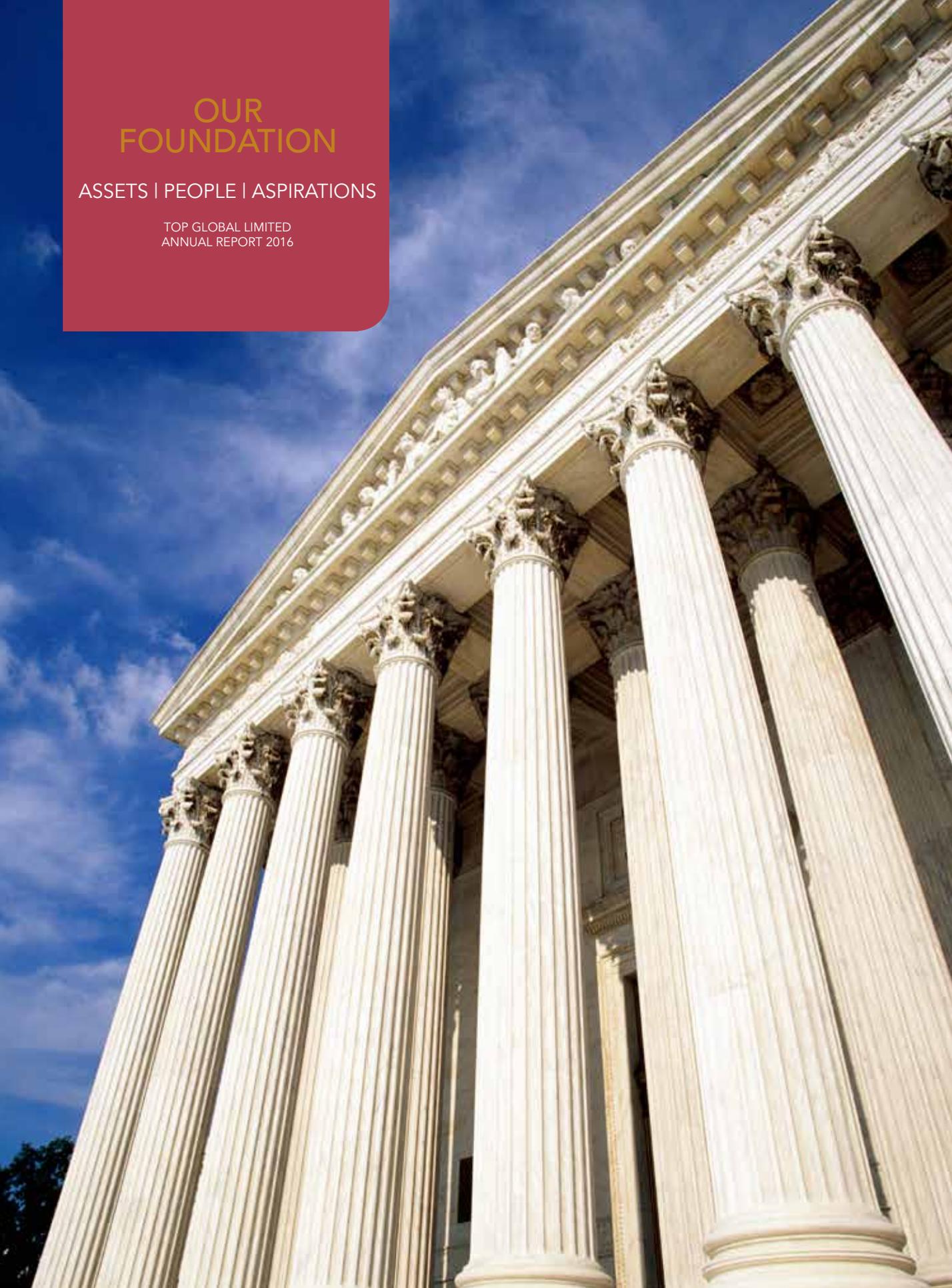


# OUR FOUNDATION

ASSETS | PEOPLE | ASPIRATIONS

TOP GLOBAL LIMITED  
ANNUAL REPORT 2016



01

CORPORATE  
PROFILE

02

CHAIRMAN'S  
STATEMENT

04

FINANCIAL  
HIGHLIGHTS

05

FINANCIAL  
REVIEW

06

OPERATIONS  
REVIEW

10

BOARD OF  
DIRECTORS

12

KEY  
MANAGEMENT

13

CORPORATE  
GOVERNANCE  
REPORT

29

DIRECTORS'  
STATEMENTS

34

INDEPENDENT  
AUDITOR'S  
REPORT

38

FINANCIAL  
STATEMENTS

132

NOTICE  
OF AGM



## CORPORATE PROFILE



Top Global Limited (the “Group”) was incorporated on 9 October 1980 and was listed on SESDAQ (now known as Catalist) on 21 June 2001. On 24 December 2012, the Group successfully transferred to the Mainboard of SGX-ST.

On 16 October 2014, the Group completed the acquisition of a 71.52% equity interest in Indonesia’s PT Suryamas Dutamakmur Tbk, which has a rich wealth of experience in Indonesia developing real estate properties, selling land and houses, as well as operating a golf course, country club and hotel.

**The Group’s strategic intent is to focus on the following businesses:**

- i Real Estate Development**
- ii Hospitality and Leisure**
- iii Facilities Management**
- iv Education**

The Group aims to become a leading lifestyle developer in the region, offering avant-garde projects and integrated support services tailored to the evolving needs of its clients. At the same time, it is well-positioned to capture the rising demands of Asia’s affluent and middle-class.

Top Global’s growth strategy is to explore joint ventures and collaborations with other real estate players, as well as the acquisition and setting up of other businesses in Singapore and the region, to increase its project and market exposure. It will continue to focus on identifying business opportunities to diversify beyond Singapore and Indonesia into other regions, striving to differentiate in terms of style, concept and value.

# CHAIRMAN'S STATEMENT



## Dear Valued Shareholders

The global economy continues to face uncertainties arising from timing and nature of Britain's exit from the European Union (EU) and policy direction for the US under the new Trump administration. Fears of interest rate hikes driven by higher US Treasuries rates and lower economic growth are a major concern to investors in the property market.

Due to these macro-economic uncertainties, Singapore's economy has been sluggish with GDP growth at 1.8 percent in 2016 compared to 2 percent in 2015. Going into 2017, the Trans-Pacific Partnership ("TPP") trade pact which was expected to boost trade is seemingly dead. Global trade is expected to remain weak and yields across most markets in Asia Pacific is expected to remain flat. With the Singapore economy hugely dependent on global trade, 2017 is again shaping up to be another challenging year.

## SINGAPORE PROPERTY MARKET

Our residential developments in Singapore include R Maison and E Maison (collectively known as "The Maisons") located at Braddell Road and The Quinn located at Bartley Road. These projects obtained Temporary Occupancy Permit ("TOP") in April, May and June 16 respectively.

The stringent property cooling measures continues to be effective in keeping demand for residential houses in check. This has in turn led to weaker prices for sales transactions. In 2016, a total of 7,877 units were launched for sale as

compared to 7,056 units in 2015. Private home prices have slipped by 3% last year although sales transactions increased 9.4% in 2016 as compared to 2015. This increase is believed to be driven by buyer sentiments that the market is bottoming out, pent-up demand and opportunities to snag units at a realistic price.

These cooling measures are likely to remain for some time as the market interest rates are generally low and demand remains resilient. In addition, National Development Minister Lawrence Wong has also expressed in an interview that the curbs have helped to achieve a soft landing in the property market. The entire industry is left to grapple with having to pay Additional Buyer's Stamp Duty ("ABSD") charges and Qualifying Certificate ("QC") extension charges and we are no different. A recent Deutsche Bank report estimates that there are about 20 developments that will be affected by ABSD remission clawback this year with aggregate ABSD charges amounting up to S\$697.6 million. The report also noted that developers of another 17 projects with a combined 1,124 units could incur QC extension charges in this year as well.

The Government seems to be taking a slight turnaround on these measures when it announced calibrated adjustments to Seller's Stamp Duty ("SSD") and Total Debt Servicing Ratio ("TDSR") framework. The holding period for SSD is reduced from 4 years to 3 years with stamp duty rate payable being reduced 4% each year. TDSR will no longer be applicable to mortgage equity withdrawal loans with Loan to Value ratio of 50% and below. These two changes, though not significant,

may provide a psychological boost and generate some interest in Singapore's residential property market.

However, Additional Conveyance Duty ("ACD") was also announced and is applicable to significant owners of equity interest in Property Holding Entity ("PHE"). The effect is to achieve the same rate of stamp duty payable for acquisition of equity interest in a PHE as though it were an acquisition of the underlying property. As a result, developers which are reaching their QC deadline are now unlikely to sell equity interests or their remaining units in bulk to institutional investors, which may lead to granting of greater incentives to end purchasers to entice them to buy the balance units. Depending on how general confidence boost translates to actual demand for residential property, this may lead to greater price pressures and competition for developers. We will continue to monitor the situation and remain nimble with our sales strategies in the face of these new changes.

At present, the percentage of units sold is approximately 80% at R Maison, 60% at E Maison and 90% at The Quinn. We will continue our sales and marketing efforts and explore all avenues possible to mitigate the Group's exposure to ABSD and QC charges.

In view of the current policies and market conditions in Singapore, we may look to more collaborations with other developers on good projects and maintaining our discipline in our investments.

As part of the redevelopment plans for East Coast Park, Singapore Land Authority ("SLA") will not be extending the lease for the facility currently managed by us. The lease will cease on 31 March 2017.

## INDONESIA PROPERTY MARKET

The Group's business in Indonesia continues to primarily be in real estate development, golf and hospitality business. The real estate development projects include the Rancamaya Estate Project, the Harvest City Project and the Royal Tajur Project.

The Indonesian government under President Joko Widodo continues to pursue growth of the Indonesian economy through government spending on infrastructure. A tax amnesty programme was passed in June 2016 and proceeds have been earmarked for beefing up infrastructure and other

sectors. In the first phase alone, tax payers have declared more than 3,600 trillion rupiah in assets and 97.2 trillion rupiah of tax revenue was collected. The amount collected is close to 59% of their total target. The government expects more to come in the second phase as they shift their focus on small and medium-sized enterprises and those that have not joined.

These policies are expected to attract increased investments from local and overseas investors which may present increased demand for our developments or potential for collaborations with other parties.

The residential property market continued to be buoyant with the residential price index increasing to 194.37 in 2016 from 190.02 in 2015. We expect the long term outlook for the Indonesian property market to be positive.

For our Harvest City Project, we are proud to have received the Most Favoured Middle Class Housing Project in Bekasi 2016. This achievement is an affirmation of our efforts thus far for a project that is still in its early stages of planning and development with more than 80% of licensed land still to be developed. We will continue to progressively develop our real estate development projects while replenishing and adding to our existing land bank.

## MOVING FORWARD

With our intensified sales and marketing efforts for E Maison and R Maison before their QC deadline, we hope to generate more cash to be deployed into other investment opportunities. The Group will continue to monitor the real estate landscape in our primary geographical locations of Singapore and Indonesia whilst keeping a lookout for opportunities to grow in other markets as well as other industries out of real estate.

## CLOSING REMARKS

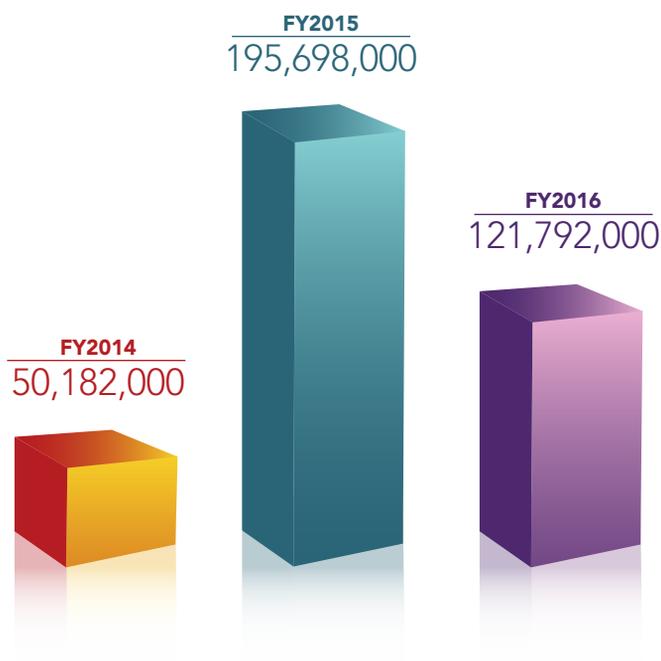
We would also like to express our appreciation to the Board members for their counsel and advice; staff for their dedicated service and contributions to Top Global; and all our shareholders, financiers, business partners, customers and associates for their strong support and commitment.

## SUKMAWATI WIDJAJA

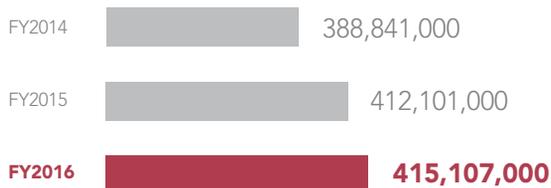
Executive Chairman

# FINANCIAL HIGHLIGHTS

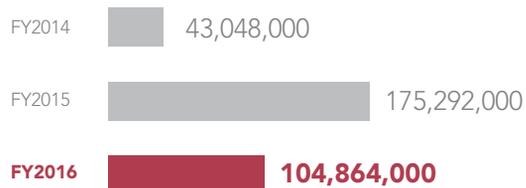
## GROUP REVENUE



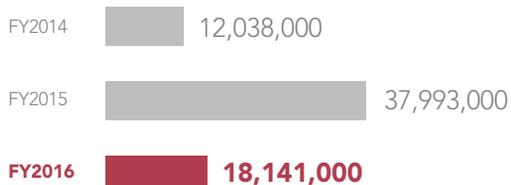
## NET ASSETS



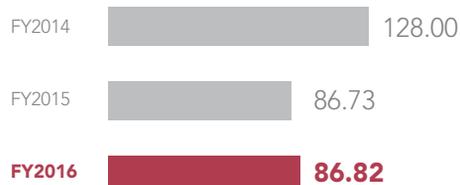
## REVENUE - DEVELOPMENT PROPERTIES



## GROSS PROFIT



## NET ASSET VALUE PER SHARE (CENTS)



In FY2016, the Group had net cash of S\$66.1 million from operating activities was mainly from cash generated from operations and interest received, offset by payment of interest and income tax.

## TURNOVER

The Group's revenue decreased by 37.8% for FY2016 at S\$121.8 million from S\$195.7 million in the previous financial year ended 31 December 2015 ("FY2015"). The significant revenue decrease in FY2016 was largely attributable to the decrease in sales of development properties from the Group's Braddell and Bartley Projects, which amounted to S\$65.4 million. The decrease was also due to the decreased revenue contribution of S\$5 million from its Indonesia subsidiary, PT Suryamas Dutamakmur Tbk ("Suryamas") due to delays in construction resulting in slower handover of units in FY2016 as compared to FY2015 as well as absence of sale of land for construction of toll road in FY2015 amounting to S\$4.3 million.

## GROSS PROFIT

The Group's gross profit decreased by S\$19.9 million mainly due to the decrease in revenue from property development and the impairment losses on carrying value of development properties. Given the current market condition in Singapore and the upcoming Additional Buyer Stamp Duties ("ABSD") deadline for the Bartley project, the Group has obtained independent valuation for some of its unsold units as well as compared the remaining units with recent transaction prices of comparable units. It was assessed that the net realisable value of most of the unsold development properties in its Braddell and Bartley project was below their carrying costs. As such, a provision has been made to write down the carrying value of these development properties. This write down was taken in the cost of sales which resulted in a lower gross profit margin.

## OTHER INCOME

Other income decreased by S\$1.6 million from S\$3.8 million in FY2015 to S\$2.2 million in FY2016. The decrease was mainly due to the absence of interest income earned from held-to-maturity financial asset of S\$1.2 million in FY2015. The held-to-maturity financial assets were converted into available-for-sale assets in FY2015.

## EXPENSES

Distribution and marketing expenses increased by S\$1.9 million mainly due to increase in marketing expenses of S\$1.4 million due to increased marketing activities to sell balance units in Singapore and to compete against neighbouring developments around Harvest City in Indonesia. In addition, increase in commission expenses of S\$0.5 million due to higher commission rates given to property agencies for remaining unsold units in the Braddell and Bartley projects in a bid to increase number of sales transactions

to meet Qualifying Certificate ("QC") and ABSD deadlines respectively.

## FINANCIAL POSITION

As at 31 December 2016, the Group had a healthy financial position with total assets amounting to S\$559.1 million. The decrease of \$98.0 million from FY2015 is mainly due to decrease in trade and other receivables (current) by S\$50.7 million mainly due to collection of milestone payments after achieving Temporary Occupation Permit ("TOP") status for both Braddell and Bartley projects. In addition, the decrease in development properties (current and non-current) of S\$29.7 million due to recognition of costs of development properties net of additions and impairment on carrying value of development properties of S\$11.5 million after an assessment of the net realisable value of the development properties was performed.

The Group's total liabilities as at 31 December 2016 stood at S\$144.0 million, which was a decrease of S\$101.0 million compared to S\$245.0 million as at 31 December 2015. The decrease is mainly attributed to a reduction in bank borrowings of S\$76.4 million due to repayment of bank loans and decrease in trade and other payables (current) by S\$26.6 million arising mainly from payment made to contractors. The decrease was offset by increase in post-employment benefits of S\$0.5 million, net increase in current and non-current provision of S\$0.5 million and net increase in current and deferred income tax of S\$1.0 million.

The total shareholders' equity for the Group stood at S\$279.1 million as at 31 December 2016 from S\$279.2 million as at 31 December 2015.

## CASH FLOW

In FY2016, the Group had net cash of S\$66.1 million from operating activities was mainly from cash generated from operations and interest received, offset by payment of interest and income tax.

Net cash used in investing activities of S\$5.4 million in FY2016 was mainly due to investment in an associated company, loan to an associated company, increased loan to non-related party and additions to property, plant and equipment.

Net cash used in financing activities of S\$81.7 million in FY2016 was mainly due to repayment of borrowings and interest net of new loan drawdown.

As a result of the above, the Group's cash and cash equivalents stood at S\$48.4 million as at 31 December 2016 as compared to S\$68.7 million as at 31 December 2015.

# OPERATIONS REVIEW

## SINGAPORE

### THE MAISONS – A COLLECTION OF R MAISON AND E MAISON



Location	: Somerville Walk, Singapore
Tenure	: Freehold
Units	: 45
Sales	: Approx 80%
TOP Date	: April 2016
QC Date	: April 2018

Location	: Braddell Road, Singapore
Tenure	: Freehold
Units	: 130
Sales	: Approx 60%
TOP Date	: May 2016
QC Date	: May 2018

### THE QUINN



Location	: Bartley Road, Singapore
Tenure	: Freehold
Units	: 139
Sales	: Approx 90%
TOP Date	: June 2016
ABSD Date	: March 2017
QC Date	: June 2018

Leveraging on the natural terrain of hills and valleys in the Braddell location, The Maisons are a collection of two residential developments, R Maison and E Maison, which are located contiguously to project a cosmopolitan lifestyle. The Maisons are located in close proximity to renowned local and international schools as well as many shopping malls.

The Maisons have a range of cozy one-bedroom apartments, deluxe lofts, and exclusive penthouses with a kitchenette on the upper floor.

The Quinn is a unique residential development located along Bartley Road. It is within walking distance to MRT stations and easily accessible to expressways, facilitating a short 15-minute drive to the Central Business District. It is a potential high yield investment for homeowners in view of its close proximity to the upcoming Biddari Township, a host of renowned local and international schools, and shopping malls such as NEX shopping mall and Bishan Junction8 amongst many others.

The development is subject to ABSD penalties. If any of the units are unsold as at 31 March 2017, the developer would have to pay to IRAS the amount of ABSD remitted with interest of 5% per annum starting from 14 days after the transaction date.

## SINGAPORE

### 5FOOTWAY FOUNDERS PRIVATE LIMITED



The Group has acquired 35% of the enlarged share capital of 5Footway Founders Private Limited ("5Footway"), a hospitality management company incorporated in Singapore. 5Footway has managed products ranging from hostels, hotels, serviced apartments, to student accommodation.

Through 5Footway, Top Global has a significant stake in the largest boutique hostel operator in Singapore and Southeast Asia with about 1,000 beds in over six hostels under the 5Footway Inn and Bunc brands, which is known for its prime location, affordability and a popular choice for the modern-day traveller.

Since the acquisition, 5Footway has continued to grow and enhance its quality while increasing its service offerings to customers. In 2H 2016, 5Footway became the first hostel to have successfully launched self check-in kiosks in 3 of their locations, further cementing its leadership position in the budget segment with its continued focus on improving productivity and customer service. As a growing company, 5Footway has a pipeline of 4 boutique hotels to be opened in Macau in the next 4 years, with the first one being in 1H 2017, and culminating in around 200 rooms under management by 2020 in Macau alone. With some other potential deals in discussion in both Singapore and the region, Top Global is poised to continue its strategy of broadening its hospitality portfolio across different countries.

In addition to the local presence, Top Global will also gain access to an accommodation portfolio that spans across cities in China and Japan. The Group believes that this strategic stake will enable it to tap on 5Footway's established network and presence in the region to enhance its position in the hospitality industry. Now, with immediate access to overseas hospitality markets, Top Global will continue its strategy of broadening its hospitality portfolio and targeting new market segments.

## INDONESIA

### RANCAMAYA ESTATE



Land Area	: 778 Ha
Housing	: Luxury Housing, Mid - Range Housing & Cluster Housing
% of Land Developed	: 37%
Location	: Bogor Area

Rancamaya Estate is a prime residential estate surrounded by a backdrop of mountainous views of Mount Salak, Pangrango and Gede, located about an hour's drive from Jakarta via Jagorawi Toll Road. Rancamaya Estate offers medium to high-end landed housing nestled in the foothills of Mount Salak in Ciawi area, Bogor.

The first development project, Rancamaya 1, has more than 25 clusters of premium residential development with more than 1,200 homes and golfing facilities. There are plans to develop the Northern part of Rancamaya 1. This development will consist of medium to large sized housing, school, clinical and recreational facilities, as well as for commercial use.

# OPERATIONS REVIEW

## INDONESIA

### R HOTEL RANCANMAYA



R Hotel Rancamaya ("R Hotel") is a four-star contemporary luxury hotel located within the Rancamaya Golf & Country Club Resort in Tajur's Central Business District, on a land area of approximately 5 hectares. R Hotel held its soft opening on 25 July 2014 and comprises 140 hotel rooms, 10 villa rooms and 10 meeting rooms, which can be combined to form a ballroom. The villa rooms of R Hotel are designed with contemporary architecture blended with elements of the Balinese culture, offering a perfect escape to its occupants. Besides being a relaxing gateway, R Hotel also aims to be the premier MICE (meeting, incentive, conference and exhibitions) facility in the greater Bogor area. R Hotel is acknowledged to be the "World Best Luxury Golf Resort" by World Luxury Hotel Awards 2015, awarded "Indonesia's Best Golf Hotel 2016" during the 3rd World Golf Awards, nominated as "The Best 3 out of 100 Luxury Lifestyle Hotels in Indonesia" and named "Winner" in TripAdvisor's 2016 Traveller's Choice Award.

### Rancamaya Golf & Country Club Resort

Launched in 1995 and rated as one of the best in Indonesia, the award winning Rancamaya Golf & Country Club Resort (the "Resort") was designed by renowned golf course architect, Ted Robinson.

The Resort boasts an 18-hole golf course coupled with numerous facilities, including a children's play area and a



small zoo. There are 10 villas built and designed with private space and pool available for rent by visitors and members of the Resort. It also provides premises that can house conferences and corporate events. Over the years, it has earned many accolades including "World Top 1000 Golf Course 2009" from ROLEX, "Best International Golf Course 2011" from International Property Awards and "The Best Golf Club in South East Asia 2008-2010" from the Hospitality Asia Platinum Awards.

### Royal Balaraja

Royal Balaraja Commercial Park is a multifunctional business area of 21 hectares, targeted to meet the needs of new commercial area. It is designed to be a neatly organized, green and modern facility located in the best business area around Balaraja and Tangerang.

## INDONESIA

### ROYAL TAJUR



Land Area	: 7.2 Ha (Phase 1) 74.5 Ha (Phase 2)
Housing	: Medium to High End Landed Housing
% of Land Developed	: 100% (Phase 1) 3.0% (Phase 2)
Location	: Tajur, City of Bogor

Royal Tajur is a residential development situated in the Central Business District of Tajur in the City of Bogor. It offers modern homes with magnificent views of Mount Salak for homeowners. Phase 1 of Royal Tajur, which consists of 258 residential houses was launched and sold in June 2012. Following the success of Phase 1 of Royal Tajur, Phase 2 of Royal Tajur with the development of residential houses was successfully launched in 2015. Royal Tajur's proximity to the city centre of Bogor has been a key factor in the sales of its residential housing.

### HARVEST CITY



Land Area	: 1050 Ha
Housing	: Mid – Range Housing & Low Cost Housing
% of Land Developed	: 15%
Location	: Cibubur – Cileungsi Area



Harvest City is a township project marketed as “A City of Prosperity”, which is located in the Cibubur-Cileungsi area, 15 kilometres east of Jakarta and 35 kilometres from Jakarta’s Central Business District. It focuses on building communities with its interwoven low to medium-end housing developments, mixed-use properties and various facilities to accommodate homeowners’ needs. The Harvest City masterplan projects a fully integrated township with facilities for lifestyle, entertainment, education, healthcare and worship. It is the desired choice for homes with its proximity to Jakarta. Its popularity with home buyers in the area was affirmed with the receipt of the “Most Favoured Middle Class Housing Project in Bekasi 2016” award.

With its unique design and cozy ambience, the newly completed Harvest Box in Harvest City is expected to bring different experience and become a favourite theme for culinary and shopping at its neighbourhood.

