GuocoLand Limited

A Member of the Hong Leong Group

# ANNUAL REPORT 2017

*Tanjong Pagar Centre, Singapore*

# CORPORATE PROFILE

Listed on the Singapore Exchange Securities Trading Limited since 1978, GuocoLand Limited ("GuocoLand") is a premier property company with operations in the geographical markets of Singapore, China, Malaysia and Vietnam. In 2017, GuocoLand marked its expansion beyond Asia into the new markets of the United Kingdom and Australia through a strategic partnership with Eco World Development Group Berhad in Eco World International Berhad. Headquartered in Singapore, the principal business activities of GuocoLand and its subsidiaries ("the Group") are property development, property investment, hotel operations and property management, and it is focused on achieving scalability, sustainability and growth in its core markets.

The Group's portfolio comprises residential, hospitality, commercial, retail, mixed-use and integrated developments spanning across the region. In recognition of its portfolio of quality, innovative developments and commitment to business excellence, the Group has been honoured with numerous awards and accolades both in Singapore and internationally. As at 30 June 2017, the Group's total assets amounted to S$8.96 billion.

**A premier property company with operations in Singapore, China, Malaysia and Vietnam, GuocoLand expanded beyond Asia into the UK and Australia in 2017. GuocoLand's total assets amounted to S$8.96 billion as at 30 June 2017.**

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# CHAIRMAN'S STATEMENT

As a result of profit recorded for the Year, equity attributable to shareholders grew 8% to $3.53 billion. The Board is pleased to propose a first and final one-tier tax exempt ordinary dividend of 7 cents per share for the Year.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of GuocoLand Limited and its subsidiaries ("the Group") for the financial year ended 30 June 2017 ("the Year").

## FINANCIAL PERFORMANCE

For the Year, the Group reported revenue of $1.11 billion, an increase of 5% as compared to the previous year on the back of higher sales and progressive revenue recognition from our residential projects in Singapore.

Profit attributable to shareholders was $357.2 million as compared to $606.7 million recorded in the previous year, due to a one-time gain from the disposal of the Dongzhimen project in Beijing which was recognised in the previous year. This Year's profit was boosted by other income of $318.2 million, mainly from fair value gains from investment properties of $254.5 million, contributed largely by Tanjong Pagar Centre's Guoco Tower.

As a result of profit recorded for the Year, equity attributable to shareholders grew 8% to $3.53 billion. The increase was partially offset by close to $100 million of dividends paid to shareholders in November 2016. Net asset value per share grew 8% to $3.18 as at 30 June 2017.

## DIVIDEND

The Board is pleased to propose a first and final one-tier tax exempt ordinary dividend of 7 cents per share for the Year. This is higher than the ordinary dividend of 5 cents per share in the previous year, excluding the special dividend distributed due to the one-time gain from the disposal of the Dongzhimen project in Beijing. The proposed higher dividend takes into consideration the Group's financial performance, working capital requirements and future investment plans. The dividend will be paid to shareholders on 21 November 2017, subject to shareholders' approval at the Annual General Meeting to be held on 19 October 2017.

## STRATEGY

During the Year, the Group continued to execute on its strategic plans for sustainable growth and to diversify its income stream. With selective land acquisitions made in Singapore, Chongqing in China and Malaysia's

1 "MTI Narrows 2017 GDP Growth Forecast to 2.0 to 3.0 Per Cent", Ministry of Trade and Industry, 11 August 2017.
2 International Monetary Fund, World Economic Outlook Update, July 2017.
3 "Economic and Financial Developments in Malaysia in the Second Quarter of 2017", Bank Negara Malaysia, 18 August 2017.

Klang Valley, the Group has built a substantial land bank for its property development business.

To diversify income stream, the Group has expanded beyond Asia into new markets in the United Kingdom and Australia. The Group has formed a strategic partnership with Eco World Development Group Berhad, whereby both parties hold an equal equity stake in Eco World International Berhad, which currently has four development projects under construction in London and Sydney.

## PROACTIVE CAPITAL MANAGEMENT

Mainly due to the partial financing of new investments with loans and borrowings during the Year, the Group's total debt increased by 13% to $4.34 billion, compared to a year ago. As at 30 June 2017, the Group's gearing was at 0.9 times.

The Group will continue its prudent capital management approach, and will seek to maintain an optimal level of gearing while balancing the capital needs for funding future growth. Besides drawing on bank borrowings, the Group diversified its funding sources with four fixed rate medium term note issuances in the past Year, which were well-received by the market. The Group has sufficient financial resources to capitalise on investment opportunities when they arise.

## OUTLOOK

The Ministry of Trade and Industry expects Singapore's GDP growth for the full year to be "around 2.5% barring unexpected outcomes in the global economy and key sectors in the domestic economy for the rest of the year"[1]. This is slightly higher than the 2.0% growth recorded for 2016. According to the International Monetary Fund, China is expected to grow at 6.7% in 2017, the same rate as in 2016[2]. According to the Bank Negara Malaysia, "the Malaysian economy is expected to expand by more than 4.8% in 2017"[3], which is higher than the 4.2% growth recorded in 2016.

Notwithstanding the more positive outlook, downside risks remain amidst global uncertainties and the Group expects business conditions in the countries in which it operates to continue to be challenging. While there have been some positive signs in the property market in Singapore, the government has announced its intention to keep cooling measures largely in place. In China, the property market has also showed signs of moderating in some of the larger cities. Land tenders in both Singapore and China continue to be highly competitive. We will remain focused on delivering our pipeline of new development projects and monetising our development inventory. The Group will also remain selective in its search for suitable investment opportunities to add value to the portfolio.

## A NOTE OF APPRECIATION

On behalf of the Board, we would like to thank our valued shareholders, customers, business associates and investors, amongst others, for their continued support to the Group. I also wish to take this opportunity to thank my fellow Board members for their guidance and counsel. Last but not least, I would like to express my appreciation to the management and staff of the Group for their contributions, commitment and dedication.

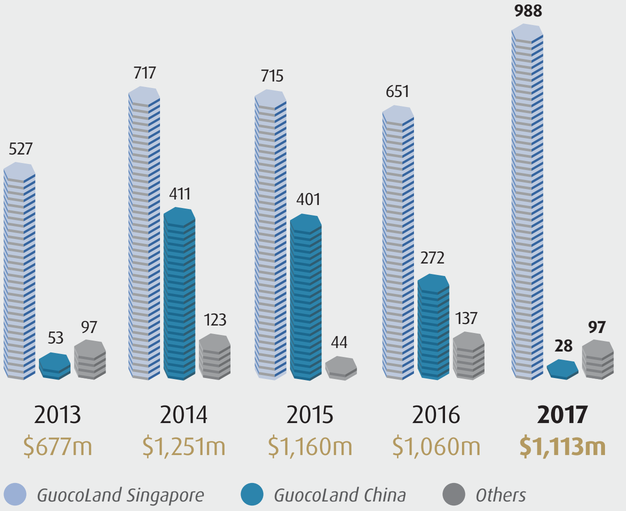
**Moses Lee Kim Poo**
*Chairman*
30 August 2017

# FINANCIAL HIGHLIGHTS

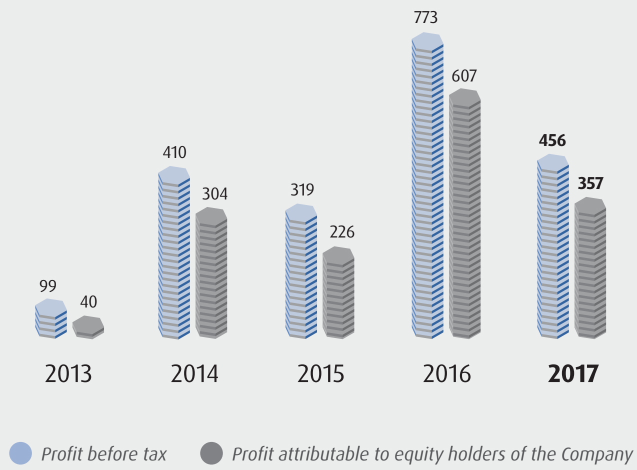
| YEAR ENDED 30 JUNE | 2017 $'000 | 2016 $'000 | 2015 $'000 | 2014 $'000 | 2013 $'000 |
|---|---|---|---|---|---|
| **STATEMENTS OF PROFIT OR LOSS** | | | | | |
| Revenue by operating segments | | | | | |
| GuocoLand Singapore | **988,168** | 651,319 | 714,682 | 717,337 | 526,642 |
| GuocoLand China | **27,638** | 272,374 | 400,995 | 411,488 | 52,896 |
| GuocoLand Malaysia | **94,506** | 131,082 | 39,799 | 122,176 | 70,431 |
| GuocoLand Vietnam | **2,828** | 4,965 | 4,416 | 326 | 27,455 |
| Others | **51** | 30 | 29 | 23 | 18 |
| **Total revenue** | **1,113,191** | 1,059,770 | 1,159,921 | 1,251,350 | 677,442 |
| Profit before tax | **455,800** | 773,158 | 318,661 | 410,013 | 98,516 |
| Profit attributable to equity holders of the Company | **357,185** | 606,687 | 226,352 | 304,225 | 40,490 |
| Proposed dividends in respect of ordinary shares[1] | **77,684** | 99,879 | 55,488 | 55,488 | 55,488 |
| **STATEMENTS OF FINANCIAL POSITION** | | | | | |
| Property, plant and equipment | **623,806** | 494,780 | 435,227 | 405,551 | 398,849 |
| Investment properties | **3,053,287** | 2,711,193 | 2,486,915 | 2,305,035 | 2,056,102 |
| Associates and joint ventures | **675,616** | 427,945 | 461,540 | 496,425 | 492,365 |
| Inventories and deposits for land | **3,265,397** | 2,410,452 | 4,711,235 | 4,287,193 | 4,826,747 |
| Cash and cash equivalents | **1,118,483** | 1,430,249 | 663,073 | 716,006 | 934,340 |
| Other assets | **219,086** | 431,986 | 753,768 | 509,249 | 446,480 |
| **Total assets** | **8,955,675** | 7,906,605 | 9,511,758 | 8,719,459 | 9,154,883 |
| Total ordinary equity | **3,529,862** | 3,276,147 | 2,936,448 | 2,620,791 | 2,446,562 |
| Perpetual securities | **–** | – | 200,295 | 199,795 | 199,406 |
| | **3,529,862** | 3,276,147 | 3,136,743 | 2,820,586 | 2,645,968 |
| Non-controlling interests | **303,571** | 166,059 | 159,502 | 152,945 | 129,133 |
| Loans and borrowings | **4,344,508** | 3,830,296 | 5,280,009 | 5,066,774 | 5,372,335 |
| Other liabilities | **777,734** | 634,103 | 935,504 | 679,154 | 1,007,447 |
| **Total equity and liabilities** | **8,955,675** | 7,906,605 | 9,511,758 | 8,719,459 | 9,154,883 |
| **RATIOS** | | | | | |
| Net asset value per share ($) | **3.18** | 2.95 | 2.65 | 2.36 | 2.20 |
| Basic earnings per share[2] (cents) | **32.19** | 53.85 | 19.50 | 26.53 | 3.57 |
| Dividend per ordinary share (cents) | **7** | 9[3] | 5 | 5 | 5 |

1 The amount is derived after deducting dividends to be paid in respect of ordinary shares of the Company which were held by the Trust for Executives' Share Option Scheme.
2 Earnings is defined as profit attributable to ordinary equity holders of the Company.
3 Included a special dividend of 4 cents per ordinary share.

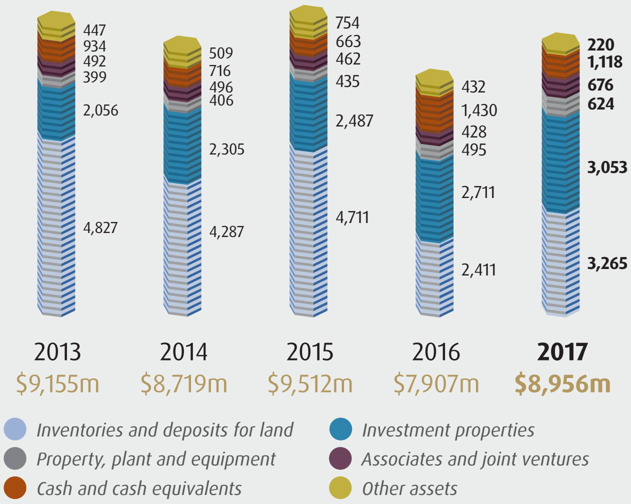
## GROUP REVENUE ($ MILLION)



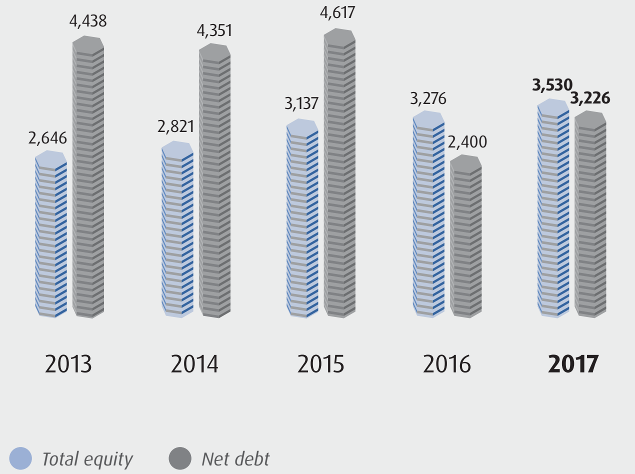

## GROUP PERFORMANCE ($ MILLION)



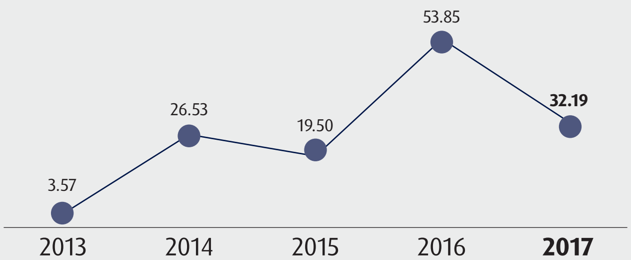

## GROUP TOTAL ASSETS ($ MILLION)



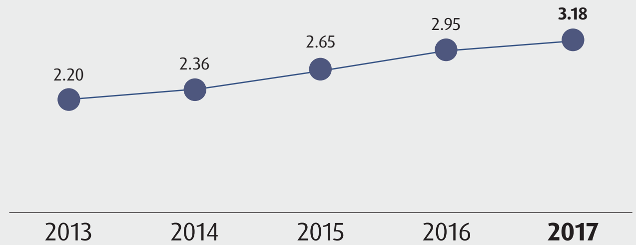

## TOTAL EQUITY[4] AND NET DEBT[5] ($ MILLION)




## BASIC EARNINGS PER SHARE[6] (CENTS)




## NET ASSET VALUE PER SHARE ($)




4 Total equity is defined as total ordinary equity and perpetual securities.
5 Net debt is defined as loans and borrowings less cash and cash equivalents.
6 Earnings is defined as profit attributable to ordinary equity holders of the Company.

# BUSINESS REVIEW

It has been an eventful Year for the Group as we continued to execute our strategic plans to build sustainable growth and diversify the income stream.

Selective land acquisitions, providing a potential combined gross floor area of nine million sq ft, were completed in Singapore, China and Malaysia. This has added substantial land bank to the Group's property development business.

Operations have also commenced at the Group's integrated mixed-use developments, namely Tanjong Pagar Centre in Singapore and Damansara City in Kuala Lumpur ("KL"), Malaysia. The properties' office and retail components have achieved healthy commitment levels and together with their hotel components, they will enhance the Group's recurring income base when they are more stabilised.

To diversify the income contribution mix, the Group also marked its expansion beyond Asia into the new markets of the United Kingdom ("the UK") and Australia. The Group has identified the UK and Australia as new markets with potential for growth due to their scalability, transparency and relatively high levels of governance. This was achieved through a strategic partnership with Eco World Development Group Berhad to hold an equal equity stake in Eco World International Berhad as joint venture partners.

Looking ahead, Singapore and China will continue to be the Group's core markets. As the Group continues to scale up in China, the UK and Australia, Singapore and China will be comparable in their contributions to the Group.

## SINGAPORE

According to second quarter 2017 real estate statistics by the Urban Redevelopment Authority ("URA"), office and retail rents were on the decline, while office and retail vacancies were on the rise. Despite the market challenges, the Group's office and retail properties have achieved healthy commitment levels.

Tanjong Pagar Centre, the 1.7 million sq ft integrated mixed-use development located directly above the Tanjong Pagar MRT station, commenced operations in phases during the Year. Guoco Tower, the 38-storey block with 890,000 sq ft of premium Grade-A office space is more than 90% committed. It is home to numerous multinational corporations from a broad range of industries including Amadeus, Agoda, AccorHotels, Danone and Straits Trading among others.

The 100,000 sq ft retail space is more than 90% leased. About 70% of the space is let to food and beverage tenants, comprising a diverse mix of restaurants, cafes, eateries and food kiosks with 14 new-to-market concepts. These outlets are spread across the basement and street levels which enjoy a direct connection to the Tanjong Pagar MRT station.

The 223-room Sofitel Singapore City Centre, the hotel component of Tanjong Pagar Centre operated by AccorHotels, had a soft launch in August 2017. The 5-star luxury hotel offers a wide variety of dining options including an all-day dining restaurant, a tea lounge, cocktail bar and coffee bar. It also consists over 20,000 sq ft of flexible event space spread over 10 meeting rooms including a pillar-less ballroom with direct lift access to the MRT station.

Over the Year, residential property sector prices continue to be on the decline, although recent data by the URA point to a slower rate of decline. While market conditions were less than ideal, demand for good quality homes has been firm and transaction volumes have gained momentum since the start of 2017. Developers sold 6,039 units in the first half of 2017 compared to 3,675 units sold a year ago.

The Group's residential developments have also performed well despite the market challenges. Goodwood Residence in the prime Orchard-Scotts area has been completely sold. Leedon Residence, which was the top selling development in Singapore in 2016 for luxury properties priced at $4 million and above[1], is more than 90% sold currently. Construction of Sims Urban Oasis at the city-fringe in Sims Drive is on track for completion in 2018. To date, it is more than 80% sold.

## CHINA

Over the Year, the authorities announced various tightening measures in some of the larger cities to cool the property market. Nonetheless, sales at the Group's Changfeng Residence in Shanghai has been strong. The Changfeng project is a 50:50 joint venture with Guoco Group Limited, offering 664 residential units in Shanghai's Putuo District. All three phases of the high-end development have been successfully launched and the Group has sold and received bookings for over 600 units. Construction of Changfeng Residence was completed in August 2017, and the contribution from the sales of the development will be recognised in the financial year ending June 2018.

In November 2016, the Group was awarded the land tender for four separate land plots in Chongqing, which is a new submarket for the Group in China. Located in the vicinity of the Jiefangfei (Liberation Square) central business district in Chongqing's Yuzhong District, the area is well-connected to the surrounding districts via two operational metro lines and a network of bridges and

1 Based on statistical data provided by the Urban Redevelopment Authority of Singapore.

roads. The project is also next to one of Chongqing's historical neighbourhoods named 18 Steps, which is currently being redeveloped and revitalised into a new urban attraction reminiscent of Shanghai's Xin Tian Di. To be developed in phases, the project will comprise residential, commercial and retail components with views of the Yangtze River. The project will yield potential gross development value of approximately 16 billion yuan and above ground gross floor area of approximately 5.5 million sq ft when completed.

## MALAYSIA

The property market in Malaysia remained weak amidst uncertainties in the local and global economy, and weak household sentiment. According to Malaysia's National Property Information Centre, average office occupancy in KL was 77.9% as at end 2016 and the volume of residential property transactions dropped by 11.5% year-on-year in 2016 to 320,425 transactions.

Nonetheless, the Group sees opportunities in the soft property market and completed the acquisitions of two land parcels in Batu 9 Cheras during the Year. Located close to the new Taman Suntex MRT station which is part of the Klang Valley MRT project connecting KL city centre to the rest of the Klang Valley, the Group intends to build a mixed-use development comprising residential and commercial components with a potential gross development value of 1.5 billion ringgit and gross floor area of approximately three million sq ft.

Damansara City, the 2.6 million sq ft integrated mixed-use development in KL, commenced operations during the Year. Wisma GuocoLand, the 19-storey Grade-A office tower in the development has secured healthy commitment level of approximately 100% and DC Mall, the F&B-centred lifestyle mall is more than 80% leased.

Sofitel Kuala Lumpur Damansara, the hotel component of Damansara City operated by AccorHotels, opened its doors in August 2017. Sofitel's first hotel in Malaysia, the 5-star luxury hotel offers 312 rooms and is complete with a pillar-less ballroom and function rooms for meetings and events. The hotel is strategically located midway between KL and Petaling Jaya, within close proximity to KL Sentral and within walking distance to the new Pusat Bandar Damansara MRT station.

## LOOKING AHEAD

The completion of Wallich Residence – Singapore's tallest luxury residence with an exclusive 181 units, will be the crowning glory of Tanjong Pagar Centre, being the final phase of the integrated development. The Group is confident that prospective buyers will have greater appreciation for Wallich Residence's value and potential with its completion.

