprehensive income | 109,144 | 163,868 | (17,386) | 39,663 | 295,289 |
| **Attributable to investee's shareholders** | 109,144 | 163,868 | (17,386) | 39,663 | 295,289 |
| Group's interest in net assets of investee at beginning of the year | 1,551,181 | 1,740,925 | – | 155,606 | 3,447,712 |
| **Group's share of:** | | | | | |
| – Profit for the year | 54,572 | 81,934 | – | 6,743 | 143,249 |
| – OCI | – | – | – | – | – |
| Total comprehensive income | 54,572 | 81,934 | – | 6,743 | 143,249 |
| Dividend income | (1,000,000) | (650,000) | – | – | (1,650,000) |
| Translation differences | – | – | – | – | – |
| Carrying amount of interest in investee at end of the year | 605,753 | 1,172,859 | – | 162,349 | 1,940,961 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**7 Associates (Cont'd)**

**2015**

| | AG Capital $ | Goodland Sunny $ | RGL Equity $ | SL Capital $ | Total $ |
|---|---|---|---|---|---|
| The Group | | | | | |
| Current assets | 3,981,377 | 58,905 | 188,244 | 198,331,210 | 202,559,736 |
| Non-current assets | – | 3,424,796 | 3,105,738 | – | 6,530,534 |
| Current liabilities | (879,016) | (1,851) | (717) | (197,415,882) | (198,297,466) |
| Non-current liabilities | – | – | (3,323,015) | – | (3,323,015) |
| **Net assets attributable to investee's shareholders** | 3,102,361 | 3,481,850 | (29,750) | 915,328 | 7,469,789 |
| Revenue | – | 71 | – | – | 71 |
| Other income | 1,437,976 | – | – | – | 1,437,976 |
| Expenses | (155,218) | (361,449) | (36,810) | (84,672) | (638,149) |
| **Profit for the year** | 1,282,758 | (361,378) | (36,810) | (84,672) | 799,898 |
| Other comprehensive income | – | – | – | – | – |
| Total comprehensive income | 1,282,758 | (361,378) | (36,810) | (84,672) | 799,898 |
| **Attributable to investee's shareholders** | 1,282,758 | (361,378) | (36,810) | (84,672) | 799,898 |
| Group's interest in net assets of investee at beginning of the year | 1,011,522 | 3,286,614 | – | – | 4,298,136 |
| Additions during the year | – | – | – | 170,000 | 170,000 |
| **Group's share of:** | | | | | |
| – Profit for the year | 641,379 | (180,689) | – | (14,394) | 446,296 |
| – OCI | – | – | – | – | – |
| Total comprehensive income | 641,379 | (180,689) | – | (14,394) | 446,296 |
| Dividend income | (101,720) | (1,365,000) | – | – | (1,466,720) |
| Translation differences | – | – | – | – | – |
| Carrying amount of interest in investee at end of the year | 1,551,181 | 1,740,925 | – | 155,606 | 3,447,712 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 8 Available-for-sale financial asset

| | 2016 $ | 2015 $ |
|---|---|---|
| **The Group** | | |
| Unquoted equity investment, | | |
| At 1 October | **10,730,647** | – |
| Acquisition | **–** | 10,478,315 |
| Fair value (loss)/gain recognised in other comprehensive income | **(245,614)** | 252,332 |
| At 30 September | **10,485,033** | 10,730,647 |

## 9 Joint venture

Details of the joint venture are as follows:

| Name | Country of incorporation | Ownership interest 2016 % | Ownership interest 2015 % | Principal activities |
|---|---|---|---|---|
| Goodland KBS Pte. Ltd. | Singapore | **50** | 50 | Real estate investment and development |

The summarised financial information of joint venture, not adjusted for the percentage of equity interest held by the Group, is as follows:

| | 2016 $ | 2015 $ |
|---|---|---|
| **The Group** | | |
| Non-current assets | **–** | – |
| Current assets | **–** | – |
| Non-current liabilities | **–** | – |
| Current liabilities | **–** | – |
| Net liabilities | **–** | – |
| Revenue | **–** | – |
| Profit for the year | **–** | 55,730 |
| Other comprehensive income | **–** | – |
| Total comprehensive income | **–** | 55,730 |

The joint venture is under members' voluntary liquidation.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 10 Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| **Deferred tax assets** | | | | |
| At 1 October | **929,444** | 499,522 | – | – |
| Recognised in profit or loss (Note 28) | **(74,489)** | 429,922 | – | – |
| At 30 September | **854,955** | 929,444 | – | – |

Deferred tax assets comprise the following:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| **The Group** | | | | |
| Development properties for sale | **854,955** | 929,444 | – | – |
| To be recovered: | | | | |
| – between one and five years | **854,955** | 929,444 | – | – |

Deferred tax liabilities comprise the following:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| **Deferred tax liabilities** | | | | |
| At 1 October | **31,041,474** | 571,378 | – | – |
| Recognised in profit or loss (Note 28) | **(8,411)** | 874,351 | – | – |
| Acquired in business combinations (Note 6(a)) | – | 29,595,745 | – | – |
| At 30 September | **31,033,063** | 31,041,474 | – | – |

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Investment properties | **722,721** | 722,721 | – | – |
| Development properties for sale | **30,310,342** | 30,318,753 | – | – |
| | **31,033,063** | 31,041,474 | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 10 Deferred tax assets/(liabilities) (Cont'd)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Deferred tax liabilities to be realised: | | | | |
| – between one and five years | **30,310,342** | 30,318,753 | **–** | – |
| – after five years | **722,721** | 722,721 | **–** | – |
| | **31,033,063** | 31,041,474 | **–** | – |

The Group is not exposed to any significant deferred tax on foreign subsidiaries since the Malaysian subsidiaries and associates have no income subjected to tax as they have incurred losses during the financial year. The deferred tax on convertible bond is immaterial.

## 11 Trade and other receivables



| | The Group | | The Company | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Trade receivables | | | | |
| – Third parties | **38,335,898** | 17,994,558 | **–** | – |
| – Related parties | **–** | 462 | **–** | – |
| – Associates | **2,140** | – | **–** | – |
| | **38,338,038** | 17,995,020 | **–** | – |
| Other receivables | | | | |
| – Third parties | **802,193** | 290,212 | **22,897** | – |
| – Subsidiaries | **–** | – | **66,141,856** | 62,384,164 |
| – Related party | **33,759** | – | **–** | – |
| – Associates | **12,490,521** | 10,955,044 | **–** | – |
| Deposits | **117,462** | 1,108,750 | **16,395** | 1,001,530 |
| | **51,781,973** | 30,349,026 | **66,181,148** | 63,385,694 |
| | | | | |
| Associated companies/joint venture (gross) | **13,804,727** | 12,267,110 | **–** | – |
| Less: Impairment loss | | | | |
| – At 1 October | **1,312,066** | – | **–** | – |
| – Allowance made | **–** | 1,312,066 | **–** | – |
| – At 30 September | **1,312,066** | 1,312,066 | **–** | – |
| Associates and joint venture, net | **12,492,661** | 10,955,044 | **–** | – |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016



## 11 Trade and other receivables (Cont'd)

Trade receivables have credit terms of between 30 to 90 (2015 – 30 to 90) days.

The trade amounts due from related parties and associates are unsecured, interest-free and repayable in cash on demand.

The non-trade amounts due from subsidiaries, associates and related party, comprising mainly advances, are unsecured, interest-free and repayable in cash on demand.

Related party refers to an entity controlled by an executive director of Goodland Group Limited.

## 12 Other current assets

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Prepayments | **55,608** | 128,950 | **22,612** | 35,346 |

## 13 Development properties for sale

| | 30 September 2016 | 30 September 2015 |
|---|---|---|
| | $ | $ |
| **The Group** | | |
| Properties under development: | | |
| Costs incurred and attributable profits | **296,259,890** | 291,288,652 |
| Progress billings | **(85,298,497)** | (35,051,401) |
| | **210,961,393** | 256,237,251 |
| Completed properties, at cost | **24,900,498** | 9,551,884 |
| Completed properties, at net realisable value | **4,172,697** | 4,632,411 |
| Total development properties for sale | **240,034,588** | 270,421,546 |
| Borrowing costs capitalised during the year | **2,712,369** | 2,187,981 |

The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 2.21% to 4.75% (2015: 1.89% to 4.60%) per annum.