## BOARD OF DIRECTORS



### **MDM OEI SIU HOA @ SUKMAWATI WIDJAJA**

**Executive Chairman**

Mdm Sukmawati Widjaja was appointed Executive Chairman of Top Global Limited on 12 March 2010. In her four decades as one of Asia's most influential business pioneers, Mdm Sukmawati has built up a striking track record in sectors as diverse as property, banking and agriculture. She is the Vice-Chairman of the family-controlled Sinar Mas Group (which was founded by her father, Mr Eka Tjipta Widjaja). After taking over the reins in 1988, she was instrumental in maintaining the group's lead as one of Indonesia's top conglomerates, with interests ranging from palm oil and paper, to food and property development. Her investment experience is also extensive. She was an international figure in numerous high-profile mega projects. Over the years, she has developed pivotal business as well as personal connections worldwide. Apart from having been granted audiences with top potential leaders of the US, China, Indonesia, Singapore and other countries, she has access to business tycoons in almost every industry internationally. Moreover, Mdm Sukmawati has extensive expertise and experience in taking qualified companies through IPOs and RTOs at the world's major exchanges and has been part of senior management in several listed companies. With her long-time passion for real estate, Mdm Sukmawati sees great potential for Top Global Limited to work together on suitable projects with the region's largest property players. Her vast connections should prove invaluable as Top Global Limited expands in Singapore, China, Indonesia, Malaysia and other countries.



### **MR HANO MAELOA**

**Chief Executive Officer & Executive Director**

Mr Maeloa was appointed as the Executive Director of Top Global Limited on 27 July 2007 and as the Managing Director on 12 March 2010, he was redesignated as Chief Executive Officer on 8 November 2010. His business management experience spans a multitude of industries that range from banking and securities & fund management to real estate and golf & country clubs, as well as shipping and food & beverages. He has excellent business contacts throughout the Asia-Pacific region. Mr Maeloa has been Chief Executive Officer of Pancon Marine & Shipping Services since 2003 as well as a director at Bintan Golden Shipping since 2002. On the investment front, he gained valuable experience at companies such as Harumdana Sekuritas, where he served as a vice-president director for five years. In the food industry, he earned his spurs at the likes of Wendy Foods in Hong Kong, where he was Managing Director for six years. Currently, Mr Maeloa is a director of Asia-Pacific Strategic Investments, a company listed on the Singapore Exchange Securities Trading Limited. He graduated with a BSc in business administration from the University of Southern California.



### **MS JENNIFER CHANG SHYRE GWO**

**Chief Operating Officer & Executive Director**

Ms Chang was appointed Chief Operating Officer and as the Executive Director on 8 November 2010. Her task is to oversee the Group's business and operations, which includes but is not limited to business development, finance, administration, corporate secretarial, corporate governance and communications. She has more than 24 years of exposure to and experience in operational accounting and various corporate functions across the Asia-Pacific region. Ms Chang joined Top Global Limited after leaving Auric Pacific, where she had been Chief Executive Officer of its food division since 2008. Previously, she was regional director of controlling & treasury at Kraft Foods Asia Pacific Services and finance director at GE Hydro Asia, a General Electric joint venture in Hangzhou, China. She is a member of both the Institute of Singapore Chartered Accountants and CPA Australia. Her master's in business administration was earned at Victoria University in Australia.

**MR YEO CHIN TUAN DANIEL**

Lead Independent Non-Executive Director

Mr Yeo was appointed as the Lead Independent Non-Executive Director of Top Global Limited, as well as the chairman of its Audit and Remuneration Committees and a member of its Nominating Committee, on 26 April 2010. His experience in the financial industry spans more than 25 years. He began his career with Refco Singapore as a vice president in the 1980s and later became a pioneer in the Singapore futures and options market. After witnessing the birth of the Singapore International Monetary Exchange (SIMEX), he built up a distinguished track record servicing high net worth clients in foreign exchange and bullion trading. While he was a director at ING Futures & Options (S) Pte Ltd, he assisted with the acquisition of Barings (S) Pte Ltd. He also served as an executive director at UOB International Treasury, establishing business linkages with international brokerages.



**DR LAM LEE G**

Independent Non-Executive Director

Dr Lam was appointed as the Independent Non-Executive Director on 26 April 2010. Currently, he is also Chairman – Indochina, Myanmar and Thailand and Senior Adviser – Asia, of Macquarie Capital. He started his career in Canada at Bell-Northern Research (the R&D arm of Nortel) and in Hong Kong at Hong Kong Telecom. He later joined Singapore Technologies Telemedia (then part of Temasek Holdings) and BOC International Holdings (the international investment banking arm of the Bank of China group) where he served as Vice-Chairman and Chief Operating Officer of its investment banking division. Until late 2006, Dr Lam was President and Chief Executive Officer of Chia Tai Enterprises International (now called C.P. Lotus Corporation). He holds a BSc in sciences and mathematics, an MSc in systems science, an MBA from the University of Ottawa in Canada, a postgraduate diploma in public administration from Carleton University in Canada, an MPA and a PhD from the University of Hong Kong, an LLB (honours) from Manchester Metropolitan University in the UK, an LLM the University of Wolverhampton in the UK and PCLL from the City University of Hong Kong.



**MS MIMI YULIANA MAELOA**

Non-Executive Director

Ms Mimi was appointed as the Non-Executive Director on 26 April 2010. Ms Mimi has served in various positions at her family's businesses and currently works at Golden Agri International. She has notable experience in banking, investment and asset management, having worked at the Union Bank of Switzerland in Singapore, Credit Suisse First Boston Hong Kong Chase Manhattan Bank in New York, JP Morgan in Singapore and Goldman Sachs in Singapore. She graduated with a BSc in finance from the University of Southern California and holds an MBA from Woodbury University in California.



# KEY MANAGEMENT

## **MR KENNETH LIAN**

### **Business Development Director**

Mr Kenneth Lian was appointed as Business Development Director of Top Global Limited on 12 November 2015. As the Business Development Director, his main task is directing efforts for the development of products to support the Group's growth. He has more than 25 years of experience in all aspects of property development, acquisition and portfolio management.

Mr Lian is also the founder of PT Suryamas Dutamakmur Tbk, a subsidiary of Top Global Limited. Mr Lian has been appointed the President Director of PT Suryamas Dutamakmur Tbk since 1990. His remarkable experience in property sectors is very instrumental in Suryamas' flagship developments such as the Rancamaya Golf Estate, the Rancamaya Golf & Country Club, the R Hotel at Rancamaya and several housing estate such as The Mahogany Residence, Royal Tajur and Harvest City.

## **MR YEI MAUNG**

### **Project Manager**

Mr Yei Maung joined Top Global Limited in September 2002. He has more than 20 years of working experience in Singapore's building and construction sector, having participated in a wide range of projects that include flatted factories, schools, condominiums, community clubs, residential flats and cluster housing.

He holds a degree in Applied Science in Construction Management from the Royal Melbourne Institute of Technology in Australia.

## **MR GOH BINGZHENG**

### **Financial Controller**

Mr Goh Bingzheng joined Top Global Limited in September 2015 as Financial Controller overseeing the Group's finance function. He is responsible for financial and accounting matters, internal control, corporate governance, treasury, corporate finance and taxation. Prior to joining Top Global Limited, he was with PricewaterhouseCoopers LLP for 7 years, providing assurance services to a wide range of companies operating in various industries such as real estate, media and transport and logistics.

He graduated from Nanyang Technological University with a Bachelor of Accountancy (Honours) degree and is a member of Institute of Singapore Chartered Accountants since 2011.

## **MS ROSE LING**

### **General Administration Manager - Human Resource, Sales & Marketing**

Ms Rose Ling joined Top Global Limited in May 2010 as General Administration Manager. She is responsible for the Group's Human Resource/Administrative and Sales & Marketing matters. For the past 14 years, Ms Ling has accumulated vast working experiences in various industry sectors. The core function she has performed includes key accounts relations, office administration and human resource management. She holds a Diploma in Economics from London School of Economics and graduated from University of London with a Bachelor of Science (Management) with honours.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the “Board”) is committed to ensuring that the highest standards of corporate governance are practised throughout Top Global Limited (the “Company”) and together with its subsidiaries (the “Group”), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

This report describes the Group’s corporate governance practices and structures that were in place during the financial year ended 31 December 2016 (“FY2016”), with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (“2012 Code”), and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Listing Manual”), the Singapore Companies Act (“Companies Act”) and the disclosure guide developed by the SGX-ST in January 2015 (“Guide”), focusing on areas such as internal control, risk management, financial reporting, internal and external audits.

The Company has complied with the principles and guidelines as set out in the 2012 Code and the Listing Manual where applicable except where otherwise stated. Appropriate explanations have been provided in the relevant sections below where these are deviations from the 2012 Code and Guide.

## The 2012 Code

The 2012 Code is divided into four main sections, namely:

- (A) Board Matters
- (B) Remuneration Matters
- (C) Accountability and Audit
- (D) Shareholders’ Rights and Responsibilities

### (A) Board Matters

The Board of Directors in office at the date of this report comprises:

Madam Oei Siu Hoa @ Sukmawati Widjaja (Executive Chairman)  
Mr Hano Maeloa (Chief Executive Officer and Executive Director)  
Ms Jennifer Chang Shyre Gwo (Chief Operating Officer and Executive Director)  
Mr Yeo Chin Tuan Daniel (Lead Independent Non-Executive Director)  
Dr Lam Lee G (Independent Non-Executive Director)  
Ms Mimi Yuliana Maeloa (Non-Executive Director)

Key information on the Directors can be found on page 10 to 11 under the section on Board of Directors of this Annual Report.

### Principle 1: The Board’s Conduct of Affairs

**Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.**

### The Board’s Conduct of Affairs

The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. The principal role of the Board is to review and decide strategic plans, key operational and financial issues, evaluate performance of the Group and supervise executive Management to achieve optimal shareholders’ value.

### Matters Requiring Board Approval

- corporate policies, strategies and objectives of the Company;
- annual budgets;
- quarterly, half yearly and full year announcements;
- annual report and accounts;
- convening of shareholders’ meeting;
- material acquisitions, investments and disposal of assets;
- corporate strategic direction, strategies and action plan;
- transactions or investments involving any conflict of interest relating to a substantial shareholder or a Director;
- financial restructuring and share issuance, dividends and other returns to shareholders; and
- issuance of policies and key business initiatives.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

There has been no change to the Group's internal guidelines which had been approved by the Board for material transactions and investments by the Company and Group, with limits for different levels of approving authorities, categories of expenditures and investments.

The Board has delegated certain functions to various board committees, namely the Nominating Committee ("NC"), Remuneration Committee ("RC") and Audit Committee ("AC") (collectively, the "Board Committees"). Each of the various Board Committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets on a quarterly basis and as warranted by particular circumstances. Four (4) Board meetings were held in FY2016, of all were the regular quarterly meetings. Telephonic attendance and conference via audio-visual communication at Board and Board Committees meetings are allowed under the Company's Articles of Association ("Articles").

The attendance of the Directors at Board and Board Committees meetings, as well as the frequency of such meetings held in FY2016 is as follows:

Name of Director	Board Meeting		AC		NC		RC	
	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
Madam Oei Siu Hoa @ Sukmawati Widjaja	4	3	-	-	-	-	-	-
Mr Hano Maeloa	4	4	-	-	-	-	-	-
Ms Jennifer Chang Shyre Gwo	4	4	-	-	-	-	-	-
Mr Yeo Chin Tuan Daniel	4	3	4	3	1	0	1	0
Dr Lam Lee G	4	4	4	4	1	1	1	1
Ms Mimi Yuliana Maeloa	4	4	4	4	1	1	1	1

Newly appointed Directors would be briefed by the Chief Executive Officer ("CEO") of the Company on the Group's business and corporate governance policies and practices. Familiarisation sessions include visits to project sites. The Company provides a formal letter to each new Director upon his appointment, setting out clearly the Director's duties and obligations. Directors are kept informed of changes to regulatory requirements from time to time by the Company Secretary. Board members are encouraged to keep themselves updated especially on their relevant professional, statutory, and regulatory requirements and guidelines to enhance their discharge of their duties and responsibilities as Directors.

To keep pace with new laws, regulations, changing commercial risks and financial reporting standards, all Directors attend specifically tailored training conducted by professionals at least annually. Directors are also encouraged to attend, at the Group's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations and provided with updates and/ or briefings from time to time by internal or external auditors and the Company Secretary in areas such as Directors' duties and responsibilities, corporate governance practices, risk management matters and changes in financial reporting standards. The Company Secretary will bring to Directors' attention, information on seminars that may be of relevance or use to them.

## Principle 2: Board Composition and Guidance

**There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders<sup>1</sup>. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

<sup>1</sup> The term 10% shareholder shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Board Composition and Independent Directors

The Board currently comprises six members, three of whom are Executive Directors, two are Independent Non-Executive Directors and one is a Non-Executive Director. Guideline 2.1 of the 2012 Code is met as the Independent Non-Executive Directors make up one-third of the Board.

The Company's Executive Directors are Madam Oei Siu Hoa @ Sukmawati Widjaja who is the Executive Chairman ("Chairman"), Mr Hano Maeloa who is the CEO and Ms Jennifer Chang Shyre Gwo who is the Chief Operating Officer ("COO"). The Independent Non-Executive Directors are Mr Yeo Chin Tuan Daniel and Dr Lam Lee G, and the Non-Executive Director is Ms Mimi Yuliana Maeloa.

The Company notes that under Guideline 2.2 of the 2012 Code, the Independent Directors should make up at least half the Board as (a) the Chairman and the CEO are immediate family members, (b) the Chairman is part of the management team and (c) the Chairman is non-independent. The Monetary Authority of Singapore has provided a longer transition period of five (5) years to allow sufficient time for listed companies to make board composition changes to comply with Guideline 2.2 of the 2012 Code. Accordingly, the Company is required to comply with Guideline 2.2 at the AGM following the end of the financial year commencing from 1 May 2016, i.e., by 30 April 2018 to undertake the necessary board changes for Independent Directors to make up at least half of the Board.

There is no limit to the number of Directors that may be appointed under the Company's Articles. Given the scope and size of the operations of the Company and the Group, the Board is of the view that the present composition and size are adequate to facilitate effective decision making.

The Board has the requisite mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. Each Director has been appointed based on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business. The current Board composition provides a diversity of skills, experience, gender and knowledge to the Company.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors. The NC is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and knowledge for the Board to be effective. Key information of the Board members' qualifications and experience are presented in pages 10 to 11 of this Annual Report.

The independence of each Independent Non-Executive Director is reviewed annually by the NC. The NC adopts the 2012 Code's definition of what constitutes an independent director in its review. The NC is of the view that the two Independent Non-Executive Directors are independent in accordance with the 2012 Code.

The Independent Non-Executive Directors have also confirmed their independence in accordance with the 2012 Code.

There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the 2012 Code that would otherwise deem him not to be independent.

The Board is able to exercise objective judgment independently from the Management and no individual or small group of individuals dominate the decisions of the Board.

As and when required, the Independent Non-Executive Directors and Non-Executive Director will hold a meeting without the presence of Management and Executive Directors, in order to facilitate a more effective check on the Management and/or the Executive Directors. The Independent Non-Executive Directors and Non-Executive Director had met once without the presence of Management and Executive Directors in FY2016.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

To-date, none of the Independent Non-Executive Directors of the Company have been appointed as Director of the Company's principal subsidiaries. The Board and the Management are of the view that the current Board structures in the principal subsidiaries are already well organised and constituted. The Board and the Management will, from time to time, renew the Board structures of the principal subsidiaries and will make an appropriate corporate decision to consider the appointment of the Independent Non-Executive Director to Board of the Company's principal subsidiaries.

None of the Directors has served on the Board for a period exceeding nine years from the date of his/ her first appointment. For any Director who has served the Board beyond nine years, the NC will perform rigorous review to assess the independence of the relevant Directors.

### **Principle 3: Chairman and Chief Executive Officer**

**There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.**

#### **Chairman and Chief Executive Officer**

Madam Oei Siu Hoa @ Sukmawati Widjaja serves as Executive Chairman of the Board and Mr Hano Maeloa, the son of Madam Oei Siu Hoa @ Sukmawati Widjaja, assumes the role of CEO. There is a clear division of responsibilities between the Executive Chairman and the CEO to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision-making.

The Executive Chairman is responsible for the workings of the Board, ensuring the integrity and effectiveness of its governance process. The Executive Chairman ensures that Board meetings are held as and when necessary and set the meeting agenda in consultation with the CEO, and Ms Jennifer Chang Shyre Gwo, the COO and Executive Director. The Executive Chairman, with the assistance of the CEO, the COO and Company Secretary, ensures Board members are provided with adequate and timely information. The Executive Chairman assists to ensure procedures are introduced to comply with the Company's guidelines on corporate governance. The CEO is responsible for the business and operational decisions of the Group.

Notwithstanding that the CEO is the son of the Executive Chairman, the Board is satisfied that there is sufficient transparency and accountability in view of the distinction of responsibilities. The Board is also of the view that there is a sufficiently strong independent element on the Board which enables the exercise of judgement with regards to the corporate affairs of the Group.

#### **Lead Independent Non-Executive Director**

In view of the Executive Chairman and the CEO are related by close family ties and both are part of the executive management team, Mr Yeo Chin Tuan Daniel has been appointed as the Lead Independent Non-Executive Director of the Company pursuant to the recommendation in Guideline 3.3 of the 2012 Code. Where a situation arises that may involve conflict of interests between the roles of the Executive Chairman and the CEO, it is the Lead Independent Non-Executive Director's responsibility, together with the other Independent Non-Executive Director, to ensure that shareholders' rights are protected. The Lead Independent Non-Executive Director of the Company is available to shareholders where they have concerns, which contact through the normal channels of the Executive Chairman and the CEO had failed to resolve or for which such contact is inappropriate.

Hence, the Board believes that notwithstanding the close family ties between the Executive Chairman and the CEO, the current composition of the Board is able to make objective and prudent judgement on the Group's corporate affairs. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence.

Led by the Lead Independent Non-Executive Director, the Independent Non-Executive Directors will meet in the absence of the other directors as and when circumstances warrant. The Independent Non-Executive Directors have met once in the absence of other Directors in FY2016.

## **Principle 4: Board Membership**

**There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.**

### **Nominating Committee ("NC")**

The NC consists of two Independent Non-Executive Directors and one Non-Executive Director. The members of the NC are as follows:

Dr Lam Lee G (Chairman)  
Mr Yeo Chin Tuan Daniel  
Ms Mimi Yuliana Maeloa

The functions of the NC are reflected in the existing terms of reference approved by the Board and they include:

- recommending to the Board on all Board appointments;
- developing a process for evaluation of the performance of the Board, each of its Board Committees and individual Director;
- recommending to the Board on the re-appointment or re-nomination of incumbent Directors, having regard to the respective Director's contributions and performance;
- determining annually whether or not a Director is independent;
- in situations where a Director has multiple board representations, to review whether the Director is able to carry out his/her duties as Director adequately; and
- reviewing and making recommendations to the Board on the training and professional development programmes for the Board.

During the financial year under the review, the NC together with the Management had arranged for the Board members to attend various training programmes and seminars to ensure that the Board members were constantly updated and equipped with the necessary and relevant skills, knowledge and competencies to cope with the increasingly complex operation of the Group in order to discharge their duties effectively.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;
- Geographical location of Directors;
- Size and composition of the Board;
- Nature and scope of the Group's operations and size; and
- Capacity, complexity and expectations of the other listed directorships and principle commitments held.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2016.

The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills and experience to complement and strengthen the Board. In its search and selection process for new Directors, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates. The NC would meet and appraise the nominees to ensure that the candidates possess relevant experience and calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group. New Directors are appointed by the Board by way of a Board resolution, upon the NC's recommendation. In accordance with the Company's Articles, these new Directors who are appointed by the Board are subject to re-election by shareholders at the next annual general meeting ("AGM") after their appointment.

The Company's Articles also provides that at least one-third of the remaining Directors be subject to re-election by rotation at each AGM. For the avoidance of doubt, each Director shall retire at least once every three (3) years. This will enable all shareholders to exercise their rights in selecting all Board members. In relation to the re-election of incumbent Directors, the NC would assess the performance of the Director in accordance with the performance criteria set by the Board and also consider the current needs of the Board. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-election of the incumbent Director to the Board for consideration and approval.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The NC has recommended the following Directors to retire pursuant to Article 106 of the Company's Articles, being eligible and having consented, be re-elected at the forthcoming AGM:

Name of Director	Appointment	Date appointed
Dr Lam Lee G	Independent Non-Executive Director	26 April 2010
Ms Jennifer Chang Shyre Gwo	Chief Operating Officer and Executive Director	8 November 2010

Dr Lam Lee G, if re-elected as a Director, will remain as Chairman of the NC and a member of the AC and RC. The Board considers Dr Lam Lee G to be independent for the purpose of Rule 704(8) of the Listing Manual.

Information on other principal commitments of the Directors is set out in the "Board of Directors" section of this Annual Report. The date of initial appointment and last re-election of each director to the Board together with his/her directorships in other listed companies, both current and those held over in the preceding three years, are set out below: The Company currently does not have any alternate directors.

Name of Director	Date of first appointment to the Board	Date of last re-election as Director	Current directorships in listed companies	Past directorships in listed companies (preceding three years)
Madam Oei Siu Hoa @ Sukmawati Widjaja	12 March 2010	27 April 2015	N.A.	N.A.
Mr Hano Maeloa	27 July 2007	27 April 2015	Albedo Limited Asia-Pacific Strategic Investments Limited	N.A.
Ms Jennifer Chang Shyre Gwo	8 November 2010	28 April 2014	N.A.	N.A.
Mr Yeo Chin Tuan, Daniel	26 April 2010	28 April 2016	Albedo Limited	N.A.
Dr Lam Lee G	26 April 2010	28 April 2014	Asia-Pacific Strategic Investments Limited China LNG Group Limited Coalbank Limited CSI Properties Limited Glorious Sun Enterprise Limited Mei Ah Entertainment Group Limited Rowsley Ltd. Sino Resources Group Limited Sunwah International Limited Sunwah Kingsway Capital Holdings Limited Vietnam Equity Limited Vietnam Property Holding Vongroup Limited	China Communication Telecom Services Company Limited Far East Holdings International Limited Heng Fai Enterprises Limited Hutchison Harbour Ring Limited Imagi International Holdings Limited Mingyuan Medicare Development Company Limited Next-Generation Satellite Communications Limited Ruifeng Petroleum Chemical Holdings Ltd Wai Chun Mining Industry Group Co. Ltd.
Ms Mimi Yuliana Maeloa	26 April 2010	28 April 2016	N.A.	N.A.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Sufficient Time and Attention by Directors

The Group has guidelines in place to address the competing time commitments faced by Directors serving on multiple boards and the Board has determined a general guideline that the maximum number of listed company board representations which any Director may hold is five (5). Any exceptions to this guideline are specifically approved by the NC, giving regard to whether the particular Director would still be able to devote sufficient time and attention to the affairs of the Group, taking into consideration the Director's number of listed company board representations and his or her other principal commitments.

Notwithstanding that Dr Lam Lee G currently has directorships in more than 5 listed companies (including the Company), the NC is of the view that, Dr Lam Lee G has the capability and ability to undertake other obligations or commitments together with serving on the Board effectively. Such number of board representations enables the Director to widen his experience as a board member and at the same time, addresses competing time commitments faced by the Director who serves on multiple boards. The NC is satisfied that sufficient time and attention has been given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2016.

## Succession Planning for Directors, in particular, the Chairman and for the CEO

Succession planning is an important part of the governance process. The NC will review the board succession plans for Directors, in particular, the Chairman and the CEO and make recommendations to the Board with regards to any adjustments that are deemed necessary.

## Principle 5: Board Performance

**There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.**

### Assessing Board Performance

The 2012 Code states that there should be a formal assessment of the effectiveness of the Board as a whole and its Board Committees and the contributions by each Director to the effectiveness of the Board. The 2012 Code further recommends that the NC proposes effective criteria to evaluate how the Board should be evaluated.

The table below sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board:

Board and Board Committees	Individual Directors
1. Size and composition	1. Commitment of time
2. Access to information	2. Knowledge and abilities
3. Board processes	3. Teamwork
4. Strategic planning	4. Independence (if applicable)
5. Board accountability	5. Overall effectiveness
6. Risk management	6. Attendance at Board and Board Committee meetings
7. Succession planning	

The NC continued with the existing internal guidelines adopted in the previous year which include an annual board assessment checklist that was being completed by all members of the Board individually, and a group checklist prepared jointly by the members of the NC to evaluate the performance of the Board, its Board committees and each individual Director. All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance.

No external facilitator was used in the evaluation process.

The NC is satisfied that the current size and composition of the Board provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The Board has met its performance objectives in FY2016.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## **Principle 6: Access to Information**

**In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

### **Board Access to Information**

The Board has separate and independent access to key management personnel and the Company Secretary at all times. Requests for information from the Board are dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur. The Management provides the Board with quarterly reports of the Company's performance include information on financial, business and corporate issues to enable Directors to be properly briefed on issues to be considered at the Board and Board Committees meetings. The Management also consults with Board members regularly whenever necessary and appropriate. The Board members receive board papers prior to Board meetings in a timely manner. Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.

The Company Secretary attends all Board and Board Committees meetings. The Company Secretary administers, attends and prepares minutes of Board and Board Committees meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and that the Company's Articles and the relevant rules and regulations applicable to the Company are complied with. All Directors have separate and independent access to the Company Secretary. The appointment and removal of the Company Secretary are subject to the approval of the Board.

The Board, in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional advisers to render professional advice.

## **(B) Remuneration Matters**

### **Principle 7: Procedures for Developing Remuneration Policies**

**There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

### **Principle 8: Level and Mix of Remuneration**

**The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.**

### **Principle 9: Disclosure on Remuneration**

**Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.**

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel.

### **Remuneration Committee**

The RC comprises three members, the majority of whom are independent. All members of the RC are non-executive and the members of the RC are as follows:

Mr Yeo Chin Tuan Daniel (Chairman)  
Dr Lam Lee G  
Ms Mimi Yuliana Maeloa

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Remuneration Matters

The duties and responsibilities of the RC are as follows:

- review and recommend an appropriate remuneration framework/package for the Directors and key management personnel, and service contract terms to the Directors and key management personnel to ensure that it can attract, retain and motivate individuals of the right caliber to manage the business of the Group;
- make recommendations to the Board on specific remuneration packages for each Executive Director, the CEO and key management personnel of the Group;
- review all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;
- review periodically the appropriateness and relevance of certain aspects of remuneration policies and practices including incentive payments where applicable, variable bonuses, the options to be issued under the share option scheme, the awards to be granted under the share plan and other benefits-in-kind; and
- oversee the administration of the employees' share option scheme and performance share plan.

