



GOODLAND GROUP LIMITED

良園集團



MOVING AHEAD WITH RESOLVE AND COMMITMENT

ANNUAL REPORT 2020

MOVING AHEAD WITH RESOLVE AND COMMITMENT

OVERCOME - We remain committed to overcome the challenges ahead through leveraging our strong track record and core competencies.

CONTENTS

| |
|------------------------|
| PAGE 02 |
| FINANCIAL HIGHLIGHTS |
| — |
| PAGE 03 |
| CHAIRMAN'S STATEMENT |
| — |
| PAGE 05 |
| CEO'S STATEMENT |
| — |
| PAGE 08 |
| BOARD OF DIRECTORS |
| — |
| PAGE 11 |
| KEY MANAGEMENT |
| — |
| PAGE 12 |
| ON-GOING PROJECTS |
| — |
| PAGE 14 |
| LEASING AND MANAGEMENT |
| — |
| PAGE 16 |
| CORPORATE INFORMATION |

OUR
STABLE
FOUNDATIONS
ENABLE
RESILIENCE
IN TRYING
TIMES

STABILITY - Despite the challenges posed by the pandemic, we have maintained our stability through prudence and vigilance.



FINANCIAL HIGHLIGHTS

TOTAL ASSETS (\$'000)

356,195

2020 356,195

2019 370,514

2018 340,629

TOTAL LIABILITIES (\$'000)

108,820

2020 108,820

2019 116,919

2018 85,456

SHAREHOLDERS' EQUITY (\$'000)

193,846

2020 193,846

2019 199,850

2018 201,501

NAV PER SHARE (CENTS)

53.84

2020 53.84

2019 55.48

2018 55.88

CASH & BANK BALANCE (\$'000)

4,236

2020 4,236

2019 1,808

2018 8,300

REVENUE (\$'000)

26,983

2020 26,983

2019 8,078

2018 31,510

(LOSS)/PROFIT AFTER TAX (\$'000)

(3,588)

2020 (3,588)

2019 211

2018 4,060

(LOSS)/EARNINGS PER SHARE

- BASIC & DILUTED (CENTS)

(0.99)

2020 (0.99)

2019 0.06

2018 1.13

CHAIRMAN'S STATEMENT

Dear Valued Stakeholders,

On behalf of the Board of Directors of the Goodland Group Ltd, I present to you the annual report for the financial year ended 30 September 2020 ("FY2020").

BUSINESS REVIEW

The global coronavirus ("COVID-19") pandemic has adversely impacted the world economy and hampered macroeconomic growth. As in most parts of the world, these effects are also felt deeply in Singapore. This has exacerbated the local property market which was already grappling with the effects of the property cooling measures implemented in the recent years. While prices for residential private properties have remained resilient as shown by the recent statistics released by the Urban Redevelopment Authority's ("URA") private residential price index, we observe that overall sales and leasing activities continue to be slow.

Notwithstanding the sluggish environment, Goodland has delivered topline growth from our landed housing developments in FY2020. Our foray in developing a modern multi-storey food processing facility, Citrine Foodland @ 33 Kim Chuan ("Citrine Foodland"), located at 33 Kim Chuan Drive, is bearing fruit, evident in the progressive revenue contribution from the ongoing industrial development. As a result, the Group posted revenue of S\$27.0 million in FY2020 compared to S\$8.1 million in the financial year ended 30 September 2019 ("FY2019"). The Group registered loss attributable to shareholders of S\$3.6 million in FY2020 compared to profit of S\$0.2 million in the previous year, partly due to change in share of results of associates, decrease in other operating income and increase in other operating expenses, partially offset by higher gross profit as well as lower administrative expenses and finance costs.

FY2020 loss per share was 0.99 Singapore cent compared to earnings per share of 0.06 Singapore cent in FY2019, while net asset value per share as at 30 September 2020 was 53.84 Singapore cents compared to 55.48 Singapore cents in the previous year.

The current COVID-19 pandemic situation remains fluid and we expect the year ahead to remain challenging. The Group will continue to monitor the market vigilantly and exercise prudence as we evaluate suitable opportunities to unlock value for our shareholders and deliver sustainable growth.

PROJECTS IN THE PIPELINE

In Singapore, Goodland has continued to demonstrate its execution capabilities in its core luxury residential development segment with the launch of several high-quality landed properties situated in prime locations. In addition, the continued development of our freehold industrial property - Citrine Foodland is intended to diversify our income stream in the industrial sector and contribute to the Group's results in coming years.

In Malaysia, the Group has completed the acquisition of a portfolio of freehold shophouses in Penang. This portfolio will serve to be another building block in our overall strategy to increase development income contributions for the Group.

CORPORATE SOCIAL RESPONSIBILITY, GOVERNANCE AND SUSTAINABILITY

At Goodland, we believe that our investments into the community will serve as the launchpad to deliver sustainable value to society. We continue to encourage our employees to actively engage in our corporate social responsibility initiatives and efforts.

In FY2020, we participated in several community programs such as the Zi Jing Ge Moral Uplifting Society which promotes social ethics and values and donated to the organisation and Wat Ananda Metyarama Thai Buddhist Temple, among others. We are both privileged and delighted to continue our involvement in institutional community events such as contributing to the fund-raising golf tournament and dinner organised by the Braddell Heights Citizens' Consultative Committee Development and Welfare Fund and the Relay Majulah run to support the 67 charities selected by the President's Challenge. Our management, staff and their families also continued our longstanding support of Ren Ci Community Hospital with our involvement in the Vegetarian Food Fiesta 2019.

Sustainability Report 2020 will be published separately on the corporate website. To conserve the environment, no hard copies of this report will be printed.

CHAIRMAN'S STATEMENT

OUTLOOK FOR 2021

While there may be nascent signs of recovery with the gradual easing of COVID-19 restrictions in Singapore and expectations of imminent vaccine breakthroughs, we expect overall sentiment for the local residential property market to remain subdued. As such, we remain cautious and believe that we may not be able to determine the full extent of the prolonged pandemic outbreak at this stage. Nevertheless, we remain steadfast in our commitment to leverage on our strong track record and core competencies to execute our long-term business strategy and capitalise on suitable market opportunities which may arise in Singapore and overseas to strengthen the Group's portfolio and financial position.

DIVIDEND

Despite the unfavourable economic outlook, we remain committed to reward our loyal shareholders for their unwavering support. The Board has proposed a first and final one-tier tax exempt cash dividend of 0.15 Singapore cent per share for FY2020. Subject to shareholders' approval at our upcoming Annual General Meeting scheduled on 27 January 2021, the final dividend will be paid to shareholders on or around 12 February 2021.

WORD OF APPRECIATION

Finally, I would like to take this opportunity to thank our Board members for their invaluable guidance in steering the Group through this difficult operating environment. To our customers and business partners, we would like to express our deepest gratitude for your staunch support throughout this period. I am also grateful to our dedicated management team and staff for their hard work and perseverance during the year.

Amidst these trying circumstances, it is important for us to remain nimble to adapt and respond promptly to the rapidly changing market environment. Together, we remain committed as a team to overcome the challenges ahead and deliver sustainable value for our stakeholders in the years to come.

Ben Tan Chee Beng

Executive Chairman

CEO'S STATEMENT

Dear Valued Stakeholders,

The global outbreak of the coronavirus ("COVID-19") pandemic has significantly disrupted the Singapore economy. The circuit-breaker measures introduced in the first half of the year and weak demand have affected property sales with the closure of showrooms and delayed the completion of projects under construction as most of the nation's foreign workers in the construction sector were quarantined in their dormitories.

Despite the unprecedented operational challenges, the Group has resiliently navigated the headwinds by launching strategic initiatives such as digital marketing to drive sales. We have also progressively resumed construction activities in the second half of the financial year ended 30 September 2020 ("FY2020") with the implementation of safety measures in the workplace. As the COVID-19 pandemic situation continues to evolve, the Group is actively monitoring its development and its impact on our business. We will continue to exercise prudence and adopt the necessary initiatives to moderate the impact on the business while we assess suitable development and investment opportunities to strengthen our land bank.

FINANCIAL PERFORMANCE

The Group posted revenue of S\$27.0 million in FY2020 compared to S\$8.1 million in the previous year. The increase of S\$18.9 million was mainly due to higher revenue recognised from the sales of landed residential housing developments within the Group's residential portfolio, leasing of investment properties and the progressive revenue recognition from Citrine Foodland, a freehold industrial development situated at a prime location within the popular District 19. In line with the increase in revenue, the Group recorded an increase in cost of sales by S\$17.2 million to S\$23.8 million in FY2020 from S\$6.6 million in the financial year ended 30 September 2019 ("FY2019"). This translated into gross profit of S\$3.1 million in FY2020 compared to S\$1.5 million in FY2019. Gross profit margin was 11.7% in the year under review compared to 18.3% in FY2019 because of the sale of development properties with higher margins in the previous year.

Administrative expenses decreased to S\$4.7 million in FY2020 from S\$5.0 million in FY2019 mainly due to decrease in salaries and related expenses for employees of the Group,

REVENUE

▲ \$27.0 mil

GROSS PROFIT

▲ \$3.1 mil

lower professional fees incurred and depreciation charge. Finance costs decreased by S\$0.2 million to S\$1.3 million in FY2020 from S\$1.5 million in the previous year mainly due to repayment of bank loans after the sale of development properties and lower interest rates.

Other operating income decreased to S\$0.7 million in FY2020 from S\$1.2 million in the previous year mainly due to the absence of fair value gain on investment properties in the year under review. Other operating expenses increased by S\$0.1 million to S\$0.2 million in FY2020 compared to S\$0.1 million in FY2019 because of the fair value loss on investment properties.

Share of results of associate companies changed by S\$5.4 million to a loss of S\$1.3 million in FY2020 compared to a profit of S\$4.1 million in FY2019, mainly due to the share of losses from associates.

FY2020 loss per share was 0.99 Singapore cent on a fully diluted basis, compared to earnings per share of 0.06 Singapore cent the previous year.

Net asset value per share attributable to shareholders for FY2020 was 53.84 Singapore cents, compared to 55.48 Singapore cents in FY2019. As of 30 September 2020, Goodland's net assets stood at S\$247.4 million with cash and cash equivalents of S\$4.2 million as compared to S\$253.6 million and S\$1.8 million respectively in the previous year.

CEO'S STATEMENT

OPERATING REVIEW

In the year under review, the Group completed the sale of units from its landed housing portfolio and further diversified its income stream with the leasing of its residential, commercial and industrial investment properties. The increase in property sales and leasing activities are testament to the Group's tenacity to monetise and unlock value from its property portfolio despite the difficult market conditions. In addition, the Group also recognised revenue contributions from the build-out phases of Citrine Foodland, a freehold development designated for industrial food production which is expected to be completed by 2023.

The Group also replenished our land bank to further augment the suite of landed properties in Singapore and completed the acquisition of a portfolio of freehold shophouses in Penang. We are confident that these projects will provide an opportunity to extend our track record, diversify our reach and showcase our commitment to build a steady pipeline to deliver future growth.

REGIONAL INVESTMENTS

As part of our strategy to diversify geographically, the Group had completed the acquisition of a portfolio of freehold shophouses which are strategically located in Chinatown, within Georgetown's UNESCO World Heritage Site. We expect the Penang portfolio to generate income for the Group going forward.

GOING FORWARD

Notwithstanding the challenging macroeconomic outlook, the Group remains focused on executing our core long-term strategy to establish ourselves as the premier lifestyle property developer.

We will continue to forge ahead to realise the value of our existing property portfolio as well as to complete our ongoing projects to broaden our earnings base. While we strive to exercise prudence and remain disciplined in capital management, we remain ready to bolster our land bank through selective acquisitions. This will serve as the foundation to deliver sustainable growth.

We thank you and look forward to your continued support.

Dr Alvin Tan Chee Tiong

Chief Executive Officer

INVESTING IN OPPORTUNITIES AND BUILDING SUSTAINABLE GROWTH

POTENTIAL - Our properties in Singapore and in the region have demonstrated potential growth that will strengthen our portfolio and financial position.



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 29 January 2019.

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, Dr Alvin Tan, they expanded the company's business operations to include property development.

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

DR ALVIN TAN CHEE TIONG

Chief Executive Officer

Appointed as the Executive Director on 6 May 2004, Dr 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 re-elected on 29 January 2019.

Dr Tan possesses more than 25 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, Dr Tan participates in community work. He serves as a grassroots leader in Marine Parade Group Representation Constituency as a Patron of the Braddell Heights Community Club Management Committee. He serves as a grassroots leader in Ponggol East Single Member Constituency as a Patron of the Ponggol East Citizens' Consultative Committee. He was conferred the Public Service Medal (PBM) by the President of Singapore in the 2016 National Day Awards.

Dr Tan holds a First Class (Honours) Degree in Construction Management from RMIT University Australia and a Doctorate in Business Administration from Apollos University, Montana, USA.

BOARD OF DIRECTORS

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 21 January 2020.

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.

CHARLES CHONG YOU FOOK

Lead Independent Director

Mr. Charles Chong was appointed as the Lead Independent Director on 13 August 2018 and was last re-elected on 29 January 2019.

Mr. Chong was engaged as a Consultant at SIA Engineering Company from August 2015 to June 2018. Prior to that, he served as the Vice President, Quality and Safety at SIA Engineering Company from July 2004 to July 2015. Over the years, he advised several companies in his capacity as board member, including International Engine Component Overhaul Pte Ltd from April 2006 to October 2016, Messier Services Asia Pte Ltd from January 2010 to May 2016 and Pan Asia Pacific Aviation Services Ltd from February 2012 to June 2016. Mr. Chong studied aircraft engineering at Sydney Technical College in Australia on a Qantas Airways Scholarship. He is a qualified aircraft maintenance engineer and served overseas postings with SIA in Dubai, Bahrain, Seattle and Toulouse.

Mr. Chong was a Member of Parliament (MP) since September 1988. He was elected MP for Sembawang Group Representation Constituency (GRC) from 1988 to 1991, Eunos GRC from 1991 to 1996, Pasir Ris GRC from 1997 to 2001 and Pasir Ris-Punggol GRC from 2001 to 2011. He was elected MP for Joo Chiat Single Member Constituency (SMC) from 2011 to 2015 and Punggol East (SMC) from 2015 to 2020. He had served as Deputy Speaker of Parliament from 2011 to 2020.

Mr. Chong served as Chairman of Pasir Ris - Punggol Town Council; North East Community Development Council; National Police Cadet Corps Council; Singapore Institute of Aerospace Engineers; Singapore Quality Institute and National Productivity Association.

DR WU CHIAW CHING

Independent Director

Dr Wu Chiaw Ching was appointed as the Independent Director on 19 August 2009 and was last re-elected on 21 January 2020. Dr Wu is the 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 GDS Global Limited, a company listed on the SGX Catalist and LHT Holdings Limited, a company listed on the Mainboard of the SGX-ST.

BOARD OF DIRECTORS

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 21 January 2020. 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 became its Managing Partner. Prior to that, Mr Lye served as a Magistrate and Deputy Registrar of the State Courts before going into private practice. His areas of expertise include civil and criminal litigation, commercial work, business disputes including shareholder/director/partner/employment law, building and construction law, family law and intellectual property rights.

Mr Lye also served as an Independent Director of the SK Jewellery Group Limited and 800 Super Holdings Ltd (until both were delisted in Dec 2020 and Aug 2019 respectively).

He is also active in community and public service. Mr Lye is currently the Deputy President of the Strata Titles Board and a member of IMDA's Films Appeals Committee. He is a Resource Panel member of the Government Parliamentary Committee on Defence and Foreign Affairs, and the Honorary Chairman of the Punggol East Citizens Consultative Committee, among others. 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.

IRVING CHOY THIAN CHEE

Independent Director

Mr Irving Choh was appointed as the Independent Director on 10 May 2018 and was last re-elected on 29 January 2019. He is the Managing Director of Optimus Chambers LLC, a Singapore law firm, and has more than 20 years of experience in legal practice, specializing in commercial litigation and international arbitration.

Mr Choh has a Bachelor of Law (Honours) degree from the University of Buckingham, UK and a mediator with the Singapore Mediation Centre.

He is presently an Independent Director of A-Sonic Aerospace Limited, a company listed on the Mainboard of the SGX-ST.

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 fellow Chartered Accountant of Singapore.

MINDY TAN

Director (Property)

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

She has more than 20 years of real estate experience 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 in Lands and Buildings, licensed by the Inland Revenue Authority of Singapore and a Certified Property and Facility Manager registered with Association of Property & Facility Managers. She holds a Bachelor of Science (Honours) in Estate Management from the University of Reading, United Kingdom and is also a Member of Singapore Institute of Surveyors and Valuers (SISV) and a Member of Association of Property & Facility Managers (APFM).

ON-GOING PROJECTS

CITRINE FOODLAND @ 33 KIM CHUAN



COASTLINE RESIDENCES A JOINT VENTURE PROJECT



ONE MEYER A JOINT VENTURE PROJECT



ON-GOING PROJECTS

NERAM ROAD



JALAN TANJONG



MAYFLOWER LANE



JALAN KEMUNING



LEASING AND MANAGEMENT

KIM CHUAN LANE, SINGAPORE



ROBERTS LANE, SINGAPORE



GEORGETOWN, PENANG, MALAYSIA



DEVELOPING QUALITY PROPERTIES AND CULTIVATING EXCELLENCE FOR FUTURE OPPORTUNITIES

VALUE - We will continue to evaluate suitable opportunities to unlock value for our shareholders and deliver sustainable growth.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ben Tan Chee Beng

Executive Chairman

Dr Alvin Tan Chee Tiong

Chief Executive Officer
and Group Managing Director

Melanie Tan Bee Bee

Executive Director

Charles Chong You Fook

Lead Independent Director

Dr Wu Chiaw Ching

Independent Director

Raymond Lye Hoong Yip

Independent Director

Irving Choh Thian Chee

Independent Director

AUDIT COMMITTEE

Dr Wu Chiaw Ching (Chairman)

Charles Chong You Fook

Raymond Lye Hoong Yip

Irving Choh Thian Chee

NOMINATING COMMITTEE

Charles Chong You Fook (Chairman)

Raymond Lye Hoong Yip

Dr Wu Chiaw Ching

Irving Choh Thian Chee

Dr Alvin Tan Chee Tiong

REMUNERATION COMMITTEE

Raymond Lye Hoong Yip (Chairman)

Charles Chong You Fook

Dr Wu Chiaw Ching

Irving Choh Thian Chee

COMPANY SECRETARY

Kenneth Hor Swee Liang, FCA

Kong Wei Fung

Check Hui Yee

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CORPORATE SECRETARIAL AGENT

**Tricor HEP Corporate Services
Pte Ltd**

80 Robinson Road

#02-00 Singapore 068898

AUDITORS

Foo Kon Tan LLP

Public Accountants and Chartered
Accountants

24 Raffles Place

#07-03 Clifford Centre

Singapore 048621

Partner-in-charge

Ang Soh Mui

(with effect from the financial
year ended 30 September 2018)

FINANCIAL CONTENTS

PAGE 18

CORPORATE GOVERNANCE REPORT

PAGE 35

SUSTAINABILITY OVERVIEW

PAGE 38

DIRECTORS' STATEMENT

PAGE 43

INDEPENDENT AUDITORS' REPORT

PAGE 48

STATEMENTS OF FINANCIAL POSITION

PAGE 49

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

PAGE 50

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

PAGE 52

CONSOLIDATED STATEMENT OF
CASH FLOWS

PAGE 54

NOTES TO THE FINANCIAL STATEMENTS

PAGE 146

STATISTICS OF SHAREHOLDINGS

PAGE 148

NOTICE OF ANNUAL GENERAL MEETING

PAGE 157

DISCLOSURE OF INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

PROXY FORM

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Goodland Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) and the management (the “**Management**”) of the Company are 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 2018 (the “**Code**”) issued by the Singapore Council on Corporate Disclosure and Governance.

This corporate governance report (the “**Report**”) outlines the Group’s corporate governance practices and activities that are in place during the financial year ended 30 September 2020 (“**FY2020**”), with specific references made to the principles and guidelines of the Code.

The Board confirms that, for FY2020, the Company has generally adhered to the principles and guidelines set out in the Code, except where otherwise stated. Where there have been deviations from the Code, the Company has sought to provide an appropriate explanation for each deviation in this Report.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of 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 and reviews the performance of the Management. In addition, the principle functions of the Board also include, inter alia, the following:

- (i) identifying the key stakeholder groups and recognising that their perceptions affect the Group’s reputation;
- (ii) setting the Group’s values and standards (including ethical standards) and ensuring that obligations to shareholder and other stakeholders are understood and met; and
- (iii) considering sustainability issues relating to the environment and social factors as part of the strategic formulation of the Group.

The fiduciary responsibilities of the Board include:

- (i) to conduct itself with proper due diligence and care;
- (ii) to act in good faith;
- (iii) to comply with applicable laws; and
- (iv) to act in the best interests of the Company and its shareholders at all times.

CORPORATE GOVERNANCE REPORT

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

The Board will meet at least twice every year to coincide with the announcement of the Group’s half year 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.

During FY2020, the number of Board and Board Committee meetings held and the attendance of each Board member were as follows:-

| NAME OF DIRECTOR | BOARD | | AUDIT COMMITTEE | | NOMINATING COMMITTEE | | REMUNERATION COMMITTEE | |
|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|--------------------------|------------------------|--------------------------|
| | 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 | 4 | 4 | NA | NA | NA | NA | NA |
| Dr Alvin Tan Chee Tiong | 4 | 4 | NA | NA | 1 | 1 | NA | NA |
| Melanie Tan Bee Bee | 4 | 4 | NA | NA | NA | NA | NA | NA |
| Charles Chong You Fook | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Dr Wu Chiaw Ching | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Raymond Lye Hoong Yip | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Irving Choh Thian Chee | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |

NA : Not applicable

CORPORATE GOVERNANCE REPORT

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 be provided a formal letter setting out their duties and obligations and given an orientation program with materials provided to familiarise themselves with the profile of the Group and the Management, business and organisational structure of the Group, and strategic plans and mission of the Company. In addition, the newly-appointed Directors will undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. First-time Directors will be required to attend training in areas such as accounting, legal and industry-specific knowledge as appropriate.

The Company shall be responsible for arranging and funding the training of Directors.

No new members were appointed to the Board during FY2020.

On an on-going basis, Management provides the Board with complete, adequate and timely information and Board papers prior to Board meetings. Requests for information from the Board are dealt with promptly by the Management. The Management is also involved in preparing the Board papers and can provide additional insight into the matters to be discussed. As such, the Management is invited to attend the Board meetings at the request of the Board.

The Board also receives regular updates on the Group's performance and business activities. Where a decision has to be made, the necessary information is 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 decision of 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.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Currently, the Board comprises seven Directors, of whom four are independent Directors. The independent Directors, namely Mr. Charles Chong You Fook, Dr. Wu Chiaw Ching, Mr. Raymond Lye Hoong Yip and Mr. Irving Choh Tian Chee 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 NC based on the guidelines set forth in the Code. The NC 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 |
| Dr. Alvin Tan Chee Tiong | Chief Executive Officer and Group Managing Director |
| Melanie Tan Bee Bee | Executive Director |
| Charles Chong You Fook | Lead Independent Director |
| Dr. Wu Chiaw Ching | Independent Director |
| Raymond Lye Hoong Yip | Independent Director |
| Irving Choh Thian Chee | 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 NC 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 8 to 11 of the Annual Report.

Non-executive Directors review the performance of Management in meeting agreed goals and objectives. They bring independent judgment to Management's proposals or decisions on business activities and transactions involving conflicts of interest and other complexities.

Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip have served on the Board beyond nine (9) years from the date of their first appointments.

The Nomination Committee has performed a rigorous review and the factors taken into consideration to assess and determine the independence of Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip including but not limited to the following:

- a) they have no relationship with the Company's related corporations, substantial shareholders or its officers and Management that could impair their fair judgment;
- b) they have continued to demonstrate independence in character and judgment when discharging their duties as Independent Directors and in their conduct of the Board's affairs;
- c) the Board noted instances of constructive challenge and probing of management by Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip at Board meetings; and
- d) they have gained valuable insight and understanding of the Company through their involvement with the Company and these together with their accounting expertise will continue to greatly benefit the Company through his impartial and autonomous views.