Martin Modern, the latest luxury residence in the prime District 9 Robertson Quay area was successfully launched on 22 July 2017 after the end of the financial year. Due to overwhelming interest, 110 of the 120 units released for sale have been sold within two weeks of its launch.

In Shanghai, the Group's next major development is an iconic, large-scale mixed-use project with a potential gross development value of approximately 6 billion yuan and gross floor area of approximately two million sq ft. Located in the bustling neighbourhood of Changfeng in the Putuo District, it is right next to the popular Changfeng Park. There will be two high-rise towers and three low-rise buildings providing international Grade-A office space, and a retail and F&B component to support the needs of the surrounding office and residential communities. The area is already well served by several major roads and public transportation networks such as bus and rail services. There will be even greater connectivity when an upcoming Shanghai metro station is complete at Changfeng Park and our project will have direct access to it. The development is designed to meet the U.S. Green Building Council's Leadership in Energy and Environmental Design Gold certification, the International WELL Building Institute's Silver WELL Building Standard and China's Green Building 2-Stars Standard. Our project is one of the few in China and the first large-scale commercial project in Shanghai to adopt the WELL Building Standard, which is developed with human health and well-being in mind.

In Malaysia, the Group is preparing for the launch of a gated and guarded residential development in Alam Damai, Cheras called Emerald Hills. Comprising 181 garden terrace houses and four blocks of 1,378 condominium units fronting a central lake, the development is situated on one of the highest points in Alam Damai. Located in the mature township of Cheras and well-served by various highways, the project has a potential gross development value of approximately 960 million ringgit.

Market conditions will continue to be challenging in the countries in which the Group operates but we remain focused on execution and delivery of our projects, and monetisation of the development inventory. The Group has a healthy pipeline of development projects and as at end June 2017, the Group's existing and new development projects have a total gross development value of approximately $10 billion.

While the competition for development land sites in Singapore and China remains intense, the Group will continue to pursue land acquisitions and other available investments. We remain selective and disciplined in our pursuit of opportunities as we scale up the business in the markets in which we operate.

**Raymond Choong Yee How**
*Group President & Chief Executive Officer*
30 August 2017

# BOARD OF DIRECTORS

## MOSES LEE KIM POO, 66

*Chairman*
*Independent Non-Executive Director*

Mr Lee was appointed as Chairman of the Board and the Company on 1 November 2013, and was re-elected as Director at the Company's last Annual General Meeting ("AGM") held on 24 October 2016.

Mr Lee is concurrently the Chairman of Singapore Totalisator Board as well as Chairman of Sentosa Development Corporation, and a Director of M1 Limited. He had served as the Commissioner of Inland Revenue Authority of Singapore and Permanent Secretary in the Ministries of Labour, Community Development and Health. He was awarded the Public Administration Medal (Gold) in 1996.

Mr Lee holds a Bachelor of Engineering (Mech & Production) (Hons-Class I) from the University of Singapore and obtained a Master in Public Administration from Harvard University, USA.

**Present directorships in other listed companies**

- M1 Limited, listed on the Singapore Exchange Securities Trading Limited ("SGX-ST")

**Past directorships in listed companies held over the preceding 3 years**

- Nil

## RAYMOND CHOONG YEE HOW, 61

*Group President & Chief Executive Officer*
*Non-Independent Executive Director*

Mr Choong was appointed as Group President & Chief Executive Officer of the Group, and as Executive Director to the Board on 1 September 2015. He was re-elected as Director at the Company's AGM held on 16 October 2015.

Mr Choong has over 30 years of experience in banking, of which 23 years were with Citibank in Malaysia. He had held various senior positions within the Citibank Group with the last being President & Chief Executive Officer of Citibank Savings Inc, Philippines. Prior to joining the Company, Mr Choong was the President & Chief Executive Officer of Hong Leong Financial Group Berhad, which is listed on the Main Market of Malaysia Securities Berhad ("Bursa Malaysia"). Mr Choong had also served as the Chairman of Hong Leong Asset Management Bhd and Hong Leong Bank (Cambodia) PLC, as well as a Director of Hong Leong Assurance Berhad, Hong Leong MSIG Takaful Berhad and Hong Leong Investment Bank Berhad, all public companies. He currently sits on the Board of GuocoLand (Malaysia) Berhad, an indirect subsidiary of the Company and ECO World International Berhad, both listed on Bursa Malaysia. Mr Choong's present and past directorships in listed companies are set out below.

Mr Choong obtained a Bachelor of Science in Biochemistry (Honours) degree in 1979 and a Master of Business Administration in 1981 from the University of Otago, New Zealand.

**Present directorships in other listed companies**

- GuocoLand (Malaysia) Berhad, listed on Bursa Malaysia
- ECO World International Berhad, listed on Bursa Malaysia

**Past directorships in listed companies held over the preceding 3 years**

- Hong Leong Financial Group Berhad
- Hong Leong Bank Berhad
- Hong Leong Capital Berhad

## QUEK LENG CHAN, 74

*Non-Independent Non-Executive Director*

Mr Quek was appointed to the Board on 19 December 1988, and was re-appointed as Director at the Company's AGM held on 16 October 2015. He is a member of the Remuneration Committee.

Mr Quek is the Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad. His present and past directorships in other listed companies are set out below.

Mr Quek qualified as a Barrister-at-Law from Middle Temple, United Kingdom and has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

**Present directorships in other listed companies**

- GuocoLand (Malaysia) Berhad
- Hong Leong Financial Group Berhad
- Hong Leong Bank Berhad
- Hong Leong Capital Berhad

Mr Quek is the Non-Executive Chairman of the above companies, all listed on Bursa Malaysia.

**Past directorships in listed companies held over the preceding 3 years**

- Guoco Group Limited
- GL Limited

## KWEK LENG HAI, 64

*Non-Independent Non-Executive Director*

Mr Kwek was appointed to the Board on 28 November 1988, and was re-elected as Director at the Company's AGM held on 16 October 2015. He is a member of the Nominating Committee. Mr Kwek is proposed for re-election at the Company's AGM to be held on 19 October 2017.

Mr Kwek is the Executive Chairman of Guoco Group Limited and the Chairman of Lam Soon (Hong Kong) Limited, both listed on The Stock Exchange of Hong Kong Limited. He was the President, CEO of Guoco Group Limited from 1995 up to 1 September 2016. Mr Kwek is also the Non-Executive Chairman of GL Limited which is listed on SGX-ST. He is concurrently a Director of Hong Leong Company (Malaysia) Berhad, Hong Leong Bank Berhad which is listed on Bursa Malaysia and Bank of Chengdu Co., Ltd. Mr Kwek's present and past directorships in listed companies are set out below.

Mr Kwek qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales and has extensive experience in various business sectors, including but not limited to finance, investment, manufacturing and real estate.

**Present directorships in other listed companies**

- Guoco Group Limited, listed on The Stock Exchange of Hong Kong Limited
- Lam Soon (Hong Kong) Limited, listed on The Stock Exchange of Hong Kong Limited
- GL Limited, listed on SGX-ST
- Hong Leong Bank Berhad, listed on Bursa Malaysia

**Past directorships in listed companies held over the preceding 3 years**

- Nil

## TIMOTHY TEO LAI WAH, 65

*Independent Non-Executive Director*

Mr Teo was appointed to the Board on 18 November 2008, and was re-elected as Director at the Company's last AGM held on 24 October 2016. He is Chairman of the Audit and Risk Committee and a member of the Nominating Committee.

Mr Teo also serves on the board of GL Limited as Chairman of its Audit and Risk Management Committee as well as charities such as St Luke's ElderCare Ltd., St Luke's Hospital and Jurong Health Fund. Mr Teo was Director in charge of foreign exchange, money market, gold and commodities management in the Government of Singapore Investment Corp, Singapore from 1998 to 2007. Prior to this, he was a Director of Nuri Holdings (S) Pte Ltd, Singapore as consultant for risk management in Jakarta and Los Angeles from 1994 to 1998. Mr Teo was also with JP Morgan for 20 years in various overseas locations at senior management level (Managing Director) in Global Markets.

Mr Teo holds a Master of Business Administration from Macquarie University, Sydney, Australia.

**Present directorships in other listed companies**

- GL Limited, listed on SGX-ST

**Past directorships in listed companies held over the preceding 3 years**

- Nil

## FRANCIS SIU WAI KEUNG, 63

*Independent Non-Executive Director*

Mr Siu was appointed to the Board on 1 December 2010, and was re-elected as Director at the Company's AGM held on 16 October 2015. He is a member of the Audit and Risk Committee. Mr Siu is proposed for re-election at the Company's AGM to be held on 19 October 2017.

Mr Siu is concurrently a director of BHG Retail Trust Management Pte. Ltd., which manages BHG Retail REIT listed on SGX-ST. He was a Senior Partner of KPMG Beijing Office, and Senior Partner of Northern Region, KPMG China from 2002 to 2010. Prior to this, Mr Siu was a Senior Partner of KPMG Shanghai Office and Audit Partner in Hong Kong. His present and past directorships in other listed companies are set out below.

Mr Siu holds a Bachelor of Arts in Accounting and Economics Degree from the University of Sheffield, United Kingdom and he is a Fellow Member of the Institute of Chartered Accountants in England and Wales as well as a Fellow of the Hong Kong Institute of Certified Public Accountants.

**Present directorships in other listed companies**

- CITIC Limited
- China Communications Services Corporation Limited
- CGN Power Co., Ltd
- China International Capital Corporation Ltd

Mr Siu is an Independent Non-Executive Director of the above companies, all listed on The Stock Exchange of Hong Kong Limited.

**Past directorships in listed companies held over the preceding 3 years**

- Beijing Hualian Supermarket Group Company Limited
- China Huishan Dairy Holdings Company Limited
- Hop Hing Group Holdings Limited
- Shunfeng International Clean Energy Ltd

## ABDULLAH BIN TARMUGI, 73

*Independent Non-Executive Director*

Mr Abdullah was appointed to the Board on 1 March 2012, and was re-appointed as Director at the Company's AGM held on 16 October 2015. He is the Chairman of the Nominating Committee and Remuneration Committee.

Mr Abdullah also serves on the boards of Goodhope Asia Holdings Ltd, The Islamic Bank of Asia Limited and Pacific Insurance Berhad. He is a member of the Presidential Council for Minority Rights, National University of Singapore Board of Trustees, Tsao Foundation and The Courage Fund. He was the Speaker of Parliament from 2002 to 2011 and was the Member of Parliament for Siglap (now within the East Coast Group Representation Constituency) from 1984 to 2011. Prior to this, he held various ministerial positions in the Ministry of Environment, Ministry of Home Affairs and Ministry of Community Development and Sports from 1993 to 2002. During the period 1970 to 1993, Mr Abdullah has held various appointments as an urban sociologist, senior statistician and planning analyst in the Ministry of National Development, a feature writer and associate news editor with The Straits Times and was the research manager of Singapore Press Holdings Ltd.

Mr Abdullah holds an Honours Degree in Social Science from the University of Singapore. He also holds a Postgraduate Diploma (Merit) in Urban Studies from the University of London under the Commonwealth Scholarship.

**Present directorships in other listed companies**

- Nil

**Past directorships in listed companies held over the preceding 3 years**

- Nil

# BOARD OF DIRECTORS

## LIM SUAT JIEN, 60

*Independent Non-Executive Director*

Ms Lim was appointed to the Board on 15 May 2013, and was re-elected as Director at the Company's last AGM held on 24 October 2016. Ms Lim is a member of the Audit and Risk Committee.

Ms Lim is currently the Managing Director as well as a Board Member of Mount Faber Leisure Group Pte Ltd. She was the General Manager, Sentosa Leisure Management Pte Ltd from 2014 to 2016. She held various positions in Mediacorp from 1990 to 2013 and was the Managing Director, TV of MediaCorp Pte Ltd until April 2013. She joined the Ministry of Community Development and Ministry of Health as Director (Corporate Services) in 1999 and 2002 respectively.

Ms Lim holds a Bachelor of Science (First Class Honours) in Zoology and a Master of Science from the University of Malaya in Kuala Lumpur.

**Present directorships in other listed companies**

- Nil

**Past directorships in listed companies held over the preceding 3 years**

- Nil

## JENNIE CHUA KHENG YENG, 73

*Independent Non-Executive Director*

Ms Chua was appointed to the Board on 5 August 2013, and was re-appointed as Director at the Company's AGM held on 16 October 2015. She is a member of the Remuneration Committee. Ms Chua is proposed for re-election at the Company's AGM to be held on 19 October 2017.

Ms Chua sits on the boards of two other entities listed on SGX-ST i.e. GL Limited and Far East Orchard Limited. In the public service and community related sector, Ms Chua is the Chairman of Alexandra Health System Pte Ltd (comprising Khoo Teck Puat Hospital, Yishun Community Hospital, Woodlands Health Pte Ltd, and Geriatric Education and Research Institute Limited). She is also Chairman of the Advisory Committee of Singapore Film Commission and Deputy Chairman of Temasek Foundation International CLG Limited. Ms Chua is a Justice of the Peace and Singapore's Non-Resident Ambassador to The United Mexican States. She is the Trustee Emeritus as well as the Pro-chancellor of National Technological University.

Awards that Ms Chua has received include the Meritorious Service Medal (PJG), President's Special Recognition for Volunteerism & Philanthropy, Outstanding Contribution to Tourism Award, amongst others.

Previous positions held by Ms Chua were General Manager and Chairman of Raffles Hotel, President & CEO of Raffles Holdings, Chairman of Raffles International, President & CEO of The Ascott Group. Ms Chua was also Chairman of Community Chest, Singapore International Chamber of Commerce, Sentosa Cove and The Arts House.

Ms Chua holds a Bachelor of Science degree from the School of Hotel Administration, Cornell University, New York, USA.

**Present directorships in other listed companies**

- GL Limited, listed on SGX-ST
- Far East Orchard Limited, listed on SGX-ST

**Past directorships in listed companies held over the preceding 3 years**

- ISS A/S

## TANG HONG CHEONG, 62

*Non-Independent Non-Executive Director*

Mr Tang was appointed to the Board on 1 September 2016, and was re-elected as Director at the Company's last AGM held on 24 October 2016.

Mr Tang is a Director and the President & CEO of Guoco Group Limited as well as a Director of Lam Soon (Hong Kong) Limited, both listed on The Stock Exchange of Hong Kong Limited. He is also the Group Managing Director of GL Limited which is listed on SGX-ST. Mr Tang's present and past directorships in listed companies are set out below.

Mr Tang had held various senior management positions in different companies within the Hong Leong Group. He was the President/Finance Director of HL Management Co Sdn Bhd and the Non-Executive Chairman of GLM REIT Management Sdn Bhd, an indirect subsidiary of the Company which is the Manager of Tower Real Estate Investment Trust ("Tower REIT"). Tower REIT which is listed on Bursa Malaysia, is an associate of the Company.

Mr Tang is a member of the Malaysian Institute of Accountants and has over 40 years of broad-based and C-suite expertise in finance, treasury, risk management, operations and strategic planning. He possesses in-depth knowledge in investment, manufacturing, financial services, property development, gaming and hospitality industry.

**Present directorships in other listed companies**

- Guoco Group Limited, listed on The Stock Exchange of Hong Kong Limited
- Lam Soon (Hong Kong) Limited, listed on The Stock Exchange of Hong Kong Limited
- GL Limited, listed on SGX-ST

**Past directorships in listed companies held over the preceding 3 years**

- Southern Steel Berhad, listed on Bursa Malaysia

# KEY SENIOR MANAGEMENT

## GUOCOLAND SINGAPORE

### MR CHENG HSING YAO

*Country Head*

Mr Cheng Hsing Yao is the Group Managing Director of GuocoLand Singapore. He is also a director of Eco World International Berhad, GuocoLand's associate company with key projects in the United Kingdom and Australia. He joined the Group in 2012, as Chief Operating Officer of GuocoLand Singapore, before becoming Managing Director, Group Project Office in the GuocoLand head office. Prior to joining GuocoLand, he was with the Singapore public service. There, he held leadership positions at the Centre for Liveable Cities and the Urban Redevelopment Authority, and was involved in projects such as Singapore Marina Bay and the Sino-Singapore Tianjin Eco-City. He was awarded the Public Administration Medal (Bronze) in 2006. He is a World Cities Summit Young Leader and a member of the Urban Redevelopment Authority Design Advisory Committee. He holds a Bachelor of Architecture (1st Class Honours) from Newcastle University, United Kingdom, and a Master in Design Studies (Distinction) from Harvard University.

## GUOCOLAND CHINA

### MR HOON TECK MING

*Country Head*

Mr Hoon Teck Ming is the Group Managing Director of GuocoLand China. He joined the Group in May 2016. Mr Hoon has over 31 years of experience in the property development and construction industry, of which 18 years were in China holding various senior management positions. Prior to joining GuocoLand, he was Property Director cum President China in Wing Tai Property Management from 2013 to 2016 and was Regional General Manager, Southwest China in CapitaLand China from 2007 to 2013. Prior to these, he had also worked with other property development companies and construction companies in Dubai, China and Singapore. Mr Hoon holds a Master of Science in Civil Engineering and a Bachelor of Civil Engineering (1st Class Honours) from National University of Singapore. He is a senior member of The Institute of Engineers, Singapore, and is also a Professional Engineer of the Professional Engineers Board Singapore.

## GUOCOLAND MALAYSIA

### DATUK EDMUND KONG

*Country Head*

Datuk Edmund Kong is the Group Managing Director of GuocoLand Malaysia. He joined the Group in January 2016. Datuk Kong has more than 27 years of experience in the property development and construction industry. He started his career as a Senior Architect in BEP Arkitek Sdn Bhd. He served as the Director of Project and Product Planning of Perdana Parkcity Sdn Bhd from 2003 to 2008, where he played a major role in the planning and designing of the township called Desa ParkCity, Kuala Lumpur. He joined TA Global Berhad in April 2008 as the Director of Planning & Design and was then promoted to Chief Operating Officer in August 2008. Prior to joining GuocoLand, he was Group Managing Director of Tropicana Corporation Berhad. Datuk Kong holds a Bachelor of Architecture (Honours) from University of Wales Institute of Science and Technology, Wales, United Kingdom. He is a member of the Architects Registration Board in the United Kingdom and a corporate member of Pertubuhan Akitek Malaysia.

## GROUP CHIEF FINANCIAL OFFICER

### MR RICHARD LAI

Mr Richard Lai is the Group Chief Financial Officer. He joined the Group in March 2015. In this capacity, he is overall responsible for all financial matters of the Group including financial reporting and operations, corporate finance, treasury, tax, investor relations, corporate communications, financial planning and analysis, performance and risk management. Mr Lai has more than 25 years of working experience in various capacities in property, engineering, infrastructure and banking industries. He has held various leadership positions in various corporations and is experienced with businesses in various countries in Asia including China and Vietnam, the United Kingdom and Australia. Prior to that, Mr Lai spent nearly 13 years as a banker with various local and international financial institutions. Mr Lai is a member of the Malaysian Mensa Society. He holds a Bachelor of Arts in Economic Studies (Honours) with a major in Accounting and Finance from the University of Manchester, United Kingdom.

COUNTRY PORTFOLIO

# SINGAPORE


Tanjong Pagar Centre

# SINGAPORE'S TALLEST BUILDING

TANJONG PAGAR CENTRE IS IN THE HEART OF THE CBD

1

## TANJONG PAGAR CENTRE

Commanding the Singapore city skyline, Tanjong Pagar Centre is an iconic vertical city integrating prime office space at Guoco Tower, luxury living at Wallich Residence, impeccable 5-star hospitality service at Sofitel Singapore City Centre, a curated mix of distinctive F&B and premium lifestyle experiences and green open space at Tanjong Pagar Park.

Soaring to 290m high, Tanjong Pagar Centre is Singapore's tallest building and has approximately 1.7 million sq ft of gross floor area. It is strategically located within the Central Business District ("CBD") directly above the Tanjong Pagar MRT station, and is easily accessible by car and public transport networks. Amid the city buzz, Tanjong Pagar Centre is close to many vibrant heritage and cultural districts. Historical landmarks, tourist attractions and dining and entertainment enclaves such as Chinatown, Ann Siang Hill, Duxton Hill and the upcoming Greater Southern Waterfront City are all located nearby.

Designed by one of the world's largest and most influential architecture firm Skidmore, Owings & Merrill LLP, the integrated mixed-use development was conferred the World Architecture News Award for Mixed-use Future Projects and the Asia-Pacific Property Award for Best Mixed-use Development Singapore. Guoco Tower has achieved the Leadership in Energy and Environmental Design (Core + Shell) Platinum Precertification, an internationally-renowned award recognising eco-friendly buildings. The hotel and retail components have also been conferred the Singapore Building and Construction Authority ("BCA") Green Mark (Platinum) award, while Wallich Residence has received the BCA Green Mark (Gold$^{PLUS}$) award.