No Director or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations. No remuneration consultants were engaged in FY2016. The RC may obtain expert professional advice on remuneration matters, if required, at the expense of the Company.

The RC reviews and recommends to the Board on the specific remuneration package which comprises a fixed component and a variable component for the Executive Directors and key management personnel. The fixed and variable components are in the form of a base salary and variable bonus that are linked to the performance of the Company and individual. There are appropriate and meaningful measures in place for the purpose of assessing the performance of Executive Directors and key management personnel. In determining remuneration packages of Executive Directors and key management personnel, the RC will ensure that Directors and key management personnel are adequately but not excessively rewarded. The RC will consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contributions to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

The RC had reviewed and is satisfied that the performance conditions used (e.g. leadership qualities, people development skills and commitment, etc.) to determine the Executive Directors and key management personnel entitlement under the short-term and long-term incentive schemes have been met in FY2016.

In reviewing and recommending the remuneration of Independent Non-Executive Directors and Non-Executive Director, the RC will consider, in consultation with the Board, the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the particular Director. The RC will ensure that the Independent Non-Executive Directors and Non-Executive Director are not over compensated to the extent that their independence may be compromised.

### Level and Mix of Remuneration

The Company adopted the objectives as recommended by the 2012 Code to determine the framework and levels of remuneration for Directors and key management personnel so as to ensure that it is competitive and sufficient to attract, retain and motivate the individuals who possess the required experience and expertise to run the Group successfully, without being excessive.

In addition to the above, the Company ensures that performance-related remuneration system was implemented to ensure that the interests of the shareholders are aligned with the Executive Directors and key management personnel and in order to promote the long-term success of the Company.

Each Executive Director has a service agreement with the Company. The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. 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 Independent Non-Executive Directors have not entered into service agreements with the Company.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Directors' Remuneration

Name of Director	Salary %	Bonus %	Fees %	Fringe Benefits %	Allowances %	Total %
<b>S\$2,000,000 to S\$2,250,000</b>						
Madam Oei Siu Hoa @ Sukmawati Widjaja	53	43	2	2	-	100
<b>S\$1,750,000 to S\$2,000,000</b>						
Mr Hano Maeloa	48	45	2	5	-	100
<b>S\$750,000 to S\$1,000,000</b>						
Ms Jennifer Chang Shyre Gwo	49	43	5	-	3	100
<b>Below S\$250,000</b>						
Mr Yeo Chin Tuan Daniel	-	-	100	-	-	100
Dr Lam Lee G	-	-	100	-	-	100
Ms Mimi Yuliana Maeloa	-	-	100	-	-	100

The Executive Directors and Non-Executive Directors receive directors' fees, in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board Committees. The directors' fees are recommended by the Board for shareholders' approval at the AGM.

## Remuneration of Top 4 Key Management Personnel (who are not Directors or the CEO)

Name of Director	Salary %	Bonus %	Fees %	Fringe Benefits %	Allowances %	Total %
<b>Below S\$250,000</b>						
Mr Kenneth Lian	84	7	-	-	9	100
Mr Goh Bingzheng	82	7	-	2	9	100
Mr Yei Maung	94	-	-	-	6	100
Mr Bernard Tan <sup>(1)</sup>	95	-	-	-	5	100
Ms Ling Ngiik Kee, Rose	66	30	-	-	4	100

Notes:

<sup>(1)</sup> Resigned on 31 July 2016

As at end of FY2016, there were 4 key management personnel in the Company (who are not Directors or the CEO).

There were no share options/awards granted to the Directors and the top 4 key management personnel in FY2016.

There were no termination, retirement or post-employment benefits granted to Directors, the CEO, the COO and key management personnel other than the standard contractual notice period termination payment in lieu of service.

The Company has decided not to fully disclose the remuneration paid to each Director and the aggregate remuneration paid to the top 4 key management personnel having regard to the highly competitive human resource environment and the confidential nature of staff remuneration matters, so as to ensure the Company's competitive advantage in the retention of its key management team.

Mr Kenneth Lian is the husband of Madam Oei Siu Hoa @ Sukmawati Widjaja, and is the Business Development Director of the Company. The remuneration of Mr Kenneth Lian was between S\$150,000 to S\$200,000 in FY2016. Except for the above, there was no employee of the Group who was an immediate family member of a Director or the CEO whose remuneration exceeded S\$50,000 in FY2016.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Share Option Scheme Committee and Performance Share Plan Committee

The Company has a share option scheme and a performance share plan in place. The Share Option Scheme Committee is responsible for the administration of the "Top Global Share Option Scheme 2011" (the "Scheme"), in accordance with the rules of the Scheme. The Performance Share Plan Committee is responsible for the administration of the "Top Global Performance Share Plan" (the "PSP") in accordance with the rules of the PSP. Both the Scheme Committee and the PSP Committee are made up of the members of the RC, namely Mr Yeo Chin Tuan Daniel, Dr Lam Lee G and Ms Mimi Yuliana Maeloa.

Please refer to the Directors' Statement in this Annual Report for further details of the Scheme and the PSP.

## (C) Accountability and Audit

### Principle 10: Accountability

**The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

### Principle 11

**The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

### Principle 12: Audit Committee

**The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.**

## Accountability

The Board understands its accountability to shareholders on the Group's position, performance and progress. The Board will update shareholders on the operations and financial position of the Group through quarterly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance, position and prospects.

The Management provides the Board on a quarterly basis, financial reports and other information on the Group's performance, financial position and prospects for their effective monitoring and decision-making.

## Risk Management and Processes

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to controls and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board. Currently, the Company does not have a risk management committee.

## Internal Controls

The Board is responsible for the overall internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and assets are safeguarded. Regular evaluations are performed to ensure that internal controls are adequate to meet the Group's requirements.

Relying on the reports from the internal and external auditors, the AC carried out assessment of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board has received assurances from the CEO and COO:

- that the financial records have been properly maintained and the financial statements give true and fair view of the Group's operations and finances.; and
- the Group's risk management and internal control systems are effective.

Based on the various management controls in place, the reports from the internal and external auditors, reviews conducted by the Management, the Board with the concurrence of the AC, is of the opinion that the internal controls addressing financial, operational, compliance and information technology risk and the risk management systems maintained by the Group are adequate and effective in FY2016.

The Board also notes that all internal control systems and risk managements systems contain inherent limitations and no system of internal controls or risk management system could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

As the Group continues to grow the business, the Board will continue to review and take appropriate steps to strengthen the Group's overall system of internal controls and risk management systems.

## **Audit Committee**

The AC of the Company is made up of three Board members, the majority of whom are Independent Non-Executive Directors. All members of the AC are non-executive and members of the AC are as follows:

Yeo Chin Tuan Daniel (Chairman)  
Dr Lam Lee G  
Ms Mimi Yuliana Maeloa

The Board is of the view that all members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge their responsibilities properly.

The AC is regulated by its terms of reference and its key functions include:

- review the audit plans of the Company's external auditors, including the results of the auditors' review and audit report, the Management letter and Management's response and evaluation of the Company's system of internal controls;
- review the quarterly and annual financial statements of the Group focusing in particular, on significant financial reporting issues and judgements, any significant adjustments, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards stock exchange and statutory/regulatory requirements before submission to the Board for approval;
- review any formal announcements relating to the Company's financial performance;
- discuss problems and concerns, if any, arising from the audits, in consultation with the external auditors and internal auditors where necessary and to meet the external auditors and internal auditors without the presence of the Management, at least annually;
- review the assistance and cooperation given by the Management to the external auditors;
- review annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors;
- review the internal audit function and ensure coordination between external auditors and internal auditors and the Management;
- review the adequacy of the Company's internal controls;
- review the scope and results of the internal audit procedures including the effectiveness of the internal audit functions and ensure that the said functions are adequately resourced;
- review and discuss with the external 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 operating results or financial position and the Management's response;
- review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions;

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

- review any potential conflict of interest;
- report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- review interested person transactions, falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- recommend to the Board the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;
- 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; and
- undertake generally such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time.

Apart from the above functions, 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 laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he/ she is interested.

The AC has full access to and cooperation of the Management, external auditors and internal auditors. It also has the discretion to invite any Director and executive officer to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

The external auditors provides regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and their corresponding impact on the financial statements, if any.

The Company's external auditors, Nexia TS Public Accounting Corporation had carried out their duties in the course of their statutory audit, and considered the internal controls that are relevant to the Company's preparation of financial statements. Any internal control weaknesses noted during their audit, including the external auditors' recommendations to address such non-compliance and weakness, would be reported to the AC.

The Management would then follow-up on the external auditors' recommendations as part of Management's role in the review of the Company's internal control systems. The Management together with the Board has reviewed all the audit reports and findings from the external auditors. In addition, the AC has reviewed the Company's system of internal controls, including financial, operational and compliance records, risk management policies and systems established by Management during the year and is satisfied that the overall system of controls is adequate.

The AC has met with the external and internal auditors once without the presence of Management in FY2016.

During the financial year under review, the AC reviewed and approved the internal and external audit plans and financial results.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the non-audit work carried out by the external auditors based on value for-money consideration. During the year under review, the aggregate amount of audit fees paid to the external auditors amounted to S\$96,000. There were no non-audit services rendered by external auditors during FY2016. The AC had reviewed the audited services provided by the external auditors and was satisfied that the nature and extent of such services would not prejudice the independence of the external auditors.

The AC has recommended and the Board has approved the nomination for re-appointment of Nexia TS Public Accounting Corporation as external auditors of the Company at the forthcoming AGM.

Nexia TS Public Accounting Corporation has been appointed to audit the accounts of the Company and its Singapore-incorporated significant subsidiaries. The Company does not have any significant associated company. The Group has appointed different auditors for its overseas subsidiaries. One of the Company's subsidiaries, PT Suryamas Dutamakmur Tbk is listed on the Indonesia Stock Exchange. The Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to the external auditors.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Whistle-Blowing Policy

Whistle-blowing policy and procedures are put in place to provide the Group's employees and external parties who have dealings with the Group with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other impropriety in the workplace, and for the independent investigation of any reported incidents and appropriate follow up action. The Company's employees and external parties who have dealings with the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters by reporting to the Whistleblowing Committee of the Group. The contact information of the Whistleblowing Committee is set out in its corporate website at [www.topglobal.com.sg](http://www.topglobal.com.sg).

## Principle 13: Internal Audit

**The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**

### Internal Audit

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company's assets. The Company has outsourced its internal audit functions of the Group to a professional firm, BDO LLP, to perform the review and test of controls of its processes.

The appointed internal auditor reports directly to the AC and is responsible for (i) assessing the reliability, adequacy and effectiveness of the system of internal controls are in place to protect the fund and assets of the Group to ensure control procedures are complied with, (ii) assessing the operations of the business processes under review are conducted efficiently and effectively and (iii) identifying and recommending improvement to internal control procedures, where required.

The internal auditor plans its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditor, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

The AC is of the opinion that the appointed internal audit firm, BDO LLP, is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and adequately resourced with qualified personnel to discharge its responsibilities effectively, and has appropriate standing within the Company, given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC. The AC has reviewed the internal audit reports and based on the controls in place and is satisfied that the internal audit functions have been adequately carried out.

## (D) Shareholders rights and Responsibilities

### Principle 14

**Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**

### Shareholder Rights

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to all major developments that will or expect to have an impact on the Company and/or the Group.

The Group strongly encourages shareholder participation during the AGM which is held in a central location in Singapore, to stay informed of the Company's goals and strategies and to ensure a high level of accountability by the Management. Shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance and other business related matters.

The Company's Articles allow any shareholder to approve not more than two proxies during his/her absence, to attend and vote on his/her behalf at the general meetings. In addition, pursuant to Section 181(6) of the Companies Act, a shareholder who is a custodial institution or relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote in his/her behalf, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two proxies, the number and class of shares to be presented by each proxy must be stated. This allows shareholders who hold shares through corporations to attend and participate in the AGM as proxies.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## **Principle 15: Communication with Shareholders**

**Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**

### **Communication with Shareholders**

In line with the Company's obligations for continuing disclosure, the Board's policy is for shareholders to be informed of all major developments and transactions that impact the Company and/or the Group.

The Company does not practice selective disclosure. Information is disseminated to shareholders on a transparent and timely basis. All price-sensitive information and financial results announcements are publicly released via SGXNET. Quarterly and full year results as well as the annual reports are announced or issued within the mandatory period.

Shareholders' meetings are the main forum for communication with the Shareholders. Annual reports and circular, including the notices of meetings are dispatched to all shareholders within the stipulated time before the meeting. The notices of meetings are also published in the newspapers and announced via SGXNET. Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at [www.topglobal.com.sg](http://www.topglobal.com.sg).

## **Principle 16: Conduct of Shareholder Meetings**

**Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

Shareholders are encouraged to attend the general meetings of the Company as this is the principal forum for any dialogue they may have with the Directors and Management of the Company. Separate resolutions on each distinct issue are tabled during the general meeting.

The Company's Articles allow for abstentia voting. To facilitate participation by the shareholders, the Company's Articles allow any member of the Company who is unable to attend the general meetings to appoint up to two proxies to attend and vote on his/her behalf, other than a relevant intermediary (as defined in the Section 181(6) of the Companies Act) to attend and vote on their behalf. A relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the general meetings.

At the Company's general meetings, shareholders are given the opportunity to voice their views and ask Directors and/or Management questions regarding the Company and/or the Group. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The external auditors are also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

Minutes of the general meetings which include relevant comments and queries from shareholders relating to the agenda of the general meetings together with responses from the Board and Management are prepared and made available to the shareholders upon request.

All resolutions are put to vote by poll, and their detailed results including the total number and percentage of votes cast for and against each resolution will be announced via SGXNET after the conclusion of the general meeting. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meetings. All minutes of general meetings will made available to shareholders upon their request.

## **Material Contracts**

There were no material contracts entered into by the Group involving the interest of the CEO, any Director or controlling shareholder of the Company, either still subsisting as at FY2016, or if not then subsisting, entered into since the end of the previous financial year.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## **Interested Person Transactions (“IPT”)**

The Company has established internal control policy to ensure that transactions with interested persons are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. All IPTs are recorded in an IPT register and subject to quarterly review by the AC.

The Company does not have a general mandate for IPTs. There were no IPTs with value more than S\$100,000 transacted during FY2016.

## **Dealing in Securities**

Pursuant to Rule 1207(19) of the Listing Manual, the Company has adopted the internal code of best practices on dealings in the Company’s securities by the Company, its Directors and officers of the Group. Under the said code, the Company, its Directors and all officers of the Group are not allowed to deal in the Company’s shares while in possession of price-sensitive information and during the period commencing two weeks before the announcement of the Company and Group’s quarterly results and one month before the announcement of the Company and Group’s yearly results and ending on the date of the announcement of the relevant results. In addition, the Company, its Directors and officers of the Group are advised not to deal in the Company’s securities for short term considerations and are expected to observe the insider trading laws at all times even when dealing in Company’s securities within the permitted trading periods.

## **Code of Business Conduct**

The Company has a Code of Business Conduct which all employees are required to observe and comply with for the purpose of maintaining high standards of integrity, professionalism, and business conduct.

## **Treasury Shares**

There were 464,200 treasury shares held by the Company as at 31 December 2016.

## **Dividend Policy**

The Group currently does not have a fixed dividend policy. The Directors will review, inter alia, the Group’s profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and make appropriate recommendations to the Board on dividend declaration. The Board has not declared dividends for FY2016 as the Directors had deemed it more appropriate to retain the cash in the Group at this juncture for its future growth plans.

## **Use of Proceeds**

The proceeds raised from the exercise of warrants issued in 2010 amounting to S\$13.9 million had been fully utilised in FY2016.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their statement to the members together with the audited financial statements of the Group and statement of changes in equity of the Company for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the directors,

- (a) the statement of financial position and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 38 to 128 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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.

## Directors

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

Madam Oei Siu Hoa @ Sukmawati Widjaja  
 Mr Hano Maeloa  
 Ms Jennifer Chang Shyre Gwo  
 Mr Yeo Chin Tuan Daniel  
 Dr Lam Lee G  
 Ms Mimi Yuliana Maeloa

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except for options to take up unissued shares under the Top Global Share Option Scheme 2011 and Top Global Performance Share Plan as disclosed in the "Share options" in this statement.

## Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director nominee		Holdings in which director is deemed to have an interest	
	At 1.1.2016	At 31.12.2016	At 1.1.2016	At 31.12.2016
<b>Company</b>				
(No. of ordinary shares)				
Madam Oei Siu Hoa @ Sukmawati Widjaja	-	-	248,759,810	248,759,810
Mr Hano Maeloa	600,000	600,000	-	-
Ms Jennifer Chang Shyre Gwo	78,000	78,000	-	-

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Directors' interests in shares or debentures (Continued)

The directors' interests in the ordinary shares of the Company as at 21 January 2017 were the same as those as at 31 December 2016.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Madam Oei Siu Hoa @ Sukmawati Widjaja is deemed to have an interest in the shares of all the Company's subsidiary corporations as at 31 December 2016.

## Share options

### (a) Options to take up unissued shares

During the financial year, there was no share issued by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

### (b) Unissued shares under option

#### Top Global Share Option Scheme 2011 (the "ESOS 2011")

The ESOS 2011 was approved by the shareholders of the Company at an Extraordinary General Meeting held on 28 March 2011 to replace the Top Global Share Option Scheme 2001 which expired on 7 June 2011 and remains in force at the discretion of the Share Scheme Committee, subject to a maximum period of ten years.

Under the rules of the ESOS 2011, all directors and employees of the Company are eligible to participate in the ESOS 2011. Controlling shareholders or their associates are also eligible to participate in the ESOS 2011 subject to the approval of independent shareholders in the form of separate resolutions for each participant. Further, independent shareholders' approval is also required in the form of separate resolutions for each grant of options and the terms thereof, to each participant who is a controlling shareholder or his associate.

The Share Scheme Committee is charged with the administration of the ESOS 2011 in accordance with the rules of the ESOS 2011. The Share Scheme Committee administering the ESOS 2011 comprises the directors, Mr Yeo Chin Tuan Daniel (Chairman), Dr Lam Lee G and Ms Mimi Yuliana Maeloa.

None of the directors in the Share Scheme Committee participated in any deliberation or decision in respect of options granted to himself.

The number of options to be offered to a participant shall be determined at the discretion of the Share Scheme Committee provided that:

- (a) the total number of shares which may be offered to any participant during the entire operation of the ESOS 2011 (including adjustments under the rules) shall not exceed 15% of the shares in respect of which the Company may grant options;
- (b) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the ESOS 2011 (including adjustments under the rules) shall not exceed 25% of the shares in respect of which the Company may grant options; and
- (c) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the ESOS 2011 shall not exceed 10% of the shares in respect of which the Company may grant options.

**Share options (Continued)**

**(b) Unissued shares under option (Continued)**

**Top Global Share Option Scheme 2011 (the "ESOS 2011") (Continued)**

The exercise price for each share in respect of which an option is exercisable shall be determined by the Share Scheme Committee at its absolute discretion and fixed by the Share Scheme Committee at:

- (i) a price (the "Market Price") equal to the average of the last dealt prices for a share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the period of five consecutive market days immediately prior to the relevant offer date and rounded up to the nearest whole cent in the event of fractional prices; and
- (ii) a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price.

Options granted to a participant not holding a salaried office or employment in the Group shall be exercised before the fifth anniversary of the relevant offer date, failing which all the unexercised options shall immediately lapse and become null and void.

Details of the unissued shares under options granted pursuant to the ESOS 2011 and options outstanding as at 31 December 2016 are as follows:

Type of share options	Date of grant	Number of options to subscribe for ordinary shares of the Company		Exercise price per share	Exercise period
		Balance as at 1.1.2016	Balance as at 31.12.2016		
Executive - Directors and employees	5 April 2011	3,365,400 <sup>(1)</sup>	3,365,400 <sup>(1)</sup>	\$1.20 <sup>(1)</sup>	5.4.2013 to 4.4.2021
	20 April 2011	800,000 <sup>(1)</sup>	800,000 <sup>(1)</sup>	\$1.20 <sup>(1)</sup>	20.4.2013 to 19.4.2021
		4,165,400 <sup>(1)</sup>	4,165,400 <sup>(1)</sup>		

The information on directors of the Company participating in the ESOS 2011 is as follows:

Name of director	Number of unissued ordinary shares of the Company under option			Aggregate outstanding as at 31.12.2016
	Aggregate granted since commencement of the ESOS 2011 to 31.12.2016	Aggregate cancellation of options since commencement of the ESOS 2011 to 31.12.2016	Effect of share consolidation	
Madam Oei Siu Hoa @ Sukmawati Widjaja	400,000,000	(231,730,000)	(166,587,300)	1,682,700 <sup>(1)</sup>
Mr Hano Maeloa	400,000,000	(231,730,000)	(166,587,300)	1,682,700 <sup>(1)</sup>
Ms Jennifer Chang Shyre Gwo	80,000,000	-	(79,200,000)	800,000 <sup>(1)</sup>

<sup>(1)</sup> Number of shares option and exercise price have been adjusted pursuant to the share consolidation exercise which took place on 1 October 2015.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Share options (Continued)

### (b) Unissued shares under option (Continued)

#### Top Global Share Option Scheme 2011 (the "ESOS 2011") (Continued)

Since the commencement of the ESOS 2011 till the end of the financial year:

- With the exception of Madam Oei Siu Hoa @ Sukmawati Widjaja and Mr Hano Maeloa who each received approximately 6.2% of the total share options available under the ESOS 2011, none of the eligible employees and directors received 5% or more of the total share options available under the ESOS 2011.
- No options have been granted at a discount.

There were no options granted during the financial year to subscribe for unissued shares of the Company or any corporation in the Group. There were no options granted to the director or employee of the parent company and its subsidiary corporations as the Company does not have a parent company.

### (c) Top Global Performance Share Plan (the "PSP")

The PSP was approved by the shareholders of the Company at an Extraordinary General Meeting held on 8 December 2009 and remains in force at the discretion of the Performance Share Plan Committee ("PSP Committee"), subject to a maximum period of ten years. The PSP shall complement the ESOS 2011 and serve as an additional and flexible incentive tool.

Under the rules of the PSP, all directors and employees of the Group as well as the controlling shareholders are eligible to participate in the PSP.

The total number of shares over which shares to be issued under the PSP, together with the number of shares issued under the ESOS 2011 shall not exceed 15% of the issued share capital of the Company at any time.

The PSP Committee is charged with the administration of the PSP in accordance with the rules of the PSP. The PSP Committee administering the PSP comprises the directors, Mr Yeo Chin Tuan Daniel (Chairman), Dr Lam Lee G and Ms Mimi Yuliana Maeloa.

None of the directors in the PSP Committee participated in any deliberation or decision in respect of shares granted to himself.

The number of shares to be offered to a participant shall be determined at the discretion of the PSP Committee provided that:

- (i) the aggregate number of shares available under the PSP shall not exceed 15% of the total number of issued shares excluding treasury shares from time to time;
- (ii) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates shall not exceed 20% of the new shares available under the PSP;
- (iii) the number of shares which may be offered to each participant who is a controlling shareholder or their associates shall not exceed 10% of the new shares available under the PSP; and
- (iv) the aggregate number of shares available for directors and employees of the Group shall not exceed 20% of the new shares available under the PSP.

No shares had been granted to any participant since the commencement of the PSP.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Yeo Chin Tuan Daniel	(Chairman and independent director)
Dr Lam Lee G	(Independent director)
Ms Mimi Yuliana Maeloa	

All members of the Audit Committee were non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Audit Committee reviewed:

- (i) the scope and the results of internal audit procedures with the internal auditor;
- (ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) the statement of financial position and the statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position and the statement of changes in equity of the Company and the consolidated financial statements of the Group;
- (iv) the co-operation and assistance given by the Company's management to the independent auditor;
- (v) the reappointment of the independent auditor of the Company; and
- (vi) interested person transactions.

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

The Audit Committee has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

## Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....  
**Oei Siu Hoa @ Sukmawati Widjaja**  
Director

.....  
**Hano Maeloa**  
Director

27 March 2017

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOP GLOBAL LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Top Global Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, 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, as set out on pages 38 to 128.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 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 ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

#### Revenue Recognition

Refer to Note 23 to the financial statements.

#### Area of Focus

The Group's revenue recognition of the development properties located in Singapore and Indonesia is based on the percentage of completion ("POC") and completion of construction ("COC") method respectively.

Revenue using the POC method represents 55% of the Group's total revenue. This revenue stream is an area of significant judgements and estimates as the stage of completion is measured by reference to the contract costs incurred to date, determined by qualified architects, compared to the estimated costs to complete the development properties.

The key management judgements include estimating the expected costs to complete each site and the recoverable variation works that will affect the stage of completion and the contract revenue respectively. Changes in these judgements and estimates can lead to a material change in the value of revenue recognition.

31% of the Group's revenue is recognised using the COC method. Revenue will be recognised when the risks and rewards of ownership have been transferred to the buyer either through the transfer of legal title or equitable interest in the properties, which is normally on unconditional exchange. We focused on this area is because of the magnitude of revenue contribution to the Group and as well as the inherent risks of misstatement arising from inappropriate recognition.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOP GLOBAL LIMITED

(CONTINUED)

## **Key Audit Matters (Continued)**

### *Revenue Recognition (Continued)*

#### How Our Audit Addressed the Area of Focus

We performed procedures to understand, evaluate and validate relevant key controls put in place by the management over the revenue and costs recognition on development properties.

For revenue recognised using the POC method, we assessed the management's judgements in relation to the estimation of costs to complete each of the site and the recoverability of variation works with reference to the budgeted costs. We also assessed the reasonableness of the assumptions and estimations used by management which included key elements such as contractor costs, variation works, finance costs and other properties expenses and recalculate the revenue that should be recognised during the year based on the percentage of completion.

For revenue recognised using the COC method, we performed procedures to ensure revenue is appropriately recognised during and especially as at the end of the financial year by verifying to the legally binding handover documents signed by all relevant parties which demonstrated that the risks and rewards of the properties have been properly transferred at the respective point of sale.

#### *Valuation of Development Properties*

Refer to Note 7 to the financial statements.

#### Area of Focus

Development properties comprised of properties held for sale, properties under development and land for development. These development properties are stated at the lower of cost and net realisable value ("NRV"), NRV being the estimated net selling price less estimated costs to complete based on management's forecasts.