The Board is of the view that Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip should continue to be deemed independent notwithstanding having been on the Board for more than 9 years. The Board nevertheless will on a continual basis, review the need for progressive refreshing of its Board.

CORPORATE GOVERNANCE REPORT

With effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

The Board has recommended that the approval of the shareholders be sought through a Two-Tier Voting process at the forthcoming AGM for the continuation of office of Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip, who have served as an Independent Non-Executive Directors of the Company for an aggregate term of more than nine years, as Independent Non-Executive Directors of the Company.

Led by the Lead Independent Director, the independent and non-executive Directors meet regularly without the presence of Management, and the Lead Independent Director provides feedback to the Board and Executive Chairman after such meetings.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The chairman of the Board ("**Executive Chairman**") and the chief executive officer ("**CEO**") of the Company are separate persons. Mr. Ben Tan Chee Beng is the Executive Chairman and Dr. Alvin Tan Chee Tiong, brother of Mr. Ben Tan Chee Beng, is the CEO.

The Executive 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 high standards of corporate governance and ensuring compliance with the Group's guidelines on corporate governance.

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.

CORPORATE GOVERNANCE REPORT

Although the Executive 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 Mr. Charles Chong You Fook 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 the CEO or the Chief Financial Officer (“**CFO**”) of the Company could not satisfactorily resolve their concerns or where such channel of communications is considered inappropriate.

BOARD COMMITTEES

Nominating Committee

Board membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises Mr. Charles Chong You Fook, Dr. Wu Chiaw Ching, Mr. Raymond Lye Hoong Yip, Mr. Irving Choh Thian Chee and Dr. Alvin Tan Chee Tiong where the majority, including the chairman of the NC, is independent. The chairman of the NC is Mr. Charles Chong You Fook, 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.

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.

CORPORATE GOVERNANCE REPORT

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. Regulation 98 of the Company's Constitution requires one third (or the number nearest to a third) of the Directors to retire from office and to submit themselves for re-election at each annual general meeting ("**AGM**") of the Company. However, a retiring Director is eligible for re-election at the meeting at which he retires.

The NC recommended to the Board that the following Directors be nominated for re-election at the forthcoming AGM:

Mr Ben Tan Chee Beng
Dr Wu Chiaw Ching
Mr Raymond Lye Hoong Yip

In making the recommendation, the NC had considered the said Directors' overall contribution and performance.

There is no alternate Director appointed 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.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC noted that Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments. There was full attendance at the Board and Board Committee meetings during FY2020.

Given the above, the NC is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. Instead, the NC considers these Directors would widen the expertise and experience of the Board and give it a broader perspective. As such, the NC does not presently consider it necessary to determine the maximum number of listed company board representations which any of the Directors may hold, and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company.

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

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

CORPORATE GOVERNANCE REPORT

The criteria for assessing the Board's and individual Director's performance include Board composition and size, board processes, accountability, standard of conduct and performance of its principle 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.

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.

Review of the Board's performance is undertaken collectively and individually by the Board annually. The evaluation exercise is carried out annually by way of performance evaluation checklists which are circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance of the Company and effectiveness of the Board and Board Committees as a whole.

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 Board 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.

No external facilitator was engaged for the evaluation process in FY2020.

REMUNERATION COMMITTEE

Procedures For Developing Remuneration Policies

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

The RC comprises Mr. Raymond Lye Hoong Yip, Dr. Wu Chiaw Ching, Mr. Irving Choh Thian Chee and Mr. Charles Chong You Fook. All members of the RC are independent and non-executive. The Chairman of the RC is Mr. Raymond Lye Hoong Yip, an independent Director. Mr. Charles Chong You Fook is the Lead Independent Director.

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.

CORPORATE GOVERNANCE REPORT

The RC reviews the Company's obligations arising in the event of termination of an executive Director's and key management personnel's service contracts, to ensure that such contracts contain fair and reasonable termination clauses that are not overly generous. The RC also aims to be fair and avoid rewarding poor performance.

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.

During FY2020, the RC did not require the service of an external remuneration consultant.

Level and mix of remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

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 variable component which is the performance-related bonus, based on the performance of the Group as a whole and their individual performance. Having reviewed and considered the variable components of the Executive Directors and the key management personnel, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

The non-executive Director and Independent Directors are compensated based on fixed directors' fees taking into consideration their contributions, responsibilities and time spent, and they are not over-compensated to the extent where their independence may be compromised. Their fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the AGM and paid after the necessary approval has been obtained. The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares in place to encourage the non-executive Director and Independent Directors to hold shares in the Company.

On 24 September 2009, the Company entered into separate service agreements with Mr. Ben Tan Chee Beng, Dr. Alvin Tan Chee Tiong and Ms. Melanie Tan Bee Bee in relation to their appointment as Executive 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.

While the Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place, the RC recognises that long-term incentive schemes are generally encouraged for Executive Directors and key management personnel, and will evaluate the costs and benefits of long-term incentive schemes and consider implementing such schemes in future.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The details of the remuneration packages of the Directors, the CEO and top five key management personnel for FY2020 are as follows:

Remuneration of Directors and CEO

| REMUNERATION BANDS | SALARY | VARIABLE OR PERFORMANCE- RELATED INCOME/BONUS | FEES | OTHER BENEFITS | TOTAL |
|---------------------------------------|--------|--|------|----------------|-------|
| | % | % | % | % | % |
| S\$500,000 to below S\$750,000 | | | | | |
| Ben Tan Chee Beng | 100 | - | - | - | 100 |
| Dr. Alvin Tan Chee Tiong | 100 | - | - | - | 100 |
| S\$250,000 to below S\$500,000 | | | | | |
| Melanie Tan Bee Bee | 100 | - | - | - | 100 |
| Below S\$250,000 | | | | | |
| Charles Chong You Fook | - | - | 100 | - | 100 |
| Dr. Wu Chiaw Ching | - | - | 100 | - | 100 |
| Raymond Lye Hoong Yip | - | - | 100 | - | 100 |
| Irving Choh Thian Chee | - | - | 100 | - | 100 |

Remuneration of top five key management personnel

The top five key management personnel 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 | 77 | 23 | - | - | 100 |
| Kenneth Hor Swee Liang | 86 | 14 | - | - | 100 |
| Sim Shang Ni | 86 | 14 | - | - | 100 |
| Eng Hoong Qi | 87 | 13 | - | - | 100 |

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, Dr. Alvin Tan Chee Tiong and Ms. Melanie Tan Bee Bee.

CORPORATE GOVERNANCE REPORT

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 Board is of the view that full disclosure of the actual remuneration of each Director, the CEO and top five key management personnel pursuant to Provision 8.1 of the Code would not be in the interests of the Company, and can be exploited by competitors. The Board is also of the view that a disclosure of the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO) would not be in the interests of the Company, for the same reasons. The remuneration of its Directors, the CEO and its top five key management personnel (who are not Directors or the CEO) 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\$100,000 during FY2020.

While the Company currently does not have any employee share option scheme, the RC recognises the benefits of long-term incentive schemes and will evaluate the costs of such schemes and consider implementing such schemes in future.

Remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The AC 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 and risk management maintained by the Management and that was in place throughout FY2020 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.

The Board reviews, at least annually, the overall adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls, with the assistance of the Management and the internal and external auditors. The Board will evaluate the need for establishment of separate board risk committee to specifically address this, if appropriate.

CORPORATE GOVERNANCE REPORT

For FY2020, the Board has received assurance from:

- (a) the CEO and the CFO that 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; and
- (b) the CEO and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems to address financial, operational, compliance and information technology 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 the Management, various Board Committees and the Board, the Board, in concurrence with the AC, is of the opinion 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 2020. These controls are and will be continually assessed for improvement.

The Board acknowledges that it is responsible for the governance of risks and 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 the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities. 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 131 to 141 of the Annual Report.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises Dr. Wu Chiaw Ching, Mr. Charles Chong You Fook, Mr. Raymond Lye Hoong Yip and Mr. Irving Choh Thian Chee. All members of the AC are independent and non-executive. The Chairman of the AC is Dr. Wu Chiaw Ching, an Independent Director. Mr. Charles Chong You Fook is the Lead Independent Director.

The AC members bring with them many years of managerial and professional experience in the areas of finance and business management to sufficiently discharge the AC's functions. The Board is satisfied that the members of the AC, collectively, have relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibilities. 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 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.

CORPORATE GOVERNANCE REPORT

The AC meets at least twice a year. In FY2020, the AC met 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 effectiveness of the Company's and the Group'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 and the Company's statement of financial position 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 Listing Manual and any other relevant statutory or regulatory requirements;
- (e) 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);
- (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) Review the assurance from the CEO and the CFO on the financial records and financial statement;
- (i) Reviews interested person transactions (if any) and potential conflicts of interest (if any) falling within the scope of Chapter 9 of the Listing Manual;
- (j) 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;
- (k) Reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.
- (l) Generally undertakes such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time; and
- (m) 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 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 the 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 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. Ms. Ang Soh Mui is the audit engagement partner-in-charge of the audit of the Company from the reporting year ended 30 September 2018. The Company confirms that Rule 712 of the 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 the Management to the external auditors and the adequacy of the scope and quality of their audits.

For FY2020, the amount of audit fees payable by the Group to the external auditors, Foo Kon Tan LLP would be approximately S\$100,000. 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 note 7 and 8 to the financial statements in the Annual Report. The Company confirms that Rules 712 and 715 of the 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 FY2020, 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.

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 2020.

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

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.

CORPORATE GOVERNANCE REPORT

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 auditor has unfettered access to all of the Group's documents, records, properties and personnel, including access to the AC. During FY2020, the internal auditor had carried out its function according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The 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 auditor in this respect. The AC is satisfied that the internal auditor is adequately resourced and has the appropriate standing within the Group. The AC is also satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

In line with the continuing obligations of the Group pursuant to the 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 are entitled to and encouraged to attend all general meetings to stay informed of the Company's goals and strategies and to ensure a high level of accountability. The Board is satisfied that shareholders have been given the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the newspapers and posted onto the SGXNET. The shareholders are informed of the rules, including voting procedures, which govern general meetings of shareholders.

Resolutions are, as far as possible, structured separately and may be voted on independently. All resolutions are also voted by poll and the detailed results of the poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, would be announced immediately at the AGMs and via SGXNET thereafter. The Company is of the view that manual poll voting is currently sufficient for the purpose of obtaining shareholders' approval at general meetings. The Company will continue to assess the costs and benefits of employing the electronic poll voting system in future.

All shareholders of the Company will receive the notice of the AGM and the notice will also be advertised in the newspaper. The Executive 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 Constitution of the Company allows a shareholder to appoint one or two proxies to attend and vote on behalf of the shareholder. The Constitution of the Company currently does not allow a shareholder to vote in absentia. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings of shareholders as observers without being constrained by the two-proxy rule.

CORPORATE GOVERNANCE REPORT

The Company has not amended the Constitution to provide for other methods of voting in absentia due to security and integrity concerns. The Company noted that provision for such other methods of voting in absentia would also require a costly system of authentication to ensure the integrity of information and the identity of shareholders in telephonic and electronic media.

The Company Secretary prepares the minutes of all general meetings which record questions and comments from shareholders together with the responses of the Board and Management. The minutes that record substantial and relevant comments or queries from the shareholders relating to the agenda of the general meeting, and responses from the Board and Management, will be published on our corporate website as soon as practicable going forward.

The Company does not have a formal dividend policy. Any declaration and payment of dividends will depend on, inter alia, the Group's operating results, business and financial conditions, cash flow, capital requirements and other factors deemed relevant by the Board. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

The Board has proposed, for Shareholders' approval at the AGM, a tax exempt (one-tier) final cash dividend of 0.15 Singapore cent for FY2020.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Company's general meetings are the principal forum for dialogues with its shareholders where the Board and Management address shareholders' concerns, if any. The Company may also solicit views or inputs of shareholders during general meetings.

While the Company does not have a dedicated investor relations team, the Company recognises the importance of regular, effective and timely communication with the shareholders. 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 but in the event where there is inadvertent disclosure made to a select group, the Company endeavours to make the same disclosure publicly to all others as promptly as possible.

All materials on the half-yearly and full year financial results are available on the Company's website - www.goodlandgroup.com.sg. The comprehensive website, which is updated regularly, also contains various others investor related information on the Company which serves as an important resource for investors.

The Company also provides Company's email address on the corporate website through which shareholders may contact the Company with their questions.

CORPORATE GOVERNANCE REPORT

DEALING IN COMPANY'S SECURITIES

In line with Rule 1207(19) of the 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 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.

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.

During the year under review, there were no interested person transaction which exceeded S\$100,000 in value.

MATERIAL CONTRACTS

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 FY2020 or if not then subsisting, entered into since the end of the previous financial year.

SUSTAINABILITY OVERVIEW

Goodland Group Limited and its subsidiaries (“Goodland” or the “Group”) are actively integrating sustainability principles into the business in achieving the mission of “Goodland, Good Living”. The Board believes sustainability is essential in business strategy to driving long term growth and prosperity for Goodland.

Our effort in taking care of the environment by constantly exploring green technologies and methods to reduce water and energy consumption in day-to day operation aim to conserve our natural resources. We also committed to enhance public safety, reduce noise and vibration, and power management on site. We pride ourselves in practicing Green and Gracious Building Scheme (GGBS) under the Building and Construction Authority of Singapore (BCA) in our workplace.

We believe in giving back to the society is part of our responsibility. A business is sustainable if we have support from the community. We continue to make our contribution by making donation and taking part in charity activities to non-profit organisations and temples to help with the less fortunate. We continue to maintain high standards of corporate governance for the benefits of our shareholder.

A Sustainability Report is published annually to present and share our commitment to sustainability with our varied and valued stakeholders, and to discuss our sustainability performance for the financial year. It is prepared in accordance with the Global Reporting Initiative (“GRI”) Standards and with reference to the sustainability reporting requirements of the Singapore Exchange Securities Trading Limited Listing Manual (Rules 711A and 711B).

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group’s sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors.

The Group’s Sustainability Committee, formed by the senior management, led by the Group’s Chief Executive Officer (“CEO”), is tasked to develop the sustainability strategy, and drive sustainability efforts across the whole Group via the following process:

1. Reviewing the ESG factors identified as material to our business;
2. Considering stakeholder priorities;
3. Setting goals and targets;
4. Measurement performance data; and
5. Monitoring and reviewing performance on a regular basis.

The Board of Directors maintains oversight the sustainability performance of the Group as well as finalised the ESG topics for sustainability report for financial year ended 30 September 2020.

SUSTAINABILITY OVERVIEW

STAKEHOLDER ENGAGEMENT

We actively engage our key stakeholders through the following channels:

| S/N | KEY STAKEHOLDER | ENGAGEMENT CHANNEL |
|-----|-------------------|---|
| 1 | Customers | Customers can send their feedback by contacting us at goodland@goodlandgroup.com.sg . |
| 2 | Community | <p>We welcome feedback on minimising the social and environmental impacts to the communities in which we operate by contacting us at goodland@goodlandgroup.com.sg.</p> <p>The Group participates in philanthropic activities through its Corporate Social Responsibility efforts.</p> |
| 3 | Employees | Senior management regularly communicates with employees for effective flow of information and alignment of business goals, including emails, staff meetings, induction programmes and annual staff evaluation sessions, whereby employees can pose questions in person. |
| 4 | Regulators | Channels for information exchange between regulators and the Group on proposed regulatory changes that impact on the Group's business are widely available, including helpdesks, email and websites. |
| 5 | Investors | The Group conveys timely, full and credible information to shareholders through announcements on SGXNET, the Group's website goodlandgroup.listedcompany.com , investor relations email account goodland@goodlandgroup.com.sg , annual general meetings, extraordinary general meetings (where necessary), annual reports and other channels such as business publications. |
| 6 | Suppliers | The Group works closely with suppliers to ensure smooth delivery of products. In general, new suppliers are screened in accordance with the purchasing policies and existing suppliers are assessed by respective work teams based on specified criteria. Feedback is also provided by the procurement teams to suppliers to ensure standards of products or services delivered by suppliers. |

Through the above channels, the Group seeks to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

The Group endeavours to continually improve our sustainability practices as we progress. We welcome feedback from our stakeholders. Please send your feedback to goodland@goodlandgroup.com.sg.

SUSTAINABILITY OVERVIEW

MATERIAL TOPICS

The Group's material environmental social and governance (ESG) factors are identified as below:

| ESG FACTOR | MATERIAL TOPIC |
|----------------------|---|
| Environmental | Energy and water consumption efficiency |
| | Waste Management {Reduce, Reuse, Recycle} |
| | Implement green practices |
| Social | Noise, vibration and air pollution management |
| | Prevention / Reduction of accidents / incidents |
| | Site workforce management |
| | Supply chain |
| | Talent retention |
| | Corporate social responsibility ("CSR") |
| Governance | Performance of services and products |
| | Anti-corruption |
| | Compliance with legal and other requirements |

The material topics, together with the Sustainability Report, are reviewed on an annual basis, and the Sustainability Committee is satisfied that there are no significant changes in key material topics in the financial year ended 30 September 2020.

COVID-19 PANDEMIC

The global outbreak of COVID-19 pandemic has inevitably impacted all trades in Singapore and the rest of the world. The Singapore Government has gradually implemented a series of measures to reduce and slow the transmission of the virus; and various financing support have also been introduced to help Singapore businesses. Necessary safety measurements have been implemented at our construction sites, commercial and industrial buildings to ensure the well-being of our employees, our tenants and visitors to our properties. The Group is actively monitoring the impact of the pandemic outbreak.

FULL SUSTAINABILITY REPORT

To conserve the environment, no hard copies of the full Report is printed. A digital copy will be uploaded on our website at www.goodlandgroup.com.sg.

DIRECTORS' STATEMENT

for the financial year ended 30 September 2020

We are pleased to submit this statement to the members of Goodland Group Limited (the "Company") and its subsidiaries (collectively the "Group") together with the audited financial statements for the financial year ended 30 September 2020.

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 2020 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

NAMES OF DIRECTORS

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

Ben Tan Chee Beng
Dr Alvin Tan Chee Tiong
Melanie Tan Bee Bee
Charles Chong You Fook
Dr Wu Chiaw Ching
Raymond Lye Hoong Yip
Irving Choh Thian Chee

ARRANGEMENTS TO ACQUIRE SHARES, DEBENTURES, WARRANTS OR OPTIONS

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

DIRECTORS' INTEREST IN SHARES, DEBENTURES, WARRANTS OR OPTIONS

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

DIRECTORS' STATEMENT

for the financial year ended 30 September 2020

DIRECTORS' INTEREST IN SHARES, DEBENTURES, WARRANTS OR OPTIONS (CONT'D)

| | HOLDINGS REGISTERED IN THE NAME OF DIRECTORS | | HOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE AN INTEREST | |
|---|---|------------|--|-------------|
| | AS AT | AS AT | AS AT | AS AT |
| | 1.10.2019 | 30.9.2020 | 1.10.2019 | 30.9.2020 |
| The Company - Goodland Group Limited | | | | |
| <u>Ordinary shares</u> | | | | |
| Ben Tan Chee Beng ⁽¹⁾⁽²⁾ | 27,795,000 | 27,795,000 | 255,615,994 | 259,043,194 |
| Alvin Tan Chee Tiong ⁽¹⁾⁽³⁾ | 22,998,400 | 23,616,400 | 260,412,594 | 263,221,794 |
| Melanie Tan Bee Bee ⁽¹⁾ | 21,208,700 | 21,208,700 | 262,202,294 | 265,629,494 |

Notes:

- ⁽¹⁾ Mr Ben Tan Chee Beng, Dr Alvin Tan Chee Tiong and Ms Melanie Tan Bee Bee are siblings. Their mother is Mdm Koh Chin Kim. Each of Mr Ben Tan Chee Beng, Dr Alvin Tan Chee Tiong and Ms Melanie Tan Bee Bee is deemed interested in all the shares held by their family members.
- ⁽²⁾ Mr Ben Tan Chee Beng is deemed interested in 14,000,000 ordinary shares held in the name of DB Nominees (S) Pte Ltd, 2,809,200 ordinary shares held in the name of United Overseas Bank Nominees Pte Ltd, 79,000,794 ordinary shares held in the name of Citrine Capital Pte Ltd and 56,500,000 ordinary shares held in the name of Hong Leong Finance Nominees Pte Ltd through Citrine Capital Pte Ltd.
- ⁽³⁾ Dr Alvin Tan Chee Tiong is deemed interested in 16,128,100 ordinary shares held in the name of DB Nominees (S) Pte Ltd.

There was no change in the above-mentioned interests in shareholdings between the end of the current financial year and 21 October 2020, and further details are as follows:

| NAME OF DIRECTOR | DIRECT INTEREST | | DEEMED INTEREST | |
|----------------------|-----------------|------|-----------------|-------|
| | NO. OF SHARES | % | NO. OF SHARES | % |
| Ben Tan Chee Beng | 27,795,000 | 7.72 | 259,043,194 | 71.95 |
| Alvin Tan Chee Tiong | 23,616,400 | 6.56 | 263,221,794 | 73.11 |
| Melanie Tan Bee Bee | 21,208,700 | 5.89 | 265,629,494 | 73.78 |

Mr Ben Tan Chee Beng, Dr 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 wholly-owned subsidiaries held by the Company and in the following subsidiaries that are not wholly-owned by the Group.

| | AS AT | AS AT |
|--------------------------------------|---------------|---------------|
| | 1.10.2019 | 30.9.2020 |
| | NO. OF SHARES | NO. OF SHARES |
| Citrine Asia Capital Pte. Ltd. | 102,000 | 102,000 |
| Goodland Da-Qiao Pte. Ltd. | 510,000 | 510,000 |
| T City (Ipoh) Sdn. Bhd. | 350,000 | 350,000 |
| Banyan Housing Development Sdn. Bhd. | 72,000 | 72,000 |
| GLG Global Sdn.Bhd. | 1,446 | 1,446 |

DIRECTORS' STATEMENT

for the financial year ended 30 September 2020

DIRECTORS' INTEREST IN SHARES, DEBENTURES, WARRANTS OR OPTIONS (CONT'D)

There are no changes to the above shareholdings as at 21 October 2020.

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.

AUDIT COMMITTEE

The audit committee ("AC") at the end of the financial year comprises the following members:

Dr Wu Chiaw Ching (Chairman)
Charles Chong You Fook
Raymond Lye Hoong Yip
Irving Choh Thian Chee

The AC performs the functions in accordance with Section 201B(5) of the Act, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance. 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 and the Group'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 and the Group'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's and the Company's statement of financial position 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 SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;

DIRECTORS' STATEMENT

for the financial year ended 30 September 2020

AUDIT COMMITTEE (CONT'D)

- (e) Reviews the internal control procedures and ensure 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);
- (f) Reviews and discusses 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 Company's and 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 the assurance from the CEO and the CFO on the financial records and financial statements;
- (i) Reviews interested person transactions and potential conflicts of interest falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- (j) 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;
- (k) Reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.
- (l) 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
- (m) Reviews the Company's and the Group's key financial risk areas, with a view to provide independent oversight on the Company's and 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.

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 Company and 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 Company and 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 Company's and the Group's internal controls addressing financial, operational, compliance, controls and information technology risks, and risk management systems were adequate as at 30 September 2020.

DIRECTORS' STATEMENT

for the financial year ended 30 September 2020

AUDIT COMMITTEE (CONT'D)

The AC convened four 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 auditors for the Company, subsidiaries and associates, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

INDEPENDENT AUDITOR

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

On behalf of the Directors

.....
BEN TAN CHEE BENG

.....
ALVIN TAN CHEE TIONG

Dated: 29 December 2020

INDEPENDENT AUDITOR'S REPORT

to the members of Goodland Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Goodland Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Valuation of investment properties (Refer to Note 6 to the financial statements)

Risk:

The Group's investment properties are stated at their fair values based on independent external valuations.

The valuation of investment properties requires significant judgement. Any input inaccuracies or unreasonable bases used in these judgements could result in a significant impact to the valuation.