2

## GUOCO TOWER, RETAIL, TANJONG PAGAR PARK

Guoco Tower is a 38-storey premium Grade-A office building. With approximately 890,000 sq ft of net lettable area, it offers large, column-free and efficient floor plates of up to 30,000 sq ft. Complemented by convenient access to a variety of dining options, retail services and lifestyle amenities within Tanjong Pagar Centre, Guoco Tower has attracted a large, multinational tenant base from a broad range of industries including telecommunications, technology and IT, banking and financial services, media, commodities and trading, hospitality and real estate.

Tanjong Pagar Centre's six levels of retail space cater to the needs of the working population from Guoco Tower and office buildings in the vicinity, the residential community in Tanjong Pagar, as well as guests and visitors of Sofitel Singapore City Centre. The 100,000 sq ft F&B-centric mall features a well-curated collection of dining concepts, from casual eateries, cafés and international restaurants, to unique and new-to-Singapore food establishments. Other tenants include wellness and lifestyle service providers.

Tanjong Pagar Park on the street level is a sprawling 150,000 sq ft of green open space for workers and residents to relax amid a garden in the city or to enjoy an outdoor dining experience. Found in the centre of the park is the 30,000 sq ft City Room – a sheltered community event space for up to 2,000 people with a solar panel glass roof.

## SOFITEL SINGAPORE CITY CENTRE

The only five-star luxury business hotel in Tanjong Pagar, the 20-storey Sofitel Singapore City Centre houses 223 luxurious rooms and suites and over 20,000 sq ft of meeting and event space including a pillarless ballroom. The meeting and event facilities are directly linked to the retail space at Tanjong Pagar Centre and the Tanjong Pagar MRT station via lift access. A wide variety of dining options are available for guests and visitors including *Racines* which specialises in French cuisine, the eclectic tea lounge and cocktail bar *1864*, and coffee bar *Coffea* with *Nespresso*. Guests also enjoy complimentary access to the Virgin Active gym located on the sixth floor of Tanjong Pagar Centre.

3

1 *View of Guoco Tower and Wallich Residence*
2 *Tanjong Pagar Centre Urban Park*
3 *Singapour Je T'aime, art installation at Sofitel Singapore City Centre arrival lobby*

**181**
**TROPHY HOMES**
OFFERING UNPARALLELED SEA AND CITY VIEWS

## WALLICH RESIDENCE

Located on the 39th to 64th floors of Tanjong Pagar Centre, Wallich Residence is Singapore's tallest residential development starting from a height of 180m. Located in the heart of the city and close to the waterfront, it is an exclusive collection of 181 luxury homes offering unparalleled sea and city views. The development comprises one to four bedroom units, four penthouses, one exclusive super penthouse and four levels of private amenities such as an infinity pool, sky observatory and airdeck, theatrette and library. Each home features high ceilings, full-length windows, and is furnished with top-of-the-line materials and fittings. A hotel-inspired Wallich Concierge Service will also fulfil the needs of residents with its full host of services, including grocery and luggage handling, laundry, transportation arrangements and housekeeping.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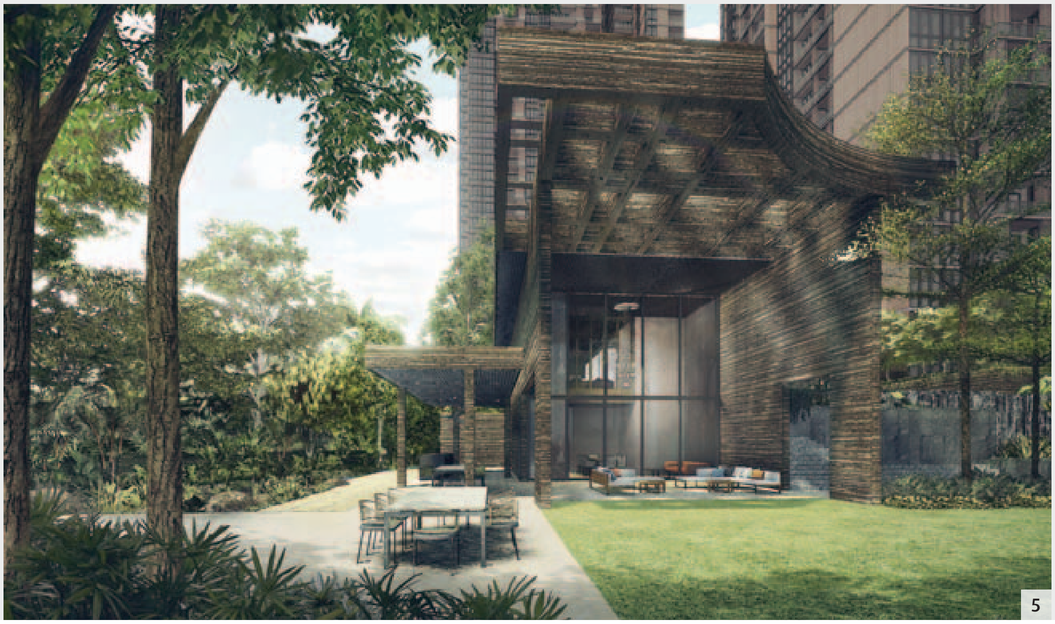
1 *In-situ show unit bedroom in Wallich Residence*
2 *Artist's impression of Wallich Residence*
3 *Artist's impression of Wallich Residence infinity pool*


3

## MARTIN MODERN

Martin Modern is the latest luxury residential development in the posh Robertson Quay neighbourhood in prime District 9. Located at the corner of Martin Place and River Valley Close, the development will have an expansive garden concept with over 80% of the land area turned into a lush botanic garden. There are a total of 450 units in two 30-storey towers featuring high ceilings, spacious living areas, top-end fixtures and fittings, large windows and balconies that extend the living space and look out onto the property's botanic garden or Singapore's skyline. Residents will benefit from the central location and proximity to Orchard Road, the CBD, Marina Bay and the Civic District. The future Great World and Fort Canning MRT stations are located within walking distance, which will provide accessibility and connectivity to the rest of Singapore via two new MRT lines. For families, reputable education institutions such as River Valley Primary School, the School of the Arts and Singapore Management University are located close by.



*4 Artist's impression of roof gardens at the crown of the iconic towers of Martin Modern*

*5 Artist's impression of dining lounge of Martin Modern*

## LEEDON RESIDENCE

Leedon Residence is one of the largest freehold residential developments in the prime District 10 area. The 381-unit development is situated on an expansive 4.9 hectare site next to the coveted Leedon Park Good Class Bungalow area, and near the popular Holland Road residential area. Designed by the award-winning SCDA Architects, Leedon Residence features beautiful lush spaces, ranging from tranquil secret gardens, to modern resort pools and luxuriant forest walks. It has won the BCA Green Mark Gold[PLUS] Award for its energy-efficient features. Residents benefit from being within walking distance to the Farrer Road MRT station and the convenience of being in close proximity to popular commercial and lifestyle centres such as Holland Village, Dempsey Hill and Orchard Road. The internationally-renowned Singapore Botanic Gardens is also located close by. Educational institutions in the vicinity include good-name schools such as Nanyang Primary School, Raffles Girls' Primary School, Hwa Chong Institution, National Junior College and Nanyang Girls' High School.

1

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1 *Exterior view and swimming pool of Leedon Residence*

2 *Double volume living space and private pool evocates a sense of 'landed-style living in the sky'*

## SIMS URBAN OASIS

Sims Urban Oasis is a city-fringe condominium strategically located in the centre of several growth areas. Its excellent location is just a 15 minutes' drive from the CBD and Marina Bay, a five- minute drive from the upcoming Paya Lebar Central sub-regional centre and a five-minute walk from Aljunied MRT station. It is also in the midst of many existing and future landmark projects including the Singapore Sports Hub, the Kallang Riverside waterfront district, James Cook University campus, and the upcoming Nexus International School. As the first prime private residential development in the area, Sims Urban Oasis is poised to rejuvenate a charming and accessible locale of Singapore. The 2.4 hectare development offers well-designed homes and over 50 quality facilities such as two Olympic-length swimming pools, a sky park, shops and a childcare centre. Upon completion, a total of 1,024 units will cater various apartment types for the diverse lifestyles of multigenerational families, young couples and singles.

## 20 COLLYER QUAY

Located in Raffles Place and overlooking the Marina Bay waterfront, the 24-storey office building provides prime office space in the heart of Singapore's CBD. Conveniently accessible from Raffles Place MRT station via a five-minute walk along a sheltered walkway, the building consistently enjoys healthy occupancy rates. 20 Collyer Quay is also close to the Civic District where Singapore's historical, architectural and cultural heritage can be found. The building has received the BCA Green Mark Award and was also awarded the PUB Water Efficient Building (SILVER) Certification. Some of the corporate tenants include Amer International Group, BNP Paribas and Munich Re.


*3 Artist's impression of Sims Urban Oasis*

*4 Facade of 20 Collyer Quay*

COUNTRY PORTFOLIO

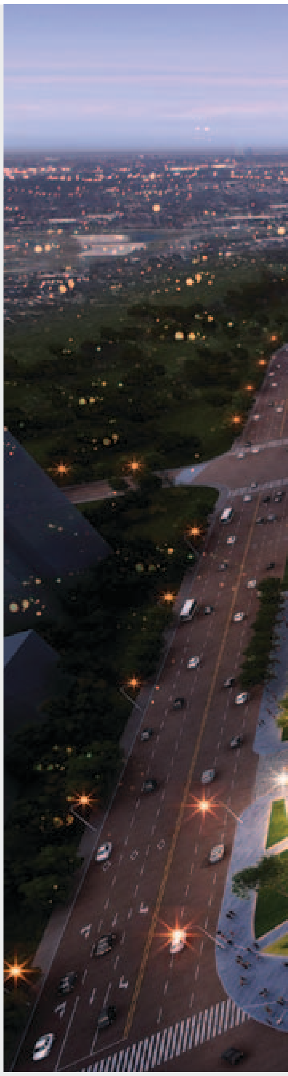
# CHINA

*Artist's impression of Guoson Mall and Changfeng Business & Retail Park*

## SHANGHAI GUOSON CENTRE, CHANGFENG BUSINESS & RETAIL PARK

Shanghai Guoson Centre is a large-scale mixed-use development in the Changfeng area of Shanghai Putuo District comprising Guoson Mall, the 443-room Guoman Hotel Shanghai, Grade-A office towers, Small office, Home office ("SoHo") units and serviced apartments totalling approximately 500,000 sqm of gross floor area. The office towers, SoHo units and serviced apartments which have completed construction in earlier phases have been sold.

GuocoLand's upcoming project in Shanghai's Putuo District is a large-scale mixed-use development comprising largely of office and retail components in the Changfeng Ecological Business District. With a gross development value of approximately RMB6 billion, the project is capable of yielding approximately two million sq ft of gross floor area. The project is strategically located in a mature neighbourhood, in close proximity to Changfeng Park, Changfeng Ocean World Aquarium, Shanghai Convention & Exhibition Centre of International Sourcing and Jackie Chan Film Gallery. The Bund, People's Square, Shanghai Xintiandi and Hongqiao Transportation Hub are all within a 30-minute drive




1

**GUOCOLAND'S UPCOMING PROJECT IN SHANGHAI'S PUTUO DISTRICT IS A LARGE-SCALE MIXED-USE DEVELOPMENT COMPRISING LARGELY OF OFFICE AND RETAIL COMPONENTS**

2

away from the development. Adjacent to key thoroughfares and well-served by the metro and bus lines, the development is easily accessible via private and public transport. The progressive expansion of the Shanghai metro system with the addition of a new station right next to Guoson Mall, which will be redeveloped into a new retail destination, provides even greater connectivity and convenience. The Group intends to develop two high-rise towers and three low-rise buildings providing international Grade-A office space and a retail and F&B component to support the needs of the surrounding office and residential communities. The development is designed to meet the U.S. Green Building Council's Leadership in Energy and Environmental Design Gold certification, the International WELL Building Institute's Silver WELL Building Standard and China's Green Building 2-Stars Standard. This project is one of the few in China and the first large-scale commercial project in Shanghai to adopt the WELL Building Standard, which is developed with human health and well-being in mind.

1 *View of Guoman Hotel Shanghai from Changfeng Park*

2 *Artist's impression of night view of the Changfeng Business & Retail Park*

1 *Exterior view of Changfeng Residence*

2 *Landscaped entrance to apartment block in Changfeng Residence*

CHANGFENG RESIDENCE IS CONVENIENTLY LOCATED CLOSE TO CHANGFENG PARK, OFFICES, SCHOOLS, HOSPITALS AND OTHER LIFESTYLE AMENITIES, AND ENJOYS GREAT CONNECTIVITY

2

## CHANGFENG RESIDENCE

The 664-unit French-themed upscale Changfeng Residence is a 47,675 sqm site within the Changfeng Ecological Business District in Shanghai's Putuo district. The residential development is conveniently located close to the 360,000 sqm Changfeng Park, commercial offices, educational institutions and hospitals. Other lifestyle amenities to cater to the resident's needs are also in close proximity. The development enjoys great connectivity via key thoroughfares, metro and bus lines. The Hongqiao Transportation Hub, which connects the city's international airport, high-speed and conventional inter-city rail services, city metro and public ground transportation, is within a 30-minute drive away.

## CHONGQING PROJECT

The Group was awarded the land tender for 4 separate land parcels in the vicinity of the Jiefangbei (Liberation Square) Central Business District in Yuzhong District. Yuzhong is the key district of Chongqing which is well-connected to the surrounding districts via a network of metro lines and bridges. Located in close proximity to the Jiaochangkou metro interchange station, the project is easily accessible by two operational metro lines. The project is also next to one of Chongqing's historical neighbourhoods named 18 Steps, which is currently being redeveloped and revitalised into a new urban attraction reminiscent of Shanghai's Xin Tian Di. To be developed in phases, the project will comprise residential, commercial and retail components with views of the Yangtze River and a total above ground gross floor area of 513,600 sqm when completed.

COUNTRY PORTFOLIO

# MALAYSIA


Damansara City, Kuala Lumpur

## DAMANSARA CITY

Damansara City is a mixed-use development strategically located in Damansara Heights – a prestigious and upscale neighbourhood at the fringe of Kuala Lumpur city centre. The RM2.5 billion flagship project, spanning over 8.5 acres of prime freehold land, consists of two luxury residential towers known as DC Residensi with 370 units, an F&B-centred lifestyle mall known as DC Mall, two Grade-A office towers named Menara Hong Leong and Wisma GuocoLand, and the international luxury hotel known as Sofitel Kuala Lumpur Damansara.

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*1 Aerial view of Damansara City*

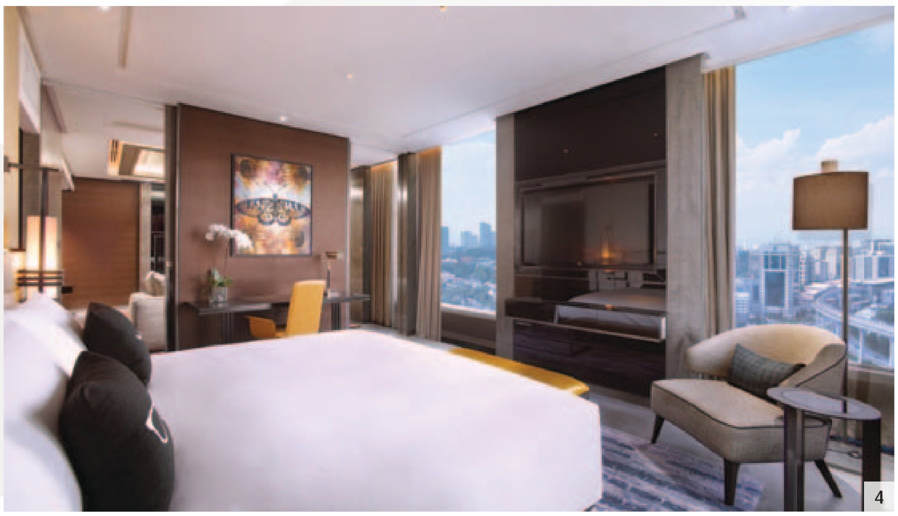
*2 DC Residensi in-situ show unit living room*

Damansara City can be easily accessed via the SPRINT Highway/Damansara Link and is seamlessly connected to Kuala Lumpur city centre and the Greater Klang Valley, including vibrant townships such as Petaling Jaya, Subang Jaya, Mont Kiara, Sri Hartamas and Taman Tun Dr. Ismail. The iconic development is also located close to the Pusat Bandar Damansara MRT station and merely two stations away from Klang Valley's biggest transportation hub, the KL Sentral station. Damansara City has been designated as an Entry Point Project ("EPP") under the Economic Transformation Programme that is set to elevate Malaysia to developed nation status by 2020.

DAMANSARA CITY IS A
**RM2.5 BILLION**
MIXED-USE PROJECT,
SPANNING OVER 8.5 ACRES
OF PRIME FREEHOLD LAND


## SOFITEL KUALA LUMPUR DAMANSARA

Located within the mixed-use development Damansara City at the fringe of Kuala Lumpur city centre, Sofitel Kuala Lumpur Damansara comprises 312 luxury rooms and suites. The five-star luxury hotel offers seven meeting rooms with elegantly luxurious interiors, suitable for weddings, meetings, seminar and other private events. Situated 60km away from Kuala Lumpur International Airport and within walking distance to KL's Sungai Buloh-Kajang MRT line, popular tourist destinations and attractions such as KLCC, Petronas Twin Towers, Menara KL Tower and Merdeka Square are easily accessible from the hotel.




*3 Exterior view of Sofitel Kuala Lumpur Damansara*

*4 Softel Kuala Lumpur Damansara Opera Suite*

## EMERALD HILLS

Located within the mature township of Alam Damai in Cheras, Emerald Hills is a gated and guarded freehold development comprising 181 garden terrace houses and four blocks of 1,378 lakefront condominium units. Situated at one of the highest points in Alam Damai, Cheras, the development has 21 acres of open space and will feature a central lake and jogging track in addition to a residents-only clubhouse, swimming pool and other recreational facilities. The development is close to the Cheras-Kajang Highway, Kajang SILK Highway, Shah Alam Highway (KESAS), East-West Link Expressway and Kuala Lumpur's Middle Ring Road 2.

1 *Artist's impression of Emerald Hills guardhouse entrance*

2 *Artist's impression of Chloe Residence terrace homes*

3 *Artist's impression of The Rise zero-lot bungalow interior*

## EMERALD, RAWANG

Emerald Rawang is a 1,000-acre township comprising a mix of terrace homes, semi-detached houses and bungalows with lush landscaping, green spaces, and water features. Amenities such as a school, a shopping mall, hypermarkets and a hospital are located nearby. The development enjoys easy access to Kuala Lumpur and the nearby suburbs via the North-South Highway, New Klang Valley Expressway, Latar Expressway and Guthrie Corridor Expressway. Emerald is also within easy reach of the established Rawang Town which has all the essential amenities including banks, a post office, restaurants and a KTM Komuter rail station. The newest developments in Emerald are The Rise 2, comprising zero-lot bungalows and Chloe Residence terrace homes.

## PANTAI SEPANG PUTRA, SEPANG

Pantai Sepang Putra is a township located close to Bagan Lalang, Avani Goldcoast and 60km away from Kuala Lumpur. The 3,800-acre township is a master-planned freehold development comprising a mix of terrace homes and semi-detached houses, and is close to public amenities such as schools and universities, clinics and shopping malls and outlets. Residents at Pantai Sepang Putra also get to enjoy easy access to sandy beaches and tourist attractions which are popular amongst both locals and foreigners. Pantai Sepang Putra is connected to major highways and expressways such as the Shah Alam Expressway (KESAS), North-South Central Link (ELITE), Damansara-Puchong Expressway (LPD) and Seremban-Port Dickson Expressway. It is approximately a 30-minute drive to the Kuala Lumpur International Airport and the Sepang Circuit. The latest phase of development in Pantai Sepang Putra is Palmera, consisting 56 semi-detached homes.

4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*4 Artist's impression of Palmera in Pantai Sepang Putra*

*5 Exterior view of Palmera semi-detached homes*

COUNTRY PORTFOLIO

# VIETNAM

*The Canary Heights*

## THE CANARY

The Canary is a 17.5 hectare mixed-use development situated just 20km from Ho Chi Minh City. Located next to the Vietnam Singapore Industrial Park in Binh Duong province, it is strategically located at the gateway of Ho Chi Minh City and the urbanisation centre of Binh Duong province. The site fronts the busy National Route 13 highway and will be completed with more than 1,000 apartments, a destination shopping mall, an international standard educational facility, offices, serviced apartments and other amenities with a total gross floor area of approximately 277,000 square metres when fully completed. Construction of Phases 1 and 2 of the residential component and the ancillary retail component, The Canary Plaza, have been completed. Phase 1 of the residences has been substantially sold and the Group is focusing on sales and leasing of the rest of the development.

*The Canary Plaza*

# CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to meeting the highest standards of corporate citizenship and is guided by its corporate value of conducting business with honour in order to build trust among its stakeholders. Its CSR efforts are focused on these three main areas: business operations, impact on the environment and impact on the communities where it conducts its business.