The carrying amount of development properties stated at the lower of cost and NRV is dependent on the following key judgements and estimates that are made by management:

- an estimation of costs to complete;
- an estimation of expected sales prices, which are based on recent sales prices achieved; and
- the outcome of applications for planning permission/consent and other regulatory approvals.

Changes to these assumptions and estimates coupled with the macroeconomic and the regulatory policies of the real estate industry could result in a material misstatement that warrants audit focus in this area.

#### How Our Audit Addressed the Area of Focus

We performed procedures to understand, evaluate and validate relevant key controls put in place by the management in the determination of estimated costs to complete. We have also reviewed the management's assumptions used in the estimation of costs to complete and compared with actual costs incurred to ensure there are no material misstatement in the cost recognition.

Where an independent external valuer was engaged, our procedures include assessment of the valuation approach used and their competency, capability and objectivity. We also read the terms of engagement of the valuer with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We have assessed the management's and the valuer's valuation approach by comparing their estimated selling prices to either recently transacted prices or prices of comparable properties located in the same vicinity as the respective development projects, whichever is available. We focused our work on development projects with slower-than-expected sales or with low or negative margin.

We performed sensitivity analysis on the key judgements relating to the future expected sales price and costs to complete.

For land under development, we have considered the management's plans and respective sites profitability based on the above work done and we did not identify any sites that requires any write-down.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOP GLOBAL LIMITED  
(CONTINUED)

## **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 FRSs, 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.

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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOP GLOBAL LIMITED  
(CONTINUED)

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- 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 year 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.

## **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 director on the audit resulting in this independent auditor's report is Loh Hui Nee.

**Nexia TS Public Accounting Corporation**  
**Public Accountants and Chartered Accountants**

**Singapore**  
**27 March 2017**

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	48,403	68,714	3,131	25,023
Available-for-sale financial assets	5	24	23	-	-
Trade and other receivables	6	21,062	71,805	132,704	116,570
Inventories		314	325	-	-
Development properties	7	220,506	282,778	-	-
		<u>290,309</u>	<u>423,645</u>	<u>135,835</u>	<u>141,593</u>
<b>Non-current assets</b>					
Available-for-sale financial assets	5	16,411	10,657	-	-
Trade and other receivables	6	6,087	3,583	-	-
Development properties	7	190,473	169,406	-	-
Investment in an associated company	8	1,981	-	-	-
Investment in a joint venture	9	*	*	-	-
Investments in subsidiary corporations	10	-	-	142,931	142,260
Investment properties	11	10,377	9,556	-	-
Property, plant and equipment	13	39,181	40,301	49	27
Deferred income tax assets	14	4,298	-	-	-
		<u>268,808</u>	<u>233,503</u>	<u>142,980</u>	<u>142,287</u>
<b>Total assets</b>		<u>559,117</u>	<u>657,148</u>	<u>278,815</u>	<u>283,880</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	15	52,052	78,306	9,714	9,794
Current income tax liabilities		3,094	782	-	-
Derivative financial instrument	16	-	49	-	-
Borrowings	17	17,203	145,598	4	-
Provisions	19	1,100	511	327	435
		<u>73,449</u>	<u>225,246</u>	<u>10,045</u>	<u>10,229</u>
<b>Non-current liabilities</b>					
Trade and other payables	15	1,369	1,339	-	-
Borrowings	17	58,294	6,333	12	-
Deferred income tax liabilities	14	6,748	8,015	-	-
Post-employment benefits	20	3,602	3,114	-	-
Provisions	19	548	1,000	30	30
		<u>70,561</u>	<u>19,801</u>	<u>42</u>	<u>30</u>
<b>Total liabilities</b>		<u>144,010</u>	<u>245,047</u>	<u>10,087</u>	<u>10,259</u>
<b>NET ASSETS</b>		<u>415,107</u>	<u>412,101</u>	<u>268,728</u>	<u>273,621</u>

\* Less than \$1,000

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	21	265,667	265,667	265,667	265,667
Treasury shares	21	(91)	-	(91)	-
Other reserves	22	15,548	1,803	4,914	4,914
(Accumulated losses)/retained profits		(2,067)	11,694	(1,762)	3,040
		279,057	279,164	268,728	273,621
<b>Non-controlling interests</b>	10	136,050	132,937	-	-
<b>Total equity</b>		<b>415,107</b>	<b>412,101</b>	<b>268,728</b>	<b>273,621</b>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Revenue	23	121,792	195,698
Cost of sales		(103,651)	(157,705)
Gross profit		<u>18,141</u>	<u>37,993</u>
Other income	26	2,238	3,826
Other losses – net	27	(180)	(1,220)
Expenses			
- Distribution and marketing		(7,409)	(5,469)
- Administrative		(23,442)	(22,684)
- Finance	28	(4,197)	(4,198)
Share of loss of associated company	8	(484)	-
(Loss)/profit before income tax		<u>(15,333)</u>	<u>8,248</u>
Income tax credit/(expense)	29	1,205	(1,393)
<b>Net (loss)/profit</b>		<b><u>(14,128)</u></b>	<b><u>6,855</u></b>
<b>Other comprehensive income/(loss):</b>			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains/(losses)	22(b)(v)	5,620	(568)
Currency translation differences arising from consolidation			
- Gains/(losses)	22(b)(iv)	11,271	(9,286)
		<u>16,891</u>	<u>(9,854)</u>
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post-employment benefits	20	48	(632)
<b>Other comprehensive income/(loss), net of tax</b>		<b><u>16,939</u></b>	<b><u>(10,486)</u></b>
<b>Total comprehensive income/(loss)</b>		<b><u>2,811</u></b>	<b><u>(3,631)</u></b>
<b>(Loss)/profit attributable to:</b>			
Equity holders of the Company		(13,975)	4,990
Non-controlling interests		(153)	1,865
		<b><u>(14,128)</u></b>	<b><u>6,855</u></b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		(79)	(2,853)
Non-controlling interests		2,890	(778)
		<b><u>2,811</u></b>	<b><u>(3,631)</u></b>
<b>(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (cents per share)</b>			
Basic (loss)/earnings per share	30(a)	<b><u>(4.34)</u></b>	<b><u>1.61</u></b>
Diluted (loss)/earnings per share	30(b)	<b><u>(4.34)</u></b>	<b><u>1.59</u></b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Note	Attributable to equity holders of the Company										Total equity \$'000	
	Share capital \$'000	Treasury shares \$'000	Share option reserve \$'000	Tax amnesty reserve \$'000	General reserve \$'000	Translation reserve \$'000	Fair value reserve \$'000	Retained profits* \$'000	Total \$'000	Non-controlling interests \$'000		
<b>2016</b>												
<b>Beginning of financial year</b>	265,667	-	4,914	-	(51)	(3,011)	(49)	11,694	279,164	132,937	412,101	
Total comprehensive income/(loss) for the financial year	-	-	-	-	-	8,062	5,620	(13,761)	(79)	2,890	2,811	
Purchase of treasury shares	-	(91)	-	-	-	-	-	-	(91)	-	(91)	
Additional Paid-In Capital	-	-	-	63	-	-	-	-	63	223	286	
<b>End of financial year</b>	<b>265,667</b>	<b>(91)</b>	<b>4,914</b>	<b>63</b>	<b>(51)</b>	<b>5,051</b>	<b>5,571</b>	<b>(2,067)</b>	<b>279,057</b>	<b>136,050</b>	<b>415,107</b>	
<b>2015</b>												
<b>Beginning of financial year</b>	256,812	-	4,914	-	(51)	3,632	519	7,336	273,162	115,679	388,841	
Total comprehensive (loss)/income for the financial year	-	-	-	-	-	(6,643)	(568)	4,358	(2,853)	(778)	(3,631)	
Share issue pursuant to:												
- Exercise of warrants	8,855	-	-	-	-	-	-	-	8,855	-	8,855	
- Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(34)	(34)	
Contributions from non-controlling interests pursuant to:												
- Additional share issue	-	-	-	-	-	-	-	-	-	7,769	7,769	
- Conversion of convertible bonds	-	-	-	-	-	-	-	-	-	10,301	10,301	
<b>End of financial year</b>	<b>265,667</b>	<b>-</b>	<b>4,914</b>	<b>-</b>	<b>(51)</b>	<b>(3,011)</b>	<b>(49)</b>	<b>11,694</b>	<b>279,164</b>	<b>132,937</b>	<b>412,101</b>	

\* Retained profits of the Group are distributable except for the remeasurement of post-employment benefits of \$886,000 (2015: \$1,100,000).

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital \$'000	Treasury shares \$'000	Share option reserve \$'000	Distributable (accumulated losses)/ retained profits \$'000	Total \$'000
<b>Company</b>						
<b>2016</b>						
<b>Beginning of financial year</b>		265,667	-	4,914	3,040	273,621
Total comprehensive loss for the financial year		-	-	-	(4,802)	(4,802)
Purchase of treasury shares	21	-	(91)	-	-	(91)
<b>End of financial year</b>		265,667	(91)	4,914	(1,762)	268,728
<b>2015</b>						
<b>Beginning of financial year</b>		256,812	-	4,914	(40,306)	221,420
Total comprehensive income for the financial year		-	-	-	43,346	43,346
Share issue pursuant to:						
- Exercise of warrants	21	8,855	-	-	-	8,855
<b>End of financial year</b>		265,667	-	4,914	3,040	273,621

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Net (loss)/profit		(14,128)	6,855
Adjustments for:			
- Income tax (credit)/expense	29	(1,205)	1,393
- Depreciation of property, plant and equipment	24	3,731	3,577
- Gain on disposal of property, plant and equipment	27	(9)	(4)
- Impairment loss on held-to-maturity financial assets	27	-	599
- Write-down of development properties	24	11,499	-
- Share of loss of associated company	8	484	-
- Fair value loss on investment properties	27	-	565
- Interest income	26	(1,470)	(3,077)
- Finance expenses	28	4,197	4,198
- Unrealised currency translation losses/(gains)		722	(8,992)
		<u>3,821</u>	<u>5,114</u>
Change in working capital:			
- Trade and other receivables		50,942	(58,110)
- Inventories		23	26
- Development properties		40,762	58,250
- Trade and other payables		(28,129)	(5,712)
- Post-employment benefits		398	290
- Provisions		471	156
Cash generated from operations		<u>68,288</u>	<u>14</u>
- Interest received		1,227	1,661
- Interest paid		(1,398)	(3,200)
- Income tax paid		(2,040)	(2,277)
<b>Net cash provided by/(used in) operating activities</b>		<u>66,077</u>	<u>(3,802)</u>
<b>Cash flows from investing activities</b>			
Acquisition of non-controlling interests		-	(13)
Additions to property, plant and equipment	13	(725)	(1,336)
Additions to investment properties	11	(25)	(807)
Purchases of available-for-sale financial assets	5	-	(80)
Disposal of property, plant and equipment		48	6
Loan to a non-related party		(1,462)	(3,497)
Acquisition of investment in an associated company	8	(2,465)	-
Loan to an associated company		(800)	-
Interest received		-	4,382
<b>Net cash used in investing activities</b>		<u>(5,429)</u>	<u>(1,345)</u>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	21	-	8,855
Proceeds from issuance of ordinary shares to non-controlling interests		-	7,769
Proceeds from borrowings		28,652	19,759
Purchase of treasury shares	21	(91)	-
Repayment of borrowings		(106,053)	(31,845)
Repayment of lease liabilities		(24)	(48)
Interest paid		(4,161)	(3,926)
<b>Net cash (used in)/provided by financing activities</b>		<u>(81,677)</u>	<u>564</u>
<b>Net decrease in cash and cash equivalents</b>		(21,029)	(4,583)
<b>Cash and cash equivalents</b>			
Beginning of financial year		68,714	74,007
Effects of currency translation on cash and cash equivalents		718	(710)
<b>End of financial year</b>	4	<u>48,403</u>	<u>68,714</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

## 1 General information

Top Global Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 1 Scotts Road, #20-03 Shaw Centre, Singapore 228208.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 10 to the financial statements.

## 2 Significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollar ("SGD" or "\$") and all values in the tables are rounded to the nearest thousand (\$'000) as indicated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. 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 3.

#### *Interpretations and amendments to published standards effective in 2016*

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

### 2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

#### (a) *Revenue from development properties*

The Group recognises revenue from sales of development properties when the risks and rewards of ownership have been transferred to the buyer either through the transfer of legal title or equitable interest in the properties, which is normally on unconditional exchange of contracts.

For conditional exchanges associated with each development property, revenue is generally not recognised unless all the significant conditions are satisfied. Revenue and the amounts received from the buyer will be deferred and presented as advances received within "Trade and other payables" on the statement of financial position until all the significant conditions are met. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of unit sold.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.2 Revenue recognition (Continued)

#### (a) Revenue from development properties (Continued)

In addition to the above, for sales of development properties under the deferred payment scheme in Singapore, whereby the legal terms in the sale contracts result in continuous transfer of work-in-progress to the buyers, revenue is recognised based on the percentage of completion method.

Under the percentage of completion method, profit is brought into profit or loss only in respect of sales procured and to the extent that such profit relates to the progress of construction work. When losses are expected, full provision is made in the financial statements after taking into account estimated costs to completion.

The stage of completion is measured by reference to the contract costs incurred to date, determined by independent qualified architects, compared to the estimated total costs (including costs to complete) of the projects.

Developments are considered complete upon the issuance of the Temporary Occupation Permit ("TOP").

#### (b) Revenue from hospitality management

Revenue from hospitality management is primarily from hotel operations and golf and country club management.

##### (i) Hotel operations – hotel rooms, food and beverages, events and other hotel services

Revenue from hotel rooms is recognised based on room occupancy.

Revenue from food and beverages sales is recognised when these are served and invoiced.

Revenue from events, including banquets and other related hotel services like laundry, valet, transport and any other ancillary services is recognised when the events have taken place and/or services are rendered.

##### (ii) Golf and country club management – use of facilities, food and beverages and golf membership fees

Revenue from the use of golf course and country club facilities is recognised when the facilities are used and/or when the events have taken place.

Revenue from food and beverages sales is recognised when these are served and invoiced.

Revenue from golf membership fees consist of the followings:

Type of membership	Refundable	Non refundable	Period
Founder	90%	10%	1993 – 1995
Gold chartered	50%	50%	1995 – 1996
Chartered	-	100%	1996 onwards

Refundable deposits will be returned to the members after 30 years at amount equivalent when the fees were received. Non-refundable deposits are recognised as revenue when 10% of the golf membership fees have been collected.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.2 Revenue recognition (Continued)

(c) *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.

(d) *Revenue from rendering of services*

Rendering of services including parking fee income and school fees arising from educational operation is recognised when the services are rendered.

(e) *Interest income*

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

(f) *Management fee income*

Management fee income is recognised when services are rendered.

### 2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

### 2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.4 Group accounting (Continued)

#### (a) *Subsidiary corporations (Continued)*

##### (ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

##### (iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, associated company and joint venture" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

#### (b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.4 Group accounting (Continued)

#### (c) *Associated company and joint venture*

Associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint venture is an entity over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entity.

Investments in an associated company and a joint venture are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

#### (i) *Acquisitions*

Investments in an associated company and a joint venture are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company and joint venture represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

#### (ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share at its associated company's or joint venture's post acquisition profits or losses of the investee in profit or loss and its share at movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated company or joint venture are recognised as a reduction at the carrying amount of the investments.

When the Group's share of losses in an associated company or a joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated company or joint venture are eliminated to the extent of the Group's interest in the associated company or joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the associated company or joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

#### (iii) *Disposals*

Investments in an associated company or a joint venture are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, associated company and joint venture" for the accounting policy on investments in an associated company and a joint venture in the separate financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.5 Property, plant and equipment

#### (a) Measurement

##### (i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using for purpose other than to produce inventories.

#### (b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Plant and equipment	3 years
Motor vehicles	3-5 years
Furniture and fittings	3-8 years
Land use rights	37-50 years
Leasehold improvement	3 years
Golf course	20 years
Golf and country club equipment	3-8 years
Buildings and club house	15-20 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

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

#### (c) Subsequent expenditure

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

#### (d) Disposal

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

### 2.7 Investment properties

Investment properties include those portions of commercial buildings and units and residential units that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by management based on valuation by independent professional valuer on the highest and best use basis and market transacted data available publicly. Changes in fair values are recognised in profit or loss. However, where the fair value of the investment properties under construction are not reliably measurable, the investment properties are measured at cost until the earlier of the date where construction is completed or the date which the fair value becomes reliably measurable.

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

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

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

- (i) commencement of development with a view for own use, for a transfer from investment properties to property, plant and equipment; and
- (ii) commencement of an operating lease to another party, for a transfer from development properties to investment properties.

### 2.8 Investments in subsidiary corporations, associated company and joint venture

Investments in subsidiary corporations, associated company and joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.9 Impairment of non-financial assets

*Property, plant and equipment*

*Investments in subsidiary corporations, associated company and joint venture*

Property, plant and equipment and investments in subsidiary corporations, associated company and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

### 2.10 Financial assets

#### (a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

The Group does not hold any of the financial assets except for loans and receivables, held-to-maturity and available-for-sale financial assets.

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 6) and "Cash and cash equivalents" (Note 4) on the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.10 Financial assets (Continued)

#### (a) Classification (Continued)

##### (ii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the reporting date which are presented as current assets.

##### (iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.

#### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

#### (c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

#### (d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.10 Financial assets (Continued)

#### (e) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

#### (i) Loans and receivables/held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

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

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

#### (ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.10(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that has been recognised in other comprehensive income is reclassified to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit and loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

### 2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings to its certain subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### 2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

### 2.15 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group has entered into currency options for currency risk arising from purchases denominated in foreign currencies. These contracts do not qualify for hedge accounting and consequently, the changes in fair values of these contracts are recognised in profit or loss and the fair value is presented as a current asset or liability.

### 2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis and enterprise multiple, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.17 Leases

(a) When the Group is the lessee:

The Group leases motor vehicles and office equipment under finance leases and land, premises and office equipment under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statements of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor:

The Group sublets its leasehold land and premises and investment properties under operating leases to non-related parties.

Lessor - Operating leases

Leases of leasehold land and premises and 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 lessees) 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 at the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

### 2.18 Development properties

(a) Properties under development

Development properties are those land and properties which are held with the intention for development and sale in the ordinary course of business. They are stated at the lower of cost plus a portion of attributable profit (where appropriate) less progress billings and the estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the land and properties.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.18 Development properties (Continued)

#### (a) Properties under development (Continued)

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding the development properties are also capitalised, on a specific identification basis as part of the cost of the development properties until the completion of development. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that the cost of development properties will exceed sale proceed of the development properties, the expected loss is recognised as an expense immediately. The development properties in progress have operating cycles longer than one year. Revenue recognition on properties under development is described in Note 2.2(a) to the financial statements.

#### (b) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction costs, related overhead expenditure, and financing charges and other net costs incurred during the period of development. Allowance for impairment is made when it is anticipated that the net realisable value has fallen below cost. Revenue recognition on completed properties held for sale is described in Note 2.2(a) to the financial statements.

### 2.19 Inventories

Inventories comprises of operating supplies and food and beverage inventory items which are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.20 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.20 Income taxes (Continued)

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

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

### 2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

At the reporting date:-

- (a) The Group recognises the estimated liability to repair or replace products still under warranty and hotel equipment and supplies based on the followings:
  - (i) Waterproofing and construction business in Singapore under warranty are calculated based on historical experience of the level of repairs and replacements.
  - (ii) Hotel equipment and supplies are calculated based on a percentage of service revenue.
  - (iii) Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised in the profit or loss as finance expense.

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

- (b) The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.22 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) Post-employment benefits

The Group operates both defined benefit and defined contribution post-employment benefit plans.

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

#### (b) Employee leave entitlement

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

#### (c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "Treasury shares" account, when treasury shares are re-issued to the employees.

If an equity-settled, share-based compensation is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the compensation is recognised immediately.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.22 Employee compensation (Continued)

#### (d) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

### 2.23 Currency translation

#### (a) Functional and presentation currency

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

#### (b) 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 exchange 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. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "Finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other losses - net".

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.23 Currency translation (Continued)

#### (c) Translation of Group entities' financial statements

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 reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

### 2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

### 2.25 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### 2.26 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 and any directly attributable transaction 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 profits of the Company if the shares are purchased out of earnings of the Company.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 Significant accounting policies (Continued)

### 2.27 Accounting for tax amnesty assets and liabilities

The Group applies Pernyataan Standar Akuntansi Keuangan ("PSAK") 70 (2016), "Accounting for Tax Amnesty Assets and Liabilities" which provides an optional approach on the accounting treatment for tax amnesty assets and liabilities in accordance with Law No. 11 Year 2016 about Tax Amnesty ("Tax Amnesty Law") which became effective on 1 July 2016.

The tax amnesty assets are initially measured at the amount reported in the SKPP\* (as deemed cost). Any tax amnesty liabilities are initially measured at the amount of cash and cash equivalents that will settle the contractual obligation related to the acquisition of tax amnesty assets. Any difference between amounts initially recognised for the tax amnesty assets and the related tax amnesty liabilities shall be recorded in equity as "Additional Paid-In-Capital" ("APIC"). The APIC is not reversed to profit or loss or reclassified to retained profits subsequently.

The tax amnesty assets and liabilities are subsequently measured in accordance with the existing requirements under the respective FRS and INT FRS, consistent with the basis of the amount recognised at initial recognition. The tax amnesty assets and liabilities are not offset and are presented separately from other assets and liabilities. The application of the optional approach is prospective and restatement of the prior year financial statements is not required.

\* SKPP: Surat Keterangan Pengampunan Pajak

## 3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 3.1 Critical accounting estimates and assumptions

#### (a) Post-employment benefits

The present value of the post-employment benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post-employment benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefits obligations.

The Group determines the appropriate discount rate at each reporting date. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-employment benefits. In determining the appropriate discount rate, the Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have a tenure approximating the tenure of the related post-employment benefits liability.

Other key assumptions for post-employment benefits are based in part on current market conditions.

If the discount rate used has been higher/lower by 1% from management's estimates, the carrying amount of pension obligations will be an estimated of \$157,000 (2015: \$83,000) lower or \$176,000 (2015: \$98,000) higher.

The carrying amount of post-employment benefits is disclosed in Note 20 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 3 Critical accounting estimates, assumptions and judgements (Continued)

### 3.1 Critical accounting estimates and assumptions (Continued)

#### (b) Impairment of loans and receivables

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

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Management has assessed and an allowance for impairment of trade receivables of the Group amounting to \$56,000 (2015: \$445,000) have been made to profit or loss during the financial year.

If the net present values of estimated cash flows had been lower by 10% from management's estimates for trade and other receivables, the allowance for impairment of the Group and the Company would have been higher by \$2,429,000 and \$13,246,000 (2015: \$6,671,000 and \$11,625,000) respectively.

The carrying amount of the trade and other receivables is disclosed in Note 6 to the financial statements.

#### (c) Revenue from development properties

The Group recognises revenue for certain sales of development properties by reference to the stage of completion of the properties. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs (including costs to completion) for the projects.

Significant assumptions are used to estimate the contract costs to completion and the recoverable variation works that will affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the contract costs to completion of uncompleted properties increase/decrease by 10% from management's estimates, the Group's revenue and profit would have been lower/higher by \$1,407,000 and \$1,424,000 (2015: \$2,606,000 and \$2,694,000) and \$835,000 and \$904,000 (2015: \$1,159,000 and \$1,197,000) respectively.

If the percentage of completion of uncompleted development properties had been higher/lower by 1% from architects' estimates, the Group's revenue and profit would have been higher/lower by \$2,558,000 (2015: \$2,060,000) and \$234,000 (2015: \$184,000) respectively.

The carrying amount of development properties is disclosed in Note 7 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 3 Critical accounting estimates, assumptions and judgements (Continued)

### 3.1 Critical accounting estimates and assumptions (Continued)

(d) Impairment of available-for-sale and held-to-maturity financial assets

Management reviews its available-for-sale and held-to-maturity financial assets for objective evidence of impairment at least quarterly. This requires an assessment of whether there are significant adverse changes in the business environment where the investee operates or probability of insolvency or significant difficulties of the investee.

In determining whether any impairment had arisen, management has considered, amongst other factors, the market conditions and regulations, business outlook of the investee and net tangible assets position. Management had also assessed the profitability and recoverability of the investee based on discounted cash flow analysis and other methods of valuation techniques in valuing these financial assets and made estimates about expected future cash flows and profitability position.

Management has assessed and no impairment is required for the financial year ended 31 December 2016. For the financial year ended 31 December 2015, impairment loss amounting to \$599,000 had been made to profit or loss for held-to-maturity financial assets.

The carrying amount of available-for-sale and held-to-maturity financial assets are disclosed in Notes 5 and 12 to the financial statements.

(e) Estimation of net realisable value for development properties

Development properties are stated at the lower of cost and net realisable value.

The Group assesses at each reporting date the net realisable value of development properties by reference to sales prices of comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions may, however, change which may affect the future selling prices on the remaining unsold units of the development properties and accordingly, the carrying amount of development properties for sale may have to be written down in future periods.

Based on the assessment, management had recognised write-down of development properties of \$11,499,000 (2015: \$Nil) during the financial year.

If the net realisable value of the development properties has been lower/higher by 10% from management's estimate, the Group's cost of sales and loss would have been higher/lower by \$8,658,000 and \$5,897,000 respectively.

The carrying amount of the development properties are disclosed in Note 7 to the financial statements.

(f) Fair value of unlisted available-for-sale financial assets

The unlisted available-for-sale financial assets of the Group comprise equity securities that are not traded in an active market. The fair value of the unlisted available-for-sale financial assets is determined by using valuation techniques in accordance with Note 2.16. In determining these fair values, the management evaluates and assesses amongst other factors, such as industry and sector outlook, other market comparable and other prevailing market factors and conditions whether there are significant adverse changes in the business environment where the investee operates, probability of insolvency or significant difficulties of the investee. Based on the assessment, management is of the opinion that the carrying amount of available-for-sale financial assets at the reporting date is approximate their fair value.

If the enterprise multiple used in the valuation technique had been 5% (2015: 5%) higher/lower, the fair value gain would have been higher/lower by \$628,000 (2015: \$558,000) for the financial year ended 31 December 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 3 Critical accounting estimates, assumptions and judgements (Continued)

### 3.1 Critical accounting estimates and assumptions (Continued)

(f) Fair value of unlisted available-for-sale financial assets (Continued)

The carrying amount of available-for-sale financial assets are disclosed in Note 5 to the financial statements.