INDEPENDENT AUDITOR'S REPORT

to the members of Goodland Group Limited

Key Audit Matters (Cont'd)

Valuation of investment properties (Refer to Note 6 to the financial statements) (Cont'd)

Our response:

We have evaluated the competence, qualification and objectivity of management's external valuers, obtained an understanding of the work of management's external valuers; and evaluated the appropriateness of management's external valuers' work as audit evidence for the relevant assertion. We also read the terms of engagement of the external valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by the external valuers for similar property types. We have evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes.

We also considered the adequacy of the disclosure in the financial statements regarding the inherent degree of subjectivity and key assumptions used in the estimates. This includes the relationships between the key unobservable inputs to fair values.

Our findings:

The Group has a structured process in appointing valuers, and in reviewing and adopting their valuations. The valuation methodologies used are in line with generally-accepted market practices and the key assumptions used are within the range of market data. The approach to the methodologies and in deriving the assumptions in the valuations is supported by market practices and data and the disclosures included in Notes 6 and 38 to the financial statements are appropriate.

Valuation of development properties (Refer to Note 14 to the financial statements)

Risk:

Development properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price, less estimated costs of completion and selling expenses.

The determination of the estimated net realisable values of these development properties is critically dependent upon the Group's expectation of future selling prices which are affected by, amongst other things, demand and supply factors, interest rates, government policies and economic conditions. There is a risk that the estimate of net realisable values exceeds future selling prices, resulting in a loss when these properties are sold.

Our response:

We assessed the Group's forecast selling prices by comparing these forecast selling prices to, where available, recently transacted sales prices of units in the same project as well as comparable properties. We focused our work on development projects with low margins.

Our findings:

We found that reasonable estimates were used in the determination of the net realisable values.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the members of Goodland Group Limited

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

to the members of Goodland Group Limited

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of 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 those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ang Soh Mui.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 29 December 2020

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2020

| | NOTE | THE GROUP | | THE COMPANY | |
|--|------|--------------------|--------------------|-------------------|-------------------|
| | | 30 SEPTEMBER 2020 | 30 SEPTEMBER 2019 | 30 SEPTEMBER 2020 | 30 SEPTEMBER 2019 |
| | | \$ | \$ | \$ | \$ |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 4 | 2,211,202 | 2,523,307 | - | - |
| Right-of-use assets | 5 | 105,070 | - | - | - |
| Investment properties | 6 | 89,502,015 | 89,656,125 | - | - |
| Subsidiaries | 7 | - | - | 10,720,563 | 12,720,563 |
| Associates | 8 | 11,174,648 | 12,491,905 | - | - |
| Financial assets, at fair value through other comprehensive income ("FVOCI") | 10 | 8,769,000 | 10,159,000 | - | - |
| | | <u>111,761,935</u> | <u>114,830,337</u> | <u>10,720,563</u> | <u>12,720,563</u> |
| Current Assets | | | | | |
| Trade and other receivables | 12 | 16,064,027 | 20,019,623 | 65,955,116 | 65,912,301 |
| Contract assets | 13 | 364,100 | 172,018 | - | - |
| Development properties | 14 | 223,674,619 | 233,360,954 | - | - |
| Financial assets, at fair value through profit or loss ("FVTPL") | 15 | 94,424 | 323,060 | - | - |
| Cash and cash equivalents | 16 | 4,236,180 | 1,808,375 | 2,067,723 | 145,639 |
| | | <u>244,433,350</u> | <u>255,684,030</u> | <u>68,022,839</u> | <u>66,057,940</u> |
| Total Assets | | <u>356,195,285</u> | <u>370,514,367</u> | <u>78,743,402</u> | <u>78,778,503</u> |
| EQUITY AND LIABILITIES | | | | | |
| Capital and Reserves | | | | | |
| Share capital | 17 | 63,280,416 | 63,280,416 | 63,280,416 | 63,280,416 |
| Treasury shares | 18 | (9,485,338) | (9,453,839) | (9,485,338) | (9,453,839) |
| Reserves | 19 | 140,051,388 | 146,023,565 | 582,762 | 583,225 |
| Equity attributable to owners of the Company | | <u>193,846,466</u> | <u>199,850,142</u> | <u>54,377,840</u> | <u>54,409,802</u> |
| Non-controlling interests | | 53,528,689 | 53,745,060 | - | - |
| Total Equity | | <u>247,375,155</u> | <u>253,595,202</u> | <u>54,377,840</u> | <u>54,409,802</u> |
| Non-Current Liabilities | | | | | |
| Obligations under finance leases | 20 | - | 97,553 | - | - |
| Lease liabilities | 21 | 62,518 | - | - | - |
| Bank borrowings | 22 | 14,631,217 | 14,907,592 | - | - |
| Deferred tax liabilities | 11 | 9,453,451 | 9,488,670 | - | - |
| | | <u>24,147,186</u> | <u>24,493,815</u> | <u>-</u> | <u>-</u> |
| Current Liabilities | | | | | |
| Obligations under finance leases | 20 | - | 35,034 | - | - |
| Lease liabilities | 21 | 35,034 | - | - | - |
| Trade and other payables | 23 | 15,439,649 | 15,012,674 | 24,365,563 | 24,368,701 |
| Contract liabilities | 13 | 393,470 | 272,649 | - | - |
| Bank borrowings | 22 | 68,804,791 | 77,104,993 | - | - |
| | | <u>84,672,944</u> | <u>92,425,350</u> | <u>24,365,563</u> | <u>24,368,701</u> |
| Total Liabilities | | <u>108,820,130</u> | <u>116,919,165</u> | <u>24,365,563</u> | <u>24,368,701</u> |
| Total Equity and Liabilities | | <u>356,195,285</u> | <u>370,514,367</u> | <u>78,743,402</u> | <u>78,778,503</u> |

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 2020

| | | YEAR ENDED 30 SEPTEMBER 2020 | YEAR ENDED 30 SEPTEMBER 2019 |
|---|------|------------------------------------|------------------------------------|
| | NOTE | \$ | \$ |
| Revenue | 3 | 26,983,069 | 8,078,387 |
| Cost of sales | | (23,833,375) | (6,593,225) |
| Gross profit | | 3,149,694 | 1,485,162 |
| Other operating income | 24 | 745,129 | 1,230,170 |
| Finance income | 25 | 1,196 | 26,653 |
| Administrative expenses | | (4,651,260) | (4,973,762) |
| Finance costs | 26 | (1,276,612) | (1,470,036) |
| Other operating expenses | | (242,526) | (97,569) |
| Share of associates' results (net of tax) | 8 | (1,317,257) | 4,075,027 |
| (Loss)/Profit before taxation | 27 | (3,591,636) | 275,645 |
| Income tax | 29 | 3,705 | (64,865) |
| (Loss)/Profit after taxation | | (3,587,931) | 210,780 |
| Other comprehensive loss after tax: | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translation of the financial statements of foreign entities | | (670,303) | (54,300) |
| | | (670,303) | (54,300) |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Fair value loss on financial assets, at FVOCI | 10 | (1,390,000) | (136,000) |
| Other comprehensive loss for the year, net of tax | | (2,060,303) | (190,300) |
| Total comprehensive (loss)/income for the year | | (5,648,234) | 20,480 |
| (Loss)/Profit attributable to: | | | |
| Equity holders of the Company | | (3,572,326) | 219,509 |
| Non-controlling interests | | (15,605) | (8,729) |
| | | (3,587,931) | 210,780 |
| Total comprehensive (loss)/income attributable to: | | | |
| Equity holders of the Company | | (5,431,863) | 45,473 |
| Non-controlling interests | | (216,371) | (24,993) |
| | | (5,648,234) | 20,480 |
| (Loss)/Earnings per share | | | |
| - Basic earnings per share (cents) | 30 | (0.99) | 0.06 |
| - Diluted earnings per share (cents) | 30 | (0.99) | 0.06 |

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 2020

| THE GROUP | ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | | | | | | | | | | |
|--|---|-----------------|---------------------|------------------------------|----------------|--------------------|-----------------------------|----------------|-------------------|-------------|---------------------------|--------------|
| | SHARE CAPITAL | TREASURY SHARES | ACQUISITION RESERVE | CURRENCY TRANSLATION RESERVE | EQUITY RESERVE | FAIR VALUE RESERVE | REVALUATION SURPLUS RESERVE | MERGER RESERVE | RETAINED EARNINGS | SUBTOTAL | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| At 1 October 2018 | 63,280,416 | (9,380,177) | 78,743,302 | 2,599,585 | 228,811 | (183,315) | 3,224,151 | (485,076) | 63,473,312 | 201,501,009 | 53,672,102 | 255,173,111 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | - | 219,509 | 219,509 | (8,729) | 210,780 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - |
| Fair value loss on financial asset, at FVOCI | - | - | - | - | - | (136,000) | - | - | - | (136,000) | - | (136,000) |
| Exchange differences arising from translation | - | - | - | (38,036) | - | - | - | - | - | (38,036) | (16,264) | (54,300) |
| Other comprehensive loss for the year | - | - | - | (38,036) | - | (136,000) | - | - | - | (174,036) | (16,264) | (190,300) |
| Total comprehensive income for the year | - | - | - | (38,036) | - | (136,000) | - | - | 219,509 | 45,473 | (24,993) | 20,480 |
| Transactions with owners, recognised directly in equity | - | (73,662) | - | - | - | - | - | - | - | (73,662) | - | (73,662) |
| Contributions by and distributions to owners | - | - | - | - | - | - | - | - | (1,622,678) | (1,622,678) | - | (1,622,678) |
| Purchase of treasury shares | - | (73,662) | - | - | - | - | - | - | - | (73,662) | - | (73,662) |
| Dividends paid (Note 39) | - | - | - | - | - | - | - | - | (1,622,678) | (1,622,678) | - | (1,622,678) |
| Total contributions by and distributions to owners | - | (73,662) | - | - | - | - | - | - | (1,622,678) | (1,696,340) | - | (1,696,340) |
| Acquisition of additional ownership interest in a subsidiary | - | - | - | - | - | - | - | - | - | - | (49) | (49) |
| Incorporation of subsidiary | - | - | - | - | - | - | - | - | - | - | 98,000 | 98,000 |
| Total changes in ownership interests in subsidiaries | - | - | - | - | - | - | - | - | - | - | 97,951 | 97,951 |
| Total transactions with owners | - | (73,662) | - | - | - | - | - | - | (1,622,678) | (1,696,340) | 97,951 | (1,598,389) |
| At 30 September 2019 | 63,280,416 | (9,453,839) | 78,743,302 | 2,561,549 | 228,811 | (319,315) | 3,224,151 | (485,076) | 62,070,143 | 199,850,142 | 53,745,060 | 253,595,202 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the financial year ended 30 September 2020

| THE GROUP | ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | | | | | | | | | | |
|--|---|-----------------|---------------------|------------------|----------------|--------------------|-----------------------------|----------------|-------------------|-------------|---------------------------|--------------|
| | SHARE CAPITAL | TREASURY SHARES | ACQUISITION RESERVE | CURRENCY RESERVE | EQUITY RESERVE | FAIR VALUE RESERVE | REVALUATION SURPLUS RESERVE | MERGER RESERVE | RETAINED EARNINGS | SUBTOTAL | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| At 1 October 2019 | 63,280,416 | (9,453,839) | 78,743,302 | 2,561,549 | 228,811 | (319,315) | 3,224,151 | (485,076) | 62,070,143 | 199,850,142 | 53,745,060 | 253,595,202 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | - | (3,572,326) | (3,572,326) | (15,605) | (3,587,931) |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - |
| Fair value loss on financial asset, at FVOCI | - | - | - | - | - | (1,390,000) | - | - | - | (1,390,000) | - | (1,390,000) |
| Exchange differences arising from translation | - | - | - | (469,537) | - | - | - | - | - | (469,537) | (200,766) | (670,303) |
| Other comprehensive loss for the year | - | - | - | (469,537) | - | (1,390,000) | - | - | - | (1,859,537) | (200,766) | (2,060,303) |
| Total comprehensive loss for the year | - | - | - | (469,537) | - | (1,390,000) | - | - | (3,572,326) | (5,431,863) | (216,371) | (5,648,234) |
| Transactions with owners, recognised directly in equity | - | - | - | - | - | - | - | - | - | - | - | - |
| Contributions by and distributions to owners | - | (31,499) | - | - | - | - | - | - | - | (31,499) | - | (31,499) |
| Purchase of treasury shares | - | (31,499) | - | - | - | - | - | - | - | (31,499) | - | (31,499) |
| Dividends paid (Note 39) | - | - | - | - | - | - | - | - | (540,314) | (540,314) | - | (540,314) |
| Total contributions by and distributions to owners and total transactions with owners | - | (31,499) | - | - | - | - | - | - | (540,314) | (571,813) | - | (571,813) |
| At 30 September 2020 | 63,280,416 | (9,485,338) | 78,743,302 | 2,092,012 | 228,811 | (1,709,315) | 3,224,151 | (485,076) | 57,957,503 | 193,846,466 | 53,528,689 | 247,375,155 |

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 2020

| | | YEAR ENDED 30 SEPTEMBER 2020 \$ | YEAR ENDED 30 SEPTEMBER 2019 \$ |
|--|-------------|--|--|
| | NOTE | | |
| Cash Flows from Operating Activities | | | |
| (Loss)/Profit before taxation | | (3,591,636) | 275,645 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 4 | 246,229 | 415,933 |
| Depreciation of right-of-use assets | 5 | 44,447 | - |
| Gain on disposal of property, plant and equipment | | - | (5,512) |
| Fair value loss/(gain) on investment properties | 6 | 86,900 | (792,700) |
| Fair value loss on financial assets, at fair value through profit or loss | 27 | 148,346 | 97,569 |
| Loss on disposal on financial assets, at fair value through profit or loss | 27 | 7,280 | - |
| Interest expense | 26 | 1,276,612 | 1,470,036 |
| Interest income | 25 | (1,196) | (26,653) |
| Dividend income | 24 | (2,974) | (9,962) |
| Share of associates' results | 8 | 1,317,257 | (4,075,027) |
| Operating cash flows before working capital changes | | (468,735) | (2,650,671) |
| Change in trade and other receivables | | 3,585,169 | (279,193) |
| Change in trade and other payables | | 509,748 | 361,031 |
| Change in development properties for sale | | 10,490,357 | (27,062,721) |
| Cash generated from/(used in) operations | | 14,116,539 | (29,631,554) |
| Interest received | | 1,196 | 26,653 |
| Income tax paid | | (11,546) | (60,441) |
| Income tax refunded | | 15,251 | 17,254 |
| Net cash generated from/(used in) operating activities | | 14,121,440 | (29,648,088) |
| Cash Flows from Investing Activities | | | |
| Purchase of property, plant and equipment (Note A) | 4 | (84,132) | (65,200) |
| Purchase of financial assets, at fair value through profit or loss | | (54,071) | - |
| Purchase of investment properties | | - | (839,200) |
| Additions to investment properties | 6 | (12,548) | (22,417) |
| Proceeds from disposal of property, plant and equipment | | - | 18,152 |
| Proceeds from disposal of financial assets, at fair value through profit or loss | | 126,140 | - |
| Repayment from associates | | - | 153,530 |
| Advances to associates | | (5,060) | (3,141,988) |
| Dividend received | | 2,974 | 9,962 |
| Net cash used in investing activities | | (26,697) | (3,887,161) |
| Cash Flows from Financing Activities | | | |
| Share buy-back | | (31,499) | (73,662) |
| Proceeds from bank loans (Note B) | | 8,832,500 | 44,667,979 |
| Repayment of bank loans (Note B) | | (17,409,076) | (16,923,869) |
| Repayment of obligation under finance lease (Note B) | | - | (35,034) |
| Principal repayment of lease liabilities (Note B) | | (35,035) | - |
| Acquisition of additional ownership interest in subsidiary | | - | (49) |
| Capital contribution from non-controlling interests | | - | 98,000 |
| Advances from associates | | - | 3,124,970 |
| Advances to non-controlling interests | | (91,875) | - |
| Advances from non-controlling interests | | 72,689 | 298,573 |
| Interest paid (Note B) | | (2,465,449) | (2,490,407) |
| Dividend paid | 39 | (540,314) | (1,622,678) |
| Net cash (used in)/generated from financing activities | | (11,668,059) | 27,043,823 |
| Net increase/(decrease) in cash and cash equivalents | | 2,426,684 | (6,491,426) |
| Cash and cash equivalents at beginning of year | | 1,808,375 | 8,299,699 |
| Effect of exchange rate changes on balances held in foreign currencies | | 1,121 | 102 |
| Cash and cash equivalents at end of year | 16 | 4,236,180 | 1,808,375 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

for the financial year ended 30 September 2020

Notes:

- A. During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$84,132 (2019 - \$65,200) and cash payments of \$84,132 (2019 - \$65,200) were made to purchase property, plant and equipment.
- B. Reconciliation of movements of liabilities to cash flows arising from financing activities, excluding equity item

| | CASH FLOWS | | | | NON-CASH CHANGES | | | | AS AT 30 SEPTEMBER 2020 |
|---|----------------------------|---------------------------|----------------------|------------------------|-------------------------|-----------------------------|-------------------------------|---------------------|-------------------------------|
| | AS AT 1 OCTOBER 2019 | ADOPTION OF SFRS(1) 16 | PROCEEDS RECEIVED | PRINCIPAL REPAYMENT | INTEREST PAID | INTEREST EXPENSE | INTEREST CAPITALISED | INTEREST ACCRUED | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Obligations under finance lease (Note 20) | 132,587 | (132,587) | - | - | - | - | - | - | - |
| Lease liabilities (Note 21) | - | 132,587 | - | (35,035) | (6,558) | 6,558 | - | - | 97,552 |
| Bank borrowings (Note 22) | 92,012,585 | - | 8,832,500 | (17,409,076) | (2,458,891) | 1,270,054 | 1,162,924 | 25,912 | 83,436,008 |
| | 92,145,172 | - | 8,832,500 | (17,444,111) | (2,465,449) | 1,276,612 | 1,162,924 | 25,912 | 83,533,560 |
| | | | | | | | | | |
| | CASH FLOWS | | | | NON-CASH CHANGES | | | | AS AT 30 SEPTEMBER 2019 |
| AS AT 1 OCTOBER 2018 | PROCEEDS RECEIVED | PRINCIPAL REPAYMENT | INTEREST PAID | INTEREST EXPENSE | INTEREST CAPITALISED | INTEREST OVER ACCRUED | AS AT 30 SEPTEMBER 2019 | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | | |
| Obligations under finance lease (Note 20) | 167,621 | - | (35,034) | (6,678) | 6,678 | - | 132,587 | | |
| Bank borrowings (Note 22) | 64,268,475 | 44,667,979 | (16,923,869) | (2,483,729) | 1,463,358 | 1,051,150 | (30,779) | | |
| | 64,436,096 | 44,667,979 | (16,958,903) | (2,490,407) | 1,470,036 | 1,051,150 | (30,779) | | |
| | | | | | | | | | |

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 2020

1. GENERAL INFORMATION

The financial statements of the Company and of the Group for the year ended 30 September 2020 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 and associates are disclosed in Note 7 and Note 8 respectively.

2(A) BASIS OF PREPARATION

The financial statements are drawn up in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)", including related interpretations promulgated by the Accounting Standards Council ("ASC"), and have been prepared under the historical cost convention, except as otherwise described in the notes below.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with SFRS(I) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2(c).

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.

2(B) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE FOR THE CURRENT FINANCIAL YEAR

On 1 October 2019, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

| REFERENCE | DESCRIPTION | EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER) |
|----------------|--|--|
| SFRS(I) 16 | Leases | 1 January 2019 |
| SFRS(I) INT 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(B) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE FOR THE CURRENT FINANCIAL YEAR (CONT'D)

SFRS(I) 16 Leases

SFRS(I) 16 Leases supersedes SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases - Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease, and pronounces new or amended requirements with respect to lease accounting. For lessee accounting, SFRS(I) 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's and the Company's financial statements are discussed below.

The date of initial application of SFRS(I) 16 for the Group is 1 October 2019. The Group has elected the transition to SFRS(I) 16 using the modified retrospective approach without restatement of comparative under SFRS(I) 1-17.

a) Definition of a lease

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

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

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

b) Lessee accounting

Former operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(B) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE FOR THE CURRENT FINANCIAL YEAR (CONT'D)

SFRS(I) 16 Leases (Cont'd)

b) Lessee accounting (Cont'd)

Former operating leases (Cont'd)

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

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

On 1 October 2019, the Group has applied the following SFRS(I) 16 transition provisions under the modified retrospective approach for each lease, formerly classified as operating lease under SFRS(I) 1-17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset;
- recognises a right-of-use asset, on a lease-by-lease basis, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application;
- applies SFRS(I) 1-36 Impairment of Assets to perform an impairment review of the right-of-use asset; and
- adjusts any difference between the carrying amounts of the right-of-use asset and the lease liability to the opening balance of retained earnings.

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

- applies a single discount rate to a portfolio of leases with reasonably similar characteristics;
- adjusts the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets in the statement of financial position immediately before the date of initial application, as an alternative to performing an impairment review under SFRS(I) 1-36;
- elects not to recognise the right-of-use asset and lease liability for a lease with lease term ending within twelve months of the date of initial application;
- excludes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- uses hindsight for determining the lease term when the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(B) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE FOR THE CURRENT FINANCIAL YEAR (CONT'D)

SFRS(I) 16 Leases (Cont'd)

c) Lessor accounting

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

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

In certain jurisdictions that the Group operates in, tax deductions are available only for the lease payments as they are paid, and no tax deduction is allowed for the leased asset depreciation or finance cost. On 1 October 2019, these tax circumstances give rise to temporary differences on initial recognition of both the right-of-use asset and lease liability. However, the deferred tax effects for these temporary differences, either initially or over the lease term, are not recognised as they are not material.

e) Financial impact of initial application of SFRS(I) 16

The Group's weighted average incremental borrowing rate applied to measure the Group's lease liabilities recognised in the statement of financial position on 1 October 2019 is 2.88%.

A reconciliation of the differences between the Group's operating lease commitments previously disclosed in the financial statements as at 30 September 2019 and the Group's lease liabilities recognised in the consolidated statement of financial position on 1 October 2019 is as follows:

| | \$ |
|--|-----------------|
| Operating lease commitments disclosed at 30 September 2019 | 77,161 |
| Short-term and low value leases exempted from recognition | <u>(77,161)</u> |
| Lease liabilities recognised on 1 October 2019 | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(B) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE FOR THE CURRENT FINANCIAL YEAR (CONT'D)

SFRS(I) 16 Leases (Cont'd)

e) Financial impact of initial application of SFRS(I) 16 (Cont'd)

The effects of adoption of SFRS(I) 16 on the Group's consolidated financial statements as at 1 October 2019 are as follows:

| | INCREASE/ (DECREASE) |
|---------------------------------|---------------------------------|
| | \$ |
| Assets | |
| Right-of-use assets | 149,517 |
| Property, plant and equipment | (149,517) |
| | <u>-</u> |
| Liabilities | |
| Lease liabilities | 132,587 |
| Obligations under finance lease | (132,587) |
| | <u>-</u> |

There is no impact to the opening retained earnings as of 1 October 2019.

SFRS(I) INT 23 Uncertainty over Income Tax Treatments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(C) NEW AND REVISED SFRS(I) IN ISSUE BUT NOT YET EFFECTIVE

The following are the new or amended SFRS(I) and SFRS(I) INT issued in 2020 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) |
|--|---|---|
| Amendments to SFRS(I) 3 | Definition of a Business | 1 January 2020 |
| Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 | Definition of Material | 1 January 2020 |
| Amendment to SFRS(I) 16 | Covid-19-Related Rent Concessions | 1 June 2020 |
| Amendments to SFRS(I) 1-1 | Classification of Liabilities as Current or Non-current | 1 January 2023 |

Amendments to SFRS(I) 3 Definition of a Business

On 11 March 2019, ASC issued the narrow-scope amendments to SFRS(I) 3 Business Combinations to improve the definition of a business. The amendments narrowed and clarified the definition of a business.

They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets.

The amendments to SFRS(I) 3 should apply for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning or after 1 January 2020, with earlier application permitted.

The Group has assessed and there is no material impact to its consolidated financial statements.