## BUSINESS OPERATIONS

The Group is committed to delivering quality, innovative developments and service across its portfolio of residential, hospitality, commercial, integrated and mixed-use developments. The Group also believes in adopting responsible management and business practices that are in line with market practices and regulatory requirements. Recognising that employees are pivotal in contributing to the Group's success, it is committed to creating a conducive work environment which encourages employee development and involvement in the business.

### *COMMITMENT TO QUALITY DEVELOPMENT & SERVICE*

Over the past year, the Group has received international and national awards, in recognition of its commitment to business excellence.

Changfeng Residence, the Group's French-themed, high-end residential development in Shanghai's Putuo District was recognised as one of Shanghai's most influential residential developments by various property publications and dominant real estate sites in China such as Sina Leju and Sohu Focus.

In Singapore, Sims Urban Oasis, the Group's city-fringe condominium development received the Green Mark Gold$^{PLUS}$ Award by the Building and Construction Authority ("BCA") in 2017. The BCA Green Mark scheme is an initiative to shape a more environmentally friendly and sustainable built environment. Besides Sims Urban Oasis, the Group's other developments in Singapore such as Tanjong Pagar Centre, Wallich Residence, Leedon Residence and Goodwood Residence have also received the Green Mark certification by BCA in previous years.

GuocoLand was named as one of Singapore's most valuable brands in June 2017. GuocoLand had climbed four places to 33rd place in a report by Brand Finance on Singapore's Top 100 Brand Rankings 2017. The annual report provides an independent brand valuation analysis which conforms to ISO standards, to evaluate which brands are the most powerful and valuable.

### *HUMAN CAPITAL*

The Group's human resource management strives to foster continuous teamwork so as to create a competitive business environment with emphasis on learning, workplace safety and employee engagement.

The Group provides opportunities for staff to improve their levels of skills and knowledge to increase workplace productivity and staff satisfaction. Employees are encouraged to enrol in seminars, workshops and skills programmes to enhance their expertise and perform to their fullest potential. Staff attended seminars and training programmes covering areas on Sales, Facilities Management, Project Management, Audit, Accounting, Business Finance, Taxation, Information Technology, and Human Resources.

Since 2009, the Group has organised programmes to raise awareness amongst employees on the importance of workplace safety and adopting an active and healthy lifestyle. These programmes included fire evacuation exercises, annual health screenings and lunch talks on health and wellness. Staff also took part in the Bloomberg Square Mile Relay Singapore 2016 held in October 2016, the Urbanathlon 2017 organised by Men's Health Singapore in March 2017 and REDAS Bowling Competition in April 2017.

GuocoLand actively engages its employees through social and recreational interaction and employee bonding activities. These activities include talks on the different types of insurance policies and their purposes, improving the immune system and managing of blood pressure and cholesterol, as well as a Chinese New Year lunch where employees interacted and were updated on the organisation's projects and direction.


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**The Group's human resource management strives to foster continuous teamwork so as to create a competitive business environment with emphasis on learning, workplace safety and employee engagement.**

1 *Staff participants at the Bloomberg Square Mile Relay Singapore 2016*

2 *Staff participants in the Urbanathlon 2017*

3 *Chinese New Year staff lunch celebration*

3

## IMPACT ON THE ENVIRONMENT

The Group strives to develop processes and include environmentally friendly building features wherever possible in its property developments to contribute towards environmental sustainability. Testimonies to its efforts are the green awards each development progressively garners throughout its development cycle.

Sims Urban Oasis, the Group's city-fringe condominium development in Singapore received the Green Mark Gold$^{PLUS}$ Award by the BCA in 2017. Green features in Sims Urban Oasis include the use of fully-laminated glass for East and West-facing towers, use of rainwater for irrigation with a 100% fully-automatic water irrigation system and rain sensor, motion sensor lights installed in stairwells and water-efficient washing machines provided for all units.

At Martin Modern, the Group's latest luxury residences in the Robertson Quay

# CORPORATE SOCIAL RESPONSIBILITY

1 Artist's impression of green spaces and oasis pool at Sims Urban Oasis

2 Artist's impression of rooftop secret garden at Martin Modern

neighbourhood in prime District 9, GuocoLand aims to create a green sanctuary for its residents. The development will feature an expansive garden concept with over 80% of the land area turned into a lush botanic garden spread over three split levels, and with more than 200 species of plants and 50 species of trees. A luxurious secret garden will be created on the rooftops of the two 30-storey towers which can provide residents with a private oasis or transformed into suitable venues for hosting private parties under the night sky with views of the city and the Singapore River.

Tanjong Pagar Centre, the Group's flagship integrated, mixed-use development in Singapore, continues to stand out as one of the most environmentally friendly buildings in Singapore. With a water conservation aim of 35%, Tanjong Pagar Centre has a three-step water management strategy to minimise the waste of water. They are the usage of highly-efficient fixtures and fittings; a dual-pipe system which separates potable and non-potable water; and systems to harvest rainwater and condensate water from air-conditioning. On top of these, private water sub-meters are fitted to water pipes to track water usage and leaks. More than 120 private sub-meters have been installed throughout the development which are linked to the building management system.

## IMPACT ON COMMUNITIES

As a socially responsible corporate citizen, the Group is cognisant of its impact on society and values the communities that it operates in. The Group has been supportive of the educational needs of children and students, donating to schools and fundraising events such as The UOB Heartbeat fund to support programmes for children from the following Singapore beneficiaries: Rainbow Centre Margaret Drive School, MINDS Fernvale Gardens School, MINDS Woodlands Gardens School and Lighthouse School. These schools provide special education for children and students with various disabilities, autism, and visual and hearing impairment. GuocoLand is also a supporter of Corporate Governance Week, an initiative by the Securities Investors Association Singapore ("SIAS") with the aim of fostering and promoting good corporate governance practices among listed companies and all stakeholders involved.

## SUSTAINABILITY

The Group recognises the importance of sustainability to its business and strongly believes in creating sustained value for its stakeholders. Going forward, the Group will look to further enhance its sustainability efforts. In this effect, the Group has formulated a sustainability committee to oversee its efforts and ensure that sustainability is managed through the organisation. The Group is currently in the process of identifying its material Environmental, Social and Governance (ESG) topics through a robust materiality assessment exercise. When the topics have been finalised, the Group will align to the Global Reporting Initiative (GRI) standards in determining the key performance indicators and targets for each of the material topics. The Group intends to publish its first sustainability report in line with the SGX requirements in 2018.

# CONTENTS

# CORPORATE GOVERNANCE

GuocoLand Limited (the "Company") is committed to maintaining high standards of corporate governance and endeavours to continuously keep abreast of new developments and practices in corporate governance.

The Company has established its own Code of corporate governance comprising the terms of reference for the Board of Directors and its Committees which are substantially in line with the principles and guidelines of the Code of Corporate Governance 2012 ("Code 2012"). Such terms and references are being reviewed periodically and updated as appropriate. During the financial year ended 30 June 2017, the Company adhered to the provisions of Code 2012 as presented below.

## (A) BOARD MATTERS

*Principle 1*
*Board's Conduct of Its Affairs*

The Company is headed by an effective Board which oversees the business affairs of the Group. The Board carries out this oversight function by assuming responsibility for effective stewardship and corporate governance of the Company and the Group.

Its principal role and responsibilities include the following:

a. providing entrepreneurial leadership, setting the overall business strategy, policies and direction for the Company and the Group;

b. ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;

c. establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

d. reviewing Management's performance;

e. identifying the key stakeholder groups and recognizing that their perceptions affect the Company's reputation; and

f. considering sustainability issues including environmental and social factors as part of the Company's overall strategy.

The Board also sets the Company's value and standards which are being emphasized regularly to serve as constant reminders to its executives. The Company has a strong corporate culture exemplified by its core values which are set out in the Company's intranet system and readily accessible by employees.

The Board exercises independent judgment in dealing with the business affairs of the Group and objectively discharges its duties and responsibilities in the interest of the Group. To assist the Board in executing its duties, the Board has delegated specific functions to the following Board committees:

- Audit and Risk Committee ("ARC")
- Nominating Committee ("NC")
- Remuneration Committee ("RC")

# CORPORATE GOVERNANCE

Each Board committee reviews the matters that fall within its respective terms of reference and reports its decisions to the Board which endorses and accepts ultimate responsibility on such matters.

During the financial year, the Board reviewed the structure of its Board Committees and decided that in the current environment where board decisions and resolutions on matters could be expeditiously obtained via electronic means such as emails and teleconferencing or videoconferencing, a separate Executive Committee ("EXCO") was no longer required. The Board also decided that as share options may be employed as a form of long-term incentive in the remuneration framework for senior executives, it would be appropriate for the administration of the Company's Executives' Share Option Scheme ("ESOS") to be undertaken by the RC and a separate ESOS Committee would not be necessary.

The Company has in place a Corporate Policies and Procedures Handbook which sets out the framework of internal guidelines on matters which require the Board's approval. During the year, the Board reviewed and approved the business plan and budget, major investments and divestments.

Meetings of the Board and its Committees are scheduled one year ahead. The Board meets at least on a quarterly basis to review, *inter alia*, the Company's quarterly results. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions. As provided in the Company's Articles of Association, Directors may convene Board meetings by teleconferencing or videoconferencing. During the financial year ended 30 June 2017, the Board held four meetings. The attendance of Directors at meetings of the Board and the Board Committees as well as Annual General Meeting ("AGM") is set out in the table below:

| **2017 Meetings Attendance** | **Board** | **Audit and Risk Committee** | **Nominating Committee** | **Remuneration Committee** | **AGM** |
|---|---|---|---|---|---|
| **Total Number of Meetings** | **4** | **4** | **1** | **2** | **1** |
| Moses Lee Kim Poo | 4 | – | – | – | 1 |
| Raymond Choong Yee How | 4 | 3 | – | – | 1 |
| Quek Leng Chan | 4 | – | – | 2 | 1 |
| Kwek Leng Hai | 4 | – | 1 | – | 1 |
| Timothy Teo Lai Wah | 4 | 4 | 1 | – | 1 |
| Francis Siu Wai Keung | 3 | 4 | – | – | 1 |
| Abdullah Bin Tarmugi | 4 | – | 1 | 2 | 1 |
| Lim Suat Jien | 4 | 4 | – | – | 1 |
| Jennie Chua Kheng Yeng | 4 | – | – | 2 | 1 |
| Tang Hong Cheong | 4 | – | – | – | 1 |

During the year, the Board appointed Mr Tang Hong Cheong as Non-Independent Non-Executive Director with effect from 1 September 2016. Upon his appointment, Mr Tang was furnished with an induction package comprising meeting schedules of the Board and its Committees, the Company's latest annual report, materials on corporate overview such as corporate structure, strategic business units, Guidebook on being an Effective Director, Code and Guidebook setting out the duties and obligations of Directors of the Company, etc.

When a Director is appointed to a Board Committee, it is the Company's practice to provide such Director with a copy of the relevant Terms of Reference and Guidebook for the Committee. New Directors will also be encouraged to attend the Listed Company Director programmes (where appropriate) conducted by the Singapore Institute of Directors ("SID") and Director Financial Reporting Essentials co-organised by SID and the Institute of Singapore Chartered Accountants and supported by Accounting and Corporate Regulatory Authority ("ACRA"), where relevant.

# CORPORATE GOVERNANCE

All Directors are provided with relevant information on the Company's policies, procedures and practices relating to governance matters, including disclosure of interests in securities, dealings in the Company's securities, restrictions on disclosure of price sensitive information and declaration of interests relating to the Group's businesses.

Training for Directors

Directors are updated regularly on key regulatory and accounting changes and risk management at Board meetings. During the financial year ended 30 June 2017, Directors attended training programmes and seminars organised by SID such as SID Board Risk Committee Chairmen's Conversation 2016. Directors are also informed of other training programmes and seminars organised by SGX-ST, ACRA and KPMG. The NC has reviewed the training and professional development programmes attended by Directors and supported by the Company.

*Principle 2*
*Board Composition and Guidance*

Board Independence

The Board currently consists of ten Directors. On an annual basis, the NC determines the independence of the Directors based on the definition of independence and guidance on relationships which could deem a director not to be independent as set out in Code 2012 e.g. relationship with the Company, its officers, related corporations and major shareholder(s). For the year under review, all Directors had made declarations on their respective status of independence which were submitted to the NC for review.

The NC has determined that Mr Moses Lee Kim Poo, Mr Timothy Teo Lai Wah, Mr Francis Siu Wai Keung, Mr Abdullah Bin Tarmugi, Ms Lim Suat Jien and Ms Jennie Chua Kheng Yeng are independent. Based on the NC's review of independence, the Board is satisfied that there is a strong and independent element on the Board with six out of ten Directors, constituting more than 50% of the Board, being independent.

The NC has also determined that there is currently no Director who has served beyond nine years on the Board nor the existence of a relationship as stated in Code 2012 which would deem any Independent Director of the Company not to be independent.

Board Size

The Board, having taken into account the review by the NC, considers its present size of ten Directors to be appropriate to facilitate effective decision making for the current nature and scope of the Group's business operations.

Board Competencies

The NC conducted its annual review on the composition of the Board which comprises ten well-qualified members with diversified skills, experience, knowledge, gender and providing core competencies in the areas of accounting, financial, banking, legal, business management and industry experiences such as property development and hotel operations. To enhance the Board's competencies, induction program will be conducted for newly appointed Directors as in the case for Mr Tang Hong Cheong, described under Principle 1 above.

The Board considers its current composition with a balanced mix of skills as appropriate for the existing needs and demands of the Group's businesses. During the financial year, the Company supported the Corporate Governance – Statement Of Support 2016 organised by Securities Investors Association (Singapore).

Non-Executive Directors are encouraged to constructively challenge and help develop proposals on strategy. During the financial year ended 30 June 2017, Non-Executive Directors had met without the presence of Management.

# CORPORATE GOVERNANCE

*Principle 3*
*Chairman and Chief Executive Officer*

Separate Role of Chairman and CEO

The Board Chairman, Mr Moses Lee Kim Poo is an Independent Director. There is clear division of responsibilities in the respective roles and functions of the Chairman, Mr Lee and the CEO, Mr Raymond Choong Yee How. There is no familial relationship between Mr Lee and Mr Choong.

The Chairman leads the Board and ensures its smooth and effective functioning.

The CEO is responsible for the vision and strategic direction of the Group, implementing the policies and decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholders wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress. The CEO also holds regular meetings with senior management and on a quarterly basis, updates the Board on progress made on corporate strategies and operational targets that were pre-set.

Lead Independent Director

As the Chairman is independent from the Company's officers, related corporations and major shareholder(s); and the Directors and Management are accessible by the Company's shareholders, the appointment of a lead independent director is deemed to be not necessary.

*Principle 4*
*Board Membership*

Nominating Committee

The NC consists of the following three Directors, all of whom are non-executive with the majority, including its Chairman, being independent:

- Mr Abdullah Bin Tarmugi, Chairman (Independent and Non-Executive)
- Mr Timothy Teo Lai Wah, Member (Independent and Non-Executive)
- Mr Kwek Leng Hai, Member (Non-Independent and Non-Executive)

The terms of reference of the NC are set out in the Company's own Code of corporate governance and includes, *inter alia*, the following:

- reviews and recommends to the Board all new Board appointments (including alternate directors, if applicable) and re-election of Directors at annual general meetings;
- determines annually whether or not, a director is independent;
- evaluates the performance of the Board as a whole, the Board Committees, individual Directors and the Board Chairman;
- reviews training and professional development programmes for Directors; and
- reviews board succession plans for Directors, in particular, the Chairman and the CEO.

# CORPORATE GOVERNANCE

Selection of Directors

The Company has in place a process for the selection and appointment of new Directors to the Board which has been followed by the NC. Factors considered by the NC include the relevant skills that the Company sought such as strategic planning, business and management experience, industry knowledge e.g. real estate, hotel operations, etc.

In the selection and appointment of a new Director, candidates may be put forward or sought through internal promotion, contacts and recommendations from Directors/substantial shareholders or external sources, when appropriate. The NC will review the profile of the candidate proposed for appointment, having regard to the competencies, skills, professional expertise, experiences, background and track record, and make recommendation to the Board on the appointment of new Director. The NC is also tasked to review succession and renewal plans for Board continuation. During the year, the NC has reviewed and recommended the appointment of Mr Tang Hong Cheong as a Non-Independent Non-Executive Director, of which the Board has approved.

As prescribed by the Company's Articles of Association and recommended by Code 2012, one-third of the Directors for the time being are required to retire from office and are individually subject to re-election by shareholders at the Company's AGM. Every Director is required to retire from his/her office and is subject to re-election at least once in every three years. The NC will review the contributions and performance of the Directors who are retiring at the AGM to determine their eligibility for re-nomination.

The NC also took into consideration Directors' number of listed company board representations and other principal commitments, and is satisfied that each Director is able to and has been adequately carrying out his/her duties as a Director of the Company. The Board has reviewed and is satisfied that Directors' current directorships in other listed company boards and their other principal commitments did not affect their time commitment to the Board of the Company and has accordingly not made a determination of the maximum number of board representations a Director may hold.

Directorship/Chairmanship of Directors

Key information of each member of the Board including date of first appointment as a Director, date of last re-appointment/re-election, academic and professional qualifications, background and experience, directorships or chairmanships in other listed companies and principal commitments, and other relevant information can be found in the "Board of Directors" section of this Annual Report.

*Principle 5*
*Board Performance*

Evaluation of Board Chairman, Individual Directors and Board Committees

On an annual basis, the NC assesses the effectiveness and performance of each individual Director, the Board Chairman, the Board as a whole and each Board Committee.

Each Director carried out a self-assessment on his/her performance based on evaluation criteria such as his/her contributions to the functions of the Board, participation and attendance at Board Meetings, his/her competency, expertise and skills as well as knowledge of the Group/Company's business and the industry in which the Group/Company operates in.

The Chairman has also carried out a self-assessment of his performance with particular emphasis on his role and responsibilities as a Chairman based on criteria drawn from the guidelines as set out in SID's NC Guide, including conduct of meetings of the Board and Shareholders, leadership, communication and interaction with Directors, Shareholders and other stakeholders, possession of high level of ethics/values, etc.

# CORPORATE GOVERNANCE

Each Board Committee Chairman evaluated his respective Board Committees, taking into account the respective Board Committees' roles and responsibilities as well as the contributions of members to the functions of these Committees.

All Directors participated in the assessment process and submitted their respective completed and signed assessment forms to the Company Secretary for collation and presentation to the NC for evaluation.

Evaluation of the Board as a Whole

The NC had evaluated the collective Board performance, taking into account the self-assessment conducted by individual Directors and the Board Chairman as well as the performance of each Board Committee. In assessing the Board's performance as a whole, the NC had considered the Board's integrity, competency, responsibilities, governance and organization as well as team dynamics. The NC also carried out an evaluation and review of the contributions of Directors at meetings of the Board and Board Committees and Directors' participation in the affairs of the Company, including a review of matters such as the independence of Directors, their individual skills, experience and time commitment, in particular for Directors who served on multiple boards as well as the overall Board size and composition.

On the basis of the aforesaid evaluation, the NC is satisfied that for the financial year ended 30 June 2017, the Board and its Committees had been effective in the conduct of their respective duties and the Directors have each contributed to the effectiveness of the Board and its Committees (as applicable). The results of the NC's assessment had been communicated to and accepted by the Board.

*Principle 6*
*Access to Information*

In order to enable the Directors to make informed decisions in the discharge of their duties and responsibilities, Management recognizes the importance of providing the Board with relevant, complete and adequate information in a timely manner.

Management furnished the Board with reports of the Company's operations and performance, financial position and prospects for review at each Board meeting. Management also keeps the Board apprised of the Company's operations and performance through separate meetings and discussions. To facilitate participation at meetings, Directors are provided with electronic devices to enable them to read reports/materials in real time once these are being uploaded to a secured system accessible by all Directors.

Directors have separate and independent access to the Company Secretary, whose role includes, *inter alia*, ensuring that Board procedures as well as applicable rules and regulations are complied with. The incumbent Company Secretary, Ms Mary Goh, has more than two decades of corporate secretarial experience in professional consultancy firms and public listed companies. Ms Goh is a Fellow of the Chartered Secretaries Institute of Singapore. She holds a Master of Business Administration Degree from the University of South Australia and a Master of Laws in Commercial Law from the Singapore Management University.

The Company Secretary attends all Board and Board Committee meetings; and ensures that board procedures are followed and that applicable rules and regulations prescribed by, *inter alia*, the Companies Act and the SGX-ST Listing Manual are complied with. She also advises the Board on all governance matters, as well as assisting with the co-ordination of training and professional development for Board members.

Directors have access to independent professional advice at the Company's expense, in consultation with the CEO of the Company.

# CORPORATE GOVERNANCE

**(B) REMUNERATION MATTERS**

*Principle 7*
*Procedures For Developing Remuneration Policies*

The RC comprises the following three Directors all of whom are non-executive, with the majority, including the Chairman, being independent:

- Mr Abdullah Bin Tarmugi, Chairman (Independent and Non-Executive)
- Mr Quek Leng Chan, Member (Non-Independent and Non-Executive)
- Ms Jennie Chua Kheng Yeng, Member (Independent and Non-Executive)

No member of the RC was involved in deciding his/her own remuneration.