The Group recognised a write down in the value of two units of completed properties amounting to $1,721,738 (2015 – $800,856) due to market conditions.

As at 30 September 2016, development properties for sale with a total carrying amount of $240,034,588 (2015 – $270,421,546) were pledged to certain banks to secure credit facilities for the Group (Note 21).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 13 Development properties for sale (Cont'd)

As at 30 September 2016, details of development properties are as follows:

| Property Name and Location | Stage of completion | Expected date of completion | Approximate land area (square metres) | Approximate floor area (square metres) | Description | Group's effective interest 2016 % | Group's effective interest 2015 % |
|---|---|---|---|---|---|---|---|
| Goodland Investments Pte. Ltd. | | | | | | | |
| No. 219A Ponggol Seventeenth Avenue Singapore | 100% | Completed | 436 | 413 | 1 unit, 2-storey detached landed housing with an attic and basement | **100** | 100 |
| Banyan Housing Development Sdn.Bhd. | | | | | | | |
| No. 204/206/208 Jalan Dr. Lim Chwee Leong, Penang, Malaysia | – | Pending for planning approval | 489 | 1,500 | Commercial shophouses/ offices | **72** | 72 |
| Goodland Global Pte. Ltd. | | | | | | | |
| 28 & 30 Kovan Road Singapore ("The Bently Residences@Kovan"), Singapore | 99% | 4th quarter 2016 | 2,420 | 3,724 | Residential apartment units | **100** | 100 |
| Goodland Assets Pte. Ltd. | | | | | | | |
| 1 Marne Road ("The Citron and The Citron Residences"), Singapore | 53% | 4th quarter 2017 | 1,700 | 5,100 | Residential apartment units with commercial shops at 1st storey | **100** | 100 |
| Goodland Harvest Pte. Ltd. | | | | | | | |
| 63 Paya Lebar Crescent ("The Morris Residences"), Singapore | 100% | Completed | 1,515 | 2,027 | A strata terrace landed residential development | **100** | 100 |

# NOTES TO
# THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 13 Development properties for sale (Cont'd)

| Property Name and Location | Stage of completion | Expected date of completion | Approximate land area (square metres) | Approximate floor area (square metres) | Description | Group's effective interest 2016 % | Group's effective interest 2015 % |
|---|---|---|---|---|---|---|---|
| GLG International Investments Pte. Ltd. | | | | | | | |
| 20 Windsor Park Road, Singapore | 100% | Completed | 189 | 418 | 2-storey intermediate terrace house with an attic and swimming pool | –* | 100 |
| 22 Jalan Tanjong, Singapore | – | Pending for planning approval | 189 | 391 | 3-storey intermediate terrace dwelling house with roof terrance swimming pool | **100** | – |
| T-City (Ipoh) Sdn Bhd | | | | | | | |
| Off Jalan Simpang Pulai/Gopeng, Perak Darul Ridzuan, Malaysia | – | Pending for sub-divided plots planning approval | 207,725 | 989,881 | Commercial and residential development | **70** | 70 |

* Sold during the financial year ended 30 September 2016

## 14 Other financial assets

| | The Group 2016 $ | The Group 2015 $ | The Company 2016 $ | The Company 2015 $ |
|---|---|---|---|---|
| Financial assets, at fair value through profit or loss | | | | |
| – Quoted equity securities, at fair value | **137,387** | 150,088 | **–** | – |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 15 Cash and cash equivalents

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Cash and bank balances | **29,933,802** | 18,395,739 | **599,591** | 550,606 |
| Fixed deposit | **297,245** | – | **–** | – |
| Cash and cash equivalents | **30,231,047** | 18,395,739 | **599,591** | 550,606 |

Cash and cash equivalents are denominated in the following currencies:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Singapore dollar | **29,780,888** | 17,986,247 | **599,591** | 550,606 |
| Malaysian Ringgit | **450,159** | 409,492 | **–** | – |
| | **30,231,047** | 18,395,739 | **599,591** | 550,606 |



Included in cash and cash equivalents are amounts of $28,286,362 (2015: $14,889,998) maintained in the project accounts. The project accounts consist of monies held under the Housing Developers (Project Account) Rules 1997 from which withdrawals are restricted to payments for costs incurred on developing properties for sale.

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents comprised the following:

| | 2016 | 2015 |
|---|---|---|
| **The Group** | | |
| Cash and bank balances (as above) | **30,231,047** | 18,395,739 |
| Less: Bank overdraft (Note 21) | **–** | (1,887,521) |
| Cash and cash equivalents per consolidated statement of cash flows | **30,231,047** | 16,508,218 |

## 16 Share capital

| | 2016 | 2015 | 2016 | 2015 |
|---|---|---|---|---|
| **The Group and The Company** | No. of shares | | $ | $ |
| **Issued and fully paid with no par value:** | | | | |
| At 1 October | **339,363,442** | 194,439,000 | **53,980,893** | 9,080,580 |
| Issued during the year | | | | |
| – Business combinations (Note 6(a)) | **–** | 144,736,842 | **–** | 44,868,421 |
| – Exercise of warrants (Note 18) | **54,703,076** | 187,600 | **9,299,523** | 31,892 |
| At 30 September | **394,066,518** | 339,363,442 | **63,280,416** | 53,980,893 |

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

## 17 Treasury shares

| | 2016 | 2015 | 2016 | 2015 |
|---|---|---|---|---|
| **The Group and The Company** | **No. of shares** | | **$** | **$** |
| At 1 October | **7,151,000** | – | **1,992,727** | – |
| Purchased during the year | **26,220,600** | 7,151,000 | **7,363,975** | 1,992,727 |
| At 30 September | **33,371,600** | 7,151,000 | **9,356,702** | 1,992,727 |

The Company acquired 26,220,600 (2015: 7,151,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $7,363,975 (2015: $1,992,727) and this was presented as a component within shareholders' equity.

## 18 Reserves



| | The Group | | The Company | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **$** | **$** | **$** | **$** |
| Acquisition reserve (a) | **78,743,302** | 78,743,302 | **–** | – |
| Currency translation reserve (b) | **(21,635,806)** | (23,516,308) | **–** | – |
| Equity reserve (c) | **228,811** | 228,811 | **228,811** | 228,811 |
| Fair value reserve (d) | **6,718** | 252,332 | **–** | – |
| Merger reserve (e) | **(485,076)** | (485,076) | **–** | – |
| Warrants reserve (f) | **–** | 960,146 | **–** | 960,146 |
| Revaluation surplus reserve (g) | **1,699,316** | – | **–** | – |
| Retained earnings | **76,590,599** | 81,127,644 | **4,002,452** | 5,309,182 |
| | **135,147,864** | 137,310,851 | **4,231,263** | 6,498,139 |

(a) Acquisition reserve refers to the excess of the net identifiable assets acquired over the consideration transferred arising from a business combination with an entity in which a shareholder has an equity interest (Note 6(a)).

(b) Translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

(c) Equity reserve refers to the equity component of the convertible bonds (Note 20).

(d) Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

**18 Reserves (Cont'd)**

(e) Merger reserve represents the difference between the value of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interest method.

(f) In 2011, the Company issued 115,048,800 warrants an issue price of S$0.01. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S$0.16 at any time during the period commencing 22 February 2011 and expiring on 17 February 2016. The net proceeds of the warrants issued amounting to S$988,932 were initially recognised within warrants reserve.

During the financial year ended 30 September 2016, 54,703,076 (2015 – 187,600) warrants were exercised and converted into ordinary shares in the capital of the Company. In February 2016, all unexercised warrants expired and lapsed. At 30 September 2015, the number of outstanding warrants was 112,170,200.

(g) Revaluation surplus reserve relates to the revaluation of property, plant and equipment immediately before its reclassification to investment property.