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

The amendments are intended to make the definition of 'material' in SFRS(I) 1-1 easier to understand and are not intended to alter the underlying concept of materiality in SFRS(I). The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of 'material' in SFRS(I) 1-8 has been replaced by a reference to the definition of 'material' in SFRS(I) 1-1. In addition, the other SFRS(I) and the Conceptual Framework, which contain a definition of 'material' or refer to the term 'material', have been updated to ensure consistency.

The amendments to SFRS(I) 1-1 and SFRS(I) 1-8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

The Group has assessed and there is no material impact to its consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(C) NEW AND REVISED SFRS(I) IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

Amendment to SFRS(I) 16 Covid-19-Related Rent Concessions

On 28 May 2020, the ASC issued Covid-19-Related Rent Concessions - amendment to SFRS(I) 16 Leases - Covid-19-Related Rent Concession. The amendments provide relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SFRS(I) 1-16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Group has assessed and there is no material impact to its consolidated financial statements.

Amendment to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current

On 23 January 2020, the ASC has issued narrow-scope amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa; which could affect a company's loan covenants.

The Group has assessed and there is no material impact to its consolidated financial statements.

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Critical accounting judgement used in applying accounting policies

Significant influence over investees (Note 8)

Note 8 describes that SL Capital (1) Pte Ltd, SL Capital (3) Pte Ltd, and SL Capital (5) Pte Ltd are associates of the Group although the Group only owns 17% ownership interest in these investees. The Group has significant influences, being the power to participate in the financial and operating policies decisions of these investees, but not control or joint control based on board composition.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical accounting judgement used in applying accounting policies (Cont'd)

Sale of development properties (Note 3)

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgement made in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts are subject to.

Deferred taxation on investment properties

The Group has assessed that its 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. Based on the above assessment, 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 recognised deferred taxes on changes in the fair value of investment properties located in Malaysia which are subject to real property gains tax, but has not recognised any deferred taxes on changes in fair value of investment properties located in Singapore as the Group is not subject to any income taxes on the disposal of the investment properties in Singapore.

Income tax (Note 29)

The assessment of the amount of current and deferred tax involves estimates and assumptions and may involve a series of judgements about future events. Judgement is applied based on the interpretation of country specific tax legislation and the likelihood of settlement. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determination of functional currency

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

Determination of operating segments (Note 35)

Management will first identify the Chief operating decision maker ("CODM"). Then it should identify their business activities (which may not necessarily earn revenue or incur expenses). Management will further determine whether discrete financial information is available for the business activities and whether that information is regularly reviewed by the CODM. Judgment is applied by management of the aggregation criteria to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical accounting estimates and assumptions used in applying accounting policies

Depreciation of property, plant and equipment and right-of-use assets (Notes 4 and 5)

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. If depreciation on property, plant and equipment and right-of-use assets increases/decreases by 5% from management estimate, the Group's profit or loss for the year will decrease/increase by approximately \$14,534 (2019 - \$20,797).

Impairment of property, plant and equipment and right-of-use assets (Note 4 and 5)

Property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that they may be impaired.

The recoverable amounts of property, plant and equipment and right-of-use assets, where applicable, cash-generating-units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the management to make an estimate of the expected future cash flows from the cash-generating-unit (or group of cash-generating-units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors.

A decrease of 5% in the value-in-use of the Group's property, plant and equipment and right-of-use assets would have decreased the Group's profit or loss by \$115,814 (2019 - \$126,165).

Impairment of investment in associates (Note 8)

Investment in associates are tested for impairment whenever there is any objective evidence or indication that it may be impaired.

The recoverable amounts of investment in associates and, where applicable, cash-generating-units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the management to make an estimate of the expected future cash flows from the cash-generating-unit (or group of cash-generating-units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors.

A decrease in 5% in the value-in-use of the Group's investment in associates would have decreased the Group's profit by \$558,732 (2019 - \$624,595).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

Valuation of investment properties (Note 6)

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.

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 38.

The carrying amounts of the Group's investment properties at the reporting date are disclosed in Note 6. 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 \$4,475,101 (2019 - \$4,482,806).

Estimation of the fair value of financial assets, at FVOCI (Note 10)

Information about the valuation techniques and unobservable inputs used in determining the fair value of the financial assets, at FVOCI is disclosed in Note 38.

The carrying amount of the Group's financial assets, at FVOCI at the reporting date is disclosed in Note 10. A 5% difference in the changes to the estimated fair value of this asset from management's assessment would result in the Group's other comprehensive income for the financial year to decrease/increase by \$438,450 (2019 - \$507,950).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

Allowance for expected credit loss ("ECL") of trade and other receivables and contract assets (Note 12 and 13)

Impairment of trade and other receivables and contract assets are based on an assessment of the recoverability of trade and other receivables and contract assets which mainly comprise receivable from sale of property and amounts due from associates and amounts due from subsidiaries at the Company level. The impairment provisions for trade and other receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation. The Group assesses at the end of each reporting period whether there is any expected credit loss. To determine whether there is expected credit loss, the Group considers factors such as current credit standing, payment history, probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is expected credit loss, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group's and the Company's carrying amounts of trade and other receivables and contract assets at the reporting date are disclosed in Notes 12 and 13.

The Group's and the Company's credit risk exposure for trade and other receivables and contract assets are set out in Note 36.

Carrying amount of development properties (Note 14)

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.

The Group's carrying amounts of development properties are disclosed in Note 14. A decrease of 5% in the value-in-use of the Group's development property would have decreased the Group's profit by \$11,183,731 (2019 - \$11,668,048).

Impairment in investment in subsidiaries (Note 7)

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates. The carrying amounts of the Company's investment in subsidiaries at the reporting date are disclosed in Note 7. If the present value of the estimated future cash flows decreased by 5% from management's estimates, the Company's allowance for impairment will increase by \$536,028 (2019 - \$636,028).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and investees (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company or its subsidiary:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company or its subsidiary 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 Company or its subsidiary 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 Company or its subsidiary considers all relevant facts and circumstances in assessing whether or not the Company's or its subsidiary's voting rights in an investee are sufficient to give it power, including:

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

Consolidation of a subsidiary begins when the Company or its subsidiary obtains control over the subsidiary or investee and ceases when the Company or its subsidiary loses control of the subsidiary or investee. Specifically, income and expenses of a subsidiary or an investee acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company or its subsidiary gains control until the date when the Company or its subsidiary ceases to control the subsidiary or investee.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries and investees are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries or investees to bring their accounting policies in line with the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation (Cont'd)

(ii) Changes in the Group's ownership interests in existing subsidiaries

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 interests 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 the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business combinations (Cont'd)

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss, on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired.

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in associates (Cont'd)

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

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

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

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

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 depreciable amount of these assets over their estimated useful lives as follows:

| | |
|---------------------|--------------|
| Freehold building | 50 years |
| Renovations | 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment and depreciation (Cont'd)

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 the 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.

Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation. Investment properties comprise completed investment properties and properties under construction or development for future use as investment properties.

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.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Group's own use, rental or capital appreciation.

Capitalisation of borrowing costs ceases when the properties can be sold. The capitalisation rate is determined by reference to the actual rate payable on borrowings for development property, weighted as applicable.

Development properties are initially stated at cost plus attributable profit less progress billings. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as an asset. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as a liability.

Unsold development properties

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

Sold development properties

Revenue and cost on development properties that have been sold are recognised using the percentage of completion method and the completion of contract method. The stage of completion is measured by reference to the development costs incurred to-date to the estimated total costs for the property. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

Financial instruments

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

(A) FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are recognised when, only when the entity becomes party to the contractual provisions of the instruments.

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of financial assets that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Financial assets are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the financial assets do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest" (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (Cont'd)

(A) FINANCIAL ASSETS (CONT'D)

Initial recognition and measurement (Cont'd)

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

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding on the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost include contract assets and trade and other receivables, excluding prepayments.

Fair value through other comprehensive income (debt instruments)

Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

The Group and the Company do not have any investments in fair value through other comprehensive income (debt instruments).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (Cont'd)

(A) FINANCIAL ASSETS (CONT'D)

Financial assets designated at fair value through OCI (equity instruments)

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by-instrument basis. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Changes in fair value of financial assets at FVOCI are recognised in OCI are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

Financial assets at fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investment which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (Cont'd)

(A) FINANCIAL ASSETS (CONT'D)

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade and other receivables and contract assets, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses as at the reporting date, the credit risk has not increased significantly since initial recognition. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The internal credit ratings have been mapped to external credit ratings determined by credit rating agencies such as Moody's and Fitch, so as to determine the appropriate expected credit loss rates.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (Cont'd)

(A) FINANCIAL ASSETS (CONT'D)

Impairment of financial assets (Cont'd)

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit-impaired financial assets

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

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

Write-off policy

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

(B) FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are recognised initially at fair value less directly attributable transaction costs. The financial liabilities comprise borrowings, lease liabilities, obligations under finance lease and trade and other payables, excluding contract liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (Cont'd)

(B) FINANCIAL LIABILITIES (CONT'D)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SFRS(I) 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss when changes arise.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SFRS (I) 9 are satisfied.

The Group and the Company do not have financial liabilities at fair value through profit or loss.

Financial liabilities that are not carried at fair value through profit or loss

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms were 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 the 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 the reporting period are included in non-current borrowings in the statement of financial position.

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits with financial institutions which are subject to an insignificant risk of changes in value.

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 carrying amount which includes 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 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 reporting date.

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 reporting 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 reporting 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 reporting date.

The Group has assessed that its 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. Based on the above assessment, 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 recognised deferred taxes on changes in the fair value of investment properties located in Malaysia which are subject to real property gains tax, but has not recognised any deferred taxes on changes in fair value of investment properties located in Singapore as the Group is not subject to any income taxes on the disposal of the investment properties in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income taxes (Cont'd)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

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.

Pension obligations

The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to 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 the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Related parties (Cont'd)

- (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;
 - (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); or
 - (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 recognised 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 recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets (Cont'd)

Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

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

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or 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 recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

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

A reversal of an impairment loss is recognised as income in profit or loss.

Revenue recognition

Sale of development properties

Revenue from sale of development properties is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer at a point in time or over time.

For development properties where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, such as when the property is accepted by the customer, or deemed as accepted according to the contract, or when title has passed to the customer.

For development properties where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the stage of completion of the properties. The percentage of completion is measured by reference to the physical surveys of construction work completed. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition (Cont'd)

Sale of development properties (Cont'd)

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

The Group will capitalise the costs as contract costs assets only if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, the Group adjusts the promised amount of consideration for the effect of a financing component, if significant.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Construction revenue

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised over time by measuring the progress towards complete satisfaction of performance obligations. The Group has determined that the cost-based input method reflects the over-time transfer of control to customers.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition (Cont'd)

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.

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.

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.

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in SGD, which is also the functional currency of the Company.

Foreign currency

Foreign currency transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore Dollar at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore Dollar 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 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currency (Cont'd)

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- (ii) Income and expenses for each statement presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- (iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that foreign operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

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.

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.

Contract balances

Contract assets

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contract balances (Cont'd)

Contract liabilities

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

Trade receivables

A receivable represents the Group right to an amount of consideration that is unconditional i.e. only the passage of time is required before a payment of the consideration is due. Refer to accounting policies of financial assets in section Financial instruments - initial recognition and subsequent measurement.

Contract costs

The Group pays sales commission to its intermediaries for each contract that they obtain for sale of development properties. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sale commission because the amortisation period of the assets that the Group otherwise would have used its one year or less.

Leases (from 1 October 2019)

(i) The Group as lessee

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

(a) Lease liability

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (from 1 October 2019) (Cont'd)

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

(a) Lease liability (Cont'd)

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

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

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

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

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

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

(b) Right-of-use asset

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (from 1 October 2019) (Cont'd)

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

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

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

| | |
|----------------|---------|
| Motor vehicles | 5 years |
|----------------|---------|

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

The right-of-use assets (except for those which meet the definition of investment property) are presented as a separate line item in the consolidated statement of financial position.

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

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

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

(ii) The Group as lessor

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (before 1 October 2019)

(i) The Group as lessee

(a) Finance lease

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".

(b) 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.

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

(ii) The Group as 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

3 REVENUE

Revenue for the Group includes sale of development properties, rental income and construction contract income excluding inter-Group transactions and applicable goods and services tax.

The Group derives revenue from transfer of goods and services over time and at a point in time as follows:

| THE GROUP | 2020 | | | 2019 | | |
|---------------------------------------|------------|---------|------------|------------|---------|-----------|
| | AT A POINT | OVER | TOTAL | AT A POINT | OVER | TOTAL |
| | IN TIME | TIME | | IN TIME | TIME | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Property development | 26,105,400 | - | 26,105,400 | 7,218,000 | - | 7,218,000 |
| Construction revenue | - | 29,545 | 29,545 | - | 153,731 | 153,731 |
| Revenue from contracts with customers | 26,105,400 | 29,545 | 26,134,945 | 7,218,000 | 153,731 | 7,371,731 |
| Rental income | - | 848,124 | 848,124 | - | 706,656 | 706,656 |
| Total revenue | 26,105,400 | 877,669 | 26,983,069 | 7,218,000 | 860,387 | 8,078,387 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

4 PROPERTY, PLANT AND EQUIPMENT

| THE GROUP | FREEHOLD LAND \$ | FREEHOLD BUILDING \$ | RENOVATIONS \$ | PLANT AND EQUIPMENT \$ | MOTOR VEHICLES \$ | TOTAL \$ |
|---|------------------------|----------------------------|-------------------|------------------------------|-------------------------|------------------|
| Cost | | | | | | |
| At 1 October 2018 | 915,891 | 1,104,560 | 623,519 | 1,355,885 | 624,731 | 4,624,586 |
| Additions | - | - | - | 65,200 | - | 65,200 |
| Disposals | - | - | - | (38,640) | (25,698) | (64,338) |
| Exchange differences on translation | - | - | (2) | (107) | (17) | (126) |
| At 30 September 2019 | 915,891 | 1,104,560 | 623,517 | 1,382,338 | 599,016 | 4,625,322 |
| Adoption of SFRS(I) 16 | | | | | | |
| - Reclassification to right-of-use assets | - | - | - | - | (353,074) | (353,074) |
| At 1 October 2019 | 915,891 | 1,104,560 | 623,517 | 1,382,338 | 245,942 | 4,272,248 |
| Additions | - | - | 800 | 70,889 | 12,443 | 84,132 |
| Write-off | - | - | - | - | (200) | (200) |
| Exchange differences on translation | - | - | (17) | (1,350) | (111) | (1,478) |
| At 30 September 2020 | 915,891 | 1,104,560 | 624,300 | 1,451,877 | 258,074 | 4,354,702 |
| Accumulated depreciation | | | | | | |
| At 1 October 2018 | - | 120,569 | 444,870 | 831,623 | 340,781 | 1,737,843 |
| Depreciation for the year | - | 21,364 | 111,350 | 198,763 | 84,456 | 415,933 |
| Disposals | - | - | - | (38,640) | (13,058) | (51,698) |
| Exchange differences on translation | - | - | (1) | (55) | (7) | (63) |
| At 30 September 2019 | - | 141,933 | 556,219 | 991,691 | 412,172 | 2,102,015 |
| Adoption of SFRS(I) 16 | | | | | | |
| - Reclassification to right-of-use assets | - | - | - | - | (203,557) | (203,557) |
| At 1 October 2019 | - | 141,933 | 556,219 | 991,691 | 208,615 | 1,898,458 |
| Depreciation for the year | - | 21,364 | 58,860 | 151,581 | 14,424 | 246,229 |
| Write-off | - | - | - | - | (200) | (200) |
| Exchange differences on translation | - | - | (5) | 3,564 | (4,546) | (987) |
| At 30 September 2020 | - | 163,297 | 615,074 | 1,146,836 | 218,293 | 2,143,500 |
| Net book value | | | | | | |
| At 30 September 2020 | 915,891 | 941,263 | 9,226 | 305,041 | 39,781 | 2,211,202 |
| At 30 September 2019 | 915,891 | 962,627 | 67,298 | 390,647 | 186,844 | 2,523,307 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying amount of motor vehicles acquired and secured under finance lease arrangements for the Group as at 30 September 2019 amounted to \$149,517.

As at 30 September 2020, freehold land and buildings with a total carrying amount of \$1,857,154 (2019 -\$1,878,518) were pledged to certain banks to secure credit facilities for the Group (Note 22).

The properties held by the Group as at 30 September 2020 are as follows:

| LOCATION | TENURE | USE OF PROPERTY |
|--|---------------------------------|------------------------|
| 3 Kim Chuan Lane, Goodland Group Building, Singapore | Estate in Perpetuity (Freehold) | Corporate Headquarters |

5 RIGHT-OF-USE ASSETS

| THE GROUP | MOTOR VEHICLES \$ | TOTAL \$ |
|---|-------------------------|----------------|
| <u>Cost</u> | | |
| Adoption of SFRS(I) 16: | | |
| - Reclassification from property, plant and equipment | 353,074 | 353,074 |
| At 1 October 2019 and 30 September 2020 | 353,074 | 353,074 |
| <u>Accumulated depreciation</u> | | |
| Adoption of SFRS(I) 16: | | |
| - Reclassification from property, plant and equipment | 203,557 | 203,557 |
| At 1 October 2019 | 203,557 | 203,557 |
| Depreciation for the year | 44,447 | 44,447 |
| At 30 September 2020 | 248,004 | 248,004 |
| <u>Carrying amount</u> | | |
| At 30 September 2020 | 105,070 | 105,070 |
| At 1 October 2019 | 149,517 | 149,517 |

Information about the Group's leasing activities are disclosed in Note 33.

As at 30 September 2020, the carrying amount of motor vehicles held under lease liabilities for the Group amounted to \$105,070.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

6 INVESTMENT PROPERTIES

| THE GROUP | 2020 | 2019 |
|---|-------------------|-------------------|
| | \$ | \$ |
| At fair value: | | |
| At beginning of year | 89,656,125 | 88,008,520 |
| Additions | 12,548 | 861,617 |
| Fair value (loss)/gain recognised in profit or loss (Note 27 and Note 24) | (86,900) | 792,700 |
| Exchange differences on translation | (79,758) | (6,712) |
| At end of year | <u>89,502,015</u> | <u>89,656,125</u> |

Determination of fair value of investment properties is disclosed in Note 38.

As at 30 September 2020, investment properties with a total carrying amount of \$68,320,000 (2019 - \$68,406,900) were pledged to certain banks to secure credit facilities for the Group (Note 22).

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:

| THE GROUP | 2020 | 2019 |
|--|---------------|---------------|
| | \$ | \$ |
| Rental income | 848,124 | 706,656 |
| Direct operating expenses arising from investment properties that generated rental income | 179,204 | 74,963 |
| Direct operating expenses arising from investment properties that did not generate rental income | <u>68,523</u> | <u>75,238</u> |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

6 INVESTMENT PROPERTIES (CONT'D)

The details of the investment properties held by the Group as at 30 September 2020 and 2019 are as follows:

| DESCRIPTION AND LOCATION | LAND TENURE | APPROXIMATE FLOOR AREA (SQUARE METERS) | GROUP'S EFFECTIVE INTEREST | |
|--|--|---|-------------------------------|-----------|
| | | | 2020 % | 2019 % |
| Residential apartment 23 Amber Road #02-06 The Aristo@Amber, Singapore | Estate in Fee Simple (Freehold) | 69 | 100 | 100 |
| 6-storey commercial cum residential building, 18 Roberts Lane Goodland Building, Singapore | Estate in Fee Simple (Freehold) | 952 | 100 | 100 |
| 8-storey industrial building, 3 Kim Chuan Lane, Goodland Group Building, Singapore | Estate in Perpetuity (Freehold) | 4,468 | 100 | 100 |
| Factory unit 29 Hillview Terrace #05-06 Hillview Warehouse, Singapore | Estate in Perpetuity (Freehold) | 164 | 100 | 100 |
| Commercial development, Off Jalan Simpang Pulai/Gopeng, Perak Darul Ridzuan, Malaysia | Leasehold expiring on 8 April 2114 | 20,561 | 70 | 70 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

7 SUBSIDIARIES

| | 2020 | 2019 |
|---|-------------|------------|
| THE COMPANY | \$ | \$ |
| Investment in unquoted equity shares, at cost | | |
| At beginning | 12,720,563 | 11,518,563 |
| Additions | - | 1,202,000 |
| At end | 12,720,563 | 12,720,563 |
| <u>Less: Accumulated Impairment</u> | | |
| At beginning | - | - |
| Impairment loss recognised | (2,000,000) | - |
| At end | (2,000,000) | - |
| Carrying amount | 10,720,563 | 12,720,563 |

Impairment testing of investments in subsidiaries

For the financial year ended 30 September 2020, management of the Company had carried out an impairment assessment over the investments in subsidiaries and identified the following significant cash generating units ("CGUs"). These were considered to have indications of possible impairment issues at 30 September 2020 and 2019 as they were in a loss-making position and having negative net worth for the past few years.

As at 30 September 2020, the carrying amount of the investments in subsidiaries amounted to \$10,720,563 (2019 - \$12,720,563). As at 30 September 2020, the recoverable amounts of subsidiaries were determined based on the higher of fair value less cost to sell and value-in-use. The fair value less cost to sell was determined based on the financials of the subsidiaries which comprised mainly cash balances, trade and other receivables and trade and other payables which were current and approximated fair value at year end. Based on the impairment testing, an impairment loss of \$2,000,000 relating to the cost of investment in the subsidiaries is recognised under other operating expenses in profit or loss of the Company for the financial year ended 30 September 2020, being the shortfall between the carrying amount and the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

7 SUBSIDIARIES (CONT'D)

The investments in subsidiaries held by the Company at 30 September 2020 and 2019 are as follows:

| NAME | COUNTRY OF INCORPORATION | OWNERSHIP | | PRINCIPAL ACTIVITIES |
|--|-----------------------------|-----------|-----------|---|
| | | INTEREST | | |
| | | 2020 % | 2019 % | |
| <i>Held by the Company</i> | | | | |
| Goodland Development Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development and general contractors |
| 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 | General building contractors |
| GPM Builders Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | General building contractors |
| Goodland Group Construction Sdn. Bhd. ⁽²⁾ | Malaysia | 100 | 100 | General building contractors |
| Banyan Housing Development Sdn. Bhd. ⁽²⁾ | Malaysia | 72 | 72 | Real estate development |
| Goodland Ventures Pte. Ltd. ⁽¹⁾⁽⁵⁾ | Singapore | 100 | 100 | Real estate development |
| Goodland Global Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development |
| Goodland Assets Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development and investment holding |
| GLG Global Sdn. Bhd. ⁽²⁾⁽⁴⁾ | Malaysia | 1 | 1 | Real estate development |
| Goodland Glory Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Investment holding |
| Goodland Harvest Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development |
| GLG (Cambodia) Investments Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development and investment holding |
| GLG International Investments Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development and investment holding |
| GLG Homes Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development and investment holding |
| GLG Capital Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development and investment holding |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

7 SUBSIDIARIES (CONT'D)

| NAME | COUNTRY OF INCORPORATION | OWNERSHIP | | PRINCIPAL ACTIVITIES |
|---|-----------------------------|-----------|-----------|--|
| | | INTEREST | | |
| | | 2020 % | 2019 % | |
| <u>Held by the Company</u> | | | | |
| GLSL (1) Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development |
| Goodland Da-Qiao Pte. Ltd. ⁽¹⁾ | Singapore | 51 | 51 | Real estate development and investment holding |
| Goodland Citrine Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development and investment holding |
| Citrine Plasterceil Pte. Ltd. ⁽¹⁾⁽³⁾ (formerly known as GPM Da-Qiao Builders Pte Ltd) | Singapore | 100 | 100 | General building contractors |
| Citrine Asia Capital Pte. Ltd. ⁽¹⁾ | Singapore | 51 | 51 | Other holding and commercial and industrial real estate management |
| <u>Held by Goodland Capital Pte. Ltd.</u> | | | | |
| Citrine Assets Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Investment holding |
| <u>Held by Citrine Assets Pte. Ltd.</u> | | | | |
| T City (Ipoh) Sdn. Bhd. ⁽²⁾ | Malaysia | 70 | 70 | Real estate development |
| <u>Held by Goodland Development Pte Ltd</u> | | | | |
| GLG Properties Pte.Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Real estate development |
| <u>Held by Banyan Housing Development Sdn. Bhd.</u> | | | | |
| GLG Global Sdn. Bhd. ⁽²⁾⁽⁴⁾ | Malaysia | 99 | 99 | Real estate development |

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

(2) Audited by HLB Ler Lum PLT, a member firm of HLB International

(3) In 2019, 51% interest in Citrine Plasterceil Pte. Ltd. was transferred from GPM Builders Pte Ltd to the Company for a consideration of S\$51. The Company acquired the remaining interest in Citrine Plasterceil Pte. Ltd. of 49% for a consideration of S\$49.