The terms of reference of the RC are set out in the Company's own Code of corporate governance and its duties include, *inter alia*, reviewing and recommending to the Board a framework of remuneration for the Board and key management personnel, reviewing and recommending to the Board for the Board's endorsement with the specific remuneration packages for each Director as well as for the key management personnel; and the administration of the Company's ESOS. In its review and recommendation for the remuneration framework, the RC took into account the performance of the Group, the individual Directors and key management personnel, linking rewards to corporate and individual performance.

The RC also took into account industry practices and norms in remuneration to ensure that the remuneration packages for Directors and key management personnel are competitive to attract, retain and motivate Directors and key management personnel to provide good stewardship and effective management for the Company. Such remuneration framework is being reviewed on an annual basis to ensure that they remain relevant.

For the financial year ended 30 June 2017, the RC did not require the service of an external remuneration consultant.

As regards the Company's obligations arising in the event of termination of service contracts, the Company does not provide any termination, retirement or post-employment benefits to its Directors, CEO and key management personnel (who are not Directors of the Company or the CEO).

*Principle 8*
*Level and Mix of Remuneration*

The Company's remuneration structure for key management personnel comprises both fixed and variable components. Fixed component includes, *inter alia*, a basic salary whilst variable component includes performance-linked incentives which are described in more details below.

To promote staff motivation, the Company established a remuneration framework comprising both short-term and long-term incentives that are linked to performance. Short-term incentives include performance-linked variable bonus. For the purpose of assessing the performance of the CEO and key management personnel of the Group, specific Key Result Areas ("KRA") including both financial and non-financial measures are set for each financial year. An annual appraisal is conducted taking into consideration the achievements of the pre-set KRA for the CEO and each key management personnel.

# CORPORATE GOVERNANCE

To promote long-term success of the Company, long-term incentives in the form of Affirmative Action Bonus and Value Creation Incentive are also incorporated in the remuneration framework of key management personnel. The Company also has a performance-linked ESOS.

Non-Executive Directors do not receive any salary. However, Non-Executive Independent Directors receive director fees that are based on corporate and individual responsibilities and which are in line with industry norm.

The Company does not have any contractual provisions to reclaim incentive components of remuneration from Executive Director(s) and the key management personnel in any circumstances.

*Principle 9*
*Disclosure on Remuneration*

Directors and CEO

The breakdown of remuneration of Directors and CEO of the Company for the financial year ended 30 June 2017 is set out below:

| **Name of Directors** | **Fixed Salary (inclusive of Employer CPF) S$** | **Variable Bonus (inclusive of Employer CPF) S$** | **Director Fees S$** | **Other Benefits S$** | **Total S$** |
|---|---|---|---|---|---|
| Moses Lee Kim Poo | – | – | 110,000 | 28,708 | 138,708 |
| Quek Leng Chan | – | – | – | – | – |
| Kwek Leng Hai | – | – | – | – | – |
| Timothy Teo Lai Wah | – | – | 125,000 | – | 125,000 |
| Francis Siu Wai Keung | – | – | 110,000 | – | 110,000 |
| Abdullah Bin Tarmugi | – | – | 86,000 | – | 86,000 |
| Lim Suat Jien | – | – | 110,000 | – | 110,000 |
| Jennie Chua Kheng Yeng | – | – | 75,000 | – | 75,000 |
| Tang Hong Cheong | – | – | – | – | – |
| | | | | **Total** | **644,708** |

| **CEO** | **%** | **%** | **%** | **%** | **%** |
|---|---|---|---|---|---|
| S$4 million to S$4.25 million | | | | | |
| Raymond Choong Yee How | 35.8 | 63.7 | – | 0.5 | 100 |

Having considered the guidelines in Code 2012 on the disclosure of remuneration of Directors and CEO, the RC is of the view that it is appropriate to provide full disclosure of fees proposed to be paid to Directors for the financial year ended 30 June 2017 which aggregate to S$644,708 and will be tabled at the forthcoming AGM under Agenda Item 3 for shareholders' approval.

# CORPORATE GOVERNANCE

As regards the disclosure of remuneration of the CEO who is also an Executive Director of the Company, for the financial year under review, the Company took into account the very sensitive nature of the matter and the highly competitive business environment in which the Group operates and the impact such disclosure would have on the Group, and is of the view that the current disclosure on a named basis and in bands of S$250,000 (including the provision of a breakdown in percentage terms) is sufficient. There were no share options or share-based incentives granted to the CEO for the financial year ended 30 June 2017.

Top Key Management Personnel

In determining the remuneration packages of the Group's top key management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

On the disclosure of remuneration of the Group's top key management personnel, the Company is of the view that it would not be in its best interest to make such disclosure on a named basis in bands of S$250,000 with breakdowns of each key management personnel's remuneration earned through base/fixed salary, variable bonuses, benefits in kind, etc. Accordingly, such details are not disclosed as the Company believes that in view of the competitive nature of the human resource environment and to support the Company's efforts in attracting and retaining executive talents, it should maintain confidentiality on employee remuneration matters.

The remuneration package of the top 6 key management personnel (who are not Directors of the Company or the CEO), comprising mainly salaries and bonuses, aggregated to a total remuneration of S$4,603,151 for the financial year ended 30 June 2017. The number of key management personnel (who are not Directors of the Company or the CEO) under each remuneration bands of $250,000 is set out below:

| Total Remuneration in Bands of S$250,000 | Number of Key Executives who are not Directors or CEO of the Company |
|---|---|
| $1,000,000 to $1,250,000 | 1 |
| $750,000 to $999,999 | 2 |
| $500,000 to $749,999 | 2 |
| $250,000 to $499,999 | 1 |
| | 6 |

As regards the Company's ESOS, the details of which are set out in the Directors' Statement and Note 29 to the Financial Statements. For the financial year ended 30 June 2017, key management personnel did not receive compensation in the form of share options or share-based incentives in the Company.

During the financial year, there was no termination, retirement and post-employment benefits granted to Directors, the CEO and the top 6 key management personnel (who are not Directors or the CEO).

The Company and its principal subsidiaries do not have any employees who are the immediate family members of any of the Directors or the CEO and whose remuneration exceeded $50,000 for the financial year ended 30 June 2017.

# CORPORATE GOVERNANCE

## (C) ACCOUNTABILITY AND AUDIT

*Principle 10*
*Accountability*

The Board is committed to provide shareholders with a balanced and understandable assessment of the Company's financial performance, position, and prospects. Such information are furnished through the Company's announcements of its quarterly, interim and annual financial results and press releases (where appropriate) to the SGX-ST.

Directors are updated regularly on key legislative and regulatory requirements so that appropriate systems and procedures and/or policies may be established and implemented to ensure compliance. On a quarterly basis, the Company Secretary would update the Board on salient laws and regulations that might have an impact on the Company or the Group's business operations.

In addition, the Board is provided with management accounts explaining the Group's financial performance and operations update on a regular basis. Such reports enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects, and Directors are kept abreast of the Group's business activities.

*Principle 11*
*Risk Management & Internal Controls*

The Board recognizes the importance of risk management and the need to establish a sound system of internal controls to safeguard shareholders' interests/investments and the Group's assets. The ARC has been tasked to assist the Board to oversee the governance of risks and monitors the Group's risks through an integrated approach of enterprise risk management, internal control and assurance systems. As part of the Group's enterprise risk management, the key risks faced by the Group on an enterprise wide level as well as those faced by each key strategic business unit had been identified.

Key Risks

Key risks faced by the Group include competition risks, investment and divestment risks, timely completion and delivery of projects, property management, etc. Financial risks are set out in Note 33 to the Financial Statements. A system of rating such potential risks has been established to identify tolerance level for the various classes of risks and determine the likelihood of the occurrences of such risks. The requisite internal controls and strategy to mitigate these potential risks are also recorded and tracked in the Group Risk Register.

To ensure the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls, the ARC reviews the Group Risk Register on a half-yearly basis with Management's update on a quarterly basis. The internal auditor ("IA") and risk manager will validate the internal controls and risk treatment plans respectively for each of the key risks while the external auditors will highlight any material internal control weaknesses that had come to their attention in the course of their audit. The findings of the internal and external auditors as well as the risk manager will be brought up to the ARC which will in turn highlight any issues or matters arising from the Group Risk Register to the Board.

A robust process had been put in place whereby each business unit provided a quarterly financial status declaration to the CEO and CFO. Such declaration would confirm, *inter alia*, that the consolidated accounts of the business units were correct and had been prepared in accordance with the Group's accounting policies and on a basis consistent with that of the preceding quarter. This process together with the findings and assurance from the IA with regard to the adequacy and effectiveness of the Group's internal controls to address financial, operational, compliance and information technology controls and risk management systems, had facilitated the CEO and CFO to provide the assurance as stated in the paragraph below, to the Board.

# CORPORATE GOVERNANCE

The Board has received assurance from the CEO and the CFO that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems are effective and adequate.

Having regard to the reviews carried out by the ARC, findings raised by internal and external auditors and assurance from the Management and IA, the Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology controls and risk management systems, were adequate and effective for the financial year ended 30 June 2017.

*Principle 12*
*Audit and Risk Committee*

The ARC comprises the following Directors, all of whom are non-executive and independent:

- Mr Timothy Teo Lai Wah, Chairman (Independent and Non-Executive)
- Mr Francis Siu Wai Keung, Member (Independent and Non-Executive)
- Ms Lim Suat Jien, Member (Independent and Non-Executive)

A majority of the ARC members have recent and relevant accounting or related financial management expertise or experience and the Chairman of the ARC has extensive global experience in the financial industry. The profile of the ARC Chairman and its members are presented under the "Board of Directors" section of this Annual Report. The Board is satisfied that such members are appropriately qualified to discharge their responsibilities.

The terms of reference of the ARC are set out in the Company's own Code of corporate governance which provided, *inter alia*, that the ARC has explicit authority to investigate any matter within its terms of reference, have full access to and co-operation by Management and have full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

In accordance with the written terms of reference of the ARC, it had undertaken and performed, *inter alia*, the following functions during the financial year:

- reviewing the Company's draft announcements of its quarterly, interim and full year results prior to submission to the Board;
- assisting the Board to oversee the Company's risk management framework and policies;
- reviewing the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls, and risk management systems);
- reviewing the scope and results of the external audit;
- meeting with the Company's external and internal auditors, in the absence of Management;
- reviewing the independence of the Company's external auditors. The aggregate amount of fees paid to the external auditors, and a breakdown of the fees paid in total for audit and non-audit services are disclosed in Note 26 to the Financial Statements; the ARC has considered the nature and extent of these non-audit services provided and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of such non-audit services;

# CORPORATE GOVERNANCE

- making recommendations to the Board on the re-appointment of the external auditors; and

- reviewing the Company's whistle-blowing policy to ensure that arrangements are in place for the independent investigation of possible improprieties in matters of financial reporting or other matters raised by staff of the Company or external parties, and that appropriate follow up action has been taken.

In its review of the financial statements of the Group and the Company for the financial year ended 30 June 2017, the ARC has discussed with both the Management and the external auditors the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The ARC reviewed, amongst other matters, the following key audit matters as reported by the external auditors for the financial year ended 30 June 2017. Detailed information on the key audit matters is set out in the Independent Auditors' Report.

| Key audit matters | How these issues were addressed by the ARC |
|---|---|
| Valuation of development properties | The ARC considered the approach and methodology applied to the valuation of development properties, focusing on projects with slower-than expected sales or with low margins. The ARC was periodically briefed on the development of key projects and the selling prices achieved on units sold during the period under review. It also discussed with Management about the market trends and the strategies to sell the inventories.<br><br>The ARC considered the findings from the external auditors on their assessment of the estimation of net realisable value and allowances for foreseeable losses to form a view on the appropriateness of the level of provisioning adopted by Management.<br><br>The ARC was satisfied with the valuation approach and the estimation of net realisable value for development projects as adopted and disclosed in the financial statements. |
| Valuation of investment properties | The ARC reviewed the outcomes of the yearly valuation process and discussed the details of the valuation with Management, focusing on properties which registered higher fair value gains / losses during the period under review.<br><br>The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties.<br><br>The ARC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted and disclosed in the financial statements. |

Interested Person Transactions ("IPT")

The Company's internal policy requires the ARC to note and review interested person transactions, as recorded in the Company's Register of IPT. Directors are required to disclose their interest and any conflict of interest in such transactions, and will accordingly abstain from the deliberation and voting in resolutions relating to these transactions. For each material/significant IPT, key information pertaining to the IPT together with the identification of relationship of each party is provided to the ARC for review and evaluation. The ARC will review the IPT to ensure that the terms are fair and at arms' length, and not prejudicial to the interest of the Company and its minority shareholders. In the event that the relevant threshold as stipulated in the listing rules of SGX is met, the IPT will be announced via SGXNET or put to vote by disinterested shareholders at the Company's general meeting as the case may be. The type, nature and value of IPT during the financial year under review are listed in Note 31 to the Financial Statements.

# CORPORATE GOVERNANCE

At each ARC meeting, the external auditors keep the ARC apprised of any changes to the accounting standards and issues which have a direct impact on the Company's Financial Statements.

The Company has complied with Rules 712, 715 and 716 of the Listing Manual issued by SGX-ST in relation to the appointment of its external auditors.

*Principle 13*
*Internal Audit*

The Company has its own in-house qualified internal audit team comprising the Head of Group IA, Mr Ho Ming Wai, and his team of qualified personnel. The Head of Group IA's primary line of reporting is to the Chairman of the ARC, although he reports administratively to the CEO. IA assists the ARC to review and assess the adequacy and effectiveness of the Group's internal controls based on the COSO Internal Control Integrated Framework to ensure no material weaknesses in respect of financial, operational, compliance and information technology.

The IA also audits the operations of the Group to ensure regulatory compliances as well as adherence to Group policies and procedures. The scope of IA's reviews is set out in IA's annual work plan which is approved by the ARC. During the last financial year ended 30 June 2017, IA had carried out its function according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors (IIA).

The ARC reviews the adequacy and effectiveness of the internal audit function to ensure that the internal audits are conducted effectively and the Management provides the necessary co-operation to enable the IA to perform its function. The ARC also reviews the IA reports and remedial actions taken by Management to address any internal control weaknesses that had been identified.

**(D) COMMUNICATION WITH SHAREHOLDERS**

*Principle 14*
*Shareholder Rights*

The Company believes in treating all shareholders fairly and equitably by recognizing, protecting and facilitating the exercise of shareholders' rights, and continually reviews and updates such governance arrangements. The Company currently has one class of shares in issue being ordinary shares which carry one vote for one share held.

The Company also believes in providing sufficient and regular information to its shareholders on the development of the Company's business and financial performance that could materially affect the price or value of the Company's shares.

To facilitate shareholders' participation at general meetings of the Company, detailed information is provided to shareholders in reports/circulars. Notices of general meetings in which special resolutions are being tabled to shareholders for approval together with proxy forms are furnished at least 21 days before the meeting to shareholders by post, published in local newspaper, announced via SGXNet and uploaded on the Company's website. General meetings are held at venue easily accessible by shareholders. Relevant rules and procedures governing the general meeting(s) including, in particular, the voting procedures are communicated to shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll.

A registered shareholder may appoint one or two proxies to attend and vote on his or her behalf at the Company's general meetings. A relevant intermediary, as defined in the Companies Act, may appoint more than two proxies to attend, speak and vote at the Company's general meetings.

# CORPORATE GOVERNANCE

*Principle 15*
*Communication With Shareholders*

In compliance with the continuous disclosure obligations provided in the listing rules of SGX-ST, the Company ensures timely and adequate disclosure of information on matters that may have material impact to the Group.

Corporate Website

To enhance communication with all stakeholders, the Company has established a corporate website http://www.guocoland.com.sg which is indicated on the Annual Report and a web-link is provided on the SGX website. Information available on the Company's website includes, *inter alia*, corporate structure and profile, development projects of the Group, financial results, annual reports, etc.

Investor Relations Policy

The Company has a Corporate Communications & Investor Relations department, and regularly conveys to shareholders, information on the Company's financial performance, position and prospects in the Company's annual reports and on the Company's website. In addition, the Company keeps shareholders apprised of the Group's corporate development by disseminating press releases to the media which are also uploaded on the Company's website and releasing announcements via SGXNet, when appropriate. Investors may also subscribe to receive the latest updates on the Group via the Company's website.

To facilitate access to pertinent information, a clearly dedicated "Investors & Media" link is provided on the Company's website and its Corporate Communications & Investor Relations contacts e.g. email link is also available to facilitate communication. The Company's Corporate Communications & Investor Relations team promptly attends to calls/email enquiries on the Group and endeavours to respond within 1 week.

Release of Financial Results

During the financial year, the Company announced its unaudited quarterly results within 30 days from each of the first, second and third quarter ended. Its full-year audited financial results were announced within 60 days of the Company's financial year ended 30 June 2017 ("FY2017 Audited Financial Results"). The Company's financial results are readily available on its website.

In addition, a press release on the Company's FY2017 Audited Financial Results was disseminated to the media which was accordingly uploaded on the Company's website and posted on SGXNet to ensure equality of information for all stakeholders. The CFO, together with the Corporate Communications & Investor Relations team carried out meetings with investors and analysts, where appropriate. As the Company embraces openness and transparency in the conduct of its affairs, it also ensures safeguarding of its commercial interest.

Release of Annual Report

The Company's annual report 2017 was disseminated to shareholders within 90 days from its financial year end. The Company's annual reports for the last 15 years are also available on its website.

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

# CORPORATE GOVERNANCE

Dividend

The Company does not have a fixed dividend policy. The frequency and amount of dividends would depend on the Company's earnings, cash flow, capital requirements, general financial and business conditions and other relevant factors as the Board deems appropriate. The Board will be proposing at the forthcoming AGM in October 2017, the declaration of a first and final tax exempt one-tier dividend of 7 cents per ordinary share in respect of the financial year ended 30 June 2017. The proposed dividend, when approved by shareholders at the AGM, shall be paid on 21 November 2017.

*Principle 16*
*Conduct of Shareholder Meetings*

At the Company's general meetings, the Chairman invites shareholders to participate and provides them with the opportunity to ask questions as well as communicate their views on various matters affecting the Company.

Separate resolutions are proposed for approval at general meetings on each substantially separate issue, for example, resolutions relating to payment of Directors' fees, amendments to the Company's Constitution, the authorisation for issue of additional shares, re-appointment of the auditors and re-election of each Director are separately proposed for shareholders' approval. The profiles of each Director proposed for re-election as stated in the Notice of AGM are cross-referenced to the "Board of Directors" page in the Company's Annual Report. Due to security concerns, the Company will not be implementing absentia voting methods such as by mail, email or facsimile.

Voting Process & Appointment of Independent Scrutineer

To promote effective shareholders' participation and enhance transparency of the voting process at general meetings, the Company had since its 2012 AGM implemented electronic poll voting and will continue to adopt the electronic poll voting system at its forthcoming AGM in October 2017. Independent scrutineer has been engaged to count and validate the votes cast for or against each resolution which are tallied and displayed live on screen to shareholders immediately after each poll is conducted at the AGM. The results of the votes cast on the resolutions as well as the name of the independent scrutineer are also announced via SGXNet after the AGM.

Minutes of AGM

Minutes of the AGM which incorporated substantial comments or queries from shareholders and responses from the Board and Management are prepared and are available to shareholders upon request.

Attendance of Directors, CEO and Committees Chairmen at AGM

All Directors, including the Chairman of the Board, the CEO and the respective Chairmen of the ARC, NC and RC as well as senior Management were present at the AGM to address any questions that shareholders may have. The Company's external auditors were also present at the Company's AGM to assist the Board in addressing any queries raised by shareholders.

# CORPORATE GOVERNANCE

## (E) DEALINGS IN SECURITIES

The Company has in its own Code of corporate governance provided guidelines to its officers in relation to dealings in securities. These guidelines set out, *inter alia*, that officers who are Directors of the Company or its subsidiaries must give notice in writing to the Company of the particulars of any dealings in the securities of the Company within 2 business days of such dealing or of any change in such particulars of which notice had already been given.

The guidelines also provided that officers of the Group should refrain from dealing in any securities of the Company at any time when in possession of unpublished price-sensitive information in relation to those securities, and during the Company's close period which is defined as two weeks immediately preceding the announcement of the Company's quarterly results or half yearly results and one month preceding the announcement of the annual results, as the case may be, up to and including the date of announcement of the relevant results. Officers are also reminded to refrain from dealing in the Company's securities on short-term considerations. These guidelines are disseminated to all Directors, officers and key employees of the Group on a quarterly basis to serve as reminder.

## (F) CODE OF CONDUCT

The Company has established a Code of Conduct which is incorporated in its Employee Handbook. The Company's Code of Conduct provides guidance to employees' conduct in areas such as integrity in conducting business, prohibition on disclosure of confidential information relating to the Group, avoidance of conflict of interest, prohibition on accepting gifts/benefits from business associates, etc. The Employee Handbook is presented to all new employees during the induction program and the Company notifies employees of subsequent updates.