(g) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years.

Changes in the expected level of usage and development could impact the economic useful lives of these assets; therefore, future depreciation charges could be revised. If the actual useful lives of these items of property, plant and equipment were to differ by 10% from management's estimates, the carrying amounts of the property, plant and equipment would be an estimated \$367,000 (2015: \$358,000) higher or lower.

The carrying amount of the Group's property, plant and equipment are disclosed in Note 13 to the financial statements.

### 3.2 Critical judgements in applying the entity's accounting policies

#### Deferred income tax assets

The Group recognises income tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred income tax recognised and the extent to which amounts should or can be recognised.

A deferred income tax asset is recognised for tax losses and capital allowances carried forward if it is probable that the entities within the Group will generate sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations.

Due to their inherent nature, assessments of likelihood are judgmental and not subjected to precise determination. The Group has unrecognised tax losses and merger and acquisition allowance of approximately \$17,072,000 and \$3,000,000 (2015: \$17,072,000 and \$2,000,000) respectively which can be carried forward at the reporting date (Note 14).

If the tax authority regards the entities within the Group is not satisfying and/or meeting certain statutory requirements in their respective countries of incorporation, the unrecognised tax losses and merger and acquisition allowances will be forfeited.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 4 Cash and cash equivalents

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at bank and on hand	5,673	5,212	519	754
Cash at bank – project account <sup>(1)</sup>	33,969	14,478	-	-
Short-term bank deposits	8,761	49,024	2,612	24,269
	<u>48,403</u>	<u>68,714</u>	<u>3,131</u>	<u>25,023</u>

Short-term bank deposits are made for varying periods of between one month and twelve months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

<sup>(1)</sup> The cash is held under the Singapore's Housing Developer Act (Project Account) Rules (1997 Ed.), withdrawals from which are restricted to payments for expenditure incurred on project under development and conditions as stipulated under the said Rules.

## 5 Available-for-sale financial assets

	Group	
	2016 \$'000	2015 \$'000
Beginning of financial year	10,680	5,414
Currency translation differences	135	(194)
Reclassification from held-to-maturity financial assets (Note 12)	-	5,948
Additions	-	80
Fair value gains/(losses) recognised in other comprehensive income (Note 22(b)(v))	5,620	(568)
End of financial year	<u>16,435</u>	<u>10,680</u>
<b>Less: Current portion</b>	<u>(24)</u>	<u>(23)</u>
<b>Non-current portion</b>	<u>16,411</u>	<u>10,657</u>

Available-for-sale financial assets are analysed as follows:

Listed equity securities		
- United States	6,280	4,822
- Indonesia	24	23
Unlisted equity securities		
- United States	10,051	5,755
- Singapore	80	80
	<u>16,435</u>	<u>10,680</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 6 Trade and other receivables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables				
- Non-related parties	20,358	65,206	2,048	2,045
Less: Allowance for impairment of trade receivables – non-related parties (Note 33(b)(ii))	(2,655)	(2,620)	(2,045)	(2,045)
Trade receivables – net	17,703	62,586	3	-
Other receivables				
- Subsidiary corporations	-	-	133,193	116,982
- Associated company	821	-	-	-
- Non-related parties	5,764	4,125	-	-
Less: Allowance for impairment of other receivables – subsidiary corporations (Note 33(b)(ii))	-	-	(732)	(732)
Other receivables – net	6,585	4,125	132,461	116,250
Deposits	450	412	59	59
Prepayments	555	669	181	184
Prepaid tax	1,525	1,549	-	-
Advance payments	331	5,958	-	-
Accrued interest receivables	-	89	-	77
Total trade and other receivables	27,149	75,388	132,704	116,570
<b>Less: Current portion</b>	<b>(21,062)</b>	<b>(71,805)</b>	<b>(132,704)</b>	<b>(116,570)</b>
<b>Non-current portion</b>	<b>6,087</b>	<b>3,583</b>	<b>-</b>	<b>-</b>

### Current

The non-trade amounts due from subsidiary corporations are unsecured, interest-free and are repayable on demand.

The non-trade amounts due from non-related parties are secured, interest-free and with a fixed term of repayment.

Prepaid tax is the income tax paid in advance to the Indonesia tax authorities for sales of uncompleted development properties which is in accordance with the Indonesian regulations governing the transfer of rights and/or buildings.

Advance payments generally consist of advances paid for the operating expenses in Indonesia subsidiary corporations. In financial year 2015, advance payments includes down payment relating to land acquisition in Bekasi, West Java of Indonesia amounted to \$5,359,000.

### Non-current

Included in other receivables are loans to an investee and associated company amounting to \$5,266,000 (2015: \$3,583,000) and \$821,000 (2015: \$Nil) respectively. The loan to an investee is unsecured, interest-bearing at 5% (2015: 7.68%) per annum and will be repayable in full upon the issuance of the TOP of the property development project which is estimated to be in November 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 6 Trade and other receivables (Continued)

### Non-current (Continued)

The loan to an associated company is a convertible loan which is unsecured and interest bearing at 3% (2015: Nil) per annum. The loan is convertible to ordinary shares of the associated company if the associated company achieves a pre-determined performance target which is calculated based on cumulative earnings before interest expense, taxes and depreciation and amortisation expense. In the event that the associated company is unable to achieve the performance target, the loan would be repayable in full by 31 December 2019. Management has assessed and is of the opinion that the performance target is unlikely to be met by the associated company and the sum would be repayable in full by 31 December 2019 and therefore, classified and measured the loan as "Loans and receivables" under the financial assets category.

The fair value of non-current other receivables is computed based on cash flows discounted at market borrowing rate. The fair value is within Level 2 of the fair values hierarchy. The fair value and the market borrowing rate used are as follows:

	Group		Borrowing rates Group	
	2016 \$'000	2015 \$'000	2016 %	2015 %
Loan to an investee company	5,696	3,666	3.9	5.7
Loan to an associated company	615	-	3.9	-

## 7 Development properties

	Group	
	2016 \$'000	2015 \$'000
<b>Current</b>		
<i>Properties under development, for which revenue is recognised using percentage of completion method</i>		
Aggregate cost incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	354,601	345,161
Less: Progress billings	(240,832)	(174,253)
	113,769	170,908
<i>Properties for which revenue is recognised using completion of construction method</i>		
Properties held for sale	90,441	85,995
Properties under development	16,296	25,875
	220,506	282,778
<b>Non-current</b>		
Land for development	190,473	169,406
	410,979	452,184

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 7 Development properties (Continued)

During the financial year, \$933,000 (2015: \$3,284,000) borrowing costs were capitalised as cost of development properties (Note 28).

During the financial year, the Group recognised a write-down of \$11,499,000 (2015: \$Nil) on its development properties to its net realisable value (Note 24) in view of the decline in the estimated sales prices of its development properties which is based on the recent sales prices achieved.

The freehold land and leasehold land under development have been pledged as security for borrowings (Note 17).

At the reporting date, the development properties held by the Group are as follows:

### Development properties in Singapore

Properties under development

Location	Description	Tenure	Stage of completion		TOP date	Site area (sq. m)	Gross floor area (sq. m)	Group's effective interest in the property	
			2016	2015				2016	2015
			%	%				%	%
Braddell Road Singapore	5 storey apartments with facilities	Freehold	93.5	87.9	May 2016	7,700	10,780	95	95
Sommerville Walk Singapore	5 storey apartments with facilities	Freehold	95.9	90.3	April 2016	2,568	3,576	95	95
Bartley Road Singapore	5 storey apartments with facilities	Freehold	94.0	79.4	June 2016	7,084	10,830	100	100

### Development properties in Indonesia

(a) Properties held for sale

Project	Land area (hectares)	Group's effective interest	
		2016	2015
		%	%
Rancamaya phase I	4.08	71.52	71.52
Rancamaya phase II	23.12	71.52	71.52
Rancamaya Commercial Centre	7.65	71.52	71.52
Harvest City	8.00	35.76	35.76

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 7 Development properties (Continued)

(b) Properties under development

Project	Land area (hectares)	Group's effective interest	
		2016	2015
		%	%
Rancamaya phase III	0.94	71.52	71.52
Harvest City	18.59	35.76	35.76
Royal Tajur	0.69	47.92	47.92

(c) Land under development

Project	Land area <sup>(1)</sup> (hectares)	Group's effective interest	
		2016	2015
		%	%
Rancamaya phase III	170.76	71.52	71.52
Harvest City <sup>(2)</sup>	792.68	35.76	35.76
Royal Tajur	43.50	47.92	47.92
Balaraja	21.44	35.76	35.76

<sup>(1)</sup> Represents the land area which has been cleared and owned.

<sup>(2)</sup> The Group has obtained the rights to develop 513.09 hectares of land with term of 30 years, which is due between 2029 and 2031.

Properties held for sale for Rancamaya project with total area of 5.46 hectares are pledged as collateral for bank borrowings (Note 17).

Properties held for sale and land under development for Harvest City project with total area of 265.55 hectares are pledged as collateral for bank borrowings (Note 17).

Land under development for Royal Tajur project with total area of 5.36 hectares are pledged as collateral for bank borrowings (Note 17).

## 8 Investment in an associated company

	Group	
	2016 \$'000	2015 \$'000
Beginning of financial year	-	-
Additions	2,465	-
Share of loss of associated company accounted for using the equity method	(484)	-
End of financial year	1,981	-

On 4 April 2016, the Group completed its acquisition of 35% equity interest in 5Footway Founders Pte Ltd ("5Footway") through its wholly-owned subsidiary corporation, Top Global Hospitality Pte. Ltd.. 5Footway and its subsidiary corporations and associated companies (the "5Footway Group") are in the business of hostel and hotel operators, as well as related consultancy services.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 8 Investment in an associated company (Continued)

There are no contingent liabilities relating to the Group's interest in the associated company and in 5Footway Group.

Set out below is the associated company of the Group as at 31 December 2016 which, in the opinion of the directors, are material to the Group. The associated company as listed below have share capital consisting solely of ordinary shares.

Name of associated company	Principal activities	Country of incorporation	% of ownership interest	
			2016	2015
<u>Held by Top Global Hospitality Pte. Ltd.</u>				
5Footway Founders Pte Ltd <sup>(a)</sup>	Investment holding in hostel and hotel operators and related consultancy services	Singapore	35%	-

<sup>(a)</sup> Audited by AccAssurance LLP

In accordance to Rule 715 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its associated company would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

*Summarised statement of financial position*

	5Footway Group	
	2016 \$'000	2015 \$'000
<b>Current assets</b>	1,402	-
Includes:		
- Cash and cash equivalents	249	-
<b>Current liabilities</b>	1,544	-
Includes:		
- Financial liabilities (excluding trade and other payables)	44	-
<b>Non-current assets</b>	2,280	-
<b>Non-current liabilities</b>	1,176	-
Includes:		
- Financial liabilities (excluding provisions)	821	-
<b>Net assets</b>	962	-
Capital and reserves attributable to equity holder of the Company	823	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 8 Investment in an associated company (Continued)

*Summarised statement of comprehensive income*

	5Footway Group	
	2016 \$'000	2015 \$'000
Revenue	6,873	-
Expenses		
Includes:		
- Depreciation	967	-
- Interest expense	21	-
Loss before income tax/net loss	(1,841)	-
Other comprehensive loss	(1)	-
Total comprehensive loss	<u>(1,842)</u>	<u>-</u>
Total comprehensive loss attributable to equity holder of the Company	<u>(1,383)</u>	<u>-</u>

The information above reflects the amounts presented in the financial statements of 5Footway Group (and not the Group's share of those amounts adjusted for differences in accounting policies between the Group and the 5Footway Group).

*Reconciliation of summarised financial information*

Reconciliation of the summarised financial information provided, to the carrying amount on the Group's interest in associated company, is as follows:

	5Footway Group	
	2016 \$'000	2015 \$'000
<b>Capital and reserves attributable to equity holder of the Company</b>		
At date of acquisition	2,206	-
Total comprehensive loss	(1,383)	-
At 31 December	<u>823</u>	<u>-</u>
Interest in associated company at 35% (2015: Nil)	288	-
Goodwill	1,693	-
<b>Carrying value of Group's interest in associated company</b>	<u>1,981</u>	<u>-</u>

## 9 Investment in a joint venture

	Group	
	2016 \$'000	2015 \$'000
Equity investment at cost	<u>*</u>	<u>*</u>

\* Less than \$1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 9 Investment in a joint venture (Continued)

Set out below is the joint venture of the Group as at 31 December 2015 and 2016. The joint venture has share capital consisting solely of ordinary shares, which is held directly by the Group; the country of incorporation is also its principal place of business.

Name of entity	Place of business/ country of incorporation	% of ownership interest	
		2016	2015
Held by GMB Assets Management Pte. Ltd.		%	%
Top Golden Tree	Cayman Islands	50	50

Top Golden Tree provides asset and portfolio management service and remains dormant since incorporation date.

The Group's joint arrangement is structured as a limited company. The Group has joint control over the arrangement under the contractual agreement, unanimous consent is required from all parties to the joint arrangement for all relevant activities. The joint arrangement provides the Group and the party to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a joint venture.

No summarised financial information for the joint venture is presented as management is of the opinion that the joint venture is not material to the Group.

## 10 Investments in subsidiary corporations

	Company	
	2016	2015
	\$'000	\$'000
<i>Equity investments at cost</i>		
<b>Beginning of financial year</b>	143,285	142,845
Financial guarantees	671	440
	143,956	143,285
Less: Impairment loss	(1,025)	(1,025)
<b>End of financial year</b>	142,931	142,260

Movement in allowance for impairment of investments in subsidiary corporations:

	Company	
	2016	2015
	\$'000	\$'000
Beginning and end of financial year	1,025	1,025

The Company issued financial guarantees to banks for credit facilities and borrowings of its subsidiary corporations and recorded a financial guarantee in accordance with the provisions of FRS 39 *Financial Instruments: Recognition and Measurement*. The financial guarantee is recognised as additional investment in the subsidiary corporations with a corresponding recognition of Financial Guarantee within "Trade and other payables", which is amortised to profit or loss over the period of the subsidiary corporations' borrowings (Note 15).

Management assessed for impairment whenever there is any objective evidence or indication that investments in subsidiary corporations may be impaired. An allowance for impairment loss was made in respect of the Company's investment in certain subsidiary corporations to reduce the carrying amount of the investments to the recoverable amounts, after taking into account the financial conditions of the subsidiary corporations.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 10 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2015 and 2016:

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
<u>Held by the Company</u>								
(a) Raintree Cove Pte. Ltd.	Property and facility management	Singapore	100	100	100	100	-	-
(a) Top Global Properties Pte. Ltd.	Dormant	Singapore	100	100	100	100	-	-
(a) GMB Assets Management Pte. Ltd.	Dormant	Singapore	100	100	100	100	-	-
(d) Top Global China Pte. Ltd.	Dormant	Singapore	100	100	100	100	-	-
(a) Top Global Construction Management Pte. Ltd.	Dormant	Singapore	100	100	100	100	-	-
(a) Top Capital Investment Pte. Ltd.	Investment holding	Singapore	100	100	100	100	-	-
(a) Top Global Hospitality Pte. Ltd.	Investment holding	Singapore	100	100	100	100	-	-
(a) Top Tomlinson One Pte. Ltd.	Property investment	Singapore	100	100	100	100	-	-
(h) Top Tomlinson Two Pte. Ltd.	Property investment	Singapore	-	100	-	100	-	-
(a) Global Real Estate Investment Pte. Ltd.	Investment holding	Singapore	100	100	100	100	-	-
(d) Top Global Property Investment Pte. Ltd.	Investment holding	Singapore	100	100	100	100	-	-
(d) Top Global Real Estate Investment Pte. Ltd.	Investment holding	Singapore	100	100	100	100	-	-
(f) Top Capitol Pte. Ltd.	Investment holding	Singapore	100	100	100	100	-	-
(f) Global Capitol Pte. Ltd.	Investment holding	Singapore	100	100	100	100	-	-
(a) Global Star Development Pte. Ltd.	Real estate developers	Singapore	95	95	95	95	5	5
(a) Margaritaville Investments Holding Pte. Ltd.	Investment holding	Singapore	100	100	100	100	-	-
(e) PT Suryamas Dutamakmur Tbk	Real estate and hospitality and facilities management	Indonesia	71.52	71.52	71.52	71.52	28.48	28.48

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 10 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2015 and 2016 (Continued):

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
<u>Held by Top Global Properties Pte. Ltd.</u>								
(d) Entro Development Pte. Ltd.	Dormant	Singapore	-	-	100	100	-	-
<u>Held by Entro Development Pte. Ltd.</u>								
(d) Cerapure Pte. Ltd.	Dormant	Singapore	-	-	100	100	-	-
<u>Held by Cerapure Pte. Ltd.</u>								
(d) Holland Village Pte. Ltd.	Dormant	Singapore	-	-	100	100	-	-
<u>Held by Holland Village Pte. Ltd.</u>								
(d) Holland V Investment Holdings Pte. Ltd.	Dormant	Singapore	-	-	100	100	-	-
<u>Held by GMB Assets Management Pte. Ltd.</u>								
(a)(g) GMB Capital Pte. Ltd.	Investment holding	Singapore	-	-	100	100	-	-
<u>Held by Top Global Construction Management Pte. Ltd.</u>								
(c) Top Global (M) Sdn. Bhd.	Dormant	Malaysia	-	-	100	100	-	-
(h) Pacific Prosperity Sdn. Bhd.	Dormant	Malaysia	-	-	-	100	-	-
<u>Held by Top Global (M) Sdn. Bhd.</u>								
(h) Pacific Prosperity Sdn. Bhd.	Dormant	Malaysia	-	-	-	100	-	-
<u>Held by Top Global Hospitality Pte. Ltd.</u>								
(h) Winsland Resources Incorporated	Dormant	British Virgin Islands	-	-	-	100	-	-
<u>Held by Global Real Estate Investment Pte. Ltd.</u>								
(a) Bartley Homes Pte. Ltd.	Real estate	Singapore	-	-	100	100	-	-
<u>Held by Top Global Property Investment Pte. Ltd.</u>								
(a) PT. Top Global Indonesia	Dormant	Indonesia	-	-	100	100	-	-
<u>Held by Top Capitol Pte. Ltd.</u>								
(h) Top Property Investment Pte. Ltd.	Investment Holding	Singapore	-	-	-	100	-	-
<u>Held by Global Capitol Pte. Ltd.</u>								
(h) Top Property Investment Pte. Ltd.	Investment Holding	Singapore	-	-	-	100	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 10 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2015 and 2016 (Continued):

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
<u>Held by Top Global Real Estate Investment Pte. Ltd.</u>								
(b) PT. Top Global Indonesia	Dormant	Indonesia	-	-	100	100	-	-
<u>Held by PT Suryamas Dutamakmur Tbk.</u>								
(e) PT Saptakreasi Indah	Investment	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Centranusa Majupermai	Investment and real estate	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Permainusa Megacitra	Real estate	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Multiraya Sinarindo	Real estate	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Rancamaya Asri Golf and Country	Golf course operator	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Golden Integrity Sejati	Educational services	Indonesia	-	-	50.06	50.06	49.94	49.94
(e) PT Tajur Surya Abadi	Real estate	Indonesia	-	-	47.92	47.92	52.08	52.08
(e) PT Inti Sarana Papan	Real estate	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Golden Edukasi Abadi	Educational services	Indonesia	-	-	50.66	50.66	49.34	49.34
<u>Held by PT Saptakreasi Indah</u>								
(e) PT Rancamaya Indah Hotel	Hotel	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Centranusa Majupermai	Investment and real estate	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Multiraya Sinarindo	Real estate	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Inti Sarana Papan	Real estate	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Permainusa Megacitra	Real estate	Indonesia	-	-	71.52	71.52	28.48	28.48
(e) PT Rancamaya Asri Golf and Country	Golf course operator	Indonesia	-	-	71.52	71.52	28.48	28.48
<u>Held by PT Rancamaya Asri Golf and Country</u>								
(e) PT Saptakreasi Indah	Investment	Indonesia	-	-	71.52	71.52	28.48	28.48
<u>Held by PT Permainusa Megacitra</u>								
(e) PT Rancamaya Indah Hotel	Hotel	Indonesia	-	-	71.52	71.52	28.48	28.48
<u>Held by PT Rancamaya Indah Hotel</u>								
(e) PT Centranusa Majupermai	Investment and real estate	Indonesia	-	-	71.52	71.52	28.48	28.48

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 10 Investments in subsidiary corporations (Continued)

The Group had the following subsidiary corporations as at 31 December 2015 and 2016 (Continued):

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016	2015	2016	2015	2016	2015
			%	%	%	%	%	%
<u>Held by PT Centranusa Majupermai</u>								
(e) PT Dwigunatama Rintisprima	Real estate	Indonesia	-	-	35.76	35.76	64.24	64.24
<u>Held by PT Multiraya Sinarindo</u>								
(e) PT Wisma Surya Abadi	Real estate	Indonesia	-	-	35.76	35.76	64.24	64.24
<u>Held by PT Tajur Surya Abadi</u>								
(e) PT Puri Surya Abadi	Real estate	Indonesia	-	-	47.92	47.92	52.08	52.08
<u>Held by PT Dwigunatama Rintisprima</u>								
(e) PT Dwikarya Langgengsukses	Real estate	Indonesia	-	-	35.76	35.76	64.24	64.24
(e) PT Kharisma Buana Mandiri	Water theme park operator	Indonesia	-	-	35.76	35.76	64.24	64.24
<u>Held by PT Dwikarya Langgengsukses</u>								
(e) PT Kharisma Buana Mandiri	Water theme park operator	Indonesia	-	-	35.76	35.76	64.24	64.24

(a) Audited by Nexia TS Public Accounting Corporation, Singapore

(b) Not required to be audited under the laws of the country of incorporation

(c) Audited by S. K. Tee & Co., Malaysia

(d) Dormant and qualified to opt for audit exemption under the Singapore Companies Act

(e) Audited by Crowe Horwath, Indonesia

(f) In the process of application for striking-off to the Accounting and Corporate Regulatory Authority during the financial year

(g) On 31 January 2015, the Group acquired the remaining 45% equity interest of GMB Capital Pte. Ltd. from existing non-controlling interests for a purchase consideration of \$13,391, thereby making it a wholly-owned subsidiary corporation

(h) Struck-off during the financial year ended 31 December 2016

In accordance to Rule 715 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 10 Investments in subsidiary corporations (Continued)

*Carrying value of non-controlling interests*

	2016 \$'000	2015 \$'000
PT Suryamas Dutamakmur Tbk	56,479	55,069
PT Dwigunatama Rintisprima	71,226	70,072
Other subsidiary corporations with immaterial non-controlling interests	8,345	7,796
Total	<u>136,050</u>	<u>132,937</u>

*Summarised financial information of subsidiary corporations with material non-controlling interests*

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no material transactions with non-controlling interests for the financial years ended 31 December 2015 and 2016.

*Summarised statement of financial position*

	PT Dwigunatama Rintisprima		PT Suryamas Dutamakmur Tbk	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current</b>				
Assets	20,933	30,427	59,815	68,938
Liabilities	(26,129)	(18,259)	(17,442)	(23,244)
Total current net (liabilities)/assets	<u>(5,196)</u>	<u>12,168</u>	<u>42,373</u>	<u>45,694</u>
<b>Non-current</b>				
Assets	146,816	139,331	150,372	132,258
Liabilities	(762)	(11,355)	(9,323)	(9,243)
Total non-current net assets	<u>146,054</u>	<u>127,976</u>	<u>141,049</u>	<u>123,015</u>
<b>Net assets</b>	<u>140,858</u>	<u>140,144</u>	<u>183,422</u>	<u>168,709</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 10 Investments in subsidiary corporations (Continued)

*Summarised statement of comprehensive income*

	PT Dwigunatama Rintisprima		PT Suryamas Dutamakmur Tbk	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue	18,194	18,415	29,411	30,874
<b>Profit/(loss) before income tax</b>	1,829	(203)	2,452	6,556
Income tax expense	(870)	(36)	(753)	(126)
<b>Profit/(loss) for the year</b>	959	(239)	1,699	6,430
Other comprehensive (loss)/income	(26)	6	45	(644)
<b>Total comprehensive income/(loss)</b>	933	(233)	1,744	5,786
Total comprehensive income/(loss) allocated to non-controlling interests	599	(150)	497	1,648

*Summarised statement of cash flows*

	PT Dwigunatama Rintisprima		PT Suryamas Dutamakmur Tbk	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<u>Cash flows from operating activities</u>				
Cash generated from/(used in) operations	3,004	(7,275)	(3,903)	3,468
Interest received	189	-	260	2
Income tax paid	(1,067)	-	(636)	(1,103)
<b>Net cash provided by/(used in) operating activities</b>	2,126	(7,275)	(4,279)	2,367
<b>Net cash used in investing activities</b>	(1,306)	(4,291)	(973)	(8,863)
<b>Net cash (used in)/provided by financing activities</b>	(1,991)	12,264	(378)	(885)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,171)	698	(5,630)	(7,381)
<b>Cash and cash equivalents</b>				
Beginning of financial year	2,279	1,639	10,229	18,235
Effects of currency translation on cash and cash equivalents	373	(58)	253	(625)
<b>End of financial year</b>	1,481	2,279	4,852	10,229

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 11 Investment properties

	Completed investment properties \$'000	Investment properties under construction \$'000	Total \$'000
<b>Group</b>			
<b>2016</b>			
Beginning of financial year	8,559	997	9,556
Currency translation differences	17	39	56
Additions	-	25	25
Transfer from/(to)	1,914	(1,914)	-
Transfer from development properties	-	853	853
Transfer to property, plant and equipment (Note 13)	(113)	-	(113)
End of financial year	10,377	-	10,377
<b>2015</b>			
Beginning of financial year	8,710	279	8,989
Currency translation differences	-	(9)	(9)
Additions	-	807	807
Net fair value loss recognised in profit or loss (Note 27)	(565)	-	(565)
Transfer from/(to)	414	(414)	-
Transfer from development properties	-	334	334
End of financial year	8,559	997	9,556

### *Transfer to completed investment properties*

The Group transferred thirty units of traditional market, sixty units of festive oriental, sixteen units of foodcourts, one restaurant and seven units of harvest box (2015: two units of traditional market and seven units of shop houses) that were under construction to completed properties as the construction of the investment properties had been completed.