(4) In 2019, a 72% owned subsidiary, Banyan Housing Development Sdn. Bhd. acquired 99% equity interest in a wholly-owned subsidiary, GLG Global Sdn. Bhd. through direct shares subscription of 1,980 shares at RM1 for a consideration of RM1,980. The subscription was satisfied through cash payment. This diluted the Company's interest in GLG Global Sdn. Bhd. to 1%.

(5) Goodland Ventures Pte. Ltd., was in the process of striking off in 2020.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

7 SUBSIDIARIES (CONT'D)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interest:

| NAME OF SUBSIDIARY | PLACE OF INCORPORATION AND PRINCIPAL PLACE OF INTEREST | PROPORTION OF OWNERSHIP INTERESTS AND VOTING RIGHTS HELD BY NON-CONTROLLING INTERESTS | | LOSS ALLOCATED TO NON-CONTROLLING INTERESTS | | ACCUMULATED NON-CONTROLLING INTERESTS | |
|-----------------------|--|---|------|---|---------|---------------------------------------|------------|
| | | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | | % | % | \$ | \$ | \$ | \$ |
| | | | | | | | |
| T City (Ipoh) Sdn Bhd | Malaysia | 30 | 30 | (1,584) | (2,158) | 52,904,636 | 53,106,986 |

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

| THE GROUP | 2020 | 2019 |
|--|-------------------------|-------------------------|
| | T CITY (IPOH) SDN. BHD. | T CITY (IPOH) SDN. BHD. |
| | \$ | \$ |
| Current assets | 166,173,894 | 166,822,859 |
| Non-current assets | 21,174,432 | 21,241,185 |
| Current liabilities | (1,728,898) | (1,734,897) |
| Non-current liabilities | (9,270,640) | (9,305,859) |
| Net assets | 176,348,788 | 177,023,288 |
| Net assets attributable to NCI | 52,904,636 | 53,106,986 |
| Loss for the year | (5,281) | (7,193) |
| Other comprehensive income ("OCI") | (669,219) | (54,217) |
| Total comprehensive (loss)/income | (674,500) | (61,410) |
| Attributable to NCI: | | |
| - Loss | (1,584) | (2,158) |
| - OCI | (200,766) | (16,265) |
| Total comprehensive (loss)/income | (202,350) | (18,423) |
| Cash flows from | | |
| - Operating activities | (110,371) | 3,908 |
| - Investing activities | (13,610) | (22,417) |
| - Financing activities | - | 148,907 |
| Net changes in cash and cash equivalents | (123,981) | 130,398 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

7 SUBSIDIARIES (CONT'D)

Change in ownership interest in a subsidiary

During the year ended 30 September 2019, the Group increased its interest in Citrine Plasterceil Pte. Ltd. (formerly known as GPM Da-Qiao Builders Pte. Ltd.) by 49%, increasing its interest to 100%.

The following summarises the effect of changes in the Group's ownership interest in Citrine Plasterceil Pte. Ltd. that did not result in change of control, on the equity attributable to owners of the parents.

| | 2020 | 2019 |
|--|------|------|
| | \$ | \$ |
| Amount paid on changes in ownership interest in subsidiary | - | 49 |
| Non-controlling interest acquired | - | (49) |
| Difference recognised in capital reserve | - | - |

8 ASSOCIATES

| | 2020 | 2019 |
|--------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| THE GROUP | | |
| Unquoted equity investments, at cost | 2,352,990 | 2,352,990 |
| Share of post-acquisition profits | 8,821,658 | 10,138,915 |
| | <u>11,174,648</u> | <u>12,491,905</u> |

Details of the associates are as follows:

| NAME | COUNTRY OF INCORPORATION | OWNERSHIP INTEREST | | PRINCIPAL ACTIVITIES |
|---|-----------------------------|--------------------|------|---|
| | | 2020 | 2019 | |
| | | % | % | |
| 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⁾ | Singapore | 17 | 17 | Property developer |
| SL Capital (3) Pte. Ltd. ⁽²⁾ | Singapore | 17 | 17 | Property developer |
| SL Capital (5) Pte. Ltd. ⁽²⁾ | Singapore | 17 | 17 | Property developer |

⁽¹⁾ Audited by Foo Kon Tan LLP

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

Although the Group owned 17% equity interest in SL Capital (1) Pte. Ltd., SL Capital (3) Pte. Ltd. and SL Capital (5) Pte. Ltd., the Group has the ability to exercise significant influence, but not control, over its financial and operating policies.

All these associates are accounted for using the equity method in these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

8 ASSOCIATES (CONT'D)

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

| 2020 | RGL | | | | | | TOTAL |
|---|-------------------------|--------------------------------|------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------|
| | AG CAPITAL PTE. LTD. | GOODLAND SUNNY PTE. LTD. | EQUITY (SIAM REAP) CO., LTD. | SL CAPITAL (1) PTE. LTD. | SL CAPITAL (3) PTE. LTD. | SL CAPITAL (5) PTE. LTD. | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| The Group | | | | | | | |
| (A) Balance Sheet: | | | | | | | |
| Current assets | 658,502 | 2,490,503 | 4,229,244 | 114,754,026 | 178,492,847 | 77,794,536 | 378,419,658 |
| Non-current assets | - | - | - | 117,420 | 733,945 | 363,743 | 1,215,108 |
| Current liabilities | (15,239) | (3,039) | (4,400,736) | (58,346,238) | (50,257,025) | (78,170,748) | (191,193,025) |
| Non-current liabilities | - | - | - | - | (129,406,874) | - | (129,406,874) |
| Net assets attributable to investee's shareholders | 643,263 | 2,487,464 | (171,492) | 56,525,208 | (437,107) | (12,469) | 59,034,867 |
| (B) Profit/Loss: | | | | | | | |
| Revenue | - | - | - | 1,110,056 | 5,579,317 | 2,226,316 | 8,915,689 |
| Expenses | (3,582) | (3,252) | (7,035) | (4,838,530) | (8,016,424) | (4,238,785) | (17,107,608) |
| Loss for the year | (3,582) | (3,252) | (7,035) | (3,728,474) | (2,437,107) | (2,012,469) | (8,191,919) |
| Other comprehensive income ("OCI") | - | - | - | - | - | - | - |
| Total comprehensive loss | (3,582) | (3,252) | (7,035) | (3,728,474) | (2,437,107) | (2,012,469) | (8,191,919) |
| Attributable to investee's shareholders | (3,582) | (3,252) | (7,035) | (3,728,474) | (2,437,107) | (2,012,469) | (8,191,919) |
| (C) Carrying amount of: | | | | | | | |
| Group's interest in net assets of investee at beginning of the year | 323,422 | 1,245,358 | - | 10,243,125 | 340,000 | 340,000 | 12,491,905 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

8 ASSOCIATES (CONT'D)

| 2020 | RGL | | | | | | TOTAL |
|---|-------------------------|--------------------------------|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------|
| | AG CAPITAL PTE. LTD. | GOODLAND SUNNY PTE. LTD. | EQUITY (SIAM REAP) CO., LTD | SL CAPITAL (1) PTE. LTD. | SL CAPITAL (3) PTE. LTD. | SL CAPITAL (5) PTE. LTD. | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Group's share of: | | | | | | | |
| - Loss for the year | (1,790) | (1,626) | - | (633,841) | (340,000) | (340,000) | (1,317,257) |
| - OCI | - | - | - | - | - | - | - |
| Total comprehensive loss | (1,790) | (1,626) | - | (633,841) | (340,000) | (340,000) | (1,317,257) |
| Carrying amount of interest in investee at end of the year | 321,632 | 1,243,732 | - | 9,609,284 | - | - | 11,174,648 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

8 ASSOCIATES (CONT'D)

| 2019 | RGL | | | | | | TOTAL |
|--|----------------|------------------|------------------|-------------------|------------------|------------------|-------------------|
| | AG CAPITAL | GOODLAND | EQUITY | SL CAPITAL | SL CAPITAL | SL CAPITAL | |
| | PTE. LTD. | SUNNY | (SIAM REAP) | (1) | (3) | (5) | |
| | PTE. LTD. | PTE. LTD. | CO., LTD. | PTE. LTD. | PTE. LTD. | PTE. LTD. | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| The Group | | | | | | | |
| (A) Balance Sheet: | | | | | | | |
| Current assets | 665,650 | 2,456,896 | 4,284,639 | 227,040,961 | 155,087,323 | 2,000,000 | 391,535,469 |
| Non-current assets | - | 36,901 | 1,776 | 156,560 | - | - | 195,237 |
| Current liabilities | (18,806) | (3,082) | (4,453,103) | (154,750,191) | (153,087,323) | - | (312,312,505) |
| Non-current liabilities | - | - | - | (12,193,645) | - | - | (12,193,645) |
| Net assets attributable to investee's shareholders | 646,844 | 2,490,715 | (166,688) | 60,253,685 | 2,000,000 | 2,000,000 | 67,224,556 |
| (B) Profit/Loss: | | | | | | | |
| Revenue | 397,140 | 465,773 | - | 121,949,985 | - | - | 122,812,898 |
| Expenses | (12,815) | (427,279) | (36,202) | (99,222,818) | - | - | (99,699,114) |
| Profit/(Loss) for the year | 384,325 | 38,494 | (36,202) | 22,727,167 | - | - | 23,113,784 |
| Other comprehensive income ("OCI") | - | - | - | - | - | - | - |
| Total comprehensive income/(loss) | 384,325 | 38,494 | (36,202) | 22,727,167 | - | - | 23,113,784 |
| Attributable to investee's shareholders | 384,325 | 38,494 | (36,202) | 22,727,167 | - | - | 23,113,784 |
| (C) Carrying amount of: | | | | | | | |
| Group's interest in net assets of investee at beginning of the year, as restated | 131,259 | 1,226,111 | - | 6,379,508 | 340,000 | 340,000 | 8,416,878 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

8 ASSOCIATES (CONT'D)

| 2019 | RGL | | | | | | TOTAL |
|---|------------|-----------|-------------|------------|------------|------------|------------|
| | AG CAPITAL | GOODLAND | EQUITY | SL CAPITAL | SL CAPITAL | SL CAPITAL | |
| | PTE. LTD. | SUNNY | (SIAM REAP) | (1) | (3) | (5) | |
| | PTE. LTD. | PTE. LTD. | CO., LTD | PTE. LTD. | PTE. LTD. | PTE. LTD. | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Group's share of: | | | | | | | |
| - Profit for the year | 192,163 | 19,247 | - | 3,863,617 | - | - | 4,075,027 |
| - OCI | - | - | - | - | - | - | - |
| Total comprehensive income | 192,163 | 19,247 | - | 3,863,617 | - | - | 4,075,027 |
| Carrying amount of interest in investee at end of the year | | | | | | | |
| | 323,422 | 1,245,358 | - | 10,243,125 | 340,000 | 340,000 | 12,491,905 |

Unrecognised share of losses of an associate

| THE GROUP | 2020 | 2019 |
|---|-----------|----------|
| | \$ | \$ |
| The unrecognised share of losses of associates for the year | (79,875) | (17,739) |
| Cumulative share of losses of associates | (161,552) | (81,677) |

Reconciliation of the associates share of losses

| THE GROUP | 2020 | 2019 |
|--|-----------|---------|
| | \$ | \$ |
| The Group's initial share of losses based on equity interest | 844,542 | 84,667 |
| Less: Group's share of losses up to the cost of investment | (682,990) | (2,990) |
| The unrecognised share of losses of associates | 161,552 | 81,677 |

As the Group's share of losses in the associates has exceeded its interest in associates, the Group does not recognise further losses as at 30 September 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

9 AVAILABLE-FOR-SALE FINANCIAL ASSET

| THE GROUP | 2020 | 2019 |
|--|-------------|--------------|
| | \$ | \$ |
| Available-for-sale financial asset measured at fair value: | | |
| - Unquoted equity investment, | | |
| At 1 October | - | 10,295,000 |
| Reclassification at 1 October 2018 | - | (10,295,000) |
| At 30 September | - | - |

10 FINANCIAL ASSETS, AT FVOCI

| THE GROUP | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| Equity instrument designated at fair value through OCI | | |
| - Unquoted equity investment | | |
| At 1 October | 10,159,000 | - |
| Reclassification at 1 October 2018 | - | 10,295,000 |
| Fair value loss recognised in other comprehensive income | (1,390,000) | (136,000) |
| At 30 September | 8,769,000 | 10,159,000 |

Unquoted equity investment

Unquoted equity investment comprises 6% equity interest in an unquoted company (Citrine Capital Pte Ltd) in Singapore. There are no current market transactions that are directly comparable. The determination of fair value measurement is disclosed in Note 38.

The Group designated the investment in unquoted equity investments as at FVOCI because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes.

11 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 | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| Deferred tax assets | | |
| At 1 October | - | 59,176 |
| Recognised in profit or loss (Note 29) | - | (59,176) |
| At 30 September | - | - |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

11 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

| | 2020 | 2019 |
|----------------------------------|-----------|-----------|
| THE GROUP | \$ | \$ |
| Deferred tax liabilities | | |
| At 1 October | 9,488,670 | 9,491,619 |
| Currency translation differences | (35,219) | (2,949) |
| At 30 September | 9,453,451 | 9,488,670 |

Deferred tax liabilities comprise the following:

| | 2020 | 2019 |
|---------------------------------|-----------|-----------|
| THE GROUP | \$ | \$ |
| Investment properties | 1,050,000 | 1,053,989 |
| Development properties for sale | 8,403,451 | 8,434,681 |
| | 9,453,451 | 9,488,670 |

Movement of deferred tax liabilities is as follows:

| | DEVELOPMENT | | |
|----------------------------------|--------------------|-----------------------|--------------|
| | INVESTMENT | PROPERTIES FOR | TOTAL |
| | PROPERTIES | SALE | |
| THE GROUP | \$ | \$ | \$ |
| At 1 October 2019 | 1,053,989 | 8,434,681 | 9,488,670 |
| Currency translation differences | (3,989) | (31,230) | (35,219) |
| At 30 September 2020 | 1,050,000 | 8,403,451 | 9,453,451 |

| | DEVELOPMENT | | |
|----------------------------------|--------------------|-----------------------|--------------|
| | INVESTMENT | PROPERTIES FOR | TOTAL |
| | PROPERTIES | SALE | |
| THE GROUP | \$ | \$ | \$ |
| At 1 October 2018 | 1,054,322 | 8,437,297 | 9,491,619 |
| Currency translation differences | (333) | (2,616) | (2,949) |
| At 30 September 2019 | 1,053,989 | 8,434,681 | 9,488,670 |

| | 2020 | 2019 |
|---|-----------|-----------|
| THE GROUP | \$ | \$ |
| Deferred tax liabilities to be settled: | | |
| - between one and five years | 8,403,451 | 8,434,681 |
| - after five years | 1,050,000 | 1,053,989 |
| | 9,453,451 | 9,488,670 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

12 TRADE AND OTHER RECEIVABLES

| | ← THE GROUP → | | ← THE COMPANY → | |
|---|---------------|------------|-----------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Trade receivables | | | | |
| - Third parties | 200,927 | 3,729,199 | - | - |
| - Related party | 53,207 | 49,410 | - | - |
| | 254,134 | 3,778,609 | - | - |
| Other receivables | | | | |
| - Third parties | 177,688 | 361,197 | - | - |
| - Subsidiaries | - | - | 67,211,459 | 65,879,481 |
| - Related parties | 6,366 | 6,351 | - | - |
| - Advances from non-controlling interests | 91,875 | - | - | - |
| - Associates | 15,420,095 | 15,415,035 | - | - |
| Deposits | 56,129 | 86,346 | 1,550 | 16,395 |
| | 16,006,287 | 19,647,538 | 67,213,009 | 65,895,876 |
| Allowance for impairment loss | - | - | (1,278,999) | - |
| | 16,006,287 | 19,647,538 | 65,934,010 | 65,895,876 |
| Non-refundable deposits | - | 328,186 | - | - |
| Prepayments | 57,740 | 43,899 | 21,106 | 16,425 |
| | 16,064,027 | 20,019,623 | 65,955,116 | 65,912,301 |

Movement in impairment loss of the Company is as follows:

| | THE COMPANY | |
|------------------------------|-------------|------|
| | 2020 | 2019 |
| | \$ | \$ |
| Impairment loss | | |
| At beginning | - | - |
| Impairment losses recognised | (1,278,999) | - |
| At end | (1,278,999) | - |

As at 1 October 2019, the Group's gross trade receivables from contracts with customers due from non-related parties amounted to \$3,778,609.

The non-trade amounts due from subsidiaries, associates and related party, comprising mainly advances, are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

Related parties refers to an entity controlled by an executive director of Goodland Group Limited and advance to a non-controlling interests shareholder.

Please refer to Note 36 for details of credit risk and foreign currency risk exposures.

During the year ended 30 September 2020, the Company has assessed and decided to impair the amount due from a subsidiary of \$1,278,999 (2019 - \$Nil) as the balance is not recoverable.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

12 TRADE AND OTHER RECEIVABLES (CONT'D)

| | ← THE GROUP → | | ← THE COMPANY → | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Neither past due nor Impaired | 15,914,461 | 19,968,015 | 65,955,116 | 65,912,301 |
| Past due 0 - 30 days | 4,727 | 9,136 | - | - |
| Past due 31 - 60 days | 22,683 | - | - | - |
| Past due over 60 days | 122,156 | 42,472 | - | - |
| | <u>16,064,027</u> | <u>20,019,623</u> | <u>65,955,116</u> | <u>65,912,301</u> |

- (a) Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Group.

- (b) Financial assets that are past due but not impaired

Trade receivables have credit terms of between 30 to 90 (2019 - 30 to 90) days.

13 CONTRACT BALANCES

| | ← THE GROUP → | |
|----------------------|-----------------|------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Contract assets | 364,100 | 172,018 |
| Contract liabilities | (393,470) | (272,649) |
| | <u>(29,370)</u> | <u>(100,631)</u> |

Contract assets

The contract assets relate primarily to the Group's right to recognise revenue for percentage of work completed but not billed at the reporting period on its construction works performed that is recognised over time.

There are changes in the contract asset balances amounting to \$192,082 (2019 - negative \$19,234) during the reporting period.

Contract liabilities

There are changes in the contract liabilities balances amounting to \$120,821 (2019 - \$93,249) during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

13 CONTRACT BALANCES (CONT'D)

Unsatisfied performance obligations

Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 30 September

| THE GROUP | |
|------------------|-------------|
| 2020 | 2019 |
| \$ | \$ |
| 393,470 | 272,649 |

Management expects that 100% of the transaction price allocated to the unsatisfied performance obligations as of 30 September 2020 will be recognised as revenue during the next reporting period.

Assets recognised from costs to fulfil contracts

Management assessed that there are no assets recognised from costs to fulfil contract as at 30 September 2020 and 30 September 2019.

14 DEVELOPMENT PROPERTIES

| THE GROUP | 2020 | 2019 |
|---|-------------|-------------|
| | \$ | \$ |
| Properties under development: | | |
| Costs incurred and attributable profits | 211,997,178 | 221,714,223 |
| Progress billings | (797,400) | - |
| | 211,199,778 | 221,714,223 |
| Completed properties, at cost | 12,474,841 | 11,646,731 |
| Total development properties for sale | 223,674,619 | 233,360,954 |
| Borrowing costs capitalised during the year | 1,162,924 | 1,051,150 |

The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 1.3% to 3.35% (2019 - 2.60% to 3.98%) per annum.

As at 30 September 2020, development properties for sale with a total carrying amount of \$57,556,804 (2019 - \$66,732,010) were pledged to certain banks to secure credit facilities for the Group (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

14 DEVELOPMENT PROPERTIES (CONT'D)

Details of development properties are as follows:

| PROPERTY NAME AND LOCATION | STAGE OF COMPLETION | EXPECTED DATE OF COMPLETION | APPROXIMATE LAND AREA (SQUARE METERS) | APPROXIMATE GROSS FLOOR AREA (SQUARE METERS) | DESCRIPTION | GROUP'S EFFECTIVE INTEREST | |
|---------------------------------------|------------------------|-----------------------------------|--|---|---|-------------------------------|-----------|
| | | | | | | 2020 % | 2019 % |
| <u>Goodland Investments Pte. Ltd.</u> | | | | | | | |
| 45 Cardiff Grove, Singapore | 100% | Completed | 170 | 308 | 2-storey intermediate terrace dwelling house with an attic | - | 100 |
| 20 Jalan Telang, Singapore | 100% | Completed | 190 | 350 | 2-storey intermediate terrace dwelling house with an attic and swimming pool | - | 100 |
| 36 Mayflower Lane, Singapore | 22% | 1st quarter of 2022 | 188 | 526 | 3-storey intermediate terrace dwelling house with an attic | 100 | - |
| 6 Jalan Kemuning, Singapore | 5% | 1st quarter of 2022 | 159 | 333 | 3-storey intermediate terrace dwelling house with an attic | 100 | - |
| <u>Goodland Development Pte. Ltd.</u> | | | | | | | |
| 21 Jalan Melor, Singapore | 100% | Completed | 222 | 462 | 2-storey intermediate terrace dwelling house with an attic and swimming pool | - | 100 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

14 DEVELOPMENT PROPERTIES (CONT'D)

Details of development properties are as follows:

| PROPERTY NAME AND LOCATION | STAGE OF COMPLETION | EXPECTED DATE OF COMPLETION | APPROXIMATE LAND AREA (SQUARE METERS) | APPROXIMATE GROSS FLOOR AREA (SQUARE METERS) | DESCRIPTION | GROUP'S EFFECTIVE INTEREST | |
|---|------------------------|-----------------------------------|--|---|---|-------------------------------|-----------|
| | | | | | | 2020 % | 2019 % |
| <u>Goodland Development Pte. Ltd.</u> | | | | | | | |
| 281 Onan Road, Singapore | 100% | Completed | 164 | 333 | 3-storey corner terrace dwelling house with an attic | - | 100 |
| 2 Lilac Drive, Singapore | 100% | Completed | 195 | 404 | 3-storey intermediate terrace dwelling house with attic, roof terrace and swimming pool | - | 100 |
| 19 Jalan Melor, Singapore | 100% | Completed | 222 | 456 | 2-storey intermediate terrace dwelling house with an attic and swimming pool | - | 100 |
| <u>Goodland Assets Pte. Ltd.</u> | | | | | | | |
| 1 Marne Road ("The Citron and The Citron Residences"), Singapore | 100% | Completed | 1,700 | 5,100 | Residential apartment units with commercial shops at 1st storey | 100 | 100 |
| <u>Goodland Da-Qiao Pte Ltd</u> | | | | | | | |
| 321 & 321A Bedok Road, Singapore | 88% | 4th quarter of 2020 | 754 | 744 | A pair of 2- storey semi detached dwelling house each with an attic and swimming pool | 51 | 51 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

14 DEVELOPMENT PROPERTIES (CONT'D)

Details of development properties are as follows:

| PROPERTY NAME AND LOCATION | STAGE OF COMPLETION | EXPECTED DATE OF COMPLETION | APPROXIMATE LAND AREA (SQUARE METERS) | APPROXIMATE GROSS FLOOR AREA (SQUARE METERS) | DESCRIPTION | GROUP'S EFFECTIVE INTEREST | |
|---------------------------------------|------------------------|-----------------------------------|--|---|--|-------------------------------|-----------|
| | | | | | | 2020 % | 2019 % |
| <u>GLG Properties Pte Ltd</u> | | | | | | | |
| 31 Neram Road, Singapore | 100% | Completed | 259 | 513 | 2-storey intermediate terrace dwelling house with an attic and swimming pool | 100 | 100 |
| 29 Jalan Tari Piring, Singapore | 100% | Completed | 166 | 306 | 3-storey corner terrace dwelling house with an attic and swimming pool | - | 100 |
| 28 Jalan Tanjong, Singapore | 95% | 4th quarter of 2020 | 189 | 453 | 3-storey intermediate terrace dwelling house with an attic and swimming pool | 100 | 100 |
| 45 Jalan Kemuning, Singapore | 100% | Completed | 158 | 348 | 3-storey intermediate terrace dwelling house with an attic and swimming pool | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

14 DEVELOPMENT PROPERTIES (CONT'D)

Details of development properties are as follows:

| PROPERTY NAME AND LOCATION | STAGE OF COMPLETION | EXPECTED DATE OF COMPLETION | APPROXIMATE LAND AREA (SQUARE METERS) | APPROXIMATE GROSS FLOOR AREA (SQUARE METERS) | DESCRIPTION | GROUP'S EFFECTIVE INTEREST | |
|---|------------------------|-----------------------------------|--|---|---|-------------------------------|-----------|
| | | | | | | 2020 % | 2019 % |
| <u>T City (Ipoh) Sdn. Bhd</u> | | | | | | | |
| Off Jalan Simpang Pulai/Gopeng, Perak Darul Ridzuan, Malaysia | - | To be advised | 178,455 | 186,719 | Commercial and residential development | 70 | 70 |
| <u>Goodland Citrine Pte Ltd</u> | | | | | | | |
| 33 Kim Chuan Drive, ("Citrine Foodland @33 Kim Chuan"), Singapore | 27% | 4th quarter 2023 | 1,415 | 3,538 | Industrial food production factory units with ancillary industrial canteen | 100 | 100 |
| <u>Banyan Housing Development Sdn. Bhd.</u> | | | | | | | |
| No. 204, 206, 208 Jalan Dr. Lim Chwee Leong, Penang, Malaysia | 100% | Completed | 419 | 1,160 | Commercial shophouses/ offices | 72 | 72 |
| <u>GLG Global Sdn Bhd.</u> | | | | | | | |
| No. 10, 12, 14, 16 & 16A Jalan Kuala Kangsar, Penang, Malaysia | - | To be advised | 786 | 786 | Commercial shophouses/ offices | 72 | - |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

15 FINANCIAL ASSETS, AT FVTPL

The fair values of quoted equity investments are determined by reference to stock exchange quoted bid prices.