The Board emphasizes the importance of professionalism and integrity when conducting business. Employees are required to embrace and practice these values in the course of performing their duties at work, and to act in the best interest of the Group at all time.

## (G) WHISTLE-BLOWING POLICY

The Company is committed to conduct business with integrity and high standards of corporate governance and conduct as well as compliance with applicable laws and regulatory requirements. In line with this commitment, the whistle-blowing policy is adopted to provide proper avenues/channels for employees and any other persons to raise or report any concerns/issues about serious wrong doings, misconduct, malpractices or improprieties in matters relating to the Group.

The whistle-blowing policy sets out procedures and rules for employees and external parties to raise responsibly, in confidence, concerns about possible improprieties in the Group, without fear of undue reprisals. Whistle-blowers may raise potential issues through a dedicated secured email address or contact the ARC Chairman directly.

The ARC oversees the whistle-blowing policy to ensure that arrangements are in place for independent investigation of matters raised and for appropriate follow-up action to be taken. The identity of the whistle-blower and person(s) being reported on are kept confidential. The whistle-blowing policy also allows for concerns or irregularities expressed anonymously to be considered, taking into account the seriousness and credibility of the issues raised. The Company's whistle-blowing policy is published on its website.

# DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

We are pleased to present this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2017.

In our opinion:-

a. the financial statements set out on pages 69 to 145 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards; and

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

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

**DIRECTORS**

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

Moses Lee Kim Poo, *Chairman*
Raymond Choong Yee How, *Group President & Chief Executive Officer*
Quek Leng Chan
Kwek Leng Hai
Timothy Teo Lai Wah
Francis Siu Wai Keung
Abdullah Bin Tarmugi
Lim Suat Jien
Jennie Chua Kheng Yeng
Tang Hong Cheong (Appointed on 1 September 2016)

# DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

**DIRECTORS' INTERESTS**

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children below 18 years of age) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:-

| | Shareholdings in which Directors have a Direct Interest | | Shareholdings in which Directors are Deemed to have an Interest | |
|---|---|---|---|---|
| | **As at 1 July 2016** | **As at 30 June 2017** | **As at 1 July 2016** | **As at 30 June 2017** |
| **Company** | Fully Paid Ordinary Shares(1) | | | |
| Quek Leng Chan | 13,333,333 | 13,333,333 | 818,111,030 | 819,266,530 |
| Kwek Leng Hai | 35,290,914 | 35,290,914 | – | – |
| Timothy Teo Lai Wah | 33,333 | 33,333 | – | – |
| Tang Hong Cheong | 65,000(7) | 65,000 | –(7) | – |
| | Medium-Term Notes* | | | |
| Moses Lee Kim Poo | 500,000 | 750,000 | – | – |
| | Options to subscribe for Ordinary Shares | | | |
| Tang Hong Cheong | –(7) | 800,000 | –(7) | – |
| **Intermediate Holding Company** | | | | |
| **Guoco Group Limited** | Ordinary Shares of US$0.50 each fully paid | | | |
| Quek Leng Chan | 1,056,325 | 1,056,325 | 241,151,792 | 241,151,792 |
| Kwek Leng Hai | 3,800,775 | 3,800,775 | – | – |
| Tang Hong Cheong | 10,000(7) | 10,000 | –(7) | – |
| | Options to subscribe for Ordinary Shares | | | |
| Tang Hong Cheong | 120,000(7) | 120,000 | –(7) | – |
| **Ultimate Holding Company** | | | | |
| **Hong Leong Company (Malaysia) Berhad** | Fully Paid Ordinary Shares(10) | | | |
| Quek Leng Chan | 390,000 | 390,000 | 13,069,100 | 7,537,100 |
| Kwek Leng Hai | 420,500 | 420,500 | – | – |
| **Subsidiary** | | | | |
| **GuocoLand (Malaysia) Berhad** | Fully Paid Ordinary Shares(10) | | | |
| Quek Leng Chan | 19,506,780 | 19,506,780 | 455,698,596 | 455,574,796 |
| Kwek Leng Hai | 226,800 | 226,800 | – | – |
| Tang Hong Cheong | 90,000(7) | 90,000 | –(7) | – |
| | Options to subscribe for Ordinary Shares | | | |
| Tang Hong Cheong | 210,000(7) | 210,000 | –(7) | – |

* Please refer to Note 19 to the Financial Statements.

# DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

**DIRECTORS' INTERESTS (CONT'D)**

| | | Shareholdings in which Directors have a Direct Interest | | Shareholdings in which Directors are Deemed to have an Interest | |
|---|---|---|---|---|---|
| | Nominal Value per share | Ordinary shares/ordinary shares issued or to be issued or acquired arising from the exercise of options/convertible bonds/ conversion of redeemable convertible unsecured loan stocks^ or redeemable convertible cumulative preference shares^^ | | | |
| | | As at 1 July 2016 | As at 30 June 2017 | As at 1 July 2016 | As at 30 June 2017 |
| **Interests of Quek Leng Chan in Related Corporations** | | | | | |
| Hong Leong Financial Group Berhad | (10) | 5,438,664 | 5,438,664 | 898,436,732 | 893,706,226 |
| Hong Leong Capital Berhad | (10) | – | – | 200,805,058 | 200,805,058 |
| Hong Leong Bank Berhad | (10) | – | – | 1,346,237,169 | 1,346,237,169 |
| Hong Leong MSIG Takaful Berhad | (10) | – | – | 65,000,000 | 65,000,000 |
| Hong Leong Assurance Berhad | (10) | – | – | 140,000,000 | 140,000,000 |
| Hong Leong Industries Berhad | (10) | – | – | 244,685,003 | 242,665,670 |
| Hong Leong Yamaha Motor Sdn Bhd | (10) | – | – | 17,352,872 | 17,352,872 |
| Guocera Tile Industries (Meru) Sdn Bhd | (10) | – | – | 19,600,000 | 19,600,000 |
| Hong Leong Maruken Sdn Bhd (In members' voluntary liquidation) | (10) | – | – | 1,750,000 | –(12) |
| Century Touch Sdn Bhd (In members' voluntary liquidation) | (10) | – | – | 6,545,001 | 6,545,001 |
| Varinet Sdn Bhd (In members' voluntary liquidation) | (10) | – | – | 10,560,627 | 10,560,627 |
| Malaysian Pacific Industries Berhad | (10) | – | – | 111,936,607 | 108,950,757 |
| Carter Resources Sdn Bhd | (10) | – | – | 5,640,607 | 5,640,607 |
| Carsem (M) Sdn Bhd | (10) | – | – | 84,000,000 | 84,000,000 |
| | (10) | – | – | 22,400 (Redeemable Preference Shares) | 22,400 (Redeemable Preference Shares) |
| Hume Industries Berhad | (10) | – | – | 352,637,487 | 349,421,658 |
| Southern Steel Berhad | (10) | – | – | 299,541,202 | 292,169,709 |
| | (10) | – | – | 141,627,296^ | 140,076,337^ |
| Southern Pipe Industry (Malaysia) Sdn Bhd | (10) | – | – | 118,822,953 | 123,372,953 |
| | (10) | – | – | 20,000,000^^(6) | –(11) |
| TPC Commercial Pte. Ltd. (formerly known as Belmeth Pte. Ltd.) | (1) | – | – | 40,000,000 | 189,600,000 |
| TPC Hotel Pte. Ltd. (formerly known as Guston Pte. Ltd.) | (1) | – | – | 8,000,000 | 8,000,000 |
| Wallich Residence Pte. Ltd. (formerly known as Perfect Eagle Pte. Ltd.) | (1) | – | – | 24,000,000 | 24,000,000 |
| GLL Chengdu Pte. Ltd. | (1) | – | – | –(8) | 149,597,307(9) |

# DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

**DIRECTORS' INTERESTS (CONT'D)**

| | Nominal Value per share | Shareholdings in which Directors have a Direct Interest | | Shareholdings in which Directors are Deemed to have an Interest | |
|---|---|---|---|---|---|
| | | Ordinary shares/ordinary shares issued or to be issued or acquired arising from the exercise of options/convertible bonds/ conversion of redeemable convertible unsecured loan stocks^ or redeemable convertible cumulative preference shares^^ | | | |
| | | As at 1 July 2016 | As at 30 June 2017 | As at 1 July 2016 | As at 30 June 2017 |
| **Interests of Quek Leng Chan in Related Corporations (cont'd)** | | | | | |
| Beijing Minghua Property Development Co., Ltd (In members' voluntary liquidation) | (2) | – | – | 150,000,000 | 150,000,000 |
| Shanghai Xinhaojia Property Development Co., Ltd | (2) | – | – | 3,150,000,000 | 3,150,000,000 |
| Shanghai Xinhaozhong Property Development Co., Ltd | (3) | – | – | 19,600,000 | 19,600,000 |
| Lam Soon (Hong Kong) Limited | (5) | – | – | 140,008,659 | 140,008,659 |
| Guangzhou Lam Soon Food Products Limited | (4) | – | – | 6,570,000 | 6,570,000 |
| Guoman Hotel & Resort Holdings Sdn Bhd | (10) | – | – | 277,000,000 | 277,000,000 |
| JB Parade Sdn Bhd | (10) | – | – | 28,000,000 | 28,000,000 |
| | (10) | – | – | 68,594,000 (Redeemable Preference Shares) | 68,594,000 (Redeemable Preference Shares) |
| Continental Estates Sdn Bhd | (10) | – | – | 34,408,000 | 34,408,000 |
| | (10) | – | – | 123,502,605 (Redeemable Preference Shares) | 123,502,605 (Redeemable Preference Shares) |
| GL Limited | US$0.20 | 735,000 | 735,000 | 921,994,834 | 922,283,734 |
| The Rank Group Plc | GBP$13^{8/9}$p | 285,207 | 285,207 | 219,582,221 | 219,582,221 |
| **Interests of Kwek Leng Hai in Related Corporations** | | | | | |
| Hong Leong Bank Berhad | (10) | 5,510,000 | 5,510,000 | – | – |
| Lam Soon (Hong Kong) Limited | (5) | 2,300,000 | 2,300,000 | – | – |
| Hong Leong Industries Berhad | (10) | 190,000 | 190,000 | – | – |
| Hong Leong Financial Group Berhad | (10) | 2,526,000 | 2,526,000 | – | – |
| Hume Industries Berhad | (10) | 205,200 | 205,200 | – | – |
| Malaysian Pacific Industries Berhad | (10) | 71,250 | 71,250 | – | – |
| The Rank Group Plc | GBP$13^{8/9}$p | 1,026,209 | 1,026,209 | – | – |

# DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

**DIRECTORS' INTERESTS (CONT'D)**

| | Nominal Value per share | Shareholdings in which Directors have a Direct Interest | | Shareholdings in which Directors are Deemed to have an Interest | |
|---|---|---|---|---|---|
| | | Ordinary shares/ordinary shares issued or to be issued or acquired arising from the exercise of options/convertible bonds/ conversion of redeemable convertible unsecured loan stocks^ or redeemable convertible cumulative preference shares^^ | | | |
| | | As at 1 July 2016 | As at 30 June 2017 | As at 1 July 2016 | As at 30 June 2017 |
| **Interests of Raymond Choong Yee How in Related Corporations** | | | | | |
| Hong Leong Financial Group Berhad | (10) | 3,996,400 | 3,996,400 | – | – |
| **Interests of Timothy Teo Lai Wah in Related Corporations** | | | | | |
| GL Limited | US$0.20 | 500,000 | 500,000 | – | – |
| **Interests of Tang Hong Cheong in Related Corporations** | | | | | |
| GL Limited | US$0.20 | 300,000(7) | 300,000 | –(7) | – |
| | | 200,000(7) (Options to subscribe for Ordinary Shares) | 130,000 (Options to subscribe for Ordinary Shares) | –(7) | – |
| Hong Leong Industries Berhad | (10) | 300,000(7) | 300,000 | 15,000(7) | 15,000 |
| Hong Leong Financial Group Berhad | (10) | 178,000(7) | 178,000 | –(7) | – |
| | | 71,146(7) (Options to subscribe for Ordinary Shares) | 71,146 (Options to subscribe for Ordinary Shares) | –(7) | – |
| Hume Industries Berhad | (10) | 1,075,600(7) | 1,275,600 | 16,200(7) | 16,200 |
| | | 200,000(7) (Options to subscribe for Ordinary Shares) | 130,000 (Options to subscribe for Ordinary Shares) | –(7) | – |

# DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

**DIRECTORS' INTERESTS (CONT'D)**

| | Nominal Value per share | Shareholdings in which Directors have a Direct Interest — Ordinary shares/ordinary shares issued or to be issued or acquired arising from the exercise of options/convertible bonds/ conversion of redeemable convertible unsecured loan stocks^ or redeemable convertible cumulative preference shares^^ — As at 1 July 2016 | As at 30 June 2017 | Shareholdings in which Directors are Deemed to have an Interest — As at 1 July 2016 | As at 30 June 2017 |
|---|---|---|---|---|---|
| **Interests of Tang Hong Cheong in Related Corporations (cont'd)** | | | | | |
| Southern Steel Berhad | (10) | –(7) | 1,000 | –(7) | – |
| | | 200,000(7) (Options to subscribe for Ordinary Shares) | 130,000 (Options to subscribe for Ordinary Shares) | –(7) | – |
| The Rank Group Plc | GBP13 8/9p | 200,000(7) (Options to subscribe for Ordinary Shares) | 200,000 (Options to subscribe for Ordinary Shares) | –(7) | – |

<u>Legend</u>

(1) Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005.
(2) Capital contribution in RMB.
(3) Capital contribution in US$.
(4) Capital contribution in HKD.
(5) Concept of par value was abolished with effect from 3 March 2014 pursuant to the New Companies Ordinance (Chapter 622), Hong Kong.
(6) The redeemable convertible cumulative preference shares ("**RCCPS**") are convertible into ordinary shares at the option of the holder of RCCPS on the basis of 400 ordinary shares for every RCCPS.
(7) As at date of appointment on 1 September 2016.
(8) A wholly-owned subsidiary.
(9) Became a 75% subsidiary during the financial year.
(10) Concept of par value was abolished with effect from 31 January 2017 pursuant to the Companies Act 2016, Malaysia.
(11) Redemption of RCCPS.
(12) Dissolved during the financial year.

By virtue of Section 7 of the Act, Mr Quek Leng Chan is deemed to have an interest in all of Hong Leong Company (Malaysia) Berhad's direct and indirect interests in its subsidiaries and associates, at the beginning and at the end of the financial year.

# DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

**DIRECTORS' INTERESTS (CONT'D)**

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

There were no changes in any of the above-mentioned Directors' interests in the Company between the end of the financial year and 21 July 2017.

Except as disclosed under "**Share Options**" of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Transactions entered into by the Company and/or its related corporations with connected or related parties in which certain of the directors are deemed to have an interest comprised deposits, lease of properties and payments for professional, financial and management services. All such transactions were carried out in the normal course of business of the Group and on commercial terms.

Except as disclosed in this statement and in Notes 26, 29 and 31 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

**SHARE OPTIONS**

The GuocoLand Limited Executives' Share Option Scheme ("**ESOS**")

a. The ESOS was approved by shareholders of the Company on 17 October 2008 and further approved by shareholders of Guoco Group Limited (an intermediate holding company of the Company) on 21 November 2008 ("**ESOS 2008**"), to replace the Company's former ESOS ("**ESOS 2004**"), which expired in December 2008. The terms of the ESOS 2008 are substantially similar to those of the ESOS 2004. The ESOS 2008 shall continue to be in force for a maximum of 10 years from 21 November 2008 till 20 November 2018.

b. Under the ESOS 2008, options may be granted over newly issued and/or existing issued ordinary shares of the Company ("**Shares**"). During the financial year, the administration of ESOS 2008 has been delegated to the Remuneration Committee comprising Mr Abdullah Bin Tarmugi (Chairman), Mr Quek Leng Chan and Ms Jennie Chua Kheng Yeng who are non-participants. The ESOS 2008 provides for options to be granted to selected key executives of the Company ("**Participants**").

c. During the financial year, no options were granted, exercised or lapsed. Further, no new Shares were issued pursuant to the ESOS 2008.

# DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

**SHARE OPTIONS (CONT'D)**

d. The aggregate number of options (including options adjusted pursuant to the Company's Rights Issue 2007 and Rights Issue 2010) granted to Participants since the commencement of the ESOS to the end of the financial year is as follows:-

| Participants | Aggregate options granted since the commencement of the ESOS to end of financial year | Aggregate options exercised since the commencement of the ESOS to end of financial year | Aggregate options lapsed since the commencement of the ESOS to end of financial year | Aggregate options outstanding as at end of financial year |
|---|---|---|---|---|
| Executives | 67,690,418 | (20,780,300) | (46,910,118) | – |
| **Total** | **67,690,418** | **(20,780,300)** | **(46,910,118)** | **–** |

e. Other statutory information regarding the above options is as follows:-

(i) In relation to ESOS 2008, the exercise price per Share is the 5-day weighted average market price on Singapore Exchange Securities Trading Limited ("**SGX-ST**") immediately prior to the date of grant of the option.

(ii) An option shall be exercisable on the date after (a) the second anniversary of the date of grant (for employees who have been employed for less than one year) and (b) the first anniversary of the date of grant (for all other employees), and to end on a date not later than 10 years after the date of grant.

(iii) The persons to whom the options have been granted do not have the right to participate, by virtue of the option, in a share issue of any other company, except in the share scheme(s) of companies within the Group.

f. Since the commencement of the ESOS, no options have been granted to controlling shareholders of the Company and their associates or parent group employees and no options have been granted at a discount.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

**AUDIT AND RISK COMMITTEE**

The members of the Audit and Risk Committee ("**ARC**") during the financial year and at the date of this statement are as follows:-

Timothy Teo Lai Wah, *Chairman*
Francis Siu Wai Keung
Lim Suat Jien

The ARC performs the functions under its terms of reference including those specified in Section 201B of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance 2012.

The ARC held four meetings during the financial year. In performing its functions, the ARC had met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

# DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

**AUDIT AND RISK COMMITTEE (CONT'D)**

The ARC also reviewed the following:-

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the Board of Directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual);
- whistle-blowing policy of the Company; and
- the Group Risk Register.

The ARC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings.

The ARC has also undertaken a review of the non-audit services provided by the external auditors and is satisfied that they did not affect the independence of the external auditors. Accordingly, the ARC has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual.

The details of the functions carried out by the ARC are set out under "**Corporate Governance**" in the Company's Annual Report 2017.

**AUDITORS**

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

On behalf of the Board of Directors

**MOSES LEE KIM POO**
Director

**RAYMOND CHOONG YEE HOW**
Director

Singapore
25 August 2017

# INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
GUOCOLAND LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of GuocoLand Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2017, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 69 to 145.

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 30 June 2017 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### *Basis for opinion*

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

### *Key audit matters*

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

# INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
GUOCOLAND LIMITED

**Valuation of investment properties ($3.1 billion)**
(Refer to Note 5 to the financial statements)

*Risk*

The Group owns a portfolio of investment properties, comprising commercial properties in Singapore, Malaysia and China, and a reversionary interest in freehold land in Singapore. As at 30 June 2017, the investment properties represent the single largest asset category on the statement of financial position.

The investment properties are stated at their fair values based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied, including those relating to capitalisation rate and sale prices per square foot (psf), i.e. a change in assumptions may have an impact to the valuation.

*Response*

We evaluated the qualifications and competence of the external valuers and held discussions with the valuers to understand their valuation methods and assumptions used.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We assessed the reasonableness of the projected cash flows used in the valuations by comparing to supporting leases and externally available industry data. We also assessed the reasonableness of the capitalisation rate and sale prices psf used in the valuations by comparing them to available industry data, taking into consideration comparability and market factors.

We also assessed whether the disclosures in the financial statements appropriately described the judgements inherent in the valuations.

*Our findings*

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies adopted by the valuers are in line with generally accepted market practices and the key assumptions used are within the range of available market data. We found the disclosures in the financial statements to be appropriate in their description of the judgement inherent in the key assumptions used in the valuations, including the inter-relationships between the assumptions applied and the fair values.

# INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
GUOCOLAND LIMITED

**Valuation of development properties ($2.8 billion)**
(Refer to Note 10 to the financial statements)

*Risk*

The Group's development properties comprise residential properties in the course of development and completed properties in Singapore, Malaysia and China. Development properties are stated at the lower of their cost and their net realisable value ("NRV"). NRV represents the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated selling expenses.

The determination of the NRV of a development property in the course of development is dependent on the Group's forecast selling price for the property and estimated costs to complete the development of the property. The costs to complete the development of the property is in turn derived from the Group's estimate of the total development costs of the property less the actual expenditure incurred.

The determination of the NRV of a completed property is dependent on the Group's forecast selling price for the property.

Future trends in selling prices may depart from known trends based on past experience given the economic uncertainty and prevailing government policies in which the development properties are located. Total development costs may also vary with market conditions and unforeseen circumstances may arise during construction leading to cost overruns. The development properties are subject to risk of foreseeable losses if the forecast selling prices fall below the estimated total construction costs.