**19 Obligations under finance leases**

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Group** | | |
| Future minimum lease payments: | | |
| Due not later than one year | **54,264** | 58,737 |
| Due later than one year and not later than five years | **105,832** | 139,221 |
| Due later than five years | **–** | 20,916 |
| | **160,096** | 218,874 |
| Future finance charges on finance leases | **(24,445)** | (32,681) |
| Present value of minimum lease payments | **135,651** | 186,193 |
| | | |
| Present value of minimum lease payments: | | |
| Due not later than one year | **46,578** | 50,501 |
| Due later than one year and not later than five years | **89,073** | 118,294 |
| Due later than five years | **–** | 17,398 |
| | **89,073** | 135,692 |
| | **135,651** | 186,193 |
| Nominal interest rate | **5.43% to 5.47%** | 5.37% to 5.62% |

The Group leases certain plant and equipment and motor vehicles from third parties under finance leases.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016



## 20 Convertible bonds

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Group and The Company** | | |
| Issue of convertible notes | **1,739,422** | 1,739,422 |
| Amount classified as equity | **(228,811)** | (228,811) |
| | **1,510,611** | 1,510,611 |
| Accrued interest | **148,928** | 72,714 |
| | **1,659,539** | 1,583,325 |
| Mature and repayable: | | |
| – within one year | **1,659,539** | – |
| – between one and five years | **–** | 1,583,325 |

As part of the purchase consideration for the Citrine Assets acquisition (Note 6(a)), the Company issued non-interest bearing convertible bonds of $1,739,422. The convertible bonds will mature on 30 September 2017 and are payable only at maturity. The effective interest rate of the convertible bonds is 4.81% per annum.

The convertible bonds are convertible by holders into new ordinary shares in the capital of the Company at the conversion price of S$0.38 per share at any time on or after 28 December 2014 and up to the close of business on 30 September 2017.

## 21 Bank borrowings

| | Note | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| **The Group** | | | |
| **Non-current liabilities** | | | |
| Bank loans | (a) | **17,601,957** | 18,378,039 |
| | | | |
| **Current liabilities** | | | |
| Bank loans | (a) | **131,730,460** | 129,233,719 |
| Bank overdraft | (b) | **–** | 1,887,521 |
| | | **131,730,460** | 131,121,240 |
| Total | | **149,332,417** | 149,499,279 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016



## 21 Bank borrowings (Cont'd)

Note:

### (a) Bank loans

| | 2016 $ | 2015 $ |
|---|---|---|
| **The Group** | | |
| Secured bank borrowings due: | | |
| – within one year | **131,730,460** | 129,233,719 |
| – between one to five years | **16,545,867** | 15,951,658 |
| – after five years | **1,056,090** | 2,426,381 |
| | **149,332,417** | 147,611,758 |
| Nominal interest rate | **2.21% to 4.75%** | 2.41% to 4.60% |

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Fair Value $ | Carrying Amount $ | Fair Value $ | Carrying Amount $ |
| **The Group** | | | | |
| Non-current bank borrowings | **16,519,025** | **17,601,957** | 17,457,675 | 18,378,039 |

Bank loans are secured by:

(i) Mortgages on the borrowing subsidiaries' property, plant and equipment (Note 4), investment properties (Note 5) and development properties for sale (Note 13);
(ii) Assignment of all rights, titles and benefits with respect to these properties;
(iii) Corporate guarantee by the Company;
(iv) Deed of subordination of all shareholders' and directors' loans for all monies up to the full retirement of the credit facilities;
(v) Assignment of performance bond, insurances, proceeds and construction contract; and
(vi) Credit agreement.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016



## 21 Bank borrowings (Cont'd)

### (b) Bank overdraft

At 30 September 2015, bank overdraft bore interest at 7.25% per annum and was secured by:

(i) Legal mortgages on the Group's investment properties and property, plant and equipment;
(ii) Assignment of all rights, titles and benefits with respect to these properties;
(iii) Corporate guarantee by the Company; and
(iv) Deed of subordination of all shareholders' and directors' loans for all monies up to the full retirement of the credit facilities.

## 22 Trade and other payables

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **$** | **$** | **$** | **$** |
| Trade payables | **1,763,481** | 1,097,292 | **–** | 50,094 |
| Retention sums payable | **5,014** | 5,014 | **–** | – |
| Other payables: | | | | |
| – Third parties | **2,075,608** | 4,331,358 | **66,278** | – |
| – Subsidiaries | **–** | – | **17,406,643** | 14,368,008 |
| – Related party | **926,400** | 1 | **–** | – |
| – Associated companies | **970,000** | – | **–** | – |
| Advances/deposits received | **286,282** | 133,210 | **–** | – |
| Accrued operating expenses | **3,214,477** | 3,568,770 | **32,000** | – |
| | **9,241,262** | 9,135,645 | **17,504,921** | 14,418,102 |

Trade and other payables have credit terms of between 30 to 90 (2015 – 30 to 90) days.

The non-trade amounts due to subsidiaries, related parties and associates, comprising mainly advances, are unsecured, interest-free and repayable in cash on demand.

Related parties refer to the director of the Group and non-controlling interest of subsidiaries.

# NOTES TO **THE FINANCIAL STATEMENTS**

for the financial year ended 30 September 2016

## 23 Other operating income

| | 2016 $ | 2015 $ |
|---|---|---|
| **The Group** | | |
| Dividend income | **3,198** | 3,018 |
| Gain on disposal of property, plant and equipment | **49,392** | – |
| Fair value gain on investment properties (Note 5) | **–** | 6,240,536 |
| Management fees | **24,869** | 24,000 |
| Rental Income | **378,405** | 315,586 |
| Forfeiture of option fee for aborted property sales | **–** | 48,550 |
| Sales of materials | **23,191** | 78,789 |
| Government grant | **139,889** | 220,863 |
| Others | **10,072** | 231,770 |
| | **629,016** | 7,163,112 |



## 24 Finance income

| | 2016 $ | 2015 $ |
|---|---|---|
| **The Group** | | |
| Interest income on: | | |
| – Bank balances | **2,410** | 4,042 |

## 25 Finance costs

| | 2016 $ | 2015 $ |
|---|---|---|
| **The Group** | | |
| Interest expense on: | | |
| – Finance lease liabilities | **8,236** | 3,340 |
| – Bank borrowings | **1,812,543** | 1,318,738 |
| – Convertible bonds | **76,214** | 72,714 |
| | **1,896,993** | 1,394,792 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 26 (Loss)/Profit before taxation

The following items have been included in arriving at (loss)/profit before taxation:

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **The Group** | | | |
| Audit fees paid/payable to other auditors | | – | 1,827 |
| Audit fees paid/payable to the auditors of the Company | | **130,000** | 130,000 |
| Depreciation of property, plant and equipment | 4 | **654,957** | 523,794 |
| Exchange loss, net | | **44,233** | 53,878 |
| Fair value loss on financial assets, at fair value through profit or loss | | **12,701** | 56,759 |
| (Gain)/loss on disposal of property, plant and equipment | | **(49,392)** | 5,871 |
| Impairment allowance on receivables – non-trade | 11 | – | 1,312,066 |
| Non-claimable GST on property purchases | | **1,215** | – |
| Operating lease expense – rental | | **88,681** | 263,249 |
| Fair value loss/(gain) on investment properties | 5 | **381,005** | (6,240,536) |
| Loss on disposal of investment properties | | **800,000** | – |
| Write-down in value of development properties held for sale | | **1,721,738** | 800,856 |

## 27 Employee benefits cost

| | 2016 $ | 2015 $ |
|---|---|---|
| **The Group** | | |
| Salaries and related costs | **4,352,657** | 4,440,157 |
| Contributions to defined contribution plans | **624,418** | 580,322 |
| | **4,977,075** | 5,020,479 |
| Included in: | | |
| Cost of sales | **892,604** | 809,779 |
| Administrative expenses | **3,741,680** | 3,684,706 |
| Development properties | **342,234** | 525,994 |
| Investment properties | **557** | – |
| | **4,977,075** | 5,020,479 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 28 Income tax expense

| | 2016 $ | 2015 $ |
|---|---|---|
| **The Group** | | |
| **Current tax expense** | | |
| Current year | – | 59,268 |
| Overprovision of current year in respect of prior years | **(131,810)** | 150,497 |
| | **(131,810)** | 209,765 |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | **66,078** | 10,318 |
| Adjustment for prior years | – | 419,604 |
| (Note 10) | **66,078** | 429,922 |
| | **(65,732)** | 639,687 |