Financial assets, at FVTPL, which are mandatorily measured at fair value upon initial recognition, are as follows:

| THE GROUP | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| Financial assets, at fair value through profit or loss | | |
| - Quoted equity securities, at fair value | 94,424 | 323,060 |

16 CASH AND CASH EQUIVALENTS

| | THE GROUP | | THE COMPANY | |
|---------------------------|------------------|-------------|--------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Cash and bank balances | 4,236,180 | 1,808,375 | 2,067,723 | 145,639 |
| Cash and cash equivalents | 4,236,180 | 1,808,375 | 2,067,723 | 145,639 |

Cash and cash equivalents are denominated in the following currencies:

| | THE GROUP | | THE COMPANY | |
|-------------------|------------------|-------------|--------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Singapore Dollar | 4,197,159 | 1,623,180 | 2,067,723 | 145,639 |
| Malaysian Ringgit | 39,021 | 185,195 | - | - |
| | 4,236,180 | 1,808,375 | 2,067,723 | 145,639 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

17 SHARE CAPITAL

| THE GROUP AND THE COMPANY | 2020 | 2019 | 2020 | 2019 |
|---|---------------|-------------|------------|------------|
| | NO. OF SHARES | | \$ | |
| Issued and fully paid with no par value: | | | | |
| At beginning and at end of year | 394,066,518 | 394,066,518 | 63,280,416 | 63,280,416 |

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at the meetings of the Group. All shares rank equally with regard to the Company's residual assets.

18 TREASURY SHARES

| THE GROUP AND THE COMPANY | 2020 | 2019 | 2020 | 2019 |
|---------------------------|---------------|------------|-----------|-----------|
| | NO. OF SHARES | | \$ | |
| At beginning of the year | 33,856,600 | 33,471,600 | 9,453,839 | 9,380,177 |
| Purchase during the year | 190,000 | 385,000 | 31,499 | 73,662 |
| At end of year | 34,046,600 | 33,856,600 | 9,485,338 | 9,453,839 |

The Company acquired 190,000 (2019 - 385,000) number of treasury shares from the market for the total consideration of \$31,499 (2019 - \$73,662).

19 RESERVES

| | THE GROUP | | THE COMPANY | |
|----------------------------------|-------------|-------------|-------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | | \$ | |
| Acquisition reserve (a) | 78,743,302 | 78,743,302 | - | - |
| Currency translation reserve (b) | 2,092,012 | 2,561,549 | - | - |
| Equity reserve (c) | 228,811 | 228,811 | (1,077,254) | (1,077,254) |
| Fair value reserve (d) | (1,709,315) | (319,315) | - | - |
| Merger reserve (e) | (485,076) | (485,076) | - | - |
| Revaluation surplus reserve (f) | 3,224,151 | 3,224,151 | - | - |
| Retained earnings | 57,957,503 | 62,070,143 | 1,660,016 | 1,660,479 |
| | 140,051,388 | 146,023,565 | 582,762 | 583,225 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

19 RESERVES (CONT'D)

- (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.
- (b) Currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.
- (c) For the Group, equity reserve refers to the equity component of the convertible bonds. On 30 September 2017, all convertible bonds were fully redeemed by the Company.
- (d) Fair value reserve comprises the cumulative net change in the fair value of financial assets, at FVOCI until the assets are derecognised or impaired.
- (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) Revaluation surplus reserve relates to the excess of the revalued amount and the carrying amount of the property upon its transfer from owner-occupied property to investment property.

20 OBLIGATIONS UNDER FINANCE LEASES

| THE GROUP | 2020 | 2019 |
|---|-------------|-------------------|
| | \$ | \$ |
| Future minimum lease payments: | | |
| Due not later than one year | - | 41,712 |
| Due later than one year and not later than five years | - | 106,673 |
| Due later than five years | - | 8,881 |
| | - | 157,266 |
| Future finance charges on finance leases | - | (24,679) |
| Present value of minimum lease payments | - | 132,587 |
| Present value of minimum lease payments: | | |
| Due not later than one year | - | 35,034 |
| Due later than one year and not later than five years | - | 90,038 |
| Due later than five years | - | 7,515 |
| | - | 97,553 |
| | - | 132,587 |
| Nominal interest rate | - | 4.83% to 5.50% |

In 2019, the Group leased certain motor vehicles from third parties under finance leases with a carrying amount of \$149,517 (Note 4).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

20 OBLIGATIONS UNDER FINANCE LEASES (CONT'D)

The fair value of obligations under finance lease at the reporting date is as follows:

| | CARRYING AMOUNT | | FAIR VALUE | |
|---------------------------------|-----------------|---------|------------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| THE GROUP | \$ | \$ | \$ | \$ |
| Obligations under finance lease | - | 132,587 | - | 156,469 |

The fair values are determined from the discounted cash flow analyses, using the discount rates based upon the borrowing rates which the management expect would be available to the Group at the end of the reporting period, as follows:

| | 2020 | 2019 |
|---------------------------------|------|------|
| THE GROUP | % | % |
| Obligations under finance lease | - | 2.88 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

21 LEASE LIABILITIES

| | THE GROUP |
|----------------------------------|------------------|
| | 2020 |
| | \$ |
| Undiscounted lease payments due: | |
| - Year 1 | 41,688 |
| - Year 2 | 22,049 |
| - Year 3 | 21,444 |
| - Year 4 | 21,444 |
| - Year 5 | 8,882 |
| | 115,507 |
| Less: Future interest cost | (17,955) |
| Lease liabilities | 97,552 |
| Presented as: | |
| - Non-current | 62,518 |
| - Current | 35,034 |
| | 97,552 |

Total cash outflows for all leases during the year amount to \$35,035.

Interest expense on lease liabilities of \$6,678 is recognised within "finance costs" in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within "operating lease expense" in profit or loss are set out below:

| | THE GROUP |
|--------------------------------------|------------------|
| | 2020 |
| | \$ |
| Rental expenses of short-term leases | 111,850 |
| Rental expenses of low value assets | 2,915 |

In 2020, the discounted rate used for lease liabilities is 2.88%.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

21 LEASE LIABILITIES (CONT'D)

As at 30 September 2020, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expenses for the year.

Information about the Group's leasing activities are disclosed in Note 33.

Please refer to Note 36 for liquidity risk exposure.

22 BANK BORROWINGS

| THE GROUP | YEAR OF MATURITY | 2020 \$ | 2019 \$ |
|---|---------------------|-------------------|-------------------|
| Non-current liabilities | | | |
| <u>Bank loans (secured):</u> | | | |
| Between one and five years | 2021-2025 | 14,046,450 | 14,478,999 |
| Repayable after five years | 2026-2033 | 584,767 | 428,593 |
| | | 14,631,217 | 14,907,592 |
| Current liabilities | | | |
| <u>Bank loans (secured):</u> | | | |
| Repayable within one year or less, on demand | 2021 | 47,156,391 | 47,335,743 |
| Repayable after one year, but within normal operating cycle | 2022 | 21,648,400 | 29,769,250 |
| | | 68,804,791 | 77,104,993 |
| Total borrowings | | 83,436,008 | 92,012,585 |
| Effective interest rate | | 1.33% to 3.42% | 2.60% to 3.68% |

The fair value of non-current borrowings at the reporting date is as follows:

| THE GROUP | CARRYING AMOUNT | | FAIR VALUE | |
|----------------------|-----------------|------------|------------|------------|
| | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| Bank loans (secured) | 14,631,217 | 14,907,592 | 15,441,085 | 16,866,007 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

22 BANK BORROWINGS (CONT'D)

The fair values are determined from the discounted cash flow analyses, using the discount rates based upon the borrowing rates which the management expect would be available to the Group at the end of the reporting period, as follows:

| THE GROUP | 2020 | 2019 |
|----------------------|-------------|-------------|
| | % | % |
| Bank loans (secured) | 5.25 | 5.25 |

The outstanding bank loans of the Group exposed to interest rate were as follows:

| THE GROUP | 2020 | 2019 |
|-------------------|-------------|-------------|
| | \$ | \$ |
| At floating rates | 83,436,008 | 92,012,585 |
| | 83,436,008 | 92,012,585 |

Bank loans

At the reporting date, the bank loan comprises of land loans and construction loans to finance the development property projects, fixed advance facilities and money market loan to finance working capital as well as commercial property loan to finance investment properties.

Bank loans are secured by:

- (i) Mortgages on property, plant and equipment (Note 4), investment properties (Note 6) and development properties (Note 14);
- (ii) Assignment of all rights, titles and benefits with respect to these properties;
- (iii) Corporate guarantee by the Company (Note 34);
- (iv) Assignment of performance bond, insurances, proceeds and construction contract;
- (v) Assignment of developer's rights and benefits in sale and purchase agreements; and
- (vi) Legal assignment of rental proceeds and charge over bank accounts into which rental proceeds shall be paid.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

23 TRADE AND OTHER PAYABLES

| | THE GROUP | | THE COMPANY | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Trade payables | 985,364 | 1,270,193 | - | - |
| Other payables: | | | | |
| - Third parties | 251,723 | 310,680 | 41,075 | 52,562 |
| - Subsidiaries | - | - | 24,206,531 | 24,210,488 |
| - Related parties | 2,065,799 | 1,965,178 | - | - |
| - Associates | 8,909,911 | 8,909,911 | - | - |
| Advances/deposits received | 222,440 | 203,419 | - | - |
| Accrued operating expenses | 3,004,412 | 2,353,293 | 117,957 | 105,651 |
| | 15,439,649 | 15,012,674 | 24,365,563 | 24,368,701 |

Trade and other payables have credit terms of between 30 to 90 (2019 - 30 to 90) days.

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

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

Refer to Note 36 for details of foreign currencies risk and liquidity risk exposures.

24 OTHER OPERATING INCOME

| THE GROUP | 2020 | 2019 |
|---|----------------|------------------|
| | \$ | \$ |
| Dividend income from financial assets, at FVTPL | 2,974 | 9,962 |
| Gain on disposal of property, plant and equipment | - | 5,512 |
| Fair value gain on investment properties (Note 6) | - | 792,700 |
| Forfeiture of deposit | - | 187,500 |
| Government grants | 721,854 | 39,828 |
| Others | 20,301 | 194,668 |
| | 745,129 | 1,230,170 |

Included in government grants are \$366,855 which are related to the Singapore job support scheme.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

25 FINANCE INCOME

| THE GROUP | 2020 | 2019 |
|----------------------------------|-------------|-------------|
| | \$ | \$ |
| Interest income on bank balances | 1,196 | 26,653 |

26 FINANCE COSTS

| THE GROUP | 2020 | 2019 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| Interest expense on: | | |
| - Obligations under finance lease | - | 6,678 |
| - Lease liabilities | 6,678 | - |
| - Borrowings | 1,269,934 | 1,463,358 |
| | <u>1,276,612</u> | <u>1,470,036</u> |

27 (LOSS)/PROFIT BEFORE TAXATION

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

| THE GROUP | NOTE | 2020 | 2019 |
|--|-------------|-------------|-------------|
| | | \$ | \$ |
| Audit fees paid/payable to the auditors of the Company | | 141,549 | 134,380 |
| Costs of sales of development properties | | 23,833,375 | 6,593,224 |
| Depreciation of property, plant and equipment | 4 | 246,229 | 415,933 |
| Depreciation of right-of-use assets | 5 | 44,447 | - |
| Loss on disposal of financial assets, at FVTPL | | 7,280 | - |
| Exchange loss, net | | 28,482 | 605 |
| Operating lease expense - rental | | - | 126,240 |
| Rental expenses of short-term leases | | 111,850 | - |
| Rental expenses of low value assets | | 2,915 | - |
| Fair value loss on FVTPL | | 148,346 | 97,569 |
| Fair value loss on investment properties | 6 | 86,900 | - |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

28 EMPLOYEE BENEFIT EXPENSES

| THE GROUP | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Salaries and related costs | 3,772,812 | 4,177,987 |
| Contributions to defined contribution plans | 393,787 | 610,035 |
| | 4,166,599 | 4,788,022 |
| Included in: | | |
| Cost of sales | 429,911 | 658,263 |
| Administrative expenses | 3,531,912 | 3,705,625 |
| Development properties | 204,776 | 424,134 |
| | 4,166,599 | 4,788,022 |

29 INCOME TAX

| THE GROUP | 2020 | 2019 |
|---|----------------|---------------|
| | \$ | \$ |
| Current tax expense | | |
| Current year | - | - |
| Adjustment for prior years | (3,705) | 5,689 |
| | (3,705) | 5,689 |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | - | 59,176 |
| | - | 59,176 |
| Tax (credit)/expense | (3,705) | 64,865 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

29 INCOME TAX (CONT'D)

The income tax (credit)/expense on profit for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to (loss)/profit before taxation due to the following factors:

| THE GROUP | 2020 | 2019 |
|---|-------------|-------------|
| | \$ | \$ |
| (Loss)/Profit before taxation | (3,591,636) | 275,645 |
| Tax at statutory rate of 17% (2019 - 17%) | (610,578) | 46,860 |
| Tax effect on non-deductible expenses | 193,655 | 375,814 |
| Tax effect of results of associates, net of tax | 223,934 | (692,755) |
| Tax effect on non-taxable income | (80,265) | (467,633) |
| Effect of different tax rate in foreign jurisdictions | (10,092) | (4,650) |
| Tax credit, exemption and rebate | (1,955) | - |
| Deferred tax benefits on tax losses not recognised | 345,233 | 743,802 |
| Utilisation of tax benefits previously not recognised | (59,932) | (1,438) |
| Adjustment/derecognition | - | 59,176 |
| Adjustments for prior year tax | (3,705) | 5,689 |
| Tax (credit)/expense | (3,705) | 64,865 |

Expenses not deductible for tax purposes relate mainly to depreciation of assets, fair value losses of investment properties and other disallowed expenses related to investment holding companies.

Income not subject to tax relate mainly to government grant.

Unrecognised deferred tax assets

As at 30 September 2020, the Group has unutilised tax losses amounting to approximately \$12,505,428 (2019 - \$12,118,894). Deferred tax assets amounting to \$2,125,923 (2019 - \$2,060,212) have not been recognised in respect of these tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses do not expire and can be carried forward to offset future taxable profits subject to compliance with tax regulations.

Unrecognised deferred tax liabilities

As at 30 September 2020, the aggregate amount of undistributed earnings of subsidiaries amounted to \$277,379 (2019 - \$282,215) which is equivalent to the deferred tax liabilities of \$13,869 (2019 - \$14,111) that have not been recognised. No liability has been recognised because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

30 EARNINGS PER SHARE

| | 2020 | 2019 |
|---|-------------|-------------|
| The Group | | |
| (Loss)/Profit attributable to owners of the Company (\$) | (3,572,326) | 219,509 |
| Weighted average number of ordinary shares issued used in the calculation of basic earnings per share | 360,099,672 | 360,489,589 |
| <i>Basic and diluted (loss)/earnings (cents per share)</i> | (0.99) | 0.06 |

The basic and diluted (loss)/earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 30 September 2020 and 30 September 2019.

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

| THE GROUP | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Short-term employee benefits | 1,965,710 | 2,176,875 |
| Contributions to defined contribution plans | 174,451 | 184,365 |
| | <u>2,140,161</u> | <u>2,361,240</u> |
| Comprised amounts paid/payable to: | | |
| Directors of the Company* | 1,540,160 | 1,707,050 |
| Other key management personnel | 600,001 | 654,190 |
| | <u>2,140,161</u> | <u>2,361,240</u> |

* includes directors' fees of \$230,000 (2019 - \$230,000)

32 COMMITMENTS

32.1 Capital commitments

At the reporting date, the Group had the following capital commitments:

| | 2020 | 2019 |
|--|-----------|------------------|
| | \$ | \$ |
| The Group | | |
| <u>For completion of property acquisitions</u> | | |
| 36 Mayflower Lane | - | 2,149,850 |
| 6 Jalan Kemuning | - | 1,683,000 |
| 10, 12, 14, 16 & 16A Jalan Kuala Kangsar | - | 1,782,325 |
| | <u>-</u> | <u>5,615,175</u> |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

32 COMMITMENTS (CONT'D)

32.2 Lease commitments (non-cancellable)

- (a) Where the Group is the lessee

| | 2019 |
|---|---------------|
| | \$ |
| <hr/> | |
| The Group | |
| Not later than one year | 74,149 |
| Later than one year and not later than five years | 3,012 |
| Later than five years | - |
| | <hr/> |
| | 77,161 |

The leases on the Group's staff accommodation and office equipment expire on November 2019 and April 2023.

The Group applies the 'short-term lease' and 'leases of low-value assets' recognition exemptions for leases of staff accommodation and office equipment.

Information regarding the Group's right-of-use assets and lease liabilities are disclosed in Notes 5 and 21 respectively.

- (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:

| | 2019 |
|---|------------------|
| | \$ |
| <hr/> | |
| The Group | |
| Not later than one year | 675,840 |
| Later than one year and not later than five years | 443,022 |
| Later than five years | - |
| | <hr/> |
| | 1,118,862 |

The leases on the Group's investment properties expire between December 2019 and December 2022.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

33 LEASE

Where the Group is the lessee,

Motor vehicle

The Group leases motor vehicle for operation purposes.

This motor vehicle is recognised within the Group's right-of-use assets (Note 5)

The Group makes monthly lease payments for the use of motor vehicle.

There are no externally imposed covenants on these lease arrangements.

Where the Group is the lessor,

| | 2020 |
|---|------------------|
| | \$ |
| The Group | |
| Not later than one year | 740,024 |
| Later than one year and not later than five years | 313,346 |
| Later than five years | - |
| | <u>1,053,370</u> |

The leases on the Group's investment properties expire between November 2020 and January 2023.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The unguaranteed residual values do not represent a significant risk for the Group, as they relate to properties which are located in locations with constant increase in value over the last 5 years. The Group has not identified any indications that this situation will change.

34 CORPORATE GUARANTEES

As at 30 September 2020, the Company has provided guarantees to banks in respect of credit facilities granted to subsidiaries amounting to \$93,944,264 (2019 - \$105,588,064), of which \$83,436,008 (2019 - \$92,012,585) has been drawn down.

As at 30 September 2020, the Company has also provided guarantees to banks in respect of credit facilities granted to an associate of which the Group's maximum share at 17% is \$38,853,271 (2019 - \$46,911,500).

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 2020

35 SEGMENT INFORMATION

Reporting format

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 2020 and 2019 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
- (iv) Others - comprising mainly corporate office functions and investment in shares

Performance is measured based on segment profit before income tax as management believes that such information is the most relevant in evaluating the results of the segments. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment transactions are determined on mutually agreed terms. Certain assets of the Group are shared between the different segments. There is no reasonable basis to allocate such 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

35 OPERATING SEGMENTS (CONT'D)

| | SALE OF DEVELOPMENT PROPERTIES | | CONSTRUCTION REVENUE | | INVESTMENT PROPERTIES | | OTHERS | | TOTAL | |
|---|--------------------------------|-----------|----------------------|-------------|-----------------------|-----------|---------|-----------|-------------|-------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue and other operating income | 26,105,400 | 7,218,000 | 3,312,527 | 4,279,488 | 848,124 | 706,656 | 745,129 | 1,230,170 | 31,011,180 | 13,434,314 |
| Less: Elimination | - | - | (3,282,982) | (4,125,757) | - | - | - | - | (3,282,982) | (4,125,757) |
| Segment result | 26,105,400 | 7,218,000 | 29,545 | 153,731 | 848,124 | 706,656 | 745,129 | 1,230,170 | 27,728,198 | 9,308,557 |
| Share of results of associates | 2,491,891 | 812,592 | (41,410) | 5,856 | (664,299) | (803,322) | 589,503 | 1,132,601 | 2,375,685 | 1,147,727 |
| Unallocated expenses | (1,317,257) | 4,075,027 | - | - | - | - | - | - | (1,317,257) | 4,075,027 |
| Results from operating activities | | | | | | | | | (4,651,260) | (4,973,762) |
| Unallocated interest income | | | | | | | | | (3,592,832) | 248,992 |
| (Loss)/Profit before taxation | | | | | | | | | 1,196 | 26,653 |
| Taxation | | | | | | | | | (3,591,636) | 275,645 |
| (Loss)/Profit for the year | | | | | | | | | 3,705 | (64,865) |
| <u>Other segment information:</u> | | | | | | | | | (3,587,931) | 210,780 |
| Loss on disposal of financial assets at fair value through profit or loss | - | - | - | - | - | - | (7,280) | - | (7,280) | - |
| Gain on disposal of property, plant and equipment (unallocated) | - | - | - | - | - | - | - | - | - | 5,512 |
| Fair value (loss)/gain on investment properties | - | - | - | - | (86,900) | 792,700 | - | - | (86,900) | 792,700 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

35 OPERATING SEGMENTS (CONT'D)

| | SALE OF DEVELOPMENT PROPERTIES | | CONSTRUCTION REVENUE | | INVESTMENT PROPERTIES | | OTHERS | | TOTAL | |
|--|--------------------------------|-------------|----------------------|-----------|-----------------------|------------|-----------|----------|-------------|-------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Loss on change in fair value of financial assets, at fair value through profit or loss | - | - | - | - | - | - | (148,346) | (97,569) | (148,346) | (97,569) |
| Additions to property, plant and equipment | 60,583 | 40,799 | 23,549 | 24,401 | - | - | - | - | 84,132 | 65,200 |
| - allocated | - | - | - | - | - | - | - | - | - | - |
| - unallocated | 60,583 | 40,799 | 23,549 | 24,401 | - | - | - | - | 84,132 | 65,200 |
| Additions to investment properties | - | - | - | - | 12,548 | 861,617 | - | - | 12,548 | 861,617 |
| Depreciation of property, plant and equipment | 170,631 | 296,697 | 75,598 | 119,236 | - | - | - | - | 246,229 | 415,933 |
| - allocated | - | - | - | - | - | - | - | - | - | - |
| - unallocated | 170,631 | 296,697 | 75,598 | 119,236 | - | - | - | - | 246,229 | 415,933 |
| Depreciation of right-of-use assets | 43,478 | - | 969 | - | - | - | - | - | 44,447 | - |
| - allocated | - | - | - | - | - | - | - | - | - | - |
| - unallocated | 43,478 | - | 969 | - | - | - | - | - | 44,447 | - |
| Assets and liabilities | | | | | | | | | | |
| Segment assets | 259,207,789 | 275,468,370 | 769,522 | 606,940 | 91,726,497 | 92,242,670 | - | - | 351,703,808 | 368,317,980 |
| Unallocated assets | - | - | - | - | - | - | - | - | 4,491,477 | 2,196,387 |
| Total assets | 259,207,789 | 275,468,370 | 769,522 | 606,940 | 91,726,497 | 92,242,670 | - | - | 356,195,285 | 370,514,367 |
| Segment liabilities | 53,688,439 | 56,728,970 | 2,539,110 | 2,377,110 | 28,621,496 | 37,690,955 | - | - | 84,849,045 | 96,797,035 |
| Unallocated liabilities | - | - | - | - | - | - | - | - | 23,971,085 | 20,122,130 |
| Total liabilities | 53,688,439 | 56,728,970 | 2,539,110 | 2,377,110 | 28,621,496 | 37,690,955 | - | - | 108,820,130 | 116,919,165 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

35 OPERATING SEGMENTS (CONT'D)

Reconciliations:

(1) Segment result

A reconciliation of segment result to profit before taxation is as follows:

| THE GROUP | 2020 | 2019 |
|--------------------------------|--------------------|----------------|
| | \$ | \$ |
| Segment result | 2,375,685 | 1,147,727 |
| Share of results of associates | (1,317,257) | 4,075,027 |
| Administrative expenses | (4,651,260) | (4,973,762) |
| Finance income | 1,196 | 26,653 |
| (Loss)/Profit before taxation | <u>(3,591,636)</u> | <u>275,645</u> |

(2) Segment assets

Reportable segments' assets are reconciled to total assets as follows:

| THE GROUP | 2020 | 2019 |
|-------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Segment assets | 351,703,808 | 368,317,980 |
| Property, plant and equipment | 478 | 582 |
| Trade and other receivables | 160,395 | 64,370 |
| Financial assets, at FVTPL | 94,424 | 323,060 |
| Cash and cash equivalents | 4,236,180 | 1,808,375 |
| Total assets | <u>356,195,285</u> | <u>370,514,367</u> |

(3) Segment liabilities

Reportable segments' liabilities are reconciled to total liabilities as follows:

| THE GROUP | 2020 | 2019 |
|--------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Segment liabilities | 84,849,045 | 96,797,035 |
| Trade and other payables | 6,873,533 | 6,989,543 |
| Obligation under finance lease | - | 132,587 |
| Lease liabilities | 97,552 | - |
| Borrowings | 17,000,000 | 13,000,000 |
| Total liabilities | <u>108,820,130</u> | <u>116,919,165</u> |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

35 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.