*Our response*

We focused on development projects with slower-than-expected sales or low margins. We assessed the reasonableness of the Group's forecast selling prices by comparing to recent transacted sales prices for the same project and/or comparable properties. We also evaluated the Group's estimated total development costs for selected development properties by comparing the costs against contracts and agreements, taking into consideration the costs incurred to-date, construction progress and any significant deviation in design plans or cost overruns.

*Our findings*

In making its estimates of the future selling prices of the development properties, the Group takes into account the macroeconomic and real estate price trend. We found the Group's estimates of future selling prices and total development costs for its development properties to be balanced.

# INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
GUOCOLAND LIMITED

*Other information*

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

We have not obtained any other information prior to the date of this auditors' report except for the Directors' Statement. The remaining other information is expected to be made available to us after that date.

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 identified above when it becomes available 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

*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.

# INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
GUOCOLAND LIMITED

*Auditors' responsibilities for the audit of the financial statements*

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

# INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
GUOCOLAND LIMITED

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

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

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

**Report on other legal and regulatory requirements**

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

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

Singapore
25 August 2017

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | $'000 | $'000 | $'000 | $'000 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | **623,806** | 494,780 | **–** | – |
| Investment properties | 5 | **3,053,287** | 2,711,193 | **–** | – |
| Subsidiaries | 6 | **–** | – | **1,966,514** | 2,001,613 |
| Associates and joint ventures | 7 | **675,616** | 427,945 | **–** | – |
| Other receivables, including derivatives | 13 | **–** | 84 | **–** | – |
| Other investments | 8 | **507** | 603 | **–** | – |
| Deferred tax assets | 9 | **19,557** | 29,500 | **–** | – |
| | | **4,372,773** | 3,664,105 | **1,966,514** | 2,001,613 |
| **Current assets** | | | | | |
| Inventories | 10 | **2,798,504** | 2,410,452 | **–** | – |
| Deposits for land | 11 | **466,893** | – | **–** | – |
| Trade and other receivables, including derivatives | 12 | **199,022** | 401,799 | **6** | 7 |
| Cash and cash equivalents | 15 | **1,118,483** | 1,430,249 | **206** | 231 |
| | | **4,582,902** | 4,242,500 | **212** | 238 |
| **Total assets** | | **8,955,675** | 7,906,605 | **1,966,726** | 2,001,851 |
| **Equity** | | | | | |
| Share capital | 16 | **1,926,053** | 1,926,053 | **1,926,053** | 1,926,053 |
| Reserves | 17 | **1,603,809** | 1,350,094 | **8,438** | 44,426 |
| **Equity attributable to ordinary equity holders of the Company** | | **3,529,862** | 3,276,147 | **1,934,491** | 1,970,479 |
| **Non-controlling interests** | 6 | **303,571** | 166,059 | **–** | – |
| **Total equity** | | **3,833,433** | 3,442,206 | **1,934,491** | 1,970,479 |
| **Non-current liabilities** | | | | | |
| Other payables, including derivatives | 21 | **342,560** | 210,012 | **31,298** | 30,365 |
| Loans and borrowings | 19 | **2,254,031** | 1,708,205 | **–** | – |
| Deferred tax liabilities | 9 | **33,717** | 13,648 | **–** | – |
| | | **2,630,308** | 1,931,865 | **31,298** | 30,365 |
| **Current liabilities** | | | | | |
| Trade and other payables, including derivatives | 20 | **377,329** | 339,384 | **859** | 929 |
| Loans and borrowings | 19 | **2,090,477** | 2,122,091 | **–** | – |
| Current tax liabilities | | **24,128** | 71,059 | **78** | 78 |
| | | **2,491,934** | 2,532,534 | **937** | 1,007 |
| **Total liabilities** | | **5,122,242** | 4,464,399 | **32,235** | 31,372 |
| **Total equity and liabilities** | | **8,955,675** | 7,906,605 | **1,966,726** | 2,001,851 |

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 $'000 | 2016 $'000 |
|---|---|---|---|
| **Revenue** | 22 | **1,113,191** | 1,059,770 |
| Cost of sales | | **(860,481)** | (763,134) |
| **Gross profit** | | **252,710** | 296,636 |
| Other income | 23 | **318,193** | 625,897 |
| Administrative expenses | | **(73,437)** | (83,678) |
| Other expenses | 24 | **(14,219)** | (4,450) |
| Finance costs | 25 | **(72,392)** | (58,555) |
| Share of profit/(loss) of associates and joint ventures (net of tax) | | **44,945** | (2,692) |
| **Profit before tax** | 26 | **455,800** | 773,158 |
| Tax expense | 27 | **(43,230)** | (150,660) |
| **Profit for the year** | | **412,570** | 622,498 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **357,185** | 606,687 |
| Non-controlling interests | | **55,385** | 15,811 |
| **Profit for the year** | | **412,570** | 622,498 |
| **Earnings per share (cents)** | 28 | | |
| Basic | | **32.19** | 53.85 |
| Diluted | | **32.19** | 53.85 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

| | 2017<br>$'000 | 2016<br>$'000 |
|---|---|---|
| **Profit for the year** | **412,570** | 622,498 |
| **Other comprehensive income** | | |
| *Items that are or may be reclassified subsequently to profit or loss:-* | | |
| Translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures | **(7,674)** | (116,896) |
| Translation reserve of subsidiaries reclassified to profit or loss upon disposal | **–** | (91,762) |
| Net change in fair value of available-for-sale securities | **329** | (110) |
| Fair value reserve relating to available-for-sale securities reclassified to profit or loss upon disposal | **230** | – |
| **Total other comprehensive income for the year, net of tax** | **(7,115)** | (208,768) |
| **Total comprehensive income for the year, net of tax** | **405,455** | 413,730 |
| **Attributable to:** | | |
| Equity holders of the Company | **353,494** | 404,318 |
| Non-controlling interests | **51,961** | 9,412 |
| **Total comprehensive income for the year, net of tax** | **405,455** | 413,730 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

| | ←Attributable to ordinary equity holders of the Company→ | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share Capital $'000 | Other Reserves $'000 | Accumulated Profits $'000 | Total Ordinary Equity $'000 | Perpetual Securities $'000 | Total $'000 | Non-Controlling Interests $'000 | Total Equity $'000 |
| **At 1 July 2016** | **1,926,053** | **(274,740)** | **1,624,834** | **3,276,147** | **–** | **3,276,147** | **166,059** | **3,442,206** |
| **Total comprehensive income for the year** | | | | | | | | |
| Profit for the year | **–** | **–** | **357,185** | **357,185** | **–** | **357,185** | **55,385** | **412,570** |
| ***Other comprehensive income*** | | | | | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:-* | | | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures | **–** | **(4,065)** | **–** | **(4,065)** | **–** | **(4,065)** | **(3,609)** | **(7,674)** |
| Net change in fair value of available-for-sale securities | **–** | **218** | **–** | **218** | **–** | **218** | **111** | **329** |
| Fair value reserve relating to available-for-sale securities reclassified to profit or loss upon disposal | **–** | **156** | **–** | **156** | **–** | **156** | **74** | **230** |
| **Total other comprehensive income, net of tax** | **–** | **(3,691)** | **–** | **(3,691)** | **–** | **(3,691)** | **(3,424)** | **(7,115)** |
| **Total comprehensive income for the year, net of tax** | **–** | **(3,691)** | **357,185** | **353,494** | **–** | **353,494** | **51,961** | **405,455** |
| **Transactions with equity holders, recorded directly in equity** | | | | | | | | |
| ***Contributions by and distributions to equity holders*** | | | | | | | | |
| Capitalisation of shareholder's loans from non-controlling interests | **–** | **–** | **–** | **–** | **–** | **–** | **37,400** | **37,400** |
| Dividends (note 30) | **–** | **–** | **(99,879)** | **(99,879)** | **–** | **(99,879)** | **(1,473)** | **(101,352)** |
| **Total contributions by and distributions to equity holders** | **–** | **–** | **(99,879)** | **(99,879)** | **–** | **(99,879)** | **35,927** | **(63,952)** |
| ***Changes in ownership interests in subsidiaries*** | | | | | | | | |
| Dilution of interest in a subsidiary without a change in control (note 32) | **–** | **–** | **–** | **–** | **–** | **–** | **49,866** | **49,866** |
| Acquisition of interest in a subsidiary without a change in control | **–** | **–** | **100** | **100** | **–** | **100** | **(242)** | **(142)** |
| **Total changes in ownership interests in subsidiaries** | **–** | **–** | **100** | **100** | **–** | **100** | **49,624** | **49,724** |
| **Total transactions with equity holders** | **–** | **–** | **(99,779)** | **(99,779)** | **–** | **(99,779)** | **85,551** | **(14,228)** |
| **At 30 June 2017** | **1,926,053** | **(278,431)** | **1,882,240** | **3,529,862** | **–** | **3,529,862** | **303,571** | **3,833,433** |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

| | ←Attributable to ordinary equity holders of the Company→ | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share Capital $'000 | Other Reserves $'000 | Accumulated Profits $'000 | Total Ordinary Equity $'000 | Perpetual Securities $'000 | Total $'000 | Non-Controlling Interests $'000 | Total Equity $'000 |
| **At 1 July 2015** | 1,926,053 | (72,371) | 1,082,766 | 2,936,448 | 200,295 | 3,136,743 | 159,502 | 3,296,245 |
| **Total comprehensive income for the year** | | | | | | | | |
| Profit for the year | – | – | 606,687 | 606,687 | – | 606,687 | 15,811 | 622,498 |
| ***Other comprehensive income*** | | | | | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:-* | | | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures | – | (110,502) | – | (110,502) | – | (110,502) | (6,394) | (116,896) |
| Translation reserve of subsidiaries reclassified to profit or loss upon disposal (note 32) | – | (91,762) | – | (91,762) | – | (91,762) | – | (91,762) |
| Net change in fair value of available-for-sale securities | – | (105) | – | (105) | – | (105) | (5) | (110) |
| **Total other comprehensive income, net of tax** | – | (202,369) | – | (202,369) | – | (202,369) | (6,399) | (208,768) |
| **Total comprehensive income for the year, net of tax** | – | (202,369) | 606,687 | 404,318 | – | 404,318 | 9,412 | 413,730 |
| **Transactions with equity holders, recorded directly in equity** | | | | | | | | |
| ***Contributions by and distributions to equity holders*** | | | | | | | | |
| Accrued distribution for perpetual securities | – | – | (9,131) | (9,131) | 9,131 | – | – | – |
| Distribution payment for perpetual securities (note 18) | – | – | – | – | (9,426) | (9,426) | – | (9,426) |
| Redemption of perpetual securities | – | – | – | – | (200,000) | (200,000) | – | (200,000) |
| Dividends (note 30) | – | – | (55,488) | (55,488) | – | (55,488) | (1,754) | (57,242) |
| **Total contributions by and distributions to equity holders** | – | – | (64,619) | (64,619) | (200,295) | (264,914) | (1,754) | (266,668) |
| ***Changes in ownership interests in subsidiaries*** | | | | | | | | |
| Disposal of subsidiaries with non-controlling interests (note 32) | – | – | – | – | – | – | (1,101) | (1,101) |
| **Total changes in ownership interests in subsidiaries** | – | – | – | – | – | – | (1,101) | (1,101) |
| **Total transactions with equity holders** | – | – | (64,619) | (64,619) | (200,295) | (264,914) | (2,855) | (267,769) |
| **At 30 June 2016** | 1,926,053 | (274,740) | 1,624,834 | 3,276,147 | – | 3,276,147 | 166,059 | 3,442,206 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 $'000 | 2016 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | **455,800** | 773,158 |
| | | | |
| Adjustments for:- | | | |
| Allowance/(Write-back of allowance) for doubtful receivables | | **184** | (21) |
| Depreciation of property, plant and equipment | | **6,548** | 10,069 |
| Dividend income from equity securities | | **(84)** | (6) |
| Finance costs | | **72,392** | 58,555 |
| Gain on disposal of interests in subsidiaries | | **–** | (560,944) |
| Interest income | | **(13,845)** | (20,037) |
| Loss on disposal of equity securities | | **230** | – |
| Loss/(Gain) on disposal of property, plant and equipment | | **467** | (132) |
| Net allowance for foreseeable losses on development properties | | **38** | 3,132 |
| Net fair value gain from investment properties | | **(254,451)** | (19,653) |
| Net fair value loss/(gain) on derivative financial instruments | | **6,419** | (926) |
| Share of (profit)/loss of associates and joint ventures (net of tax) | | **(44,945)** | 2,692 |
| Unrealised exchange (gain)/loss | | **(1,171)** | 4,651 |
| | | **227,582** | 250,538 |
| Changes in:- | | | |
| Inventories | | **(355,947)** | 400,771 |
| Deposits for land | | **(466,893)** | – |
| Trade and other receivables | | **71,800** | 231,505 |
| Trade and other payables | | **1,388** | (146,230) |
| Balances with holding companies and related corporations | | **9,976** | (1,659) |
| Cash (used in)/generated from operating activities | | **(512,094)** | 734,925 |
| Tax paid | | **(59,244)** | (184,762) |
| **Net cash (used in)/from operating activities** | | **(571,338)** | 550,163 |
| | | | |
| **Cash flows from investing activities** | | | |
| Additions to investment properties | | **(59,001)** | (218,815) |
| Additions to property, plant and equipment | | **(98,649)** | (68,116) |
| Balances with associates and joint ventures | | **91** | 33,135 |
| Dividends received from associates and joint ventures | | **45,020** | 1,409 |
| Dividends received from equity securities | | **84** | 6 |
| Interest received | | **12,940** | 19,668 |
| Investment in equity-accounted investee | 7 | **(245,255)** | – |
| Proceeds from disposal of equity securities | | **432** | – |
| Proceeds from disposal of interests in subsidiaries | 13,32 | **130,121** | 2,229,684 |
| Proceeds from disposal of investment properties | | **–** | 21,623 |
| Proceeds from disposal of property, plant and equipment | | **189** | 281 |
| **Net cash (used in)/from investing activities** | | **(214,028)** | 2,018,875 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 $'000 | 2016 $'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Acquisition of non-controlling interests in a subsidiary | | **(142)** | – |
| Capital contribution from non-controlling interests | | **49,866** | – |
| Distribution payment for perpetual securities | | **–** | (9,426) |
| Dividends paid | | **(99,879)** | (55,488) |
| Dividends paid to non-controlling interests | | **(1,473)** | (1,754) |
| (Increase)/Decrease in fixed deposits pledged | | **(12,556)** | 252,123 |
| Interest paid | | **(128,934)** | (160,481) |
| Proceeds from loans and borrowings | | **3,232,791** | 678,180 |
| Proceeds from loans from non-controlling interests of subsidiaries | | **135,031** | 34,100 |
| Redemption of perpetual securities | | **–** | (200,000) |
| Repayment of loans and borrowings | | **(2,709,566)** | (2,049,366) |
| **Net cash from/(used in) financing activities** | | **465,138** | (1,512,112) |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | **(320,228)** | 1,056,926 |
| Cash and cash equivalents at beginning of the year | | **1,429,038** | 411,152 |
| Exchange differences on translation of balances held in foreign currencies | | **(2,883)** | (39,040) |
| **Cash and cash equivalents at end of the year** | 15 | **1,105,927** | 1,429,038 |

## SIGNIFICANT NON-CASH TRANSACTIONS

During the year, certain subsidiaries capitalised loans from non-controlling interests of $37.4 million (2016: Nil) through the issuance of shares in these subsidiaries to the non-controlling interests.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 August 2017.

## 1. DOMICILE AND ACTIVITIES

GuocoLand Limited (the "Company") is incorporated in Singapore. The address of the Company's registered office is 1 Wallich Street #31-01 Guoco Tower, Singapore 078881.

The financial statements of the Group as at and for the year ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and joint ventures.

The principal activity of the Company is that of an investment holding company. The principal activities of the Group are those relating to:-

- investment holding;
- property development and investment;
- hotel operations; and
- provision of management, property management, marketing and maintenance services.

The immediate holding company is GuocoLand Assets Pte. Ltd., incorporated in the Republic of Singapore. The intermediate holding company is Guoco Group Limited, incorporated in Bermuda. The ultimate holding company is Hong Leong Company (Malaysia) Berhad, incorporated in Malaysia.

## 2. BASIS OF PREPARATION

### a. Statement of Compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRSs").

### b. Basis of Measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

### c. Functional and Presentation Currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

### d. Use of Estimates and Judgements

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 2. BASIS OF PREPARATION (CONT'D)

### d. Use of Estimates and Judgements (cont'd)

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:-

Note 3n – estimation of current and deferred taxes
Note 5 – determination of fair value of investment properties
Note 10 – estimation of the percentage of completion relating to revenue and costs recognised on development properties and allowance for foreseeable losses on development properties
Note 35 – contingent liabilities

### e. Measurement of Fair Values

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

The Group has an established control framework with respect to the measurement of fair values. All valuations are reviewed by the Group's Chief Financial Officer ("CFO"), who has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The CFO reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the finance team assesses the evidence obtained from the third party to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy which the resulting fair value estimate should be classified.

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

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

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

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

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

Note 5 – Investment properties
Note 33 – Financial instruments

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group entities.

### a. Basis of Consolidation

(i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:-

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**a. Basis of Consolidation (cont'd)**

(ii) *Subsidiaries*

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

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

(iii) *Acquisitions from entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) *Investments in associates and joint ventures (equity accounted investees)*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### a. Basis of Consolidation (cont'd)

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

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

(viii) *Subsidiaries, associates and joint ventures in the separate financial statements*
Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

(ix) *Trust for Executives' Share Option Scheme*
The Company has established a separate trust for its Executives' Share Option Schemes. The assets and liabilities of the trust are accounted for as assets and liabilities of the Company.

### b. Foreign Currency

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

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

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**b. Foreign Currency (cont'd)**

(ii) *Foreign operations*

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

**c. Property, Plant and Equipment**

(i) *Recognition and measurement*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:-

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**c. Property, Plant and Equipment (cont'd)**

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

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

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

Assets under construction are stated at cost and are not depreciated.

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

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

| | |
|---|---|
| Freehold buildings | 50 years |
| Leasehold land and buildings | Shorter of remaining lease period and 50 years |
| Furniture and fittings and other equipment | 2 – 20 years |
| Motor vehicles | 5 years |

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

**d. Investment Property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**d. Investment Property (cont'd)**

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

**e. Leased Assets**

Leases in which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the statement of financial position.

**f. Financial Instruments**

(i) *Non-derivative financial assets*

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories:-

- loans and receivables; and
- available-for-sale financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**f. Financial Instruments (cont'd)**

(i) *Non-derivative financial assets (cont'd)*

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

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

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

*Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3h) are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

(ii) *Non-derivative financial liabilities*
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and loans and borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### f. Financial Instruments (cont'd)

(iii) *Share capital*

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

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. Where treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(iv) *Perpetual securities*

The perpetual securities do not have a maturity date and coupon payment is optional at the discretion of the Group. As the Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as equity.

Any distributions made are treated as dividends and directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

(v) *Derivative financial instruments*

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially recognised at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in its fair value are recognised immediately in profit or loss.

(vi) *Intra-group financial guarantees in separate financial statements*

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the terms of a debt instrument.

Financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**g. Inventories**

(i) *Development properties for sale*
Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

*Properties under development, the sales of which are recognised using the percentage of completion method*
The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position. If progress billings exceed costs incurred plus recognised profits, the balance is presented as part of trade and other payables.

*Other properties under development*
The aggregated costs incurred are presented as development properties while progress billings are presented separately as part of trade and other payables in the statement of financial position.

(ii) *Others*
Other inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**h. Impairment**

(i) *Non-derivative financial assets*
A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**h. Impairment (cont'd)**

(i) *Non-derivative financial assets (cont'd)*

*Loans and receivables*

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

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

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

*Available-for-sale financial assets*

Impairment losses on available-for-sale investment in equity securities are recognised by reclassifying losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

*Associates and joint ventures*

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3h(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### h. Impairment (cont'd)

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

Goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**i. Employee Benefits**

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

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

(iii) *Share-based payments transactions*
The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

**j. Provisions**

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

A provision for levies is recognised when the condition that triggers the payment of the levy, as identified by the legislation, is met.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### k. Income Recognition

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

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of the consideration due or the possible return of units sold.

The percentage of completion is measured by reference to the work performed, based on the ratio of construction costs incurred to date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

(ii) *Hotel income*
Revenue for hotel operations is recognised upon rendering of the relevant services.

(iii) *Rental income*
Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Rental income from subleased property is recognised as other income.

(iv) *Management fee income*
Management fee income is recognised in the profit or loss when services are rendered.

(v) *Dividends*
Dividend income is recognised on the date that the Group's right to receive payment is established.

(vi) *Interest income*
Interest income is recognised on an accrual basis using the effective interest method.

### l. Lease Payments

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

### m. Finance Costs

Borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**n. Tax**

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the presumption that the carrying amounts will be recovered through sale has not been rebutted, except where the investment properties are held within a business model whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time. In such cases, deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**o. Earnings Per Share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**p. Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") (the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets, liabilities and expenses relating to the Group's corporate office and treasury operations.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and investment properties.