**Reconciliation of effective tax rate**

| | 2016 $ | 2015 $ |
|---|---|---|
| **The Group** | | |
| Profit before taxation | **(3,951,978)** | 5,383,290 |
| Less: Share of results of associates | **(143,249)** | (446,296) |
| | **(4,095,227)** | 4,936,994 |
| Tax at statutory rate of 17% (2015 – 17%) | **(696,189)** | 839,289 |
| Tax effect on non-deductible expenses | **464,172** | 88,101 |
| Tax effect on non-taxable income | **(5,873)** | (1,060,891) |
| Effect of different tax rate in foreign jurisdictions | **(13,105)** | 9,766 |
| Partial tax exemption and tax credit | **(14,911)** | (77,775) |
| Deferred tax benefits on tax losses not recognised | **331,984** | 271,096 |
| Adjustment for prior years | **(131,810)** | 570,101 |
| | **(65,732)** | 639,687 |

As at 30 September 2016, the Group has unutilised tax losses amounting to approximately $3,256,000 (2015 – $1,303,000) that are available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with the relevant provisions. The deferred tax assets arising from these unutilised tax losses approximately $553,000 (2015 – $222,000) has not been recognised because it is not probable that future taxable profits will be available against which the Group can utilise the tax losses. These tax losses have no expiry dates.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 29 (Loss)/earnings per share

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Group** | | |
| Net (loss)/profit for the year attributable to equity holders of the Company ($) | **(3,867,030)** | 2,969,860 |
| *Basic (loss)/earnings (cents per share)* | **(1.09)** | 0.89 |
| Diluted (loss)/earnings (cents per share) | **(1.09)** | 0.76 |

Weighted average number of ordinary shares outstanding for the purposes of basic (loss)/earnings and diluted earnings per share are calculated as follows:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Group** | | |
| *Basic (loss)/earnings per share* | | |
| Issued ordinary shares at 1 October | **332,212,442** | 194,439,000 |
| Effect of shares issued pursuant to warrants exercised, acquisitions and shares buyback | **21,594,724** | 140,422,955 |
| Weighted average number of ordinary shares during the year | **353,807,166** | 334,861,955 |
| *Diluted (loss)/earnings per share* | | |
| Weighted average number of ordinary shares (basic) | **353,807,166** | 334,861,955 |
| Effect of warrants not exercised | **–** | 52,788,739 |
| Effect of shares to be issued upon redemption of convertible bonds | **4,577,426** | 4,577,426 |
| Weighted average number of ordinary shares (diluted) during the year | **358,384,592** | 392,228,120 |

(a) Basic earnings per share

Earnings per share is calculated on the Group's net profit for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares, which comprise warrants and number of shares to be issued upon redemption of convertible bonds.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 30 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are transactions with related parties made at terms agreed between the parties:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Group** | | |
| With associates | | |
| – Income from management fees | **24,869** | 24,000 |

Remuneration of key management personnel

The remuneration of the directors and senior personnel, who are the key management personnel of the Group are as follows:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Group** | | |
| Short-term employee benefits | **2,027,462** | 2,050,000 |
| Contributions to defined contribution plans | **171,235** | 150,660 |
| | **2,198,697** | 2,200,660 |
| Comprised amounts paid/payable to: | | |
| Directors of the Company* | **1,455,570** | 1,440,450 |
| Other key management personnel | **743,127** | 760,210 |
| | **2,198,697** | 2,200,660 |

* Includes directors' fees of $150,000 (2015 – $150,000)

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 31 Operating lease commitments (non-cancellable)

(a) Where the Group is the lessee

At the reporting date, the Group was committed to make the following rental payments in respect of operating leases of office premises, staff accommodation and office equipment.

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| **The Group** | | |
| Not later than one year | **42,520** | 77,092 |
| Later than one year and not later than five years | **155,012** | 189,441 |
| Later than five years | **603,749** | 774,977 |

The leases on the Group's office premises, staff accommodation and office equipment expire between September 2017 and March 2038.



(b) Where the Group is the lessor

At the reporting date, the Group had the following rentals receivable under non-cancellable operating leases related to investment properties:

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| **The Group** | | |
| Not later than one year | **171,200** | 369,250 |
| Later than one year and not later than five years | **–** | 192,174 |
| Later than five years | **–** | – |

The leases on the Group's investment properties expire between November 2016 and June 2018.

## 32 Corporate guarantees

As at 30 September 2016, the Company has provided guarantees to banks in respect of credit facilities granted to subsidiaries amounting to $166,217,779 (2015 – $173,807,279), of which $149,332,417 (2015 – $150,924,106) has been drawn down. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees. The fair value of these corporate guarantees is estimated to be insignificant as the borrowings are fully collateralised by the related mortgaged properties and the subsidiaries have the ability to generate sufficient cash flows from their operations to repay the borrowings.

# NOTES TO
# THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 33 Operating segments

The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure. Geographical segment is not presented as the Group operates predominantly in Singapore. The revenue for the financial year ended 30 September 2016 and 2015 are largely earned in Singapore.

The Group's reportable segments are as follows:

(i) Property development segment – developing properties for sale
(ii) Construction segment – constructing residential and commercial properties
(iii) Property investment segment – investing in properties to earn rentals and for capital appreciation

Inter-segment transactions are determined on an arm's length basis. During the financial year ended 30 September 2016, revenue from sale of development properties was derived from 120 (2015 – 102) customers amounting to approximately $51,969,000 (2015 – $35,051,000) which accounted for approximately 98% (2015 – 99%) of the Group's revenue.

Segment assets comprise primarily development properties for sale, construction and investment properties. Other assets and liabilities of the Group are utilised interchangeably between the different segments and there is no reasonableness to allocate such assets and liabilities of the Group between the different segments.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 33 Operating segments (Cont'd)

| | Sale of development properties | | Construction revenue | | Investment properties | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Revenue and other operating income | **51,969,604** | 35,051,401 | **9,437,728** | 16,298,004 | **378,405** | 6,575,723 | **250,611** | 606,989 | **62,036,348** | 58,532,117 |
| Less: Elimination | – | – | **(9,124,025)** | (16,123,015) | – | (19,600) | – | – | **(9,124,025)** | (16,142,615) |
| | **51,969,604** | 35,051,401 | **313,703** | 174,989 | **378,405** | 6,556,123 | **250,611** | 606,989 | **52,912,323** | 42,389,502 |
| Segment result | **3,680,713** | 7,274,810 | **(135,695)** | (753,413) | **(1,899,153)** | 5,705,284 | **250,611** | 606,989 | **1,896,476** | 12,833,670 |
| Share of results of associates | **143,249** | 446,296 | | | | | | | **143,249** | 446,296 |
| Unallocated expenses | | | | | | | | | **(5,967,562)** | (7,761,317) |
| Results from operating activities | | | | | | | | | **(3,927,837)** | **5,518,649** |
| Unallocated interest income | | | | | | | | | **2,410** | **4,042** |
| Unallocated finance costs | | | | | | | | | **(26,551)** | **(139,401)** |
| Profit before taxation | | | | | | | | | **(3,951,978)** | **5,383,290** |
| Taxation | | | | | | | | | **65,732** | **(639,687)** |
| (Loss)/profit for the year | | | | | | | | | **(3,886,246)** | 4,743,603 |
| Other segment information: | | | | | | | | | | |
| Capital expenditure (unallocated) | – | – | – | – | – | – | – | – | **227,608** | 1,126,310 |
| Acquisition of investment properties (allocated) | – | – | – | – | **1,286,279** | 1,292,496 | – | – | **1,286,279** | 1,292,496 |
| Depreciation of property, plant and equipment | | | | | | | | | | |
| – allocated | – | – | **388,092** | 391,936 | – | – | – | – | **388,092** | 391,936 |
| – unallocated | – | – | – | – | – | – | – | – | **266,865** | 131,858 |
| | – | – | **388,092** | 391,936 | – | – | – | – | **654,957** | 523,794 |
| Fair value (loss)/gain on investment properties | – | – | – | – | **(381,005)** | 6,240,536 | – | – | **(381,005)** | 6,240,536 |
| Assets and liabilities | | | | | | | | | | |
| Segment assets | **304,145,360** | 331,188,298 | **4,065,798** | 4,997,796 | **88,119,663** | 64,039,757 | – | – | **396,330,821** | 400,225,851 |
| Unallocated assets | | | | | | | | | **30,490,578** | 26,092,185 |
| Total assets | **304,145,360** | 331,188,298 | **4,065,798** | 4,997,796 | **88,119,663** | 64,039,757 | – | – | **426,821,399** | 426,318,036 |
| Segment liabilities | **142,989,616** | 139,397,465 | **7,425,702** | 9,023,892 | **27,827,818** | 28,887,560 | – | – | **178,243,136** | 177,308,917 |
| Unallocated liabilities | | | | | | | | | **13,158,796** | 14,143,671 |
| Total liabilities | **142,989,616** | 139,397,465 | **7,425,702** | 9,023,892 | **27,827,818** | 28,887,560 | – | – | **191,401,932** | 191,452,588 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016