### *Transfer to property, plant and equipment*

During the financial year, the Group transferred a completed investment properties relating one indoor and outdoor futsal field to property, plant and equipment as the property is used by one of its subsidiary corporation for operating activities instead of for rental yields and/or capital appreciation.

Certain investment properties are leased to non-related parties under operating leases (Note 32(b)).

The following amounts are recognised in profit or loss:

	Group	
	2016 \$'000	2015 \$'000
Rental income	207	116
Direct operating expenses arising from:		
- Revenue generating properties	(29)	(28)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 11 Investment properties (Continued)

At the reporting date, the details of the Group's investment properties are as follows:

Location	Description/existing use/under construction	Tenure
<b>2016</b>		
31 Tomlinson Road, Tomlinson Heights	1 unit of condominium for residential purposes	Freehold
Jl. Transyogi Km.15, Cibubur, Jawa Barat, Indonesia	a. 32 units of traditional market b. 60 units of festive oriental, 16 foodcourts c. Restaurant (Saung Apung) d. 7 units of harvest box	Leasehold Leasehold Leasehold Leasehold
Graha Yasa No. SH 01 Rancamaya Golf & Country Estate, Ciawi - Bogor	7 units of shop houses	Leasehold
Gg Pesantren RT1 RW7 Kel. Rancamaya, Kec. Bogor Selatan, Bogor	6 units of houses for residential purposes	Leasehold
<b>2015</b>		
31 Tomlinson Road, Tomlinson Heights	1 unit of condominium for residential purposes	Freehold
Jl. Transyogi Km.15, Cibubur, Jawa Barat, Indonesia	a. 32 units of traditional market b. 1 indoor and outdoor futsal field c. 60 units of festive oriental, 16 foodcourts d. Restaurant (Saung Apung) e. 7 units of harvest box	Leasehold Leasehold Leasehold Leasehold Leasehold
Graha Yasa No. SH 01 Rancamaya Golf & Country Estate, Ciawi - Bogor	7 units of shop houses	Leasehold
Gg Pesantren RT1 RW7 Kel. Rancamaya, Kec. Bogor Selatan, Bogor	6 units of houses for residential purposes	Leasehold

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 11 Investment properties (Continued)

Fair value hierarchy - Recurring fair value measurement

Description	Fair value measurement using		
	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
<b>2016</b>			
- Residential	-	8,160	-
- Commercial	-	2,217	-
<b>2015</b>			
- Residential	-	8,160	-
- Commercial	-	399	-

Included in residential investment properties are condominium and houses (2015: condominium and house) in Singapore and Indonesia for residential purposes.

Included in commercial investment properties are traditional and oriental festival markets, foodcourts, restaurant, harvest box and shop houses (2015: Traditional and oriental festival markets and shop houses) in Indonesia.

Investment properties are initially recognised at cost and subsequently carried at fair value. However, where the fair value of the investment properties under construction are not reliably measurable, the properties are measured at cost until the earlier of the date where construction is completed or the date which the fair value becomes reliably measurable.

### *Valuation techniques used to derive Level 2 fair values*

Level 2 fair values of the Group's properties have been derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square metre.

### *Valuation process of the Group*

The finance department of the Group performs the valuation of the investment properties required for financial reporting purposes, including Level 2 fair values. Discussion of valuation processes and results are held between the members of the board of directors based on valuation by independent professional valuer and market transacted data available publicly on a yearly basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 12 Held-to-maturity financial assets

	Group	
	2016	2015
	\$'000	\$'000
Unlisted debt security, at amortised cost		
– Secured notes with fixed interest of 14% and maturity on 9 February 2018 - United States	-	7,936
Less: Allowance for impairment	-	(1,988)
Reclassification to available-for-sale financial assets (Note 5)	-	(5,948)
	<u>-</u>	<u>-</u>

Movement in held-to-maturity financial assets are as follows:

Beginning of financial year	-	8,845
Currency translation differences	-	842
Interest income (Note 26)	-	1,242
Interest received	-	(4,382)
Impairment losses (Note 27)	-	(599)
Reclassification to available-for-sale financial assets (Note 5)	-	(5,948)
End of financial year	<u>-</u>	<u>-</u>

Movement in allowance for impairment on held-to-maturity financial assets:

Beginning of financial year	-	1,402
Currency translation differences	-	(13)
Allowance made (Note 27)	-	599
Allowance utilised	-	(1,988)
End of financial year	<u>-</u>	<u>-</u>

The average effective interest rate of the unlisted debt security is Nil (2015: 18.23%) per annum.

During the financial year 2015:

- (a) the investee went through an internal financing restructuring exercise. On 21 August 2015, the Group has accepted the offer to convert the 14% secured notes into preference shares. As a result, the Group has reclassified the investment from held-to-maturity financial assets to available-for-sale financial assets.
- (b) the Group recognised an impairment loss of \$599,000 on its held-to-maturity financial assets. Management had taken into consideration the operation of the business of the investment and is of the opinion that there were objective evidence on the recoverability of the investment below its carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 13 Property, plant and equipment

Group 2016	Plant and equipment \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Land use rights \$'000	Leasehold improvement \$'000	Golf course \$'000	Golf and country club equipment \$'000	Buildings and club house \$'000	Total \$'000
Cost									
Beginning of financial year	176	1,537	529	21,807	669	1,942	3,413	15,221	45,294
Currency translation differences	2	40	55	873	-	78	137	589	1,774
Additions	40	22	199	7	-	-	173	284	725
Disposals	(2)	(418)	(6)	-	-	-	(10)	(196)	(632)
Transfer from investment properties (Note 11)	-	-	-	-	-	-	-	113	113
Tax amnesty (Note 22)	-	-	-	-	-	-	-	286	286
End of financial year	216	1,181	777	22,687	669	2,020	3,713	16,297	47,560
Accumulated depreciation									
Beginning of financial year	150	520	200	1,322	588	391	865	957	4,993
Currency translation differences	1	9	17	84	-	25	53	59	248
Depreciation charge (Note 24)	18	366	336	1,071	69	316	630	925	3,731
Disposals	(2)	(397)	-	-	-	-	(3)	(191)	(593)
End of financial year	167	498	553	2,477	657	732	1,545	1,750	8,379
<b>Net book value</b>	<b>49</b>	<b>683</b>	<b>224</b>	<b>20,210</b>	<b>12</b>	<b>1,288</b>	<b>2,168</b>	<b>14,547</b>	<b>39,181</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 13 Property, plant and equipment (Continued)

Group 2015	Plant and equipment	Motor vehicles	Furniture and fittings	Land use rights	Leasehold improvement	Golf course equipment	Golf and country club house	Buildings and club house	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost									
Beginning of financial year	155	1,318	523	22,662	564	2,060	2,517	15,869	45,668
Currency translation differences	-	(49)	(50)	(897)	-	(118)	(121)	(586)	(1,821)
Additions	21	281	56	42	105	-	274	557	1,336
Transfer from development properties	-	-	-	-	-	-	-	124	124
Disposals	-	(13)	-	-	-	-	-	-	(13)
Reclassification	-	-	-	-	-	-	743	(743)	-
End of financial year	176	1,537	529	21,807	669	1,942	3,413	15,221	45,294
Accumulated depreciation									
Beginning of financial year	136	152	80	384	439	129	169	251	1,740
Currency translation differences	-	(4)	(56)	(119)	-	(51)	(40)	(43)	(313)
Depreciation charge (Note 24)	14	383	176	1,057	149	313	697	788	3,577
Disposals	-	(11)	-	-	-	-	-	-	(11)
Reclassification	-	-	-	-	-	-	39	(39)	-
End of financial year	150	520	200	1,322	588	391	865	957	4,993
<b>Net book value</b>	<b>26</b>	<b>1,017</b>	<b>329</b>	<b>20,485</b>	<b>81</b>	<b>1,551</b>	<b>2,548</b>	<b>14,264</b>	<b>40,301</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 13 Property, plant and equipment (Continued)

	Plant and equipment \$'000	Motor vehicle \$'000	Furniture and fittings \$'000	Total \$'000
<b>Company</b>				
<b>2016</b>				
<i>Cost</i>				
Beginning of financial year	143	73	26	242
Additions	40	-	-	40
End of financial year	183	73	26	282
<i>Accumulated depreciation</i>				
Beginning of financial year	122	71	22	215
Depreciation charge	14	2	2	18
End of financial year	136	73	24	233
<b>Net book value</b>				
<b>End of financial year</b>	<b>47</b>	<b>-</b>	<b>2</b>	<b>49</b>
<b>2015</b>				
<i>Cost</i>				
Beginning of financial year	122	73	26	221
Additions	21	-	-	21
End of financial year	143	73	26	242
<i>Accumulated depreciation</i>				
Beginning of financial year	114	46	16	176
Depreciation charge	8	25	6	39
End of financial year	122	71	22	215
<b>Net book value</b>				
<b>End of financial year</b>	<b>21</b>	<b>2</b>	<b>4</b>	<b>27</b>

The depreciation charge is allocated as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cost of sales	1,608	1,495	-	-
Administrative expenses	2,123	2,082	18	39
Total	3,731	3,577	18	39

Included within additions in the consolidated financial statements are plant and equipment acquired under finance lease amounting to \$18,000 (2015: \$Nil).

The carrying amounts of motor vehicles and plant and equipment held under finance leases are \$112,000 and \$15,000 (2015: \$124,000 and \$Nil) respectively at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 14 Deferred income taxes

Deferred income 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 consolidated statement of financial position as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Deferred income tax assets</b>		
- To be recovered after one year	(4,298)	-
<b>Deferred income tax liabilities</b>		
- To be settled after one year	6,748	8,015

Movement in deferred income tax account is as follows:

Beginning of financial year	8,015	9,077
Currency translation differences	(33)	5
Credited to profit or loss (Note 29)	(5,532)	(1,067)
End of financial year	2,450	8,015

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

### Deferred income tax assets

	<b>Accelerated tax depreciation \$'000</b>	<b>Development properties \$'000</b>	<b>Others \$'000</b>	<b>Total \$'000</b>
<b>Group</b>				
<b>2016</b>				
Beginning of financial year	-	-	-	-
Credited to profit or loss	(106)	(3,974)	(218)	(4,298)
End of financial year	(106)	(3,974)	(218)	(4,298)
<b>2015</b>				
Beginning and end of financial year	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 14 Deferred income tax (Continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows: (Continued)

### Deferred income tax liabilities

	Accelerated tax depreciation \$'000	Fair value loss on property, plant and equipment \$'000	Fair value gains on development properties \$'000	Development properties \$'000	Others \$'000	Total \$'000
<b>Group</b>						
<b>2016</b>						
Beginning of financial year	7	2,993	4,416	564	35	8,015
Currency translation differences	-	(5)	(21)	-	(7)	(33)
(Credited)/ charged to profit or loss	-	(169)	(721)	(564)	220	(1,234)
End of financial year	7	2,819	3,674	-	248	6,748
<b>2015</b>						
Beginning of financial year	113	3,266	5,708	-	(10)	9,077
Currency translation differences	-	(1)	(1)	-	7	5
(Credited)/ charged to profit or loss	(106)	(272)	(1,291)	564	38	(1,067)
End of financial year	7	2,993	4,416	564	35	8,015

The Group recognises deferred income tax assets on carried forward tax losses and allowances to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and merger and acquisition allowance of approximately \$17,072,000 and \$3,000,000 (2015: \$17,072,000 and \$2,000,000) respectively at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

No deferred income tax liabilities has been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiary corporations (established in Indonesia) as the Group is in a position to control the timing of the remittance of earning and it is not probable that these subsidiary corporations will distribute such earnings in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 15 Trade and other payables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current</b>				
Trade payables				
- Non-related parties	2,960	16,013	25	13
- Retention sum payable to non-related parties	3,058	6,195	-	-
	6,018	22,208	25	13
Other payables				
- Non-related parties	5,989	5,156	71	108
- Subsidiary corporations	-	-	5,322	5,009
	5,989	5,156	5,393	5,117
Financial guarantees	-	-	653	1,102
Accruals for operating expenses	5,275	12,603	3,643	3,562
Rental deposit	948	916	-	-
Loan from shareholder of a subsidiary corporation	1,945	1,945	-	-
Advances received	31,877	35,478	-	-
	52,052	78,306	9,714	9,794
<b>Non-current</b>				
Golf membership				
- Deposits	637	554	-	-
- Deferred interest income	732	785	-	-
	1,369	1,339	-	-
Total trade and other payables	53,421	79,645	9,714	9,794

The non-trade amounts due to subsidiary corporations and loan from shareholder of a subsidiary corporation are unsecured, interest-free and repayable on demand.

The Company has issued corporate guarantees to banks for credit facilities and borrowings of certain subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position and are subsequently amortised to profit or loss over the period of the subsidiary corporations' borrowings.

Advances received are the advance payments from buyers for the purchase of development properties and land.

Golf membership deposits are the amounts which will be returned to the members after 30 years. Golf membership deposits are carried at amortised cost and the difference between the carrying amount and amortised cost is recorded as deferred interest income and will be amortised using the effective interest method. Amortisation of the deferred interest income is included in "Other income" on the consolidated statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 16 Derivative financial instrument

Currency forward contract

	Contract notional amount \$'000	Fair value	
		Asset \$'000	Liability \$'000
<b>Group</b>			
<b>2015</b>			
Non-hedging instruments			
- Currency forwards	5,236	-	49

Currency forward contracts are entered for currency risk arising from the Group's operations when transactions are denominated in foreign currencies. These contracts do not qualify for hedge accounting and consequently, the changes in fair value of these contracts are recognised in profit or loss. The currency forward contracts have maturity dates that ranges between 1 to 3 months from the reporting date.

There is no currency forward contract as at 31 December 2016.

## 17 Borrowings

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<i>Current (Secured)</i>				
Bank loan (II)	1,006	17	-	-
Bank loan (III)	889	855	-	-
Bank loan (IV)	14,470	16,398	-	-
Bank loan (V)	-	84,426	-	-
Bank loan (VI)	-	43,860	-	-
Bank loan (VIII)	768	-	-	-
Finance lease liabilities (Note 18)	70	42	4	-
	17,203	145,598	4	-
<i>Non-current (Secured)</i>				
Bank loan (II)	1,607	1,545	-	-
Bank loan (III)	4,075	4,724	-	-
Bank loan (VII)	52,600	-	-	-
Finance lease liabilities (Note 18)	12	64	12	-
	58,294	6,333	12	-
Total borrowings	75,497	151,931	16	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 17 Borrowings (Continued)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Less than 1 year	1,006	128,303	4	-
1-5 years	54,207	-	12	-
Over 5 years	-	1,545	-	-
	55,213	129,848	16	-

(a) Security granted

### Bank loan (I)

The bank loan (I) had been fully repaid on 27 January 2015.

### Bank loan (II)

The bank loan (II) bears a floating interest rate of 10.5% and 12% per annum respectively.

The bank loan (II) is repayable in two lump sums by 15 December 2017 and 15 December 2018 respectively.

The bank loan (II) is secured by land area of 5.36 hectares on behalf of the customers.

### Bank loan (III)

The bank loan (III) bears an interest rate of 12% per annum.

The bank loan (III) is repayable monthly within 96 months from the drawdown of the loan facility on October 2013.

The bank loan (III) is secured by the title of the land and buildings of the hotel covering approximately 5.01 hectares.

### Bank loan (IV)

The bank loan (IV) bears an interest rate of 11% and 13% per annum respectively.

The bank loan (IV) is repayable in two lump sums by 27 July 2017 respectively.

The bank loans (IV) are secured by land and existing buildings and buildings to be constructed at the related land of subsidiary corporations, PT Dwikarya Langgengsukes ("DLS") and PT Dwigunatama Rintisprima ("DRP"), which are located at "Harvest City" project with 7.50 hectares and 258.05 hectares respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 17 Borrowings (Continued)

(a) Security granted (Continued)

### Bank loan (IV) (Continued)

Based on the loan agreement with bank, DRP must obtain written approval from the bank prior to performing following activities as follows:

- Enter into new credit facility from another parties in relation with its project, except loans from shareholders and commercial transactions are prevalent;
- Act as guarantor for another parties and or guarantee property;
- Amendment of the Article of Association and change members of management;
- Declaration of bankruptcy;
- Enter into mergers or acquisitions;
- Settle payables to the shareholders;
- Distribution of dividend; and
- Leasing DRP to other parties.

### Bank loan (V)

The bank loan (V) bears an interest rate per annum of 1.5% over the bank's prevailing cost of funds as determined by the bank for interest periods of 1, 2, 3 and 6 months at the option of the Group.

The bank loan (V) is repayable in one lump sum on 31 October 2016 or 6 months from the date of issuance of TOP of the development property, which is earlier.

The bank loan (V) is secured by:

- a) open legal mortgage over the development property at Sommerville Walk and Braddell Road (Note 7);
- b) first assignment of the rights, titles and interest in and to all the relevant agreements relating to the project;
- c) shareholders' undertaking to complete the development of the project according to a predetermined schedule and an undertaking to finance all development costs not funded by the bank;
- d) deed of subordination of shareholders' or related corporations' loans owing by the subsidiary corporation to the Company/related corporations; and
- e) deed of guarantee and indemnity for \$139,122,300 from the Company on the loan drawn by the subsidiary corporation.

The bank loan (V) had been fully repaid on 31 October 2016.

### Bank loan (VI)

The bank loan (VI) bears an interest rate per annum of 1.6% over the Singapore Offer Rate ("SOR") for interest periods of 1, 2, 3 and 6 months at the option of the Group.

The bank loan (VI) is repayable in one lump sum on 31 August 2016 or 6 months from the date of issuance of TOP of the development property, whichever is earlier.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 17 Borrowings (Continued)

- (a) Security granted (Continued)

### Bank loan (VI) (Continued)

The bank loan (VI) is secured by:

- a) open legal mortgage over the development property at Bartley Road (Note 7);
- b) first assignment of the rights, titles and interest in and to all the relevant agreements relating to the project;
- c) shareholders' undertaking to complete the development of the project according to a predetermined schedule and an undertaking to finance all development costs not funded by the bank;
- d) deed of subordination of shareholders' or related corporations' loans owing by the subsidiary corporation to the Company/related corporations; and
- e) deed of guarantee and indemnity for \$95,140,000 from the Company on the loan drawn by the subsidiary corporation.

The bank loan (VI) had been fully repaid on 31 August 2016.

### Bank loan (VII)

The bank loan (VII) bears an interest rate per annum of 1.7% over the bank's prevailing cost of funds as determined by the bank for interest periods of 1, 2, 3 and 6 months at the option of the Group.

Bank loan (VII) is repayable in one lump sum on 31 March 2018.

The bank loan (VII) is secured by:

- a) open legal mortgage over the development property at Sommerville Walk and Braddell Road (Note 7);
- b) first assignment of the rights, titles and interest in and to all the relevant agreements relating to the project;
- c) deed of subordination of shareholders' or related corporations' loans owing by the subsidiary corporation to the Company/related corporations; and
- d) deed of guarantee and indemnity for \$62,395,000 from the Company on the loan drawn by the subsidiary corporation.

### Bank loan (VIII)

The bank loan (VIII) bears an interest rate of 11% per annum.

The bank loan (VIII) is repayable in one lump sum on 14 September 2017.

The bank loan (VIII) is secured by land area of 5.46 hectares located at "Rancamaya" project

- (b) Fair value of non-current borrowings

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Finance lease liabilities	12	64	12	-
Bank borrowings	58,220	4,908	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 17 Borrowings (Continued)

(b) Fair value of non-current borrowings (Continued)

The fair values above are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group		Company	
	2016	2015	2016	2015
	%	%	%	%
Finance lease liabilities	3.2	5.48	3.2	-
Bank borrowings	2.5-13	12-13	-	-

The fair values are within Level 2 of the fair value hierarchy.

## 18 Finance lease liabilities

The Group leases motor vehicles and plant and equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments due				
- Not later than one year	85	52	4	-
- Between one and five years	14	78	14	-
	99	130	18	-
Less: Future finance charges	(17)	(24)	(2)	-
Present value of finance lease liabilities	82	106	16	-

The present values of finance lease liabilities are analysed as follows:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Not later than one year (Note 17)	70	42	4	-
Later than one year (Note 17)				
- Between one and five years	12	64	12	-
Present value of finance lease liabilities	82	106	16	-

Security granted

Finance lease liabilities of the Group are effectively secured over the leased motor vehicles and plant and equipment (Note 13), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 19 Provisions

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current</b>				
Warranty (Note (a))	393	511	327	435
Reinstatement cost (Note (b))	707	-	-	-
	<u>1,100</u>	<u>511</u>	<u>327</u>	<u>435</u>
<b>Non-current</b>				
Reinstatement cost (Note (b))	30	735	30	30
Provision for hotel equipment and supplies (Note (c))	518	265	-	-
	<u>548</u>	<u>1,000</u>	<u>30</u>	<u>30</u>
<b>Total</b>	<b><u>1,648</u></b>	<b><u>1,511</u></b>	<b><u>357</u></b>	<b><u>465</u></b>

### (a) Warranty

The Group and the Company grants up to 14 years of warranty on its waterproofing and construction business and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the reporting date for expected warranty claims based on approximately (i) 5% of the contract sum; and (ii) physical verification by surveyor of the defect liabilities.

Movement in provision for warranty is as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Beginning of financial year	511	619	435	536
Reversal*	(118)	(108)	(108)	(101)
End of financial year	<u>393</u>	<u>511</u>	<u>327</u>	<u>435</u>

\* Reversal of the provision is included in "Cost of sales" of the consolidated statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 19 Provisions (Continued)

### (b) Reinstatement cost

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased office properties and land. The estimate is based on management's judgement and experiences. The leased office properties and land shall expire in June 2018 and March 2017 respectively.

Movement in provision for reinstatement cost is as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Beginning of financial year	735	655	30	29
Provision made	2	107	-	-
Provision utilised	-	(37)	-	-
Accretion expense (Note 28)	-	10	-	1
End of financial year	737	735	30	30
<b>Less: Current portion</b>	(707)	-	-	-
<b>Non-current portion</b>	30	735	30	30

### (c) Provision for hotel equipment and supplies

	Group	
	2016 \$'000	2015 \$'000
Beginning of financial year	265	70
Provision made (Note 24)	253	195
End of financial year	518	265

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 20 Post-employment benefits

	Group	
	2016	2015
	\$'000	\$'000
Obligation recognised in the statement of financial position for:		
Post-employment benefits	3,602	3,114
Expenses charged to profit or loss:		
Post-employment benefits (Note 25)	565	522
Remeasurement for:		
Post-employment benefits	(48)	632
The amount recognised in the statement of financial position is determined as follows:		
Present value of unfunded obligations/liability recognised in the statement of financial position	3,602	3,114

The movement in the post-employment benefits obligation is as follows:

	Group	
	2016	2015
	Present value of obligation	Present value of obligation
	\$'000	\$'000
Beginning of financial year	3,114	2,824
Current service cost	286	300
Interest expense	279	222
	565	522
Remeasurements:		
- Actuarial loss	(48)	632
Currency translation differences	87	(100)
Benefits paid during the financial year	(116)	(764)
End of financial year	3,602	3,114

The principal actuarial assumptions used were as follows:

	2016	2015
Discount rate	8.5%	9.0% to 9.14%
Salary growth rate	5%	5%
Mortality rate*	TMI 2011	TMI 2011
Disability rate	5%	5%

\* Based on Indonesian Mortality Table

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 21 Share capital and treasury shares

	Number of ordinary shares		Amount	
	Issued shares capital	Treasury shares	Shares capital	Treasury shares
	'000	'000	\$'000	\$'000
<b>Group and Company</b>				
<b>2016</b>				
Beginning of financial year	321,895	-	265,667	-
Treasury shares purchased	-	(464)	-	(91)
End of financial year	321,895	(464)	265,667	(91)
<b>2015</b>				
Beginning of financial year	30,418,653	-	256,812	-
Share issue pursuant to:				
- Exercise of warrants	1,770,882	-	8,855	-
Share consolidation	(31,867,640)	-	-	-
End of financial year	321,895	-	265,667	-

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

On 1 October 2015, the Company has completed a share consolidation exercise to consolidate every 100 ordinary shares in the capital of the Company held by the shareholders into 1 consolidated share, so as to comply with the Minimum Trading Price ("MTP") requirement as implemented by the SGX-ST as an additional continuing listing requirement. The issued share capital of the Company as at 31 December 2015 comprises 321,895,299 consolidated shares, after disregarding any fraction of consolidated shares arising from the share consolidation exercise.

In previous financial year, 1,770,881,602 ordinary shares of the Company were issued for cash at \$0.005 each by virtue of exercise of the option by the holders of the warrants to take up unissued shares.

The newly issued shares rank pari passu in all respects with the previously issued shares.

### (a) Treasury Shares

The Company acquired 464,200 shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was \$91,000 and this was presented as a component within shareholders' equity.

### (b) Warrants

Warrants outstanding may be converted into shares at the conversion rate which are tabled below for each class of warrants for each ordinary shares of no par value before expiry date.

Warrants	Beginning of financial year	Exercised during the year	Lapsed during the year	End of financial year	Exercise price	Exercise period
<b>2015</b>						30.7.2010
W29092015	7,595,479,316	1,770,881,602	5,824,597,714	-	\$0.005	to 29.9.2015

There was no outstanding warrants as at 31 December 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 21 Share capital and treasury shares (Continued)

### (c) Share Options

#### Top Global Share Option Scheme 2011 (the "ESOS 2011")

The ESOS 2011 was approved by the shareholders of the Company at an Extraordinary General Meeting held on 28 March 2011 to replace the Top Global Share Option Scheme 2001 which expired on 7 June 2011 and remains in force at the discretion of the Share Scheme Committee, subject to a maximum period of ten years.

Under the rules of the ESOS 2011, all directors and employees of the Company are eligible to participate in the ESOS 2011. Controlling shareholders or their associates are also eligible to participate in the ESOS 2011 subject to the approval of independent shareholders in the form of separate resolutions for each participant. Further, independent shareholders' approval is also required in the form of separate resolutions for each grant of options and the terms thereof, to each participant who is a controlling shareholder or their associate.

The Share Scheme Committee is charged with the administration of the ESOS 2011 in accordance with the rules of the ESOS 2011. The Share Scheme Committee administering the ESOS 2011 comprises the directors, Mr Yeo Chin Tuan Daniel (Chairman), Dr Lam Lee G and Ms Mimi Yuliana Maeloa.