Geographical segment

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

| THE GROUP | SINGAPORE | MALAYSIA | TOTAL |
|---|------------------|-----------------|--------------|
| | \$ | \$ | \$ |
| 2020 | | | |
| External revenue | 26,930,520 | 52,549 | 26,983,069 |
| Non-current assets excluding deferred tax assets and financial instruments | 81,733,618 | 21,259,317 | 102,992,935 |
| Financial assets, at FVOCI | 8,769,000 | - | 8,769,000 |
| Total non-current assets | 90,502,618 | 21,259,317 | 111,761,935 |
| | SINGAPORE | MALAYSIA | TOTAL |
| | \$ | \$ | \$ |
| 2019 | | | |
| External revenue | 7,924,656 | 153,731 | 8,078,387 |
| Non-current assets excluding deferred tax assets and financial instruments | 83,422,112 | 21,249,225 | 104,671,337 |
| Financial assets, at FVOCI | 10,159,000 | - | 10,159,000 |
| Total non-current assets | 93,581,112 | 21,249,225 | 114,830,337 |

Revenue of approximately \$26,105,400 (2019 - \$7,218,000) are derived from eight external customers (2019-two). These revenues are attributable to the Singapore property development segment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 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 key financial risks include foreign currency risk, credit risk, market price risk, interest rate risk, liquidity risk and cash flow risk. The Company's and the Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Company's and the Group's financial performance. The Company's and the Group's overall risk management policy is to ensure adequate financial resources are available for the development of the Company's and the Group's business whilst managing the risk.

The Company's and the Group's risk management is carried out by the board of directors. The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

There has been no change to the Company's and the Group's exposure to these financial risks and the manner in which they manage and measure the risks.

Accounting classification of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category at the reporting date are as follows:

| | THE GROUP | | THE COMPANY | |
|--|------------|-------------|-------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Financial assets at fair value through other comprehensive income | 8,769,000 | 10,159,000 | - | - |
| Financial assets at fair value through profit or loss | 94,424 | 323,060 | - | - |
| Financial assets at amortised cost | | | | |
| Trade and other receivables [#] | 16,006,287 | 19,647,538 | 65,934,010 | 65,895,876 |
| Cash and cash equivalents | 4,236,180 | 1,808,375 | 2,067,723 | 145,639 |
| | 20,242,467 | 21,455,913 | 68,001,733 | 66,041,515 |
| Financial liabilities at amortised cost | | | | |
| Trade and other payables ^{##} | 15,217,209 | 14,809,255 | 24,365,563 | 24,368,701 |
| Obligations under finance leases | - | 132,587 | - | - |
| Lease liabilities | 97,552 | - | - | - |
| Bank borrowings | 83,436,008 | 92,012,585 | - | - |
| | 98,750,769 | 106,954,427 | 24,365,563 | 24,368,701 |

Exclude prepayments and non-refundable deposits

Exclude deposits received

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

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

The Group's and the Company's objectives are to seek continual growth while minimising losses arising from credit risk exposure. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. The Group closely monitors and avoids any significant concentration of credit risk on any of its development properties sold. Contractual deposits are collected and scheduled progress payments are received from the buyers when due. Title to properties is only transferred upon full settlement. In addition, receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group and the Company establish an allowance for impairment that represents their estimates of incurred losses in respect of trade and other receivables and contract assets. The allowance account in respect of these assets is used to record impairment losses unless the Group 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.

At the reporting date except as disclosed in Note 12, no allowances for impairment is necessary in respect of trade and other receivables past due and not past due.

Significant concentrations of credit risk

At the reporting date there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

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's and the Company's total credit exposure. As at 30 September 2020 and 30 September 2019, the Group and the Company do not have any significant concentrations of credit risk.

Exposure to credit risk

The maximum exposure to credit risk is as follows:

| THE GROUP | 2020 | 2019 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Financial assets | | |
| Trade and other receivables [#] | 16,006,287 | 19,647,538 |
| Cash and cash equivalents | 4,236,180 | 1,808,375 |
| | 20,242,467 | 21,455,913 |

[#] Exclude prepayments and non-refundable deposits

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

| THE COMPANY | 2020 | 2019 |
|---------------------------|-------------------|-------------------|
| | \$ | \$ |
| Financial assets | | |
| Other receivables* | 65,934,010 | 65,895,876 |
| Cash and cash equivalents | 2,067,723 | 145,639 |
| | 68,001,733 | 66,041,515 |

Exclude prepayments

The Group's and Company major classes of financial assets are cash and cash equivalents, trade and other receivables (excluding prepayments) and contract assets.

The tables below detail the credit quality of the Group's and the Company's debtors, as well as the maximum exposure to credit risk by credit risk rating grades:

| THE GROUP | INTERNAL CREDIT RATING | 12-MONTH/ LIFETIME ECL | GROSS CARRYING AMOUNT | LOSS ALLOWANCE | NET CARRYING AMOUNT |
|------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|---------------------------|--------------------------------|
| AT 30 SEPTEMBER 2020 | | | \$ | \$ | \$ |
| Trade and other receivables# | (1) | 12-month ECL | 16,006,287 | - | 16,006,287 |
| Contract assets | (2) | 12-month ECL | 364,100 | - | 364,100 |
| | | | 16,370,387 | - | 16,370,387 |

Exclude prepayments and non-refundable deposits

The tables below detail the credit quality of the Group's and the Company's debtors, as well as the maximum exposure to credit risk by credit risk rating grades:

| THE GROUP | INTERNAL CREDIT RATING | 12-MONTH/ LIFETIME ECL | GROSS CARRYING AMOUNT | LOSS ALLOWANCE | NET CARRYING AMOUNT |
|------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|---------------------------|--------------------------------|
| AT 30 SEPTEMBER 2019 | | | \$ | \$ | \$ |
| Trade and other receivables# | (1) | 12-month ECL | 19,647,538 | - | 19,647,538 |
| Contract assets | (2) | 12-month ECL | 172,018 | - | 172,018 |
| | | | 19,819,556 | - | 19,819,556 |

Exclude prepayments and non-refundable deposits

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

| THE COMPANY | INTERNAL CREDIT RATING | 12-MONTH/ LIFETIME ECL | GROSS CARRYING AMOUNT | LOSS ALLOWANCE | NET CARRYING AMOUNT |
|--------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|---------------------------|--------------------------------|
| AT 30 SEPTEMBER 2020 | | | \$ | \$ | \$ |
| Other receivables [#] | (1) | 12-month ECL | 67,213,009 | (1,278,999) | 65,934,010 |

| THE COMPANY | INTERNAL CREDIT RATING | 12-MONTH/ LIFETIME ECL | GROSS CARRYING AMOUNT | LOSS ALLOWANCE | NET CARRYING AMOUNT |
|--------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|---------------------------|--------------------------------|
| AT 30 SEPTEMBER 2019 | | | \$ | \$ | \$ |
| Other receivables [#] | (1) | 12-month ECL | 65,895,876 | - | 65,895,876 |

Exclude prepayments

(1) Trade and other receivables

The Company and the Group apply the SFRS(I) 9 simplified approach to measuring expected credit losses which uses a 12-month expected loss allowance for trade and other receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit loss experiences. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company and the Group have identified the Gross Domestic Product of Singapore, the country in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables relate to the collection of payment from customers. The credit risks relating to balances pending payment from customers are not deemed to be significant based on the external credit ratings of the counterparties.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within other operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

The loans to and amounts due from related parties, subsidiaries and associates are considered to have low credit risk. As the Group has control or significant influence over the operating, investing and financing activities of these entities. The use of loans and advances to assist with the related parties, associates and subsidiaries' cash flow management is in line with the Group capital management. There has been no significant increase in the credit risk of the amounts due from related parties, associates and subsidiaries since initial recognition. In determining the ECL, management has taken into account the finances and business performance of the related parties, associates and subsidiaries, and a forward-looking analysis of the financial performance of investments and projects undertaken by the related parties, associates and subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (Cont'd)

(1) Trade and other receivables (Cont'd)

Management has assessed that the Group is not exposed to significant credit loss in respect of the amounts due from the related parties, associates and subsidiaries. During the year ended 30 September 2020, the Company has assessed and decided to impair the amount due from a subsidiary of \$1,278,999 (2019 - \$Nil) as the balance is not recoverable.

(2) Contract assets

Loss allowance for contract assets is measured at an amount equal to lifetime ECL, similar to that for trade receivables.

Consideration receivable for work performed (net of progress billings to be billed to purchasers of development properties) is recognised as contract assets.

At the reporting date, no provision for loss allowance was required.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy companies or individuals with a good payment record with the Group and the Company.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for trade and other receivables.

Cash and cash equivalents

Cash is placed with financial institutions which are regulated and have good credit ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (Cont'd)

An ageing analysis of trade receivables at the reporting date is as follows:

| | THE GROUP | | THE COMPANY | |
|-----------------------|-----------|-----------|-------------|------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Not past due | 104,568 | 3,727,001 | - | - |
| Past due 0 - 30 days | 4,727 | 9,136 | - | - |
| Past due 31 - 60 days | 22,683 | - | - | - |
| Past due over 60 days | 122,156 | 42,472 | - | - |
| | 254,134 | 3,778,609 | - | - |

An ageing analysis of amounts due from subsidiaries (gross before impairment loss) at the reporting date is as follows:

| THE COMPANY | 2020 | 2019 |
|-----------------------|------------|------------|
| | \$ | \$ |
| Not past due | 67,211,459 | 65,879,481 |
| Past due 0 - 30 days | - | - |
| Past due 31 - 60 days | - | - |
| Past due over 60 days | - | - |
| | 67,211,459 | 65,879,481 |

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (Cont'd)

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

| | ----- CONTRACTUAL UNDISCOUNTED CASH FLOWS ----- | | | | |
|-----------------------------|---|--------------------|---------------------|--------------------------|-------------------|
| | CARRYING AMOUNT | TOTAL | LESS THAN 1 YEAR | BETWEEN 2 AND 5 YEARS | OVER 5 YEARS |
| | \$ | \$ | \$ | \$ | \$ |
| The Group | | | | | |
| At 30 September 2020 | | | | | |
| Trade and other payables* | 15,217,209 | 15,217,209 | 15,217,209 | - | - |
| Lease liabilities | 97,552 | 115,507 | 41,688 | 73,819 | - |
| Bank borrowings | 83,436,008 | 86,050,318 | 47,546,944 | 22,822,201 | 15,681,173 |
| | 98,750,769 | 101,383,034 | 62,805,841 | 22,896,020 | 15,681,173 |

| | ----- CONTRACTUAL UNDISCOUNTED CASH FLOWS ----- | | | | |
|----------------------------------|---|--------------------|---------------------|--------------------------|-------------------|
| | CARRYING AMOUNT | TOTAL | LESS THAN 1 YEAR | BETWEEN 2 AND 5 YEARS | OVER 5 YEARS |
| | \$ | \$ | \$ | \$ | \$ |
| The Group | | | | | |
| At 30 September 2019 | | | | | |
| Trade and other payables* | 14,809,255 | 14,809,255 | 14,809,255 | - | - |
| Obligations under finance leases | 132,587 | 157,266 | 41,712 | 106,673 | 8,881 |
| Bank borrowings | 92,012,585 | 100,871,896 | 47,808,319 | 36,033,904 | 17,029,673 |
| | 106,954,427 | 115,838,417 | 62,659,286 | 36,140,577 | 17,038,544 |

* exclude deposits received

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (Cont'd)

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

| | ----- CONTRACTUAL UNDISCOUNTED CASH FLOWS ----- | | | | |
|-------------------------------|---|-------------|---------------------|--------------------------|-----------------|
| | CARRYING AMOUNT | TOTAL | LESS THAN 1 YEAR | BETWEEN 2 AND 5 YEARS | OVER 5 YEARS |
| | \$ | \$ | \$ | \$ | \$ |
| The Company | | | | | |
| At 30 September 2020 | | | | | |
| Trade and other payables | 24,365,563 | 24,365,563 | 24,365,563 | - | - |
| Financial guarantee contracts | 93,944,264 | 93,944,264 | 93,944,264 | - | - |
| At 30 September 2019 | | | | | |
| Trade and other payables | 24,368,701 | 24,368,701 | 24,368,701 | - | - |
| Financial guarantee contracts | 105,588,064 | 105,588,064 | 105,588,064 | - | - |

* exclude deposits received

The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner.

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 bank loans.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (Cont'd)

| THE GROUP | (LOSS)/PROFIT BEFORE TAX | | EQUITY | |
|-----------------------------|--------------------------|---------------------|---------------------|---------------------|
| | INCREASE/(DECREASE) | | INCREASE/(DECREASE) | |
| | (10 BP INCREASE) | (10 BP DECREASE) | (10 BP INCREASE) | (10 BP DECREASE) |
| | \$ | \$ | \$ | \$ |
| At 30 September 2020 | | | | |
| Bank loans | 83,436 | (83,436) | (83,436) | 83,436 |
| At 30 September 2019 | | | | |
| Bank loans | (92,013) | 92,013 | (92,013) | 92,013 |

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 dominated 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 giving rise to this risk is primarily the United States Dollar and Malaysian Ringgit. All of the Company's financial assets and financial liabilities are denominated in Singapore Dollar.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk (Cont'd)

| | RM | USD |
|------------------------------|-------------|------------|
| THE GROUP | \$ | \$ |
| At 30 September 2020 | | |
| Financial assets | | |
| Trade and other receivables | 54,124 | 4,200,095 |
| Cash and cash equivalents | 39,021 | - |
| Financial liabilities | | |
| Trade and other payables* | (1,441,988) | (1,969) |
| Net financial assets | (1,348,843) | 4,198,126 |
| At 30 September 2019 | | |
| Financial assets | | |
| Trade and other receivables | 396,204 | 4,195,035 |
| Cash and cash equivalents | 185,195 | - |
| Financial liabilities | | |
| Trade and other payables* | (1,426,671) | (3,724) |
| Net financial assets | (845,272) | 4,191,311 |

* exclude deposits received

Sensitivity analysis for foreign currency risk

A 5% strengthening of the United States Dollar and Malaysian Ringgit against the functional currency of each of the Group's entities at the reporting date held by the Group and the Company would increase/(decrease) 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 reporting date. A weakening of the United States Dollar and Malaysian Ringgit would have the equal but opposite effect. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

| | 2020 | | 2019 | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | LOSS | | PROFIT | |
| | BEFORE TAX | EQUITY | BEFORE TAX | EQUITY |
| | INCREASE/ (DECREASE) | INCREASE/ (DECREASE) | INCREASE/ (DECREASE) | INCREASE/ (DECREASE) |
| THE GROUP | \$ | \$ | \$ | \$ |
| United States Dollar strengthens 5% (2019 - 5%) | (209,906) | 209,906 | 209,566 | 209,566 |
| Malaysian Ringgit strengthens 5% (2019 - 5%) | 67,442 | (67,442) | (42,264) | (42,264) |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

36 FINANCIAL RISK MANAGEMENT (CONT'D)

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 quoted investments which are classified as financial assets at fair value through profit or loss.

Market price sensitivity analysis

A 3% increase/decrease in prices these investments at the reporting date would result in an increase/decrease in the Group's profit net of tax by \$2,833 (2019 - \$9,692), arising as a result of higher/lower fair value gains on financial assets at fair value through profit or loss.

37 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 review and manage their capital structures 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 external debt divided by equity. Net external 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 2020

37 CAPITAL MANAGEMENT (CONT'D)

| | THE GROUP | | THE COMPANY | |
|----------------------------------|-------------|-------------|-------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Obligations under finance leases | - | 132,587 | - | - |
| Lease liability | 97,552 | - | - | - |
| Bank borrowings | 83,436,008 | 92,012,585 | - | - |
| Borrowings | 83,533,560 | 92,145,172 | - | - |
| Cash and cash equivalents | (4,236,180) | (1,808,375) | (2,067,723) | (145,639) |
| Net debt | 79,297,380 | 90,336,797 | (2,067,723) | (145,639) |
| Equity | 193,846,466 | 199,850,142 | 54,377,840 | 54,409,802 |
| Capital net debt ratio | 41% | 45% | n.m | n.m |

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

38 FAIR VALUE MEASUREMENT

Definition of fair value

SFRS(I)s 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

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) 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
- (c) Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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:

| | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|--------------------------------------|---------|---------|-----------|-----------|
| THE GROUP | \$ | \$ | \$ | \$ |
| 30 September 2020 | | | | |
| Financial assets, at FVOCI (Note 10) | - | - | 8,769,000 | 8,769,000 |
| Financial assets, at FVTPL (Note 15) | 94,424 | - | - | 94,424 |
| | 94,424 | - | 8,769,000 | 8,863,424 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

38 FAIR VALUE MEASUREMENT (CONT'D)

Fair values of financial instruments (Cont'd)

| THE GROUP | LEVEL 1 \$ | LEVEL 2 \$ | LEVEL 3 \$ | TOTAL \$ |
|--------------------------------------|---------------|---------------|---------------|-------------|
| 30 September 2019 | | | | |
| Financial assets, at FVOCI (Note 10) | - | - | 10,159,000 | 10,159,000 |
| Financial assets, at FVTPL (Note 15) | 323,060 | - | - | 323,060 |
| | 323,060 | - | 10,159,000 | 10,482,060 |

Fair value measurement of financial assets

Financial assets, at FVOCI (Note 10)

The fair values of financial assets, at FVOCI are estimated using the adjusted net asset method for the financial years ended 30 September 2020 and 2019, which estimates the equity value by adjusting the book value of assets and liabilities to reflect their current market value.

The fair value of financial assets, at FVOCI included in Level 3 is determined as follows:

| VALUATION TECHNIQUE | SIGNIFICANT UNOBSERVABLE INPUTS | INTER-RELATIONSHIP BETWEEN KEY UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT | SENSITIVITY OF THE FAIR VALUE MEASUREMENT TO INPUT |
|---|---|--|---|
| Fair value adjusted net asset value | Control | The higher the control, the higher the fair value | An increase/(decrease) by 10% of the fair value would increase/(decrease) the carrying amount by \$876,900 (2019 - \$1,015,900) |
| | 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 is disclosed in Note 10.

There were no transfers between Level 1 and Level 2 in 2020 or 2019.

Measurement of fair value

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year, in line with the Group's reporting dates.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

38 FAIR VALUE MEASUREMENT (CONT'D)

Financial assets at fair value through profit or loss (Note 15)

The fair value of financial instruments traded in active markets (such as financial assets at fair value through profit or loss) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Obligations under finance leases (Note 20) and lease liabilities (Note 21)

The carrying amounts of finance leases approximate their fair values as they bear interest at rates which approximate market rates for similar agreements.

Bank borrowings (Note 22)

The carrying amounts of bank borrowings (current and non-current) whose interest rates are re-priced within 12 months are measured at amortised cost for which the fair value is disclosed in Note 22.

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 12), cash and cash equivalents (Note 16), contract assets (Note 13) and trade and other payables, excluding advances/ deposits received, (Note 23) approximate their fair values because of the short period to maturity.

Fair value measurement of non-financial assets

| | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|--------------------------------|---------|---------|------------|------------|
| THE GROUP | \$ | \$ | \$ | \$ |
| 30 September 2020 | | | | |
| Investment properties (Note 6) | - | - | 89,502,015 | 89,502,015 |
| | - | - | 89,502,015 | 89,502,015 |
| 30 September 2019 | | | | |
| Investment properties (Note 6) | - | - | 89,656,125 | 89,656,125 |
| | - | - | 89,656,125 | 89,656,125 |

Investment properties (Note 6)

The Group obtains independent valuations for its investment properties at least annually and for its freehold land and building and leasehold building at least every year. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the directors consider information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences (direct comparison method); or
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence (income method).

All resulting fair value estimates for properties in 2020 and 2019 are included in Level 3.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2020

38 FAIR VALUE MEASUREMENT (CONT'D)

Investment properties (Note 6) (Cont'd)

The fair value of investment properties included in Level 3 is determined as follows:

| VALUATION TECHNIQUE | SIGNIFICANT UNOBSERVABLE INPUTS | RANGE OF INPUTS | INTER-RELATIONSHIP BETWEEN KEY UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT |
|-----------------------------|---|----------------------------------|--|
| Direct comparison method | <ul style="list-style-type: none"> - Price per square meter - Expected average rental growth - Capitalisation rate | \$465 to \$2,054 per square feet | The estimated fair value would increase/ (decrease) if: <ul style="list-style-type: none"> - Price per square feet was higher/(lower); - Expected average rental growth was higher (lower); - Capitalisation rate was lower/(higher). |
| Residual method | <ul style="list-style-type: none"> - Price per square meter - Discount rate | \$96 per square feet | The estimated fair value would increase/ (decrease) if: <ul style="list-style-type: none"> - Price per square feet was higher/ (lower); - Discount rate was lower/(higher). |

The reconciliation of the carrying amounts of investment properties is disclosed in Note 6.

39 DIVIDEND

| THE COMPANY | 2020 \$ | 2019 \$ |
|--|----------------|------------------|
| Tax-exempt dividends paid: | | |
| Final dividend of 0.15 cent (2019 - 0.3 cent) per share in respect of previous financial year | 540,314 | 1,081,785 |
| Interim dividend of nil cent (2019 - 0.15 cent) per share in respect of current financial year | - | 540,893 |
| | 540,314 | 1,622,678 |

At the Annual General Meeting, a final dividend of 0.15 Singapore cent per share for the financial year ended 30 September 2020 will be proposed. 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 2021.