## 33 Operating segments (Cont'd)

Unallocated other income and expenses

There is no reasonable basis to allocate foreign exchange loss, interest income, general finance cost and income tax expense to the different segments, and accordingly these items have been disclosed as unallocated income and unallocated costs. Unallocated costs also include administrative expenses of the Company, dormant subsidiaries and subsidiaries which are engaged in more than one business segments. There is no reasonable basis to allocate such administrative expenses to the respective segments.

Unallocated assets and liabilities

Certain assets of the Group that are shared between the different segments are not allocated. There is no reasonable basis to allocate certain assets and liabilities of the Group between the different segments and accordingly the assets and liabilities of the Group are disclosed as unallocated in the segment report.

The unallocated assets and liabilities are as follows:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Group** | | |
| **Unallocated assets:** | | |
| Property, plant and equipment | **20,737** | 3,456,420 |
| Trade and other receivables | **45,799** | 3,960,987 |
| Other current assets | **55,608** | 128,951 |
| Other financial assets | **137,387** | 150,088 |
| Cash and cash equivalents | **30,231,047** | 18,395,739 |
| | **30,490,578** | 26,092,185 |
| **Unallocated liabilities:** | | |
| Trade and other payables | **23,145** | 63,285 |
| Income tax payables | – | 6,672 |
| Obligation under finance lease | **135,651** | 186,193 |
| Borrowings | **13,000,000** | 13,887,521 |
| | **13,158,796** | 14,143,671 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 33 Operating segments (Cont'd)

### Geographical segment

The following table presents revenue and total non-current assets information based on the geographical location of customers and assets:

| | Singapore $ | Malaysia $ | Others $ | Total $ |
|---|---|---|---|---|
| **The Group** | | | | |
| **2016** | | | | |
| External revenue | **51,969,604** | **313,703** | **–** | **52,283,307** |
| Non-current assets excluding deferred tax assets and financial instruments | **71,717,324** | **21,523,484** | **–** | **93,240,808** |
| Deferred tax assets | **854,955** | **–** | **–** | **854,955** |
| Available for sale financial asset | **10,485,033** | **–** | **–** | **10,485,033** |
| Total non-current assets | **83,057,312** | **21,523,484** | **–** | **104,580,796** |
| **2015** | | | | |
| External revenue | 35,051,401 | 174,989 | – | 35,226,390 |
| Non-current assets excluding deferred tax assets and financial instruments | 74,187,170 | 21,022,436 | 2,990 | 95,212,596 |
| Deferred tax assets | 929,444 | – | – | 929,444 |
| Available for sale financial asset | 10,730,647 | – | – | 10,730,647 |
| Total non-current assets | 85,847,261 | 21,022,436 | 2,990 | 106,872,687 |

No revenue from a single external customer (2015: Nil) amount to 10% or more of the Group's total revenue for the financial year ended 30 September 2016 and 2015.

## 34 Financial risk management

The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

# NOTES TO
# THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 34 Financial risk management (Cont'd)

The carrying amounts of financial assets and financial liabilities at the reporting date by categories of FRS 39 are as follows:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Group** | | |
| **Financial assets at fair value through profit or loss** | | |
| Other financial assets | **137,387** | 150,088 |
| **Financial assets at fair value** | | |
| Available-for-sale financial asset | **10,485,033** | 10,730,647 |
| **Loans and receivables** | | |
| Trade and other receivables | **51,781,973** | 30,349,026 |
| Cash and cash equivalents | **30,231,047** | 18,395,739 |
| | **82,013,020** | 48,744,765 |
| **Financial liabilities at amortised cost** | | |
| Trade and other payables* | **8,954,980** | 9,002,435 |
| Convertible bonds | **1,659,539** | 1,583,325 |
| Bank borrowings | **149,332,417** | 149,499,279 |
| | **159,946,936** | 160,085,039 |

* exclude advances/deposits received

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **The Company** | | |
| **Loans and receivables** | | |
| Trade and other receivables | **66,181,148** | 63,385,694 |
| Cash and cash equivalents | **599,591** | 550,606 |
| | **66,780,739** | 63,936,300 |
| Financial liabilities at amortised cost | | |
| Trade and other payables | **17,504,921** | 14,418,102 |
| Convertible bonds | **1,659,539** | 1,583,325 |
| | **19,164,460** | 16,001,427 |

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

**34 Financial risk management (Cont'd)**

**34.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises from its variable rate borrowings.

Cash flow sensitivity analysis for variable rate instruments

A change of 10 basis points (bp) in interest rates on variable rate borrowings at the reporting date would have increased/decreased profit or loss before tax and equity by the amounts shown below.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.



| | **Loss before tax Increase/(Decrease)** | | **Equity (Decrease)/Increase** | |
|---|---|---|---|---|
| | **(10 bp increase) $** | **(10 bp decrease) $** | **(10 bp increase) $** | **(10 bp decrease) $** |
| **The Group** | | | | |
| **At 30 September 2016** | | | | |
| **Bank loans and bank overdraft** | **149,332** | **(149,332)** | **(149,332)** | **149,332** |

| | **Profit before tax (Decrease)/Increase** | | **Equity (Decrease)/Increase** | |
|---|---|---|---|---|
| | **(10 bp increase) $** | **(10 bp decrease) $** | **(10 bp increase) $** | **(10 bp decrease) $** |
| At 30 September 2015 | | | | |
| Bank loans and bank overdraft | (149,499) | 149,499 | (149,499) | 149,499 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016



## 34 Financial risk management (Cont'd)

### 34.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is exposed to currency risk on financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of Group entities. The currency is primarily the United States dollar (USD). All of the Company's financial assets and financial liabilities are denominated in Singapore dollars.