None of the directors in the committee participated in any deliberation or decision in respect of options granted to himself.

The number of options to be offered to a participant shall be determined at the discretion of the Share Scheme Committee provided that:

- (a) the total number of shares which may be offered to any participant during the entire operation of the ESOS 2011 (including adjustments under the rules) shall not exceed 15% of the shares in respect of which the Company may grant options;
- (b) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the ESOS 2011 (including adjustments under the rules) shall not exceed 25% of the shares in respect of which the Company may grant options; and
- (c) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the ESOS 2011 shall not exceed 10% of the shares in respect of which the Company may grant options.

The exercise price for each share in respect of which an option is exercisable shall be determined by the Share Scheme Committee at its absolute discretion and fixed by the Share Scheme Committee at:

- (i) a price (the "Market Price") equal to the average of the last dealt prices for a share on the SGX-ST for the period of five consecutive market days immediately prior to the relevant offer date and rounded up to the nearest whole cent in the event of fractional prices; and
- (ii) a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price.

Options granted to a participant not holding a salaried office or employment in the Group shall be exercised before the fifth anniversary of the relevant offer date, failing which all the unexercised options shall immediately lapse and become null and void.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 21 Share capital and treasury shares (Continued)

(c) Share Options (Continued)

### Top Global Share Option Scheme 2011 (the "ESOS 2011") (Continued)

Details of the share options outstanding as at 31 December 2015 and 2016 are as follows:

Type of share options	Date of grant	Number of options to subscribe for ordinary shares of the Company		Exercise price per share	Exercise period
		Beginning of financial year	End of financial year		
<b>2016</b>					
Executive - Directors and employees	5 April 2011	3,365,400 <sup>(1)</sup>	3,365,400 <sup>(1)</sup>	\$1.20 <sup>(1)</sup>	5.4.2013 to 4.4.2021
	20 April 2011	800,000 <sup>(1)</sup>	800,000 <sup>(1)</sup>	\$1.20 <sup>(1)</sup>	20.4.2013 to 19.4.2021
		<u>4,165,400<sup>(1)</sup></u>	<u>4,165,400<sup>(1)</sup></u>		
<b>2015</b>					
Executive - Directors and employees	5 April 2011	336,540,000	3,365,400 <sup>(1)</sup>	\$1.20 <sup>(1)</sup>	5.4.2013 to 4.4.2021
	20 April 2011	80,000,000	800,000 <sup>(1)</sup>	\$1.20 <sup>(1)</sup>	20.4.2013 to 19.4.2021
		<u>416,540,000</u>	<u>4,165,400<sup>(1)</sup></u>		

<sup>(1)</sup> Number of shares option and exercise price have been adjusted pursuant to the share consolidation exercise.

The estimated fair values of the share options granted on 5 April 2011 and 20 April 2011 were \$0.0059 and \$0.0026 respectively.

These fair values for share options granted on 5 April 2011 and 20 April 2011 were calculated using the Black-Scholes pricing model. The significant inputs into the model were as follows:

Grant date	5 April 2011	20 April 2011
Weighted average share price	\$0.015	\$0.010
Weighted average exercise price	\$0.012	\$0.012
Expected volatility	56.82%	56.98%
Expected life	2	2
Risk free rate	0.47%	0.47%
Expected dividend yield	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and the Company have fully recognised total employee share option expense prior to FY2014 (Note 22(b)(i)).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 21 Share capital and treasury shares (Continued)

### (d) Performance Share Plan

#### Top Global Performance Share Plan (the "PSP")

The PSP was approved by the shareholders of the Company at an Extraordinary General Meeting held on 8 December 2009 and remains in force at the discretion of the Performance Share Plan Committee ("PSP Committee"), subject to a maximum period of ten years. The PSP shall complement the ESOS 2011 and serve as an additional and flexible incentive tool.

Under the rules of the PSP, all directors and employees of the Group as well as the controlling shareholders are eligible to participate in the PSP.

The total number of shares over which shares to be issued under the PSP, together with the number of shares issued under the ESOS 2011 shall not exceed 15% of the issued share capital of the Company at any time.

The PSP Committee is charged with the administration of the PSP in accordance with the rules of the PSP. The PSP Committee administering the PSP comprises the directors, Mr Yeo Chin Tuan Daniel (Chairman), Dr Lam Lee G and Ms Mimi Yuliana Maeloa.

None of the directors in the PSP Committee participated in any deliberation or decision in respect of shares granted to himself.

The number of shares to be offered to a participant shall be determined at the discretion of the PSP Committee provided that:

- (i) the aggregate number of shares available under the PSP shall not exceed 15% of the total number of issued shares excluding treasury shares from time to time;
- (ii) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates shall not exceed 20% of the new shares available under the PSP;
- (iii) the number of shares which may be offered to each participant who is a controlling shareholder or their associates shall not exceed 10% of the new shares available under the PSP; and
- (iv) the aggregate number of shares available for directors and employees of the Group shall not exceed 20% of the new shares available under the PSP.

No shares had been granted to any participant since the commencement of the PSP.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 22 Other reserves

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Composition:				
Share option reserve	4,914	4,914	4,914	4,914
Tax amnesty reserve	63	-	-	-
General reserve	(51)	(51)	-	-
Translation reserve	5,051	(3,011)	-	-
Fair value reserve	5,571	(49)	-	-
	<u>15,548</u>	<u>1,803</u>	<u>4,914</u>	<u>4,914</u>
(b) Movements:				
(i) Share option reserve				
Beginning and end of financial year	<u>4,914</u>	<u>4,914</u>	<u>4,914</u>	<u>4,914</u>
(ii) Tax amnesty reserve				
Beginning of financial year	-	-	-	-
Additional Paid-In Capital	63	-	-	-
End of financial year	<u>63</u>	<u>-</u>	<u>-</u>	<u>-</u>
(iii) General reserve				
Beginning and end of financial year	<u>(51)</u>	<u>(51)</u>	<u>-</u>	<u>-</u>
(iv) Currency translation reserve				
Beginning of financial year	(3,011)	3,632	-	-
Net currency translation differences of financial statements of foreign subsidiary corporations	11,271	(9,286)	-	-
(Less)/add: Non-controlling interests	(3,209)	2,643	-	-
End of financial year	<u>5,051</u>	<u>(3,011)</u>	<u>-</u>	<u>-</u>
(v) Fair value reserve				
Beginning of financial year	(49)	519	-	-
Fair value gains/(losses) on available- for-sale financial assets (Note 5)	5,620	(568)	-	-
End of financial year	<u>5,571</u>	<u>(49)</u>	<u>-</u>	<u>-</u>

The share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 22 Other reserves (Continued)

The tax amnesty reserve represents the Additional Paid-In Capital ("APIC") which certain is the difference between assets and liabilities of tax amnesty.

From the period between 14 to 30 September 2016 (the "period"), certain Indonesia subsidiary corporations of the Group have participated in the Tax Amnesty Program in accordance with Law No.11 Year 2016 ("Tax Amnesty Law"). Subsequently with the period, the said subsidiary corporations had obtained the Tax Amnesty Acknowledgement Letter ("SKPP\*") which was approved by the local tax authorities in total tax amnesty assets amounting to approximate \$286,000.

The Group's share of the tax amnesty assets amounted to \$63,000 which is recorded in equity as APIC in accordance with the Indonesia Tax Amnesty Law.

The general reserve represents the effect of the changes in the Group's ownership interest in a subsidiary corporation that do not result in loss of control over the subsidiary corporation.

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

Other reserves are non-distributable.

\* SKPP: Surat Keterangan Pengampunan Pajak

## 23 Revenue

	Group	
	2016	2015
	\$'000	\$'000
Revenue from development properties	104,864	175,292
Hospitality management	12,679	11,679
Rental income on operating lease	3,735	4,069
Rendering of services	514	4,658
	<u>121,792</u>	<u>195,698</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 24 Expenses by nature

	Group	
	2016	2015
	\$'000	\$'000
Commission	2,474	1,958
Cost of sales of development properties	77,655	144,004
Write-down of development properties (Note 7)	11,499	-
Depreciation of property, plant and equipment (Note 13)	3,731	3,577
Direct cost of hospitality management	10,921	10,374
Directors' fees paid to:		
- Directors of the Company	240	240
- Directors of subsidiary corporations	1	1
Employees compensation (Note 25)	16,608	15,158
Auditors' remuneration		
Fees on audit services paid/payable to:		
- Auditor of the Company	96	86
- Other auditors	105	97
Fees on non-audit services paid/payable to:		
- Other auditors	-	1
Legal and professional fees	311	161
Marketing	4,785	3,338
Allowance for impairment of trade and other receivables (Note 33(b)(ii))	56	445
Bad debts written off (Note 33(b)(ii))	15	495
Provision for hotel equipment and supplies (Note 19(c))	253	195
Rental expense on operating leases	2,642	2,781
Reversal of provision for warranty (Note 19(a))	(118)	(108)
Travelling	623	525
Repair and maintenance	509	464
Consultancy fees	253	337
Management fees	447	137
Other	1,396	1,592
Total cost of sales, distribution and marketing and administrative expenses	134,502	185,858

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 25 Employees Compensation

	Group	
	2016	2015
	\$'000	\$'000
Salaries, bonuses and short-term benefits	15,831	14,433
Employer's contribution to defined contribution plans including Central Provident Fund	212	203
Post-employment benefits (Note 20)	565	522
	16,608	15,158

## 26 Other income

	Group	
	2016	2015
	\$'000	\$'000
Interest income		
- Bank deposits	939	1,319
- Held-to-maturity financial assets (Note 12)	-	1,242
- Loan to an associated company	243	85
- Late payment interest penalty	288	431
	1,470	3,077
Other	768	749
	2,238	3,826

## 27 Other losses – net

	Group	
	2016	2015
	\$'000	\$'000
Impairment loss on held-to-maturity financial assets (Note 12)	-	(599)
Currency exchange (loss)/gain – net	(82)	862
Compensation from customers on cancelled sales	235	-
Fair value loss on investment properties (Note 11)	-	(565)
Gain on disposal of property, plant and equipment	9	4
Provision for reinstatement cost	-	(2)
Other	(342)	(920)
	(180)	(1,220)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 28 Finance expenses

	Group	
	2016	2015
	\$'000	\$'000
Interest expense		
- Bank borrowings	5,121	7,201
- Finance lease liabilities	9	9
- Convertible bond	-	262
- Accretion expense (Note 19(b))	-	10
	5,130	7,482
Less: Borrowing costs capitalised in development properties (Note 7)	(933)	(3,284)
Finance expenses recognised in profit or loss	4,197	4,198

## 29 Income taxes

	Group	
	2016	2015
	\$'000	\$'000
Tax (credit)/expense attributable to (loss)/profit is made up of:		
- Profit for the financial year:		
Current income tax		
- Singapore tax	1,990	-
- Indonesia tax		
- Final tax	1,811	2,335
- Non-final tax	91	125
	3,892	2,460
Deferred income tax (Note 14):		
- Singapore tax	(4,664)	458
- Indonesia tax	(889)	(1,525)
	(5,553)	(1,067)
- Under provision in prior financial years:		
Current income tax - Singapore	435	-
Deferred income tax - Singapore (Note 14)	21	-
	456	-
Total tax (credit)/expense	(1,205)	1,393

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 29 Income taxes (Continued)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follow:

	Group	
	2016	2015
	\$'000	\$'000
(Loss)/profit before income tax	(15,333)	8,248
Share of loss of associated company, net of tax	484	-
(Loss)/profit before income tax and share of loss of associated company	<u>(14,849)</u>	<u>8,248</u>
Tax calculated at tax rate of 17% (2015: 17%)	(2,524)	1,402
Effects of:		
- Different tax rates in other countries	1,002	1,461
- Expenses not deductible for tax purposes	795	309
- Income not subject to tax	(889)	(1,529)
- Deferred income tax assets not recognised	193	965
- Utilisation of previously unrecognised tax losses	-	(1,023)
- Under provision in prior financial years	456	-
- Tax incentive	(235)	(170)
- Income tax rebate	(40)	-
- Other	37	(22)
Tax (credit)/charge	<u>(1,205)</u>	<u>1,393</u>

## 30 (Loss)/earnings per share

### (a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	2015
Net (loss)/profit attributable to equity holders of the Company (\$'000)	<u>(13,975)</u>	<u>4,990</u>
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<u>321,855</u>	<u>309,076</u>
Basic (loss)/earnings per share (cents per share)	<u>(4.34)</u>	<u>1.61</u>

### (b) Diluted (loss)/earnings per share

For the purpose of calculating diluted (loss)/earnings per share, net (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has the following dilutive potential ordinary shares: share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 30 (Loss)/earnings per share (Continued)

(b) Diluted (loss)/earnings per share (Continued)

The number of shares that could have been issued upon the exercise of all dilutive share options less the number of share that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net (loss)/profit.

Diluted (loss)/earnings per share attributable to equity holders of the Company is calculated as follows:

	2016	2015
Net (loss)/profit attributable to equity holders of the Company and used to determine diluted earnings per share (\$'000)	(13,975)	4,990
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	321,855	309,076
Adjustments for ('000)		
- Share options	4,165	4,165
	326,020	313,241
Diluted (loss)/earnings per share (cents per share)	(4.34)*	1.59

\* As loss was recorded, the dilutive potential shares from share options are anti-dilutive and no changes is made to the diluted loss per share.

## 31 Contingencies

The Company has issued corporate guarantees amounting to \$71,338,000 (2015: \$147,025,000) to banks for borrowings of certain subsidiary corporations. The bank borrowings of these subsidiary corporations amounted to \$52,600,000 (2015: \$128,286,000) at the reporting date.

The Company has given letters of financial support to certain subsidiary corporations in the Group with net liability positions at the reporting date.

The Company has evaluated the fair values of the corporate guarantees and is of the view that both the consequential liabilities derived from its guarantees to the banks with regard to certain subsidiary corporations and the fair value of the corporate guarantee are minimal. The subsidiary corporations for which the guarantees were provided are in favourable equity positions, with no default in the payment of borrowings and credit facilities.

## 32 Commitments

(a) Operating lease commitments – where the Group is a lessee

The Group leases land and premises and office equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 32 Commitments (Continued)

- (a) Operating lease commitments – where the Group is a lessee (Continued)

The future minimum lease payables under non-cancellable operating lease contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group	
	2016 \$'000	2015 \$'000
Not later than one year	828	2,065
Between one and five years	187	607
	<u>1,015</u>	<u>2,672</u>

- (b) Operating lease commitments – where the Group is a lessor

The Group sublets its leasehold land and premises and investment properties to non-related parties under non-cancellable operating leases. The lessees are required to pay absolute fixed annual increase to the lease payments during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2016 \$'000	2015 \$'000
Not later than one year	788	3,760
Between one and five years	34	611
	<u>822</u>	<u>4,371</u>

## 33 Financial risk management

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification, measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

- (a) Market risk

- (i) *Currency risk*

The Group operates in Asia with dominant operations in Singapore and Indonesia.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Indonesia Rupiah ("IDR") and Malaysian Ringgit ("MYR"). The Group's risk management policy is to match the sales and purchases with the same currency as much as practicable.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Indonesia are managed primarily through borrowings denominated in the relevant foreign currency.

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows:

	SGD \$'000	USD \$'000	IDR \$'000	MYR \$'000	Total \$'000
<b>Group</b>					
<b>As at 31 December 2016</b>					
<b>Financial assets</b>					
Cash and cash equivalents	39,153	1,284	7,966	-	48,403
Trade and other receivables	21,627	-	3,111	-	24,738
Receivables from subsidiary corporations	141,519	-	-	-	141,519
Available-for-sale financial assets	80	16,331	24	-	16,435
	<u>202,379</u>	<u>17,615</u>	<u>11,101</u>	<u>-</u>	<u>231,095</u>
<b>Financial liabilities</b>					
Trade and other payables	14,573	-	6,239	-	20,812
Borrowings	52,616	-	22,881	-	75,497
Payables to subsidiary corporations	141,519	-	-	-	141,519
	<u>208,708</u>	<u>-</u>	<u>29,120</u>	<u>-</u>	<u>237,828</u>
<b>Net financial (liabilities)/assets</b>	(6,329)	17,615	(18,019)	-	(6,733)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	6,329	-	17,878	-	24,207
<b>Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies</b>	<u>-</u>	<u>17,615</u>	<u>(141)</u>	<u>-</u>	<u>17,474</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	SGD \$'000	USD \$'000	IDR \$'000	MYR \$'000	Total \$'000
<b>Group</b>					
<b><u>As at 31 December 2015</u></b>					
<b>Financial assets</b>					
Cash and cash equivalents	47,636	7,975	13,103	-	68,714
Trade and other receivables	65,162	-	2,050	-	67,212
Receivables from subsidiary corporations	125,594	-	-	11	125,605
Available-for-sale financial assets	80	10,577	23	-	10,680
	<u>238,472</u>	<u>18,552</u>	<u>15,176</u>	<u>11</u>	<u>272,211</u>
<b>Financial liabilities</b>					
Trade and other payables	34,617	-	8,765	-	43,382
Borrowings	128,286	-	23,645	-	151,931
Payables to subsidiary corporations	125,594	-	-	11	125,605
	<u>288,497</u>	<u>-</u>	<u>32,410</u>	<u>11</u>	<u>320,918</u>
<b>Net financial (liabilities)/assets</b>	(50,025)	18,552	(17,234)	-	(48,707)
Less: Net financial liabilities denominated in the respective entities' functional currencies	50,025	-	17,363	-	67,388
Less: Currency forward	-	(5,236)	-	-	(5,236)
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>	<u>-</u>	<u>13,316</u>	<u>129</u>	<u>-</u>	<u>13,445</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	SGD \$'000	USD \$'000	Total \$'000
<b>Company</b>			
<b><u>As at 31 December 2016</u></b>			
<b>Financial assets</b>			
Cash and cash equivalents	3,129	2	3,131
Trade and other receivables	132,523	-	132,523
	<u>135,652</u>	<u>2</u>	<u>135,654</u>
<b>Financial liabilities</b>			
Trade and other payables	9,714	-	9,714
Borrowings	16	-	16
	<u>9,730</u>	<u>-</u>	<u>9,730</u>
<b>Net financial assets</b>	125,922	2	125,924
Less: Net financial assets denominated in the functional currency of the Company	(125,922)	-	(125,922)
<b>Currency exposure of financial assets net of those denominated in the Company's functional currency</b>	<u>-</u>	<u>2</u>	<u>2</u>
	<b>SGD \$'000</b>	<b>USD \$'000</b>	<b>Total \$'000</b>
<b>Company</b>			
<b><u>As at 31 December 2015</u></b>			
<b>Financial assets</b>			
Cash and cash equivalents	25,023	-	25,023
Trade and other receivables	116,386	-	116,386
	<u>141,409</u>	<u>-</u>	<u>141,409</u>
<b>Financial liabilities</b>			
Trade and other payables	9,794	-	9,794
<b>Net financial assets</b>	131,615	-	131,615
Less: Net financial assets denominated in the functional currency of the Company	(131,615)	-	(131,615)
<b>Currency exposure of financial assets net of those denominated in the Company's functional currency</b>	<u>-</u>	<u>-</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

### (a) Market risk (Continued)

#### (i) Currency risk (Continued)

##### *Sensitivity analysis*

A 5% (2015: 5%) strengthening of Singapore Dollar against the following currencies at the reporting date would decrease/(increase) (loss)/profit before income tax by the amounts shown below. This analysis assumes that all other variables being held constant.

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
USD	(881)	(666)	-	-
IDR	7	(6)	-	-

A 5% (2015: 5%) weakening of Singapore Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables are being held constant.

#### (ii) Price risk

The Group is exposed to equity securities price risk arising from the quoted investments held by the Group which are classified on the consolidated statement of financial position as available-for-sale financial assets. The equities securities are listed in Singapore and Indonesia. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The unquoted investments held by the Group which are classified on the consolidated statement at financial position as available-for-sale financial assets are not quoted on any active market, the management is at the opinion that the investments are not exposed to equity price risk.

##### *Sensitivity analysis*

If prices for quoted equity securities change by 5% (2015: 5%) with all other variables being held constant, the effects on equity will be increased/decreased by approximately \$315,000 (2015: \$242,000).

#### (iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from interest-earning financial assets and interest-bearing financial liabilities. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months from the reporting date.

The Group obtains additional financing through bank borrowings and finance lease arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its exposure.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risks (Continued)

The following table sets out the carrying amounts as at 31 December, by maturity or repricing, whichever is earlier, of the financial instruments of the Group that are exposed to interest rate risk:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Financial assets</b>				
<i>Fixed rate</i>				
Short-term bank deposits	8,761	49,024	2,612	24,269
Trade and other receivables	6,087	3,583	-	-
<b>Financial liabilities</b>				
<i>Fixed rate</i>				
Bank borrowings	20,284	22,083	16	-
<i>Floating rate</i>				
Bank borrowings	55,213	129,848	-	-

*Sensitivity analysis*

*Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company are not exposed to changes in interest rates for fixed rate financial assets and financial liabilities.

*Cash flow sensitivity analysis for variable rate instruments*

For the variable rate financial liabilities, a change of 25 basis points (2015: 25 basis points) in interest rate at the reporting date would increase/(decrease) (loss)/profit before income tax by the amounts shown below. This analysis assumes that all other variables being held constant.

	Profit or loss	
	25 basis points increase \$'000	25 basis points decrease \$'000
<b>Group</b>		
<b>2016</b>		
Floating rate instruments	(138)	138
<b>2015</b>		
Floating rate instruments	(325)	325

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

### (a) Market risk (Continued)

#### (iii) Cash flow and fair value interest rate risks (Continued)

##### Cash flow sensitivity analysis for variable rate instruments (Continued)

At the reporting date, if interest rate of borrowings had increased/decreased by Nil basis point (2015: 90 basis points) with all other variables being held constant, the carrying amounts of development properties would have been lower/higher by \$Nil (2015: \$1,196,000) as a result of higher/lower interest expenses on the borrowings.

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The major classes of financial assets of the Group and the Company are bank deposits and trade receivables. For trade receivables, the Group performs an ongoing credit evaluation of the debtors' financial condition and requires no collateral from its customers. There are no significant concentration of credit risk, as the exposure is spread over a large number of counterparties and customers unless otherwise disclosed in the notes to the financial statements. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the management.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follows:

	Company	
	2016	2015
	\$'000	\$'000
Corporate guarantees provided to banks on certain subsidiary corporations' borrowings	52,600	128,286

There are no trade receivables of the Group and the Company that individually represents more than 10% of trade receivables as at 31 December 2015 and 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

### (b) Credit risk (Continued)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2016	2015
	\$'000	\$'000
<u>By geographical areas</u>		
Singapore	15,266	61,260
Indonesia	2,437	1,326
	<u>17,703</u>	<u>62,586</u>
 <u>By types of customers</u>		
Non-related parties	<u>17,703</u>	<u>62,586</u>

#### (i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

#### (ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The trade receivables of the Group and the Company that are past due but not impaired amounting to \$17,703,000 (2015: \$62,586,000) and \$3,000 (2015: \$Nil) respectively are principally less than 6 months past due.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

### (b) Credit risk (Continued)

#### (ii) Financial assets that are past due and/or impaired (Continued)

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Trade receivables</b>				
Past due less than 6 months	-	34	-	-
Past due over 6 months	2,655	2,586	2,045	2,045
Less: Allowance for impairment	(2,655)	(2,620)	(2,045)	(2,045)
	-	-	-	-

Movement in allowance for impairment of trade receivables:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Beginning of financial year	2,620	2,179	2,045	2,045
Currency translation difference	(3)	(4)	-	-
Allowance made (Note 24)	56	445	-	-
Allowance utilised	(18)	-	-	-
End of financial year (Note 6)	2,655	2,620	2,045	2,045

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Other receivables</b>				
Past due over 1 year	-	-	759	756
Less: Allowance for impairment	-	-	(732)	(732)
	-	-	27	24

Movement in allowance for impairment of other receivables:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Beginning and end of financial year (Note 6)	-	-	732	732

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

### (b) Credit risk (Continued)

#### (ii) *Financial assets that are past due and/or impaired (Continued)*

Allowance for impairment of trade and other receivables arise from customers that are either in financial difficulties and/or have history at default or significant delay in payments which management is of the opinion that payments are not forthcoming as at the end of financial year. In the event that payment is not collective, the receivables will be recommended for write off. During the financial year, trade receivables from non-related parties amounting to \$15,000 (2015: \$495,000) had been recommended for write off as bad debts as the management is of the opinion that amount is not collectible.

The management has assessed the collectability of the other receivables due from the subsidiary corporations, having considered the financial conditions of the subsidiary corporations and is of the opinion that their ability to make the required repayment will be delayed, hence an allowance for impairment have been made by the Company. No further impairment loss beyond the recorded allowance is required for the financial years ended 31 December 2015 and 2016.

### (c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or rising damage to the Group's and the Company's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuation in cash flows. The Group also ensures the availability of funding through committed bank facilities and lines.

The table below analyses the non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

### (c) Liquidity risk (Continued)

	Less than 1 year \$'000	Between 2 to 5 years \$'000	Over 5 years \$'000
<b>Group</b>			
<b>At 31 December 2016</b>			
Trade and other payables	20,175	637	-
Borrowings	17,203	62,654	-
	37,378	63,291	-
<b>At 31 December 2015</b>			
Trade and other payables	42,828	554	-
Borrowings	145,598	4,686	6,696
Derivative financial instrument	49	-	-
	188,475	5,240	6,696
<b>Company</b>			
<b>At 31 December 2016</b>			
Trade and other payables	9,714	-	-
Borrowings	4	14	-
Financial guarantee liabilities	-	52,600	-
	9,718	52,614	-
<b>At 31 December 2015</b>			
Trade and other payables	9,794	-	-
Financial guarantee liabilities	128,286	-	-
	138,080	-	-

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

In compliance with the criterion for license as a real estate developer in Singapore, certain Singapore subsidiary corporations with principal activities as real estate had started with a capital of \$1 million.

Management monitors capital based on a gearing ratio. The Group's and the Company's strategies, which were unchanged from 2015, are to maintain gearing ratios of less than 40%.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

### (d) Capital risk (Continued)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables plus borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net debt	80,515	162,862	6,599	(15,229)
Total equity	415,107	412,101	268,728	273,621
Total capital <sup>(1)</sup>	495,622	574,963	275,327	273,621
Gearing ratio	16%	28%	2%	N.M.