STATISTICS OF SHAREHOLDING

as at 18 December 2020

| | |
|---|--------------------|
| Number of issued shares : | 394,066,518 |
| Number of issued shares (excluding treasury shares) : | 360,019,918 |
| Number/percentage of treasury shares : | 34,046,600 (9.45%) |
| Class of shares : | Ordinary Shares |
| Voting rights : | 1 Vote Per Share |

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 - 99 | 89 | 20.36 | 1,180 | 0.00 |
| 100 - 1,000 | 87 | 19.91 | 76,568 | 0.02 |
| 1,001 - 10,000 | 98 | 22.42 | 520,300 | 0.15 |
| 10,001 - 1,000,000 | 143 | 32.73 | 16,994,507 | 4.72 |
| 1,000,001 & above | 20 | 4.58 | 342,427,363 | 95.11 |
| TOTAL | 437 | 100.00 | 360,019,918 | 100.00 |

| TOP TWENTY SHAREHOLDERS AS AT 18 DECEMBER 2020 | NO. OF SHARES | % |
|--|--------------------|--------------|
| CITRINE CAPITAL PTE LTD | 79,000,794 | 21.94 |
| HONG LEONG FINANCE NOMINEES PTE LTD | 56,500,000 | 15.69 |
| KOH CHIN KIM | 45,780,000 | 12.72 |
| DB NOMINEES (SINGAPORE) PTE LTD | 30,583,900 | 8.50 |
| TAN CHEE BENG | 27,795,000 | 7.72 |
| TAN CHEE TIONG | 23,616,400 | 6.56 |
| PHILLIP SECURITIES PTE LTD | 21,560,450 | 5.99 |
| TAN BEE BEE | 21,208,700 | 5.89 |
| SBS NOMINEES PTE LTD | 9,760,000 | 2.71 |
| DBS NOMINEES PTE LTD | 3,529,519 | 0.98 |
| SEAH KHENG LUN | 3,215,600 | 0.89 |
| LOW SING KHIANG | 3,000,000 | 0.83 |
| DIANA SNG SIEW KHIM | 2,987,200 | 0.83 |
| UNITED OVERSEAS BANK NOMINEES PTE LTD | 2,904,200 | 0.81 |
| WEE HUI HIAN | 2,783,300 | 0.77 |
| HSBC (SINGAPORE) NOMINEES PTE LTD | 2,547,700 | 0.71 |
| UOB KAY HIAN PTE LTD | 2,338,500 | 0.65 |
| YEO KOK HIONG | 1,129,800 | 0.31 |
| TAY THIAM SONG | 1,127,800 | 0.31 |
| SNG BEE KWANG JESSIE | 1,058,500 | 0.30 |
| | 342,427,363 | 95.11 |

STATISTICS OF SHAREHOLDING

as at 18 December 2020

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 18 December 2020:

| NAME | DIRECT INTEREST | | DEEMED INTEREST | |
|-------------------------|-----------------|-------|-------------------------------|-------|
| | NO. OF SHARES | % | NO. OF SHARES | % |
| Koh Chin Kim | 45,780,000 | 12.72 | 241,058,194 ⁽¹⁾ | 66.95 |
| Tan Chee Beng | 27,795,000 | 7.72 | 259,043,194 ⁽¹⁾⁽²⁾ | 71.95 |
| Tan Chee Tiong | 23,616,400 | 6.56 | 263,221,794 ⁽¹⁾⁽³⁾ | 73.11 |
| Tan Bee Bee | 21,208,700 | 5.89 | 265,629,494 ⁽¹⁾ | 73.78 |
| Citrine Capital Pte Ltd | 79,000,794 | 21.94 | 56,500,000 ⁽⁴⁾ | 15.70 |

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 DB Nominees (S) Pte Ltd, 2,809,200 ordinary shares held in the name of United Overseas Bank Nominees Pte Ltd, 79,000,794 ordinary shares held in the name of Citrine Capital Pte Ltd and 56,500,000 ordinary 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 DB Nominees (S) Pte Ltd.
- ⁽⁴⁾ Citrine Capital Pte Ltd is deemed interested in 56,500,000 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 18 December 2020, approximately 20.33% 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

for the financial year ended 30 September 2020

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Goodland Group Limited (the “Company”) will be held by way of electronic means on Wednesday, 27 January 2021 at 9.00 a.m. to transact the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the year ended 30 September 2020 together with the Auditors’ Report thereon.

(Resolution 1)

2. To declare a final tax-exempt (one-tier) dividend of 0.15 Singapore cent per ordinary share for the financial year ended 30 September 2020.

(Resolution 2)

3. To approve the payment of Directors’ Fees of S\$180,000 for the financial year ending 30 September 2021. (2020: S\$230,000)

(Resolution 3)

4. To re-elect the following Directors of the Company who retire by rotation in accordance with Regulation 98 of the Company’s Constitution and who, being eligible, offer themselves for re-election:

4.1 Mr Tan Chee Beng

(Resolution 4)

4.2 Dr Wu Chiaw Ching

(Resolution 5)

4.3 Mr Raymond Lye Hoong Yip

(Resolution 6)

[See Explanatory Note (i)]

5. That, subject to and contingent upon the passing of Resolution 5 by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM and the passing of Resolution 8 by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM, excluding the directors and the chief executive officer (“CEO”) of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST): (a) the continued appointment of Dr Wu Chiaw Ching (“Dr Wu”), as an independent director, for purposes of Rule 210(5)(d)(iii) (A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Dr Wu as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 7)

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

for the financial year ended 30 September 2020

6. That, subject to and contingent upon the passing of Resolution 5: (a) the continued appointment of Dr Wu, as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Dr Wu as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, provided that this Resolution shall only be proposed and voted upon if Resolution 7 is passed by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM.

(Resolution 8)

[See Explanatory Note (ii)]

Dr Wu will, upon re-election as an Independent Director of the Company remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

7. That, subject to and contingent upon the passing of Resolution 6 by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM and the passing of Resolution 10 by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM, excluding the directors and the chief executive officer ("CEO") of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST): (a) the continued appointment of Mr Raymond Lye Hoong Yip ("Mr Lye"), as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Lye as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 9)

[See Explanatory Note (ii)]

8. That, subject to and contingent upon the passing of Resolution 6: (a) the continued appointment of Mr Lye, as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Lye as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, provided that this Resolution shall only be proposed and voted upon if Resolution 9 is passed by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM.

(Resolution 10)

[See Explanatory Note (ii)]

Mr Lye will, upon re-election as an Independent Director of the Company remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

9. 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 11)

10. To transact any other ordinary business which may properly be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

for the financial year ended 30 September 2020

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

11. 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**"), the Directors of the Company be authorised and empowered to:-

- (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (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 of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such 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 total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new Shares arising from exercising share options or vesting of share awards; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with 2(i) or 2(ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

NOTICE OF ANNUAL GENERAL MEETING

for the financial year ended 30 September 2020

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for 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 of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force 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.
[See Explanatory Note (iii)]

(Resolution 12)

12. 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
 - (i) 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;

NOTICE OF ANNUAL GENERAL MEETING

for the financial year ended 30 September 2020

(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 13, 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 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 13 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;
- (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 13.

[See Explanatory Note (iv)]

(Resolution 13)

NOTICE OF ANNUAL GENERAL MEETING

for the financial year ended 30 September 2020

Explanatory Notes:

(i) Details Detailed information on Mr Tan Chee Beng, Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip who are proposed to be re-elected as Directors of the Company can be found under sections "Board of Directors" and "Disclosure Information on Directors seeking re-election" in the Company's Annual Report for the financial year ended 30 September 2020.

(ii) The proposed ordinary resolutions 7, 8, 9 and 10 are to seek approval from the shareholders via a Two-Tier Voting process for Dr Wu and Mr Lye to continue in office as an independent non-executive director of the Company for a three-year term, with effect from the passing of these resolutions proposed at the forthcoming AGM, until the conclusion of the third annual general meeting of the Company following the passing of these resolutions.

The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board will take some time and cannot happen overnight in order to maintain stability to the Board. Furthermore, the Company benefits from such director who has, over time, gained valuable insights into the Group, its market and the industry.

The Nominating Committee and the Board have determined that Dr Wu and Mr Lye remain objective and independent minded in Board deliberations. Their vast experience enable them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and that their length of service do not in any way interfere with their exercise of independent judgment nor hinder their ability to act in the best interests of the Company. Additionally, both Dr Wu and Mr Lye fulfil the definition of independent directors of the SGX-ST Listing Rules and the 2018 Code. More importantly, the Board trust that both Dr Wu and Mr Lye are able to continue to discharge their duties independently with integrity and competency.

(iii) The Ordinary Resolution 12 proposed in item 11 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 the an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis t1o 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 and subsidiary holdings) 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.

(iv) The Ordinary Resolution 13 proposed in item 12 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 5 February 2021 for the purpose of determining members' entitlements to the final tax exempt (one-tier) dividend of 0.15 Singapore cent (the "**Proposed Final Dividend**") to be proposed at the Annual General Meeting of the Company ("**AGM**") to be held on 27 January 2021.

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 5 February 2021 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 5 February 2021 will be entitled to such Proposed Final Dividend.

The Proposed Final Dividend, if approved by shareholders at the AGM to be held on 27 January 2021, will be paid on or about on 12 February 2021.

By Order of the Board

Hor Swee Liang
Company Secretary
5 January 2021

NOTICE OF ANNUAL GENERAL MEETING

for the financial year ended 30 September 2020

PLEASE READ THE FOLLOWING NOTES AND THE EXPLANATIONS OF THE RESOLUTIONS BEFORE DECIDING HOW TO VOTE.

Appointment of Proxy and Voting

(A) ATTENDANCE IN PERSON

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendments No. 2 & 3) Order 2020 (the "**Order**"), the AGM will be conducted by electronic means and Shareholders will not be able to attend the AGM physically.

All Shareholders or their corporate representatives (in the case of Shareholders which are legal entities) will be able to participate in the AGM proceedings by watching a "live" webcast (the "**Live AGM Webcast**") or listen to a "live" audio feed (the "**Live AGM Audio Feed**").

Shareholders who wish to participate in the AGM proceedings through the Live AGM Webcast via their mobile phones, tablets or computers must pre-register at <https://agm.conveneagm.com/Goodland/> by 9.00 a.m. on 24 January 2021 (the "**Registration Deadline**") to enable the Company to verify their status.

Following the verification, authenticated Shareholders will receive an email by 26 January 2021, and will be able to access the Live AGM Webcast by clicking on the link in the email and entering the user ID and password.

Shareholders who register by the Registration Deadline but do not receive an email response by 9.00 a.m. on 26 January 2021 may contact via email at support@conveneagm.com, with the full name of the shareholder and his/her identification number.

(B) SUBMISSION OF QUESTIONS

Shareholders will Not be able to ask questions during AGM via Live AGM Webcast or Live Audio Feed, and therefore it is important for Shareholders to submit their questions in advance of the AGM.

Shareholders may submit questions relating to the items on the agenda of the AGM by:

- (1) email to AGM@goodlandgroup.com.sg When submitting the questions, please provide the Company with the following details, for verification purpose:
 - (i) Full name;
 - (ii) Current address;
 - (iii) Number of shares held; and
 - (iv) The manner in which you hold shares in the Company (e.g. via CDP or SRS); OR
- (2) digital submission at <https://agm.conveneagm.com/Goodland/>

Shareholders are encouraged to submit their question as early as this will allow adequate time for Board and the Company to address and answer any substantial and relevant question. Questions related to the resolutions are to be submitted by 9.00 a.m. on 22 January 2021.

The Company will, within one month after the date of AGM, publish the minutes of the AGM on SGXNet and Company's website.

NOTICE OF ANNUAL GENERAL MEETING

for the financial year ended 30 September 2020

(C) VOTING SOLELY VIA APPOINTING CHAIRMAN OF THE MEETING AS PROXY

In compliance with the Order, a Shareholder who wishes to vote at the Meeting can only do so by appointing the Chairman of the Meeting to act as his/her proxy to vote on his/her behalf in respect of all the Shares held by him/her. In the Proxy Form, a Shareholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the Meeting. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. All valid votes cast via proxy on each resolution will be counted.

(D) INVESTORS WHO HOLD THROUGH RELEVANT INTERMEDIARIES (INCLUDING CPF/SRS INVESTORS)

Investors holding Shares through relevant intermediaries (as defined under Section 181 of the Companies Act (Chapter 50 of Singapore))(including CPF/SRS investors), should not use the Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks / SRS Operators at least seven (7) working days before the AGM (i.e. by 9.00 a.m., 15 January 2021) in order to allow sufficient time for their respective intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date. Other investors holding shares through other relevant intermediaries who wish to vote should approach his/her relevant intermediary as soon as possible to specify voting instructions.

The instrument appointing a proxy must be deposited (i) by post to the office of the Company at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069 (ii) by email to AGM@goodlandgroup.com.sg by enclosing a clear scanned completed and signed Proxy Form and must be received by the Company not less than 48 hours before the time appointed for holding the AGM.

(E) ACCESS TO DOCUMENTS OR INFORMATION RELATING TO THE AGM

In accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, all documents and information relating to the business of the AGM (including the Annual Report and the Proxy Form) have been published on Company's website at <http://goodlandgroup.listedcompany.com/newsroom.html> and on the SGXNet at <https://www.sgx.com/securities/company-announcements>.

NOTICE OF ANNUAL GENERAL MEETING

for the financial year ended 30 September 2020

(F) FURTHER UPDATES

In view of the evolving COVID-19 situation, the Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the AGM, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. Shareholders should continually check for announcements by the Company for updates on the AGM. The Company would like to thank all shareholders for their patience and co-operation in enabling the Company to continue holding its AGM amidst the COVID-19 situation.

(G) PERSONAL DATA PRIVACY

By (i) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, (ii) completing the registration form for the AGM Live Webcast in accordance with this Notice, or (iii) submitting any question(s) prior to the AGM in accordance with this Notice, a member of the Company:

(A) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the following purposes:

(aa) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof);

(bb) the verification, preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) recordings and transmitting images and/or voice recordings when broadcasting the AGM proceedings through webcast and providing any technical assistance where necessary;

(cc) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and

(dd) enabling the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines,

(collectively, the **Purposes**);

(B) 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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(C) 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.

Website

Please refer to <http://goodlandgroup.listedcompany.com/newsroom.html> for more information about the Company, including the Annual Report 2020 and the Appendix, Notice of AGM and Proxy Form.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Tan Chee Beng, Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 27 January 2021 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

| | MR TAN CHEE BENG | DR WU CHIAW CHING | MR RAYMOND LYE HOONG YIP |
|---|---|--|---|
| Date of Appointment | 6 May 2004 | 19 August 2009 | 19 August 2009 |
| Date of last re-appointment | 29 January 2019 | 21 January 2020 | 21 January 2020 |
| Age | 53 | 63 | 55 |
| Country of principal residence | Singapore | Singapore | Singapore |
| The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process) | <p>The Nominating Committee (“NC”), having reviewed Mr Tan Chee Beng’s qualifications and working experience, had recommended Mr Tan to be re-elected as an Executive Director and Chairman of the Board.</p> <p>The Board of Directors has considered and concurred with the recommendation of the NC and approved the re-election of Mr Tan as an Executive Director and Chairman of the Board.</p> | <p>The Nominating Committee (“NC”), having reviewed Dr Wu Chiaw Ching’s qualifications and working experience, had recommended Dr Wu to be re-elected as an Non-Executive Independent Director, Chairman of Audit Committee and a member of the Nominating and Remuneration Committees.</p> <p>The Board of Directors has considered and concurred with the recommendation of the NC and approved the re-election of Dr Wu as an Non-Executive Independent Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.</p> | <p>The Nominating Committee (“NC”), having reviewed Mr Raymond Lye Hoong Yip’s qualifications and working experience, had recommended Mr Lye to be re-elected as an Non-Executive Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.</p> <p>The Board of Directors has considered and concurred with the recommendation of the NC and approved the re-election of Mr Lye as an Non-Executive Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.</p> |
| Whether appointment is executive, and if so, the area of responsibility | Executive | Non-Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Executive Chairman | Non-Executive Independent Director, Chairman of Audit Committee and a member of the Nominating and Remuneration Committees | Non-Executive Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAN CHEE BENG | DR WU CHIAW CHING | MR RAYMOND LYE HOONG YIP |
|---|--|--|---|
| Professional qualifications | Mr Tan hold a Bachelor of Engineering (civil) degree from the National University of Singapore | 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. | Mr Lye holds a Bachelor of Laws (Hons) from the National University of Singapore and has been in legal practice since 1990. |
| Working experience and occupation(s) during the past 10 years | Executive Chairman - Goodland Group Limited - Since 2004 | <p>Audit Partner - Wu Chiaw Ching & Company - Since 2012.</p> <p>Independent Director - Goodland Group Limited - Since 2009.</p> <p>Independent Director - GDS Global Limited - Since 2013.</p> <p>Independent Director - LHT Holdings Ltd - Since 2007.</p> <p>Independent Director - Gaylin Holdings Limited - 2012 to 2016</p> <p>Independent Director - DLF Holdings Limited - 2019 to 2019</p> <p>Independent Director - Natural Cool Holdings Ltd - 2006 to 2016.</p> <p>Independent Director - China Fashion Holdings Limited - 2009 to 2010.</p> | <p>Managing Director - Union Law LLP - Since 2014</p> <p>Executive Director - CitiLegal LLC - 2010 to 2013</p> <p>Independent Director - Goodland Group Limited - Since 2009.</p> <p>Independent Director - 800 Super Holdings Limited - 2013 to 2019.</p> <p>Independent Director - SK Jewellery Group Limited - 2018 to 2020.</p> <p>Independent Director - Soo Kee Group Limited - 2015 to 2017.</p> |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAN CHEE BENG | DR WU CHIAW CHING | MR RAYMOND LYE HOONG YIP |
|--|---|--|--|
| Shareholding interest in the listed issuer and its subsidiaries | Yes | No | No |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Yes | N/A | N/A |
| Conflict of Interest (including any competing business) | N/A | N/A | N/A |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |
| Other Principal Commitments Including Directorships | N/A | Independent Director - Gaylin Holdings Limited, DLF Holdings Limited and Natural Cool Holdings Ltd | Executive Director - CitiLegal LLC |
| Past (for the last 5 years) | | | Independent Director - Soo Kee Group Limited , 800 Super Holdings Limited and SK Jewellery Group Limited |
| Present | Goodland Group Limited - Executive Chairman | Audit Partner - Wu Chiaw Ching & Company. Independent Director of Goodland Group Limited, GDS Global Limited and LHT Holdings Limited | Managing Director - Union Law LLP Independent Director of the Goodland Group Limited. |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAN CHEE BENG | DR WU CHIAW CHING | MR RAYMOND LYE HOONG YIP |
|--|------------------|-------------------|--------------------------|
| <p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</p> | | | |
| <p>Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p> | No | No | No |
| <p>Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p> | No | No | No |
| <p>Whether there is any unsatisfied judgment against him?</p> | No | No | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAN CHEE BENG | DR WU CHIAW CHING | MR RAYMOND LYE HOONG YIP |
|--|-------------------------|--------------------------|---------------------------------|
| Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | No |
| Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No | No |
| Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAN CHEE BENG | DR WU CHIAW CHING | MR RAYMOND LYE HOONG YIP |
|--|-------------------------|--------------------------|---------------------------------|
| Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No | No |
| Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No | No |
| Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No |
| Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAN CHEE BENG | DR WU CHIAW CHING | MR RAYMOND LYE HOONG YIP |
|---|------------------|-------------------|--------------------------|
| any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | | | |
| any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | | | |
| Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAN CHEE BENG | DR WU CHIAW CHING | MR RAYMOND LYE HOONG YIP |
|--|------------------|-------------------|--------------------------|
| Disclosure applicable to the appointment of Director only | | | |
| Any prior experience as a director of a listed company? | N/A | N/A | N/A |
| If yes, please provide details of prior experience. | | | |
| If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. | | | |
| Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | | | |

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GOODLAND GROUP LIMITED

Company Registration No. 200405522N
(Incorporated in the Republic of Singapore)

PROXY FORM**IMPORTANT:**

- The Annual General Meeting ("AGM") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendments No. 2 & 3) Order 2020 (the "Order").
- Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 5 January 2021. The announcement may be accessed at the Company's website at <http://goodlandgroup.listedcompany.com/newsroom.html> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
- Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
- For investors who have used their CPF monies to buy shares in the Company, 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 them.
- CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM by 9.00 a.m. on 15 January 2021.
- By submitting an instrument appointing the Chairman of the Meeting as proxy, completing the registration form for the AGM live webcast, or submitting any questions to the Company prior to the AGM, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 January 2021 which may be accessed at the Company's website at <http://goodlandgroup.listedcompany.com/newsroom.html> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the Annual General Meeting.**

I/We, _____ (Name) _____ (NRIC/Passport No/Co Reg Number)
of _____ (Address)

being a member / members of **GOODLAND GROUP LIMITED** (the "Company"), hereby appoint:

the Chairman of the Annual General Meeting of the Company (the "AGM") as my/our proxy to attend and vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on the Wednesday, 27 January 2021 at 9.00 a.m. and at any adjournment thereof.

| NO. | RESOLUTIONS RELATING TO: | FOR | AGAINST | ABSTAIN |
|--------------------------|---|-----|---------|---------|
| Ordinary Business | | | | |
| 1 | Adoption of Directors' Statement and Audited Financial Statements for the year ended 30 September 2020 | | | |
| 2 | Declaration of a final tax-exempt (one-tier) dividend | | | |
| 3 | Approval of Directors' Fees amounting to S\$180,000 for the financial year ending 30 September 2021 (2020: S\$230,000) | | | |
| 4 | Re-election of Mr Tan Chee Beng as a Director | | | |
| 5 | Re-election of Dr Wu Chiaw Ching as a Director | | | |
| 6 | Re-election of Mr Raymond Lye Hoong Yip as a Director | | | |
| 7 | Approval for the continued appointment of Dr Wu Chiaw Ching, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) | | | |
| 8 | Approval for the continued appointment of Dr Wu Chiaw Ching, as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) | | | |
| 9 | Approval for the continued appointment of Mr Raymond Lye Hoong Yip, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) | | | |
| 10 | Approval for the continued appointment of Mr Raymond Lye Hoong Yip, as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) | | | |
| 11 | Re-appointment of Foo Kon Tan LLP as Auditors | | | |
| Special Business | | | | |
| 12 | Authority to allot and issue Shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore | | | |
| 13 | Renewal of Share Buy-Back Mandate | | | |

(*Please indicate your vote "For", "Against" or "Abstain" with an "X" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" within the box provided. If you wish the Chairman of the Meeting as your proxy to "Abstain" from voting on a resolution, please indicate "X" in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)

Dated this _____ day of _____ 2021

TOTAL NUMBER OF SHARES HELD

Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Please note that a member may not vote at the AGM otherwise than by way of appointing the Chairman of the Meeting as the member's proxy.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. A member who is a relevant intermediary entitled to vote at the AGM must appoint the Chairman of the AGM to vote at the AGM instead of the member.

"Relevant intermediary" means:

- (i) *a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;*
- (ii) *a person holding a capital markets services licence to provide custodial services for securities under the Securities and Future Act, Chapter 289 of Singapore and who holds shares in that capacity; or*
- (iii) *the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Central Provident Fund Act, Chapter 36 of Singapore, providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.*

CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM by 9.00 a.m. on 15 January 2021.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (i) if submitted electronically, be submitted via email to AGM@goodlandgroup.com.sg ; or
 - (ii) if submitted by post, be deposited at the Company office at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069.

in either case, by no later **than Monday 25 January 2021, 9.00 a.m.**, being at least 48 hours before the time for holding the AGM. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.
7. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject an instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares entered against their names in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares against their names in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Members should take note that once this proxy form is submitted electronically via email to AGM@goodlandgroup.com.sg or posted/deposited to Company office, they cannot change their vote as indicated in the box provided above.

MOVING AHEAD WITH RESOLVE AND COMMITMENT

ANNUAL REPORT 2020



GOODLAND GROUP LIMITED
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Company Registration Number: 200405522N

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