The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

| | SGD | USD | MYR | Total |
|---|---|---|---|---|
| **The Group** | **$** | **$** | **$** | **$** |
| **At 30 September 2016** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | **48,330,881** | **3,395,437** | **55,655** | **51,781,973** |
| Cash and cash equivalents | **29,780,888** | **–** | **450,159** | **30,231,047** |
| Other financial assets | **137,387** | **–** | **–** | **137,387** |
| | **78,249,156** | **3,395,437** | **505,814** | **82,150,407** |
| **Financial liabilities** | | | | |
| Trade and other payables* | **7,757,296** | **3,602** | **1,194,082** | **8,954,980** |
| Obligations under finance leases | **135,651** | **–** | **–** | **135,651** |
| Bank borrowings | **149,332,417** | **–** | **–** | **149,332,417** |
| | **157,225,364** | **3,602** | **1,194,082** | **158,423,048** |
| Net financial (liabilities)/assets | **(78,976,208)** | **3,391,835** | **(688,268)** | **(76,272,641)** |
| **At 30 September 2015** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 27,382,088 | 2,946,303 | 20,635 | 30,349,026 |
| Cash and cash equivalents | 17,986,247 | – | 409,492 | 18,395,739 |
| Other financial assets | 150,088 | – | – | 150,088 |
| | 45,518,423 | 2,946,303 | 430,127 | 48,894,853 |
| **Financial liabilities** | | | | |
| Trade and other payables* | 8,760,205 | – | 242,230 | 9,002,435 |
| Obligations under finance leases | 186,193 | – | – | 186,193 |
| Bank borrowings | 149,499,279 | – | – | 149,499,279 |
| | 158,445,677 | – | 242,230 | 158,687,907 |
| Net financial (liabilities)/assets | (112,927,254) | 2,946,303 | 187,897 | (109,793,054) |

* exclude advances/deposits received

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**34 Financial risk management (Cont'd)**

**34.2 Currency risk (Cont'd)**

| | SGD | USD | MYR | Total |
|---|---|---|---|---|
| **The Company** | **$** | **$** | **$** | **$** |
| **At 30 September 2016** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | **66,144,428** | **–** | **36,720** | **66,181,148** |
| Cash and cash equivalents | **599,591** | **–** | **–** | **599,591** |
| | **66,744,019** | **–** | **36,720** | **66,780,739** |
| **Financial liabilities** | | | | |
| Trade and other payables | **17,504,921** | **–** | **–** | **17,504,921** |
| | **17,504,921** | **–** | **–** | **17,504,921** |
| Net financial assets | **49,239,098** | **–** | **36,720** | **49,275,818** |
| **At 30 September 2015** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 63,385,694 | – | – | 63,385,694 |
| Cash and cash equivalents | 550,606 | – | – | 550,606 |
| | 63,936,300 | – | – | 63,936,300 |
| **Financial liabilities** | | | | |
| Trade and other payables | 14,418,102 | – | – | 14,418,102 |
| | 14,418,102 | – | – | 14,418,102 |
| Net financial assets | 49,518,198 | – | – | 49,518,198 |

Sensitivity analysis for foreign currency risk

A 5% strengthening of the USD against the SGD at 30 September would have increased profit or loss before tax 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. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 34 Financial risk management (Cont'd)

### 34.2 Currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

| The Group | 2016 Loss before tax $ | 2016 Equity $ | 2015 Profit before tax $ | 2015 Equity $ |
|---|---|---|---|---|
| | (Decrease)/Increase | | Decrease/(Increase) | |
| USD strengthened 5% (2015 – 5%) against SGD | **(169,592)** | **169,592** | 147,315 | (147,315) |

A weakening of the USD against the SGD at the reporting date 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.



### 34.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirement.

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

| | Carrying amount $ | Contractual undiscounted cash flows: Total $ | Less than 1 year $ | Between 2 and 5 years $ | Over 5 years $ |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **As at 30 September 2016** | | | | | |
| Trade and other payables* | **8,954,980** | **8,954,980** | **8,954,980** | – | – |
| Obligations under finance leases | **135,651** | **160,096** | **54,264** | **105,832** | – |
| Bank borrowings | **149,332,417** | **152,271,135** | **134,014,011** | **16,664,804** | **1,592,320** |
| | **158,423,048** | **161,386,211** | **143,023,255** | **16,770,636** | **1,592,320** |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**34 Financial risk management (Cont'd)**

**34.3 Liquidity risk (Cont'd)**

| | Contractual undiscounted cash flows | | | | |
|---|---|---|---|---|---|
| | **Carrying amount $** | **Total $** | **Less than 1 year $** | **Between 2 and 5 years $** | **Over 5 years $** |
| **As at 30 September 2015** | | | | | |
| Trade and other payables* | 9,002,435 | 9,002,435 | 9,002,435 | – | – |
| Obligations under finance leases | 186,193 | 218,874 | 74,995 | 143,879 | – |
| Bank borrowings | 149,499,279 | 154,526,157 | 34,570,435 | 117,159,189 | 2,796,533 |
| | 158,687,907 | 163,747,466 | 43,647,865 | 117,303,068 | 2,796,533 |

* exclude advances/deposits received



| | Carrying amount $ | Total $ | Less than 1 year $ | Between 2 and 5 years $ | Over 5 years $ |
|---|---|---|---|---|---|
| **The Company** | | | | | |
| **As at 30 September 2016** | | | | | |
| Trade and other payables | **17,504,921** | **17,504,921** | **17,504,921** | **–** | **–** |
| Financial guarantee contracts | **166,217,779** | **166,217,779** | **166,217,779** | **–** | **–** |
| | **183,722,700** | **183,722,700** | **183,722,700** | **–** | **–** |
| As at 30 September 2015 | | | | | |
| Trade and other payables | 14,418,102 | 14,418,102 | 14,418,102 | – | – |
| Financial guarantee contracts | 173,807,279 | 173,807,279 | 173,807,279 | – | – |
| | 188,225,381 | 188,225,381 | 188,225,381 | – | – |

At the reporting date, the Company does not consider it probable that a claim will be made against under the intragroup financial guarantees.

**34.4 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Company has provided guarantees to banks in respect of credit facilities granted to subsidiaries amounting to $166,217,779 (2015 – $173,807,279). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 34 Financial risk management (Cont'd)

### 34.4 Credit risk (Cont'd)

The Group and the Company's credit risk is primarily attributable to its trade and other receivables. The Group and the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance account in respect of trade and other receivables is used to record impairment losses unless the Group and the Company is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Trade and other receivables balances are monitored on an ongoing basis and whether the trade and other receivables are recoverable are estimated by the Group and the Company's management based on prior experience and the current economic environment.

At the reporting date, other than as disclosed in Note 11, no allowance for impairment is necessary in respect of trade and other receivables past due and not past due based on the credit quality and past collection history of the counterparties.

Cash and cash equivalents are placed with banks and financial institutions which are regulated and of good credit ratings.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group and the Company's total credit exposure. The Group and the Company's credit exposure is concentrated mainly in Singapore. As at 30 September 2016 and 2015, the Group and the Company does not have any significant concentrations of credit risk.

The ageing of trade and other receivables that were not impaired at the reporting date was:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **$** | **$** | **$** | **$** |
| Neither past due nor impaired | **47,078,683** | 30,308,379 | **66,181,148** | 63,385,694 |
| Past due 0 – 30 days | **4,695,732** | 22,897 | **–** | – |
| Past due 31 – 60 days | **470** | 17,750 | **–** | – |
| Past due over 60 days | **7,088** | – | **–** | – |
| | **51,781,973** | 30,349,026 | **66,181,148** | 63,385,694 |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 34 Financial risk management (Cont'd)

### 34.5 Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

Market price risk arises from financial assets, at fair value through profit or loss.

Market price sensitivity analysis

The Group's quoted equity securities are listed on the Singapore Exchange. For such investments, a 3% increase/decrease in the Straits Times Index at the reporting date would not result in a material impact on the financial statements of the Group.

## 35 Capital management



The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

Management monitors capital based on net gearing ratio. Net gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

There were no changes in the Group's and the Company's approach to capital management during the year.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

## 35 Capital management (Cont'd)

The Group and the Company are not subject to externally imposed capital requirements other than as disclosed.