<sup>(1)</sup> As the Company does not have any net debt, total capital is equal to total equity.

\* Net debt in a negative position indicates that cash and cash equivalents are greater than the total of trade and other payables. Hence, it is not meaningful ("N.M.") to compute the gearing ratio.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2016.

### (e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

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

See Note 11 to the financial statements for disclosure of the investment properties that is measured at fair value.

The following table presents the assets and liabilities measured at fair value at 31 December:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2016</b>				
Available-for-sale financial assets	6,304	10,131	-	16,435
<b>2015</b>				
Available-for-sale financial assets	4,845	5,835	-	10,680
Derivative financial instruments	-	(49)	-	(49)
	4,845	5,786	-	10,631

There were no transfers between Levels 1, 2 and 3 of fair value measurement hierarchy during the financial years ended 31 December 2015 and 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 33 Financial risk management (Continued)

### (e) Fair value measurements (Continued)

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The carrying amount less impairment allowance of trade and other receivables and trade and other payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosures purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximates their fair values.

### (f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and in Note 5 to the financial statements, except for the following:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Loans and receivables	73,141	135,926	135,654	141,409
Financial liabilities at amortised cost	96,309	195,313	9,730	9,794

## 34 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and other related parties at terms agreed between the parties:

### (a) Purchases of services

Related parties	Group	
	2016 \$'000	2015 \$'000
Services received	574	490

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel, directors and their close family members.

Outstanding balances as at 31 December 2015 and 2016, arising from services rendered/received are unsecured and payable within 12 months from the reporting date and are disclosed in Notes 6 and 15 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 34 Related party transactions (Continued)

### (b) Key management personnel compensation

The remuneration of directors and other members of key management during the financial year are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Salaries, bonuses and short-term benefits	7,828	8,194
Directors' fees		
- Directors of the Company	240	240
- Directors of subsidiary corporations	1	1
Employer's contribution to defined contribution plans including Central Provident Fund	96	88
	<u>8,165</u>	<u>8,523</u>
Comprised amounts paid to:		
Directors of the Company	4,974	5,392
Directors of subsidiary corporations	2,623	2,546
Other key management personnel	568	585
	<u>8,165</u>	<u>8,523</u>

## 35 Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer ("CEO") that are used to make strategic decisions, allocate resources, and assess performance.

The CEO considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in two primary geographic areas namely, Singapore and Indonesia. From a business segment perspective, management separately considers the business activities in these geographic areas. All of the business segments are engaged in property development, facility management and investment activities. In addition, the Indonesia geographic area also derives revenue from hospitality and investment activities.

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the CEO reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Property development	:	Development of residential properties
Hospitality management	:	Golf and country club and hotel operations
Facility management	:	Property and facility management
Investment and others	:	Other investment activities

The bases of measurement of the reportable segments are in accordance with the Group's accounting policies.

There are no sales between operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 35 Segment information (Continued)

The segment information provided to the CEO for the reportable segments are as follows:

	Property development \$'000	Hospitality management \$'000	Facility management \$'000	Investment and others \$'000	Total \$'000
<b>FY2016</b>					
<b>Revenue</b>					
Sales to external parties	104,864	12,679	3,735	514	121,792
<b>Gross profit</b>	14,229	1,758	1,838	316	18,141
Other income	1,084	281	154	719	2,238
Depreciation of property, plant and equipment	(611)	(1,314)	(70)	(128)	(2,123)
Rental expense on operating leases	(413)	(166)	(163)	(3)	(745)
Commission expense	(2,468)	-	-	(6)	(2,474)
Marketing expense	(4,511)	(227)	-	(47)	(4,785)
Finance expense	(3,549)	(646)	(2)	-	(4,197)
Unallocated costs					(21,388)
Loss before income tax					(15,333)
Income tax credit					1,205
<b>Net loss</b>					(14,128)
<b>Segment assets</b>	488,288	38,831	814	31,184	559,117
Additions to:					
- Investment in associated company	-	2,465	-	-	2,465
- Property, plant and equipment	330	354	-	41	725
- Investment properties	25	-	-	-	25
<b>Segment liabilities</b>	131,895	9,764	2,102	249	144,010

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 35 Segment information (Continued)

	Property development \$'000	Hospitality management \$'000	Facility management \$'000	Investment and others \$'000	Total \$'000
<b>FY2015</b>					
<b>Revenue</b>					
Sales to external parties	179,700	11,679	4,088	231	195,698
<b>Gross profit</b>	34,489	1,306	2,032	166	37,993
Other income	1,819	121	581	1,305	3,826
Depreciation of property, plant and equipment	(612)	(1,207)	(149)	(114)	(2,082)
Rental expense on operating leases	(428)	(138)	(159)	-	(725)
Commission expense	(1,957)	-	-	(1)	(1,958)
Marketing expense	(2,914)	(369)	(17)	(38)	(3,338)
Finance expense	(3,407)	(744)	(10)	(37)	(4,198)
Unallocated costs					(21,270)
Profit before income tax					8,248
Income tax expense					(1,393)
<b>Net profit</b>					6,855
<b>Segment assets</b>	591,995	35,156	864	29,133	657,148
Additions to:					
- Property, plant and equipment	473	725	105	33	1,336
- Investment properties	807	-	-	-	807
<b>Segment liabilities</b>	232,708	10,476	1,684	179	245,047

The revenue from external parties reported to the CEO is measured in a manner consistent with that in the consolidated statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 35 Segment information (Continued)

### (a) Reconciliation

Segment profit

Segment profit are reconciled to (loss)/profit before income tax as follows:

The amounts provided to the CEO with respect to (loss)/profit before income tax are measured in a manner consistent with that in the consolidated statement of comprehensive income. These profit or loss is allocated based on the operations of the segment. All profit are allocated to the reportable segments other than directors' fees, employee compensation, auditors' remuneration, legal and professional fees, travelling expenses and others as these are separately analysed and driven by the finance department, which manages the financial position of the Group.

	Group	
	2016	2015
	\$'000	\$'000
Segment profit for reportable segments	6,055	29,518
Other segment profit or loss		
Unallocated:		
Directors' fees	(241)	(241)
Employee compensation	(16,608)	(15,158)
Auditors' remuneration	(201)	(183)
Legal and professional fees	(311)	(161)
Travelling expenses	(623)	(525)
Repair and maintenance	(509)	(464)
Consultancy fees	(253)	(337)
Management fees	(447)	(137)
Provision for hotel equipment and supplies	(253)	(195)
Bad debts written off	(15)	(495)
Others	(1,927)	(3,374)
(Loss)/profit before income tax	(15,333)	8,248

### (b) Geographical information

The Group's four business segments operate in two main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally property development, investment in real estate related businesses, property and facility management and investment holding; and
- Indonesia – the operations in this area are principally the property development, facility management and hospitality management.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 35 Segment information (Continued)

(b) Geographical information (Continued)

	Group	
	2016	2015
	\$'000	\$'000
<b>Sales</b>		
Singapore	70,315	136,103
Indonesia	51,477	59,595
	<u>121,792</u>	<u>195,698</u>
<b>Non-current assets</b>		
Singapore	37,044	156,420
Indonesia	231,764	77,083
	<u>268,808</u>	<u>233,503</u>

There is no single external customer that contributed to 10% or more of the revenue for the financial years ended 31 December 2015 and 2016.

## 36 Event occurring after the reporting date

On 1 March 2017, the Company incorporated 11 new entities under its wholly-owned subsidiary corporation, Top Global Hospitality Pte Ltd. The entities are Bartley Blossom Pte Ltd, Iconic Town Pte Ltd, Spring Walk Pte Ltd, Jaunty City Pte Ltd, Trump Garden Pte Ltd, Green Palace Pte Ltd, JTOP Pte Ltd, Upbeat Town Pte Ltd, Leading Light Pte Ltd, Bidadari View Pte Ltd and Stride Forward Pte Ltd. They are investment holding companies domiciled in Singapore and have \$50,000 share capital each.

The above event is not expected to have material effect to the Group for the financial year ending 31 December 2017.

## 37 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

This is the converged standard on revenue recognition. It replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 37 New or revised accounting standards and interpretations (Continued)

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018) (Continued)

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- (i) Rights of return – FRS 115 requires separate presentation on the statements of financial position of the right to recover the goods from the customer and the refund obligation; and
- (ii) Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under FRS 115.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessment of the impact over the next twelve months.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale ("AFS") financial assets would appear to satisfy the conditions for classification as at fair value through OCI and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include:

- equity instruments currently classified as AFS for which fair value through OCI election is available;
- equity investments currently measured at fair value through profit or loss which would likely to continue to be measured on the same basis under FRS 109; and
- debt instruments classified as held-to-maturity or loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. While the Group is yet to undertake a detailed assessment, it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of FRS 109. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 37 New or revised accounting standards and interpretations (Continued)

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018) (Continued)

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from contracts with customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

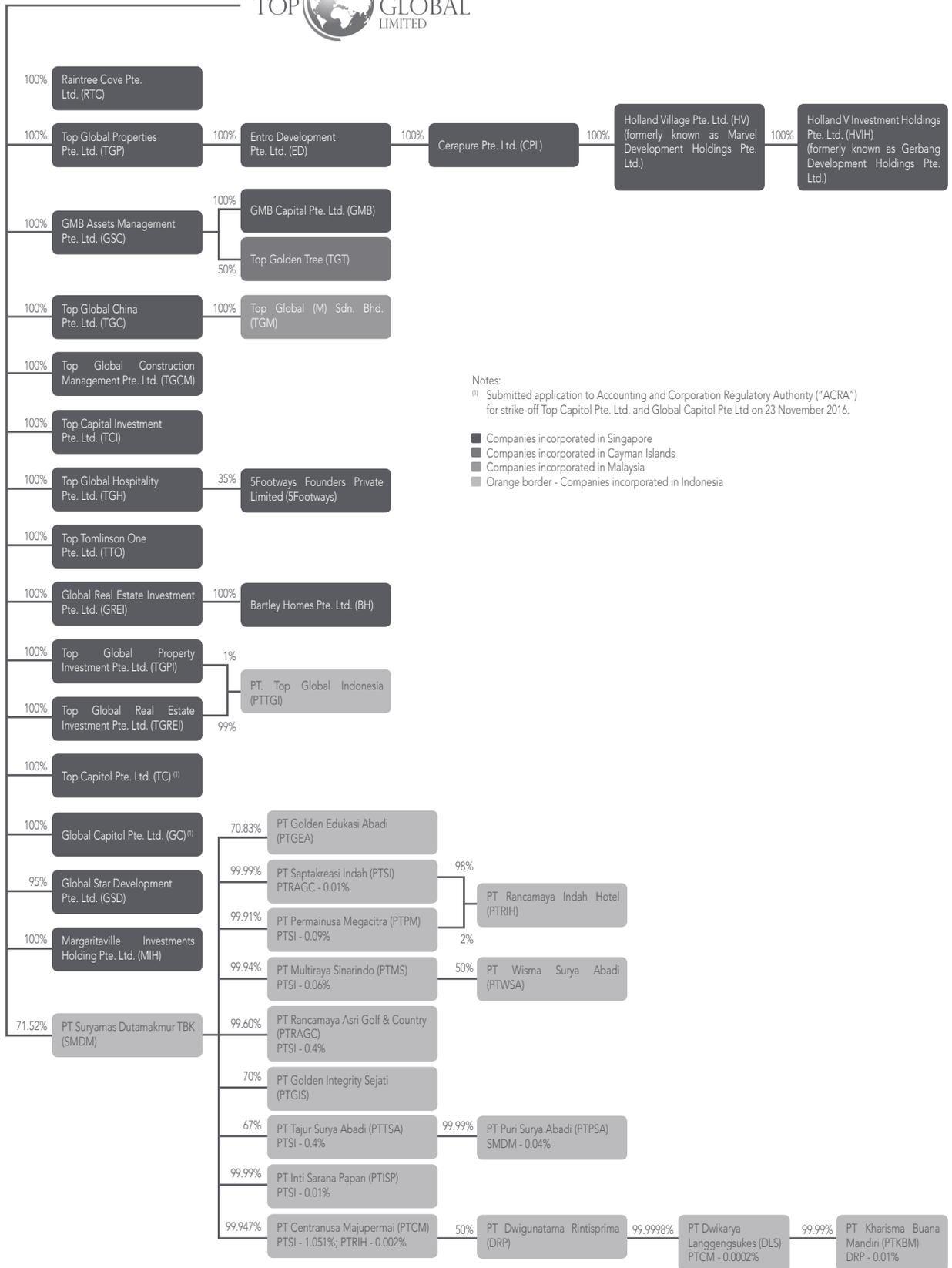
FRS 116 will result in almost all leases being recognised on the statements of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$1,015,000 (Note 32(a)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

## 38 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Top Global Limited on 27 March 2017.



Notes:  
 (1) Submitted application to Accounting and Corporation Regulatory Authority ("ACRA") for strike-off Top Capitol Pte. Ltd. and Global Capitol Pte Ltd on 23 November 2016.

- Companies incorporated in Singapore
- Companies incorporated in Cayman Islands
- Companies incorporated in Malaysia
- Orange border - Companies incorporated in Indonesia

# STATISTICS OF SHAREHOLDING

AS AT 6 MARCH 2017

Class of shares	:	Ordinary
Voting rights (excluding Treasury Shares)	:	1 vote per share
Number of Issued and fully paid-up shares excluding treasury shares	:	321,381,099
Number/Percentage of Treasury Shares	:	514,200 (0.16%)

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 6 MARCH 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	158	4.23	4,841	0.00
100 - 1,000	1,152	30.86	704,119	0.22
1,001 - 10,000	1,802	48.27	8,098,136	2.52
10,001 - 1,000,000	616	16.50	32,515,670	10.12
1,000,001 and above	5	0.14	280,058,333	87.14
<b>TOTAL</b>	<b>3,733</b>	<b>100.00</b>	<b>321,381,099</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Oei Siu Hoa @ Sukmawati Widjaja	-	-	248,759,810 <sup>(1)</sup>	77.40
United Glow Trust reg.	248,159,810	77.22	-	-

Note:

<sup>(1)</sup> Madam Oei Siu Hoa @ Sukmawati Widjaja has a deemed interest in in 600,000 ordinary shares of Top Global Limited held by her son, Mr Hano Maeloa and a deemed interest in 248,159,810 ordinary shares of Top Global Limited held by United Glow Trust reg.

## SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 6 March 2017, 22.57% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

# STATISTICS OF SHAREHOLDING

AS AT 6 MARCH 2017

## TWENTY LARGEST SHAREHOLDERS AS AT 6 MARCH 2017

NO.	SHAREHOLDER'S NAME	NO. OF SHARES	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	275,192,674	85.63
2.	DBS NOMINEES PTE LTD	1,301,097	0.40
3.	ALI SANTOSO OR TJENDRA KASIH SANTOSO	1,271,640	0.40
4.	OCBC SECURITIES PRIVATE LTD	1,224,872	0.38
5.	RAFFLES NOMINEES (PTE) LTD	1,068,050	0.33
6.	PHILLIP SECURITIES PTE LTD	723,863	0.23
7.	MAYBANK KIM ENG SECURITIES PTE LTD	684,790	0.21
8.	OCBC NOMINEES SINGAPORE PTE LTD	675,573	0.21
9.	JANET CHAN KIM LIAN	640,000	0.20
10.	LOW WOO SWEE @ LOH SWEE TECK	632,070	0.20
11.	DBSN SERVICES PTE LTD	624,365	0.19
12.	HANO MAELOA	600,000	0.19
13.	TAN HOOI HONG	580,000	0.18
14.	CHEONG SWEE KHENG	562,480	0.18
15.	UNITED OVERSEAS BANK NOMINEES PTE LTD	541,213	0.17
16.	THONG KUM YUEN	507,210	0.16
17.	TAN ENG CHUA EDWIN	495,840	0.15
18.	GOH YONG HOCK	420,000	0.13
19.	LIM SENG KUAN	415,740	0.13
20.	UOB KAY HIAN PTE LTD	403,570	0.13
	<b>Total</b>	<b>288,565,047</b>	<b>89.80</b>

# NOTICE OF ANNUAL GENERAL MEETING

## TOP GLOBAL LIMITED

(Company Registration No. 198003719Z)  
(Incorporated in the Republic of Singapore)

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Raffles Marina, Bridge Room, Level 2, 10 Tuas West Drive, Singapore 638404 on Wednesday, 12 April 2017 at 10.00 a.m. to transact the following businesses:

### AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**
2. To re-elect the following Directors retiring pursuant to Article 106 of the Company's Articles of Association:
  - (i) Ms Chang Shyre Gwo **(Resolution 2)**
  - (ii) Dr Lam Lee G **(Resolution 3)**

Ms Chang Shyre Gwo shall, upon re-election as Director of the Company, remain as the Chief Operating Officer and Executive Director of the Company.  
(See Explanatory Note 1)

Dr Lam Lee G will upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board considers Dr Lam Lee G to be independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.  
(See Explanatory Note 2)

3. To approve the Directors' fees of S\$240,000 for the financial year ended 31 December 2016 (2015: S\$240,000). **(Resolution 4)**
4. To re-appoint Nexia TS Public Accounting Corporation as independent auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

#### 6. Authority to allot and issue

That pursuant to Section 161 of the Companies Act, Cap. 50. and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:-

- (i) the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares and convertible securities to be issued other than on a *pro rata* basis to existing shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

# NOTICE OF ANNUAL GENERAL MEETING

- (ii) (subject to such manner of calculations 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 (i) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares of the Company at the time this resolution is passed after adjusting for:–
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or sub-division of shares; and
- (iii) unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.  
(See Explanatory Note 3) **(Resolution 6)**

7. **Authority to offer and grant options and to allot and issue shares in accordance with the Top Global Share Option Scheme 2011**

That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Top Global Share Option Scheme 2011 (the "Scheme"), and, pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme and the Top Global Performance Share Plan shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company from time to time, as determined in accordance with the provisions of the Scheme.  
(See Explanatory Note 4) **(Resolution 7)**

8. **Authority to grant awards and to allot and issue shares under the Top Global Performance Share Plan**

That authority be and is hereby given to the Directors of the Company to grant awards from time to time in accordance with the provisions of the Top Global Performance Share Plan (the "PSP"), and, pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares as may be required to be issued pursuant to the release of awards granted under the PSP, provided that the aggregate number of shares to be issued pursuant to the PSP and the Scheme shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company from time to time, as determined in accordance with the provisions of the PSP.  
(See Explanatory Note 5) **(Resolution 8)**

# NOTICE OF ANNUAL GENERAL MEETING

## 9. The Proposed Renewal of the Share Purchase Mandate

That the Directors of the Company be and are hereby authorised to make purchases of issued and fully-paid ordinary shares in the capital of the Company ("Shares") from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent. (10%) of the issued ordinary shares in the capital of the Company (ascertained as at date of the last annual general meeting of the Company or at the date of the Annual General Meeting, whichever is the higher, but excluding any Shares held as treasury shares) at the price of up to but not exceeding the Maximum Price, in accordance with the "Guidelines on Share Purchases" set out in Appendix A of the Explanatory Statement to Ordinary Resolution 9 and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

In this Ordinary Resolution 9, "Maximum Price", means the maximum price at which the Shares can be purchased pursuant to the Shares Purchase Mandate, which shall not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) trading days in which transactions in the Shares on the SGX-ST were recorded, in the case of a market purchase, before the day on which such purchase is made, and, in the case of an off-market purchase on an equal access scheme, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period.

(See *Explanatory Note 6*)

**(Resolution 9)**

BY ORDER OF THE BOARD

### LEE BEE FONG (MS)

Company Secretary  
28 March 2017  
Singapore

### Explanatory Notes:

1. In relation to the ordinary resolution 2 proposed in item 2(i) above, detailed information on Ms Chang Shyre Gwo is set out in page 10 of the Company's Annual Report 2016.
2. In relation to the ordinary resolution 3 proposed in item 2(ii) above, detailed information on Dr Lam Lee G is set out in page 11 of the Company's Annual Report 2016.
3. The ordinary resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities, which the Directors of the Company may allot and issue under the ordinary resolution 6 shall not exceed 50% of the total number of issued shares excluding treasury shares of the Company at the time of passing the ordinary resolution 6. For allotment and issue of shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares and convertible securities to be allotted and issued shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.
4. The ordinary resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company to offer and grant options under the Scheme and to allot and issue shares pursuant to the exercise of such options under the Scheme and the PSP not exceeding 15% of the total number of issued shares excluding treasury shares of the Company from time to time.

# NOTICE OF ANNUAL GENERAL MEETING

5. The ordinary resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company to grant awards under the PSP and to allot and issue shares pursuant to the release of such awards under the PSP, provided always that the aggregate number of shares to be issued pursuant to the PSP and the Scheme shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company from time to time.
6. The ordinary resolution 9 proposed in item 9 above, if passed, will be effective until the next Annual General Meeting of the Company, the Share Purchase Mandate for the Company to make purchases or acquisitions of its issue shares. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. Please refer to the Appendix A of the Explanatory Statement to Ordinary Resolution 9 on Proposed Renewal of Share Purchase Mandate dated 28 March 2017.

## Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.
3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 Scotts Road #20-03/04 Shaw Centre Singapore 228208 not less than 48 hours before the time appointed for the Meeting.
5. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

## Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over 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 or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (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.

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

# TOP GLOBAL LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198003719Z)

## PROXY FORM

### ANNUAL GENERAL MEETING

#### IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

\*I/We \_\_\_\_\_

\*NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_

(Address) being \*a member/members TOP GLOBAL LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy (%)

\*and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy (%)

or failing \*him/her/them, the Chairman of the meeting as \*my/our proxy/proxies to attend, speak and vote for \*me/us on \*my/our behalf at the Annual General Meeting of the Company to be held at Raffles Marina, Bridge Room, Level 2, 10 Tuas West Drive, Singapore 638404 on Wednesday, 12 April 2017 at 10.00 a.m., and at any adjournment thereof.

\*I/We direct \*my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the \*proxy /proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the Annual General Meeting.

NOTE: The Chairman of the Annual General Meeting will be exercising his right under Article 58 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of a poll.

Please tick here if more than two (2) proxies will be appointed (Please refer to note 2). This is only applicable for intermediaries such as banks and capital markets service license holders which provide custodial services.

No.	Resolutions relating to:	For	Against
1.	Audited Financial Statements, Directors' Statement and Independent Auditor's Report for the financial year ended 31 December 2016		
2.	Re-election of Ms Chang Shyre Gwo as Director of the Company		
3.	Re-election of Dr Lam Lee G as Director of the Company		
4.	Directors' fees for the financial year ended 31 December 2016		
5.	Re-appointment of Nexia TS Public Accounting Corporation as Auditors of the Company		
6.	Authority to allot and issue shares pursuant to Section 161 of the Singapore Companies Act (Cap. 50)		
7.	Authority to grant options and to allot and issue shares pursuant to the Top Global Share Option Scheme 2011		
8.	Authority to grant awards and to allot and issue shares under the Top Global Performance Share Plan		
9.	Authority to renew the Share Purchase Mandate		

If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the relevant box. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature(s) of Member(s)/  
Common Seal of Corporate Shareholder

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

**IMPORTANT:** Please read notes overleaf

\* Delete accordingly

**Notes:**

1. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), 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 of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Cap. 50.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Scotts Road #20-03/04 Shaw Centre Singapore 228208 not less than 48 hours before the time appointed for holding the meeting.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies 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) be lodged 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 a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

**Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 March 2017.

AFFIX  
POSTAGE  
STAMP  
HERE

The Company Secretary  
**TOP GLOBAL LIMITED**  
1 Scotts Road #20-03/04  
Shaw Centre  
Singapore 228208

**BOARD OF DIRECTORS**

**Mdm Oei Siu Hoa @ Sukmawati Widjaja**  
*(Executive Chairman)*

**Mr Hano Maeloa**  
*(Chief Executive Officer and Executive Director)*

**Ms Jennifer Chang Shyre Gwo**  
*(Chief Operating Office and Executive Director)*

**Dr Lam Lee G**  
*(Independent Non-Executive Director)*

**Mr Yeo Chin Tuan Daniel**  
*(Lead Independent Non-Executive Director)*

**Ms Mimi Yuliana Maeloa**  
*(Non-Executive Director)*

**AUDIT COMMITTEE**

**Mr Yeo Chin Tuan Daniel**  
*(Chairman)*

**Dr Lam Lee G**

**Ms Mimi Yuliana Maeloa**

**NOMINATING COMMITTEE**

**Dr Lam Lee G**  
*(Chairman)*

**Mr Yeo Chin Tuan Daniel**

**Ms Mimi Yuliana Maeloa**

**REMUNERATION COMMITTEE**

**Mr Yeo Chin Tuan Daniel**  
*(Chairman)*

**Dr Lam Lee G**

**Ms Mimi Yuliana Maeloa**

**COMPANY SECRETARY**

Ms Lee Bee Fong

**INDEPENDENT AUDITOR**

**Nexia TS Public Accounting Corporation**  
100 Beach Road  
Shaw Tower #30-00  
Singapore 189702  
*(Director-in-charge: Loh Hui Nee)*  
*Appointment commenced from*  
*the audit of the financial statements for*  
*the year ended 31 December 2014*

**REGISTRAR & SHARE REGISTRATION OFFICE**

**Tricor Barbinder Share Registration Services**  
*(A division of Tricor Singapore Pte Ltd)*  
80 Robinson Road  
#02-00  
Singapore 068898

**REGISTERED OFFICE**

1 Scotts Road  
#20-03 Shaw Centre  
Singapore 228208

**WEBSITE**

<http://www.topglobal.com.sg>

**PRINCIPAL BANKERS**

**Overseas-Chinese Banking Corporation Limited**  
63 Chulia Street  
OCBC Centre East #06-00  
Singapore 049514

**RHB Bank Berhad Singapore**  
90 Cecil Street #12-00  
Singapore 069531

**Bank of East Asia, Singapore Branch**  
60 Robinson Road  
BEA Building  
Singapore 068892

**SGX INFORMATION**

Counter name: TopGlobal  
SGX code: BHO  
Bloomberg code: TGL:SP

## TOP GLOBAL LIMITED

1 Scotts Road, #20-03 Shaw Centre,  
Singapore 228208  
Tel (65) 6746 4333 • Fax (65) 6746 4948  
Registration No. 198003719Z

[www.topglobal.com.sg](http://www.topglobal.com.sg)