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Obligations under finance leases | **135,651** | 186,193 | **–** | – |
| Convertible bonds | **1,659,539** | 1,583,325 | **1,659,539** | 1,583,325 |
| Bank borrowings | **149,332,417** | 149,499,279 | **–** | – |
| Borrowings | **151,127,607** | 151,268,797 | **1,659,539** | 1,583,325 |
| Cash and cash equivalents | **(30,231,047)** | (18,395,739) | **(599,591)** | (550,606) |
| Net debt | **120,896,560** | 132,873,058 | **1,059,948** | 1,032,719 |
| Total equity | **235,419,467** | 234,865,448 | **58,154,977** | 58,486,305 |
| Capital net debt ratio | **51%** | 57% | **2%** | 2% |



## 36 Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 : unobservable inputs for the asset or liability.

# NOTES TO **THE FINANCIAL STATEMENTS**

for the financial year ended 30 September 2016



**36 Fair value measurement (Cont'd)**

**Fair values of financial instruments**

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

| The Group | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| **30 September 2016** | | | | |
| Available-for-sale financial assets (Note 8) | **–** | **–** | **10,485,033** | **10,485,033** |
| Financial assets, at fair value through profit or loss (Note 14) | **137,387** | **–** | **–** | **137,387** |
| | **137,387** | **–** | **10,485,033** | **10,622,420** |
| **30 September 2015** | | | | |
| Available-for-sale financial assets (Note 8) | – | – | 10,730,647 | 10,730,647 |
| Financial assets, at fair value through profit or loss (Note 14) | 150,088 | – | – | 150,088 |
| | 150,088 | – | 10,730,647 | 10,880,735 |

**Fair value measurement of financial assets**

**Available-for-sale financial asset**

The fair value of available-for-sale financial asset, classified as Level 3, is based on the adjusted market value of the land held through the investee and applying discount for lack of liquidity and control premium. The market value of the land is determined by an independent firm of professional valuers. The appraisal was carried out using a market approach that reflects observed prices for recent market transactions per similar properties and incorporates adjustments for factors specific to the land in question, including plot size, shape, location, rarity and exclusivity of the land plot awarded by the local government, prevailing market conditions and other relevant factors affecting its fair value.

The significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the stating pointing for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonable possible alternative assumption.

# NOTES TO
# THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

**36 Fair value measurement (Cont'd)**

**Fair value measurement of financial assets (Cont'd)**

**Available-for-sale financial asset (Cont'd)**

Valuation technique and significant unobservable inputs are as follows:

| Valuation technique | Significant unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|
| Fair value adjusted net asset value | Control | The higher the control, the higher the fair value |
| | Liquidity | The higher the liquidity, the higher the fair value |
| | Net assets of investee – land adjusted for factors specific to the revalued land including plot size, plot ratio, location encumbrances and intended use | The higher the net assets of the investee, the higher the fair value. |

The reconciliation of the movement were disclosed in Note 8.

**Financial assets at fair value through profit or loss**

The fair value of quoted equity securities is determined by reference to their quoted closing bid price at the reporting date.

**Obligations under finance leases (Note 19)**

The carrying amounts of finance leases approximate fair value as they bear interest at rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

**Bank borrowings (Note 21)**

The carrying amounts of bank borrowings (current and non-current) whose interest rates are re-priced within 12 months, approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2016

**36 Fair value measurement (Cont'd)**

**Fair value measurement of financial assets (Cont'd)**

**Other financial assets and liabilities**

The carrying amounts of financial assets and financial liabilities of less than one year including trade and other receivables (Note 11), cash and cash equivalents (Note 15) and trade and other payables, excluding advances/deposits received, (Note 22) approximate their fair values because of the short period to maturity.

**Fair value measurement of non-financial assets**

**Investment properties**

The fair value of the investment properties is determined by independent firms of professional valuers who have appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued.

Investment properties are valued on a highest and best used basis. For all of the Group's investment properties, the current use is considered to be the highest and best use. The fair value of investment properties, classified as Level 3, has been derived using the direct comparison method which is checked against the fair value derived from the capitalisation of income method.

The direct comparison method involves the analysis of comparable sales of similar properties with adjustments made to reflect the differences in size, location, physical features, rarity and exclusivity of the land plot awarded by the landowner (private and public), condition, tenure, prevailing market conditions and other relevant factors affecting its fair value. The capitalisation method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question.

# NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 September 2016

**36 Fair value measurement (Cont'd)**

**Fair value measurement of non-financial assets (Cont'd)**

**Investment properties (Cont'd)**

Valuation technique and significant unobservable inputs are as follows:

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|
| The direct comparison method which is checked against the fair value derived from the capitalisation method | – Price per square meter<br>– Expected average rental growth<br>– Capitalisation rate | The estimated fair value would increase (decrease) if:<br>– Price per square meter was higher (lower);<br>– Expected average rental growth was higher (lower);<br>– Capitalisation rate was lower (higher). |

The reconciliation of the carrying amounts of investment properties is disclosed in Note 5.

**37 Dividend**

On 4 March 2016, a final tax-exempt dividend of 0.3 Singapore cent per share for the financial year ended 30 September 2015 amounting to $1,083,131 was paid to holders of fully paid ordinary shares.

On 4 February 2015, a final tax-exempt dividend of 0.5 Singapore cent per share for the financial year ended 30 September 2014 amounting to $1,682,299 was paid to holders of fully paid ordinary shares.

At the Annual General Meeting, a final tax-exempt dividend of 0.3 Singapore cent per share for the financial year ended 30 September 2016 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholder's equity as an appropriation of retained earnings in the financial year ending 30 September 2017. The repayment of this dividend will not have any tax consequences for the Group.

# STATISTICS OF **SHAREHOLDINGS**

as at 21 December 2016

| | | |
|---|---|---|
| NUMBER OF ISSUED SHARES | : | 394,066,518 |
| NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES) | : | 360,694,918 |
| NUMBER/PERCENTAGE OF TREASURY SHARES | : | 33,371,600 (9.25%) |
| CLASS OF SHARES | : | ORDINARY SHARES |
| VOTING RIGHTS | : | 1 VOTE PER SHARE |

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 – 99 | 112 | 23.98 | 1,565 | 0.00 |
| 100 – 1,000 | 85 | 18.20 | 79,127 | 0.02 |
| 1,001 – 10,000 | 102 | 21.85 | 537,010 | 0.15 |
| 10,001 – 1,000,000 | 146 | 31.26 | 14,311,219 | 3.97 |
| 1,000,001 & above | 22 | 4.71 | 345,765,997 | 95.86 |
| TOTAL | 467 | 100.00 | 360,694,918 | 100.00 |



| TOP TWENTY SHAREHOLDERS AS AT 21 DECEMBER 2016 | NO. OF SHARES | % |
|---|---|---|
| CITRINE CAPITAL PTE LTD | 93,500,794 | 25.92 |
| KOH CHIN KIM | 45,780,000 | 12.69 |
| HONG LEONG FINANCE NOMINEES PTE LTD | 42,790,000 | 11.86 |
| MAYBANK NOMINEES (S) PTE LTD | 30,128,100 | 8.35 |
| TAN CHEE BENG | 27,795,000 | 7.71 |
| TAN CHEE TIONG | 22,917,400 | 6.35 |
| TAN BEE BEE | 21,208,700 | 5.88 |
| RHB SECURITIES SINGAPORE PTE LTD | 13,436,900 | 3.73 |
| SBS NOMINEES PTE LTD | 9,760,000 | 2.71 |
| CIMB SECURITIES (S'PORE) PTE LTD | 5,920,984 | 1.64 |
| DB NOMINEES (S) PTE LTD | 5,117,900 | 1.42 |
| RAFFLES NOMINEES (PTE) LTD | 4,221,500 | 1.17 |
| SNG SIEW LIN | 3,985,500 | 1.10 |
| WEE HUI HIAN | 3,024,000 | 0.84 |
| TAN KIM SENG | 2,500,000 | 0.69 |
| TEO YOKE KWAN | 2,439,100 | 0.68 |
| DBS NOMINEES PTE LTD | 2,436,519 | 0.68 |
| DIANA SNG SIEW KHIM | 2,304,800 | 0.64 |
| SEAH KHENG LUN | 2,000,000 | 0.55 |
| YEO KOK HIONG | 1,780,000 | 0.49 |
| | 343,047,197 | 95.10 |

# STATISTICS OF **SHAREHOLDINGS**

as at 21 December 2016

## SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 21 December 2016:

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| **Name** | **No. of Shares** | **%** | **No. of Shares** | **%** |
| Koh Chin Kim | 45,780,000 | 12.69 | 237,549,994 | 65.86 |
| Tan Chee Beng | 27,795,000 | 7.71 | 255,534,994[2] | 70.84 |
| Tan Chee Tiong | 22,917,400 | 6.35 | 260,412,594[3] | 72.20 |
| Tan Bee Bee | 21,208,700 | 5.88 | 262,121,294 | 72.67 |
| Citrine Capital Pte Ltd | 93,500,794 | 25.92 | 42,000,000[4] | 11.64 |

**Notes:**

(1) Tan Chee Beng, Tan Chee Tiong and Tan Bee Bee are siblings. Their mother is Koh Chin Kim. Each of Tan Chee Beng, Tan Chee Tiong, Tan Bee Bee and Koh Chin Kim is deemed interested in all the Shares held by their family members.

(2) Tan Chee Beng is deemed interested in 14,000,000 ordinary shares held in the name of Maybank Nominees (S) Pte Ltd, 93,500,794 shares held in the name of Citrine Capital Pte Ltd and 42,000,000 shares held in the name of Hong Leong Finance Nominees Pte Ltd through Citrine Capital Pte Ltd.

(3) Tan Chee Tiong is deemed interested in 16,128,100 ordinary shares held in the name of Maybank Nominees (S) Pte Ltd.

(4) Citrine Capital Pte Ltd is deemed interested in 42,000,000 ordinary shares held in the name of Hong Leong Finance Nominees Pte Ltd.



## SHAREHOLDING BY THE PUBLIC

Based on the information available to the Company as at 21 December 2016, approximately 21.45% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual is complied with.

# NOTICE OF
# ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Goodland Group Limited (the "**Company**") will be held at Seletar Country Club, 101 Seletar Club Road, Seletar Room, Level 2, Singapore 798273 on Wednesday, 25 January 2017 at 9.00 a.m. to transact the following businesses:

**AS ORDINARY BUSINESS:**

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 September 2016 together with the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax-exempt (one-tier) dividend of 0.3 Singapore cent per ordinary share for the financial year ended 30 September 2016. **Resolution 2**

3. To approve the payment of Directors' Fees of S$150,000.00 for the financial year ending 30 September 2017. (2016: S$150,000.00) **Resolution 3**

4. To re-elect the following Directors of the Company retiring pursuant to Article 98 of the Constitution of the Company:

   4.1 Ms Tan Bee Bee **Resolution 4**

   4.2 Dr Wu Chiaw Ching* **Resolution 5**

   **Dr Wu Chiaw Ching will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee and will be considered independent.*

5. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **Resolution 6**

6. To transact any other ordinary business which may properly be transacted at an AGM.

**AS SPECIAL BUSINESS:**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares**

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

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

# NOTICE OF
# ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of issued Shares (as calculated in accordance with sub-paragraph (2) below);



(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities outstanding;

(ii) (where applicable) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided that options or awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or sub-division of shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST from the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier; or (ii) in the case of shares to be issued in pursuant of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

**[See Explanatory Note: 1]** **Resolution 7**

# NOTICE OF
# ANNUAL GENERAL MEETING

8. **Renewal of Share Buy-Back Mandate**

That:

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

(i) market purchase(s) (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Manual of the SGX-ST ("**Listing Manual**") and the Companies Act,



and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act, the Constitution of the Company and the Listing Manual as may for the time being be applicable be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the Relevant Period and expiring on the earliest of:

(i) the conclusion of the next annual general meeting of the Company is held or date by which such annual general meeting is required by law to be held; or

(ii) the date on which the share buybacks are carried out to the full extent of the Share Buy-Back Mandate; or

(iii) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by the Company in a general meeting;

(c) for purposes of this ordinary resolution:

"**Maximum Limit**" means ten per cent. (10%) of the total issued ordinary shares of the Company as at the date of the passing of this Resolution 8, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buy-back) in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined) in which event the issued

# NOTICE OF **ANNUAL GENERAL MEETING**

ordinary shares of the Company shall be taken to be the total number of the issued ordinary shares of the Company as altered by such capital reduction (the total number of ordinary shares shall exclude any ordinary shares that may be held as treasury shares by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution 8 and expiring on the earliest of the date the next annual general meeting of the Company is held or is required by law to be held, or the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate, or the date the said mandate is revoked or varied by the Company in a general meeting;

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

(i) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Market Purchase was made by the Company and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and



(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 15% above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(d) the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;

(e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy-Back Mandate in any manner as they think fit, which is permitted under the Companies Act; and

(f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution 8.

**[See Explanatory Note: 2]** **Resolution 8**

# NOTICE OF **ANNUAL GENERAL MEETING**

**Explanatory Notes:**

1. The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, for such purposes as they consider would be in the interest of the Company.

2. The Ordinary Resolution 8 proposed in item 8 above, if passed, renews the Share Buy-Back Mandate authorising the Directors of the Company, from time to time, to buy back shares of the Company by way of market purchase(s) and/or off-market purchase(s) subject to and in accordance with the prescribed rules and regulations governed by the Companies Act, the Listing Manual and such other laws and regulations as may for the time being applicable.



**NOTICE OF BOOKS CLOSURE**

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Goodland Group Limited (the "**Company**") will be closed on 2 February 2017, for the purpose of determining members' entitlements to the final exempt (one-tier) dividend of 0.3 Singapore cent (the "**Proposed Final Dividend**") to be proposed at the Annual General Meeting of the Company ("**AGM**") to be held on 25 January 2017.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 2 February 2017 by the Company's Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 will be registered to determine members' entitlements to the Proposed Final Dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 2 February 2017 will be entitled to such Proposed Final Dividend.

The Proposed Final Dividend, if approved by shareholders at the AGM to be held on 25 January 2017, will be paid on or about 9 February 2017.

By Order of the Board

Hor Swee Liang
Company Secretary

10 January 2017

# NOTICE OF
# ANNUAL GENERAL MEETING

**Notes:**

1. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the Annual General Meeting. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. A proxy need not be a member of the Company.

2. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting, provided that each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in the form of proxy including the number and class of shares in relation to which each proxy has been appointed, at its office at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069.

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

3. The instrument appointing a proxy or proxies must be deposited at its office at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069, not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.

**PERSONAL DATA PRIVACY**

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

This page has been intentionally left blank

**GOODLAND GROUP LIMITED**
Company Registration No. 200405522N
(Incorporated in the Republic of Singapore)

**IMPORTANT**
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote the Annual General Meeting.
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF investors who hold shares through their CPF funds. CPF investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

**PROXY FORM**

*(Please see notes overleaf before completing this Form)*

I/We, ________________________________________ *(Name)*

of ________________________________________ *(Address)*

being a member/members of **GOODLAND GROUP LIMITED** (the "Company"), hereby appoint:

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Address | | | |

and/or (delete as appropriate)

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Address | | | |

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Seletar Country Club, 101 Seletar Club Road, Seletar Room, Level 2, Singapore 798273 on Wednesday, 25 January 2017 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

**(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)**

| No. | Resolutions relating to: | For | Against |
|---|---|---|---|
| | **Ordinary Business** | | |
| 1 | Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2016 | | |
| 2 | Declaration of a final tax-exempt (one-tier) dividend | | |
| 3 | Approval of Directors' Fees amounting to S$150,000.00 for the financial year ending 30 September 2017 (2016: S$150,000.00) | | |
| 4 | Re-election of Ms Tan Bee Bee as a Director | | |
| 5 | Re-election of Dr Wu Chiaw Ching as a Director | | |
| 6 | Re-appointment of Foo Kon Tan LLP as Auditors | | |
| | **Special Business** | | |
| 7 | Authority to allot and issue Shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore | | |
| 8 | Renewal of Share Buy-Back Mandate | | |

Dated this ______ day of ______________ 2017

| Total number of Shares held |
|---|
| |

______________________________

Signature(s) of member(s) or common seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. Please insert the total number of shares held by you. If you only have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you only have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. However, if you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

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

3. A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting, provided that each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this form of proxy including the number and class of shares in relation to which each proxy has been appointed, at its office at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069.

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

4. A proxy need not be a Member.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a Member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at its office at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069, not less than forty-eight (48) hours before the time appointed for the Meeting.

**Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 January 2017.

GOODLAND GROUP LIMITED
良園集團

Company Registration Number: 200405522N

3 Kim Chuan Lane
#07-01, Goodland Group Building
Singapore 537069
Tel: 6289 0003
Fax: 6289 3818

www.goodlandgroup.com.sg