**q. New Standards and Interpretations not Adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group is assessing the transition options and the potential impact on its financial statements. The Group does not plan to adopt these standards early.

A summary of the requirements of the new standards and their potential impact on the financial statements based on an initial assessment undertaken by the Group is set out below.

**Applicable to financial statements for the year ending 30 June 2019**

**FRS 115 *Revenue from Contracts with Customers***

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### q. New Standards and Interpretations not Adopted (cont'd)

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2019 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

**Potential impact on the financial statements**

*Revenue recognition, method of measuring stage of completion and accounting for costs of development properties using the percentage of completion method*
The Group currently recognises revenue from the sale of development properties in Singapore using the percentage of completion method ("POC"). Measurement of POC is described in the Group's significant accounting policy Note 3k(i). Revenue from sales of overseas development properties is only recognised upon transfer of control and significant risks and rewards of ownership are passed to the buyer (see note 3k(i)).

On adoption of FRS 115, the Group expects to continue to recognise revenue on its Singapore development properties over time. Under FRS 115, revenue that is recognised over time is measured using either an input or an output measure that depicts performance. In addition, revenue on certain overseas development projects will be recognised over time instead of at a point in time upon the transfer of control and significant risks and rewards to the buyer. Costs is recognised in profit or loss as incurred unless they qualify to be capitalised as another asset under another standard or they relate to incremental cost to obtain the contract or future performance.

The Group is currently assessing the method of measuring progress to be adopted for its Singapore development properties and the types of costs to be capitalised.

*Sales commission*
The Group pays sales commission for secured sales contracts. The Group currently recognises the sales commission as an expense in profit or loss when incurred. Under FRS 115, an entity capitalises incremental costs to obtain a contract with a customer if these costs are recoverable. The capitalised costs will be amortised to match the transfer of the development property to the buyer under the contract.

*Transition*
The Group plans to adopt the standard when it becomes effective using the full retrospective approach. The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**q. New Standards and Interpretations not Adopted (cont'd)**

**FRS 109 *Financial Instruments***

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement.* It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as of 1 July 2018.

**Potential impact on the financial statements**

*Classification and measurement*
The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

*Impairment*
The Group is evaluating the approach to adopt in respect of recording expected impairment losses on trade receivables. On adoption of FRS 109, the Group does not expect a significant increase to its impairment loss allowance.

*Transition*
The Group plans to adopt the standard when it becomes effective on 2019 without restating comparative information.

**Convergence with International Financial Reporting Standards (IFRS)**

Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to International Financial Reporting Standards (SG-IFRS) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**q. New Standards and Interpretations not Adopted (cont'd)**

**Applicable to financial statements for the year ending 30 June 2020**

**FRS 116 *Leases***

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and financial liabilities to pay rental with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating leases and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

**Potential impact on the financial statements**

The Group has performed an initial assessment of the new standard on its existing operating lease arrangements as a lessee (refer to note 34). Based on the assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis are not material relative to the Group's total assets and total liabilities.

The Group plans to adopt the standard when it becomes effective. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients. The Group expects that the impact on adoption of SG-IFRS 16 *Leases* to be similar to adopting FRS 116 after transition to SG-IFRS in 2019 as described above.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 4. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land $'000 | Freehold land and buildings $'000 | Leasehold land and buildings $'000 | Furniture, fittings and other equipment $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Cost** | | | | | | |
| At 1 July 2015 | 815 | 64,715 | 380,013 | 41,738 | 3,394 | 490,675 |
| Additions | – | 24,181 | 59,301 | 1,216 | 143 | 84,841 |
| Disposals | – | – | – | (210) | (716) | (926) |
| Disposal of subsidiary | – | – | – | (469) | – | (469) |
| Written off | – | – | – | (135) | – | (135) |
| Translation differences | (66) | (5,593) | (10,663) | (2,082) | (79) | (18,483) |
| At 30 June 2016 | 749 | 83,303 | 428,651 | 40,058 | 2,742 | 555,503 |
| At 1 July 2016 | **749** | **83,303** | **428,651** | **40,058** | **2,742** | **555,503** |
| Additions | **–** | **59,538** | **69,704** | **9,169** | **500** | **138,911** |
| Disposals | **–** | **–** | **–** | **(38)** | **(317)** | **(355)** |
| Written off | **–** | **–** | **–** | **(8,436)** | **–** | **(8,436)** |
| Translation differences | **(13)** | **(1,503)** | **(1,371)** | **(297)** | **(17)** | **(3,201)** |
| At 30 June 2017 | **736** | **141,338** | **496,984** | **40,456** | **2,908** | **682,422** |
| **Accumulated Depreciation** | | | | | | |
| At 1 July 2015 | – | 3,974 | 22,344 | 27,088 | 2,042 | 55,448 |
| Depreciation charge for the year | – | 437 | 3,219 | 5,986 | 427 | 10,069 |
| Disposals | – | – | – | (153) | (680) | (833) |
| Disposal of subsidiary | – | – | – | (453) | – | (453) |
| Written off | – | – | – | (79) | – | (79) |
| Translation differences | – | (328) | (1,638) | (1,391) | (72) | (3,429) |
| At 30 June 2016 | – | 4,083 | 23,925 | 30,998 | 1,717 | 60,723 |
| At 1 July 2016 | **–** | **4,083** | **23,925** | **30,998** | **1,717** | **60,723** |
| Depreciation charge for the year | **–** | **370** | **3,176** | **2,601** | **401** | **6,548** |
| Disposals | **–** | **–** | **–** | **(5)** | **(247)** | **(252)** |
| Written off | **–** | **–** | **–** | **(7,883)** | **–** | **(7,883)** |
| Translation differences | **–** | **(73)** | **(259)** | **(173)** | **(15)** | **(520)** |
| At 30 June 2017 | **–** | **4,380** | **26,842** | **25,538** | **1,856** | **58,616** |
| **Carrying Amounts** | | | | | | |
| At 1 July 2015 | 815 | 60,741 | 357,669 | 14,650 | 1,352 | 435,227 |
| At 30 June 2016 | 749 | 79,220 | 404,726 | 9,060 | 1,025 | 494,780 |
| At 30 June 2017 | **736** | **136,958** | **470,142** | **14,918** | **1,052** | **623,806** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

a. The Group's property, plant and equipment with a carrying amount of $504.8 million (2016: $380.8 million) have been mortgaged to secure loan facilities granted to the Group (see note 19).

b. The depreciation charge for the Group is recognised in the following items:-

| | 2017 $'000 | 2016 $'000 |
|---|---|---|
| Administrative expenses | **6,548** | 10,069 |

c. During the financial year, interest expense capitalised as cost of property, plant and equipment amounted to $8.9 million (2016: $7.8 million) (see note 25).

d. At 30 June 2016, freehold land and buildings include freehold land and buildings under construction of $53.4 million.

e. At 30 June 2016, leasehold land and buildings include leasehold land and buildings under construction of $271.5 million.

## 5. INVESTMENT PROPERTIES

| | | Group | |
|---|---|---|---|
| | Note | 2017 $'000 | 2016 $'000 |
| At 1 July | | **2,711,193** | 2,486,915 |
| Additions | | **91,339** | 245,378 |
| Changes in fair values recognised in other income (unrealised) | 23 | **254,451** | 19,653 |
| Disposal | | **–** | (21,623) |
| Translation differences recognised in other comprehensive income | | **(3,696)** | (19,130) |
| At 30 June | | **3,053,287** | 2,711,193 |
| Comprising:- | | | |
| Completed investment properties | | **3,053,287** | 730,193 |
| Investment properties under development | | **–** | 1,981,000 |
| | | **3,053,287** | 2,711,193 |

Investment properties comprise commercial properties, and reversionary interests in freehold land and commercial properties.

a. The Group's investment properties with a carrying value of $2,484.8 million (2016: $2,153.4 million) have been mortgaged to secure loan facilities granted to the Group (see note 19).

b. During the financial year, interest expense capitalised as cost of investment properties amounted to $12.1 million (2016: $60.0 million) (see note 25).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 5. INVESTMENT PROPERTIES (CONT'D)

c. The commercial properties of the Group are held mainly for use by tenants under operating lease. Minimum lease payments receivable under non-cancellable operating leases of investment properties and not recognised in the financial statements are as follows:-

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| Within 1 year | **83,514** | 27,237 |
| Between 1 and 5 years | **305,819** | 167,010 |
| After 5 years | **39,932** | 34,231 |
| | **429,265** | 228,478 |

d. Fair value hierarchy

Investment properties are stated at fair value based on independent valuations. The fair value of investment properties are determined by external independent property valuers, which have appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair values of the Group's investment property portfolio annually. The fair values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value measurement for the investment properties have been categorised as Level 3 fair values based on the inputs to the valuation techniques used (see note 2e).

Independent valuations were carried out by the following valuers on the dates stated below:-

| Valuer | 2017 Valuation Date | 2016 Valuation Date |
|---|---|---|
| CBRE | June 2017 | June 2016 |
| Rahim & Co | June 2017 | June 2016 |
| Savills | June 2017 | June 2016 |

The valuers have considered valuation techniques including the direct comparison method, income capitalisation method and residual land method (2016: direct comparison method, discounted cash flow method and residual land method) in determining the open market values. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties, taking into consideration the location, tenure, age of development, trade mix, lettable area, condition, facilities within the development, standard of finishes and fittings as well as date of transaction.

The discounted cash flow method involves discounting the estimated future net cash flows of the investment property to its present value by using an appropriate discount rate to reflect the rate of return required by a typical investor for an investment of its type.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**5. INVESTMENT PROPERTIES (CONT'D)**

d. Fair value hierarchy (cont'd)

The income capitalisation approach is an investment approach whereby the gross passing income has been adjusted to reflect anticipated operating costs and an ongoing vacancy to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised over the remaining term of the lease from the date of valuation at an appropriate investment yield which reflects the nature, location and tenancy profile of the property together with current market investment criteria.

The residual land method involves the deduction of the estimated total development and related costs, together with developer's profit margin, from the gross development value assuming it was completed as at the date of valuation. In estimating the gross development value, the valuer has considered the sale of comparable properties and adjustments are made to reflect the differences in location, tenure, size, standard of finishes and fittings as well as the dates of transactions.

e. Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties and the key unobservable inputs used:-

| Type of investment properties | Valuation Method | Key unobservable inputs | | | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|---|---|
| | | **Singapore** | **China** | **Malaysia** | |
| Commercial properties* | • Direct comparison method | • Sales prices of $1,810 to $3,524 (2016: $1,810 to $3,524) per square feet (psf) | • Sales prices of $402 to $426 psf (2016: not applicable) | • Sales prices not applicable for 2017 (2016: $330 to $363 psf) | The estimated fair value increases when the sales price increases |
| | • Discounted cash flow method | | • Discount rate not applicable for 2017 (2016: 6.5%)<br>• Terminal yield rate not applicable for 2017 (2016: 3.5%) | | The estimated fair value increases when the discount rate and terminal yield decreases |
| | • Income capitalisation method | • Capitalisation rate of 3.5% to 4.9% (2016: not applicable) | | • Capitalisation rate of 5.5% to 6.3% (2016: not applicable) | The estimated fair value increases when the capitalisation rate decreases |
| Commercial properties under development* | • Residual land method | • Gross development value not applicable for 2017 (2016: $2,380 to $2,650) psf | | | The estimated fair value increases when the gross development value increases |
| Reversionary interest in freehold land and commercial properties | • Direct comparison method<br>• Residual land method | • Sales prices of $113 to $559 (2016: $101 to $507) psf<br>• Gross development value of $2,600 (2016: $2,500) psf | | | The estimated fair value increases when the sales price and gross development value increases |

* The Group completed the construction for certain of its commercial properties during the year resulting in a change in valuation technique from direct comparison method and residual land method used last year to the direct comparison method and/or income capitalisation method in the current year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 6. SUBSIDIARIES

| | | Company | |
|---|---|---|---|
| | | **2017** | **2016** |
| | **Note** | **$'000** | **$'000** |
| a. Unquoted shares, at cost | | **529,668** | 460,900 |
| Less: Impairment loss | | **(66,580)** | (147,104) |
| | | **463,088** | 313,796 |
| Amounts due from subsidiaries | | **1,505,011** | 1,712,309 |
| Less: Allowance for doubtful receivables | | **(1,585)** | (24,492) |
| | | **1,503,426** | 1,687,817 |
| | | **1,966,514** | 2,001,613 |
| Non-current amounts due to subsidiaries | 21 | **(31,298)** | (30,365) |

The amounts due from/to subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts form part of the Company's net investments in the subsidiaries, they are stated at cost.

The impairment loss on investments in subsidiaries and allowance for doubtful receivables are made mainly in respect of subsidiaries which have completed or substantially completed their respective developments.

The investments in and amounts due from these subsidiaries were written down to their respective recoverable amounts, determined using the net asset values of the subsidiaries. The net asset values, which take into consideration the fair values of the underlying properties held by the subsidiaries, approximate the fair values of the subsidiaries. The fair values were categorised as Level 3 fair value measurements. Costs of disposal were assessed as insignificant.

During the year, an impairment loss on the investments in subsidiaries of $102.1 million (2016: $18.4 million) was utilised by the Company following the liquidation of the subsidiaries.

During the year, an allowance for doubtful receivables from subsidiaries of $1.3 million (2016: Nil) was utilised by the Company and $21.6 million (2016: Nil) was transferred to impairment loss on investments in subsidiaries following the capitalisation of the receivables from subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 6. SUBSIDIARIES (CONT'D)

b. The details of significant subsidiaries in the Group are as follows:-

| | | Country of incorporation/ Principal place of business | Ownership interest/ Voting rights held by the Group 2017 % | 2016 % |
|---|---|---|---|---|
| (i) | **Directly held by the Company** | | | |
| | GLL IHT Pte. Ltd. | Singapore | **100.00** | 100.00 |
| | GuocoLand (Singapore) Pte. Ltd. | Singapore | **100.00** | 100.00 |
| | GuocoLand (China) Limited | Bermuda | **100.00** | 100.00 |
| | GuoSon Assets China Limited | Hong Kong | **100.00** | 100.00 |
| | GLL Chengdu Pte. Ltd.* | Singapore | **75.00** | – |
| | GLL (Malaysia) Pte. Ltd. | Singapore | **100.00** | 100.00 |
| | GuocoLand Vietnam (S) Pte. Ltd. | Singapore | **100.00** | 100.00 |
| (ii) | **Directly held by GuocoLand (Singapore) Pte. Ltd.** | | | |
| | TPC Commercial Pte. Ltd (formerly known as Belmeth Pte. Ltd.) | Singapore | **80.00** | 80.00 |
| | Sims Urban Oasis Pte. Ltd. | Singapore | **100.00** | 100.00 |
| | GLL Land Pte. Ltd. | Singapore | **100.00** | 100.00 |
| | Goodwood Residence Development Pte. Ltd. | Singapore | **100.00** | 100.00 |
| | GuocoLand Property Management Pte. Ltd. | Singapore | **100.00** | 100.00 |
| | TPC Hotel Pte. Ltd. (formerly known as Guston Pte. Ltd.) | Singapore | **80.00** | 80.00 |
| | Leedon Residence Development Pte. Ltd. | Singapore | **100.00** | 100.00 |
| | Wallich Residence Pte. Ltd. (formerly known as Perfect Eagle Pte. Ltd.) | Singapore | **80.00** | 80.00 |
| | Martin Modern Pte. Ltd. (formerly known as First Bedok Land Pte Ltd) | Singapore | **100.00** | 100.00 |
| | GLL Chengdu Pte. Ltd.* | Singapore | **–** | 100.00 |
| (iii) | **Directly held by GuocoLand (China) Limited** | | | |
| | Beijing Jiang Sheng Property Development Co., Ltd | The People's Republic of China | **100.00** | 100.00 |
| (iv) | **Directly and indirectly held by GuoSon Assets China Limited** | | | |
| | GuoSon Changfeng China Limited | Hong Kong | **100.00** | 100.00 |
| | GuoSon Investment Company Limited | The People's Republic of China | **100.00** | 100.00 |
| | Shanghai Xinhaolong Property Development Co., Ltd | The People's Republic of China | **100.00** | 100.00 |
| | Tianjin Zhong Xin Ming Shi Real Estate Development Co., Ltd | The People's Republic of China | **100.00** | 100.00 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**6. SUBSIDIARIES (CONT'D)**

b. The details of significant subsidiaries in the Group are as follows:- (cont'd)

| | Country of incorporation/ Principal place of business | Ownership interest/ Voting rights held by the Group 2017 % | 2016 % |
|---|---|---|---|
| (v) **Directly held by GLL Chengdu Pte. Ltd. ("GLL Chengdu")** | | | |
| Chongqing Yuzhong Xinhaojun Real Estate Development Co., Ltd | The People's Republic of China | **75.00** | – |
| (vi) **Directly and indirectly held by GLL (Malaysia) Pte. Ltd.** | | | |
| @ Continental Estates Sdn Bhd ("Continental Estates") | Malaysia | **46.24** | 46.20 |
| @ Damansara City Sdn Bhd | Malaysia | **68.00** | 67.94 |
| @ DC Hotel Sdn Bhd | Malaysia | **68.00** | 67.94 |
| @ DC Offices Sdn Bhd | Malaysia | **68.00** | 67.94 |
| @ DC Parking Sdn Bhd | Malaysia | **68.00** | 67.94 |
| @ DC Tower Square Sdn Bhd | Malaysia | **68.00** | 67.94 |
| @ GuocoLand (Malaysia) Berhad | Malaysia | **68.00** | 67.94 |
| ▲ Hong Leong Real Estate Management Sdn Bhd | Malaysia | **68.00** | 67.94 |
| @ JB Parade Sdn Bhd | Malaysia | **54.32** | 54.29 |
| ▲ PD Resort Sdn Bhd | Malaysia | **77.60** | 77.56 |
| ▲ Titan Debut Sdn Bhd | Malaysia | **68.00** | 67.94 |
| ▲ GLM Alam Damai Sdn Bhd | Malaysia | **68.00** | 67.94 |
| @ Tujuan Optima Sdn Bhd | Malaysia | **68.00** | 67.94 |
| GLL EWI (HK) Limited | Hong Kong | **100.00** | – |
| (vii) **Directly held by GuocoLand Vietnam (S) Pte. Ltd.** | | | |
| GuocoLand Binh Duong Property Co., Ltd | Vietnam | **100.00** | 100.00 |

KPMG LLP is the auditors of all significant Singapore incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries except for the following:-

@ Audited by Ernst & Young, Malaysia.

▲ Audited by Ling Kam Hoong & Co.

* The entity was transferred from GuocoLand (Singapore) Pte. Ltd. to the Company during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 6. SUBSIDIARIES (CONT'D)

c. Non-controlling interests in subsidiaries

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group:-

| | Ownership interest held by NCI 2017 % | Ownership interest held by NCI 2016 % |
|---|---|---|
| TPC Commercial Pte. Ltd. (formerly known as Belmeth Pte. Ltd.) | **20.00** | 20.00 |
| GLL Chengdu Group | **25.00** | – |
| GuocoLand (Malaysia) Berhad Group | **32.00** | 32.06 |

The following table summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

| | TPC Commercial Pte. Ltd. (formerly known as Belmeth Pte. Ltd.) | | GLL Chengdu Group | | GuocoLand (Malaysia) Berhad Group | | Other individually immaterial subsidiaries | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| Non-current assets | **2,310,389** | 1,980,999 | **266** | – | **457,374** | 400,830 | | | | |
| Current assets | **151,005** | 52,765 | **474,096** | – | **602,761** | 584,336 | | | | |
| Non-current liabilities | **(842,179)** | (1,270,652) | **(285,762)** | – | **(383,979)** | (298,916) | | | | |
| Current liabilities | **(1,116,660)** | (671,249) | **(1,708)** | – | **(177,199)** | (218,704) | | | | |
| **Net assets** | **502,555** | 91,863 | **186,892** | – | **498,957** | 467,546 | | | | |
| **Net assets attributable to NCI** | **100,511** | 18,373 | **46,723** | – | **148,430** | 138,913 | **7,907** | 8,773 | **303,571** | 166,059 |
| Revenue | **47,702** | – | **–** | – | **94,506** | 131,083 | | | | |
| Profit/(Loss) | **223,690** | 12,508 | **(7,820)** | – | **38,704** | 40,044 | | | | |
| Other comprehensive income | **–** | – | **–** | – | **(7,143)** | (20,268) | | | | |
| **Total comprehensive income** | **223,690** | 12,508 | **(7,820)** | – | **31,561** | 19,776 | | | | |
| Profit/(Loss) attributable to NCI | **44,738** | 2,501 | **(1,955)** | – | **13,458** | 12,838 | | | | |
| Other comprehensive income attributable to NCI | **–** | – | **–** | – | **(2,290)** | (6,497) | | | | |
| **Total comprehensive income attributable to NCI** | **44,738** | 2,501 | **(1,955)** | – | **11,168** | 6,341 | **(1,990)** | 570 | **51,961** | 9,412 |
| Cash flows (used in)/from operating activities | **(36,342)** | 17,265 | **(468,114)** | – | **27,172** | 3,793 | | | | |
| Cash flows (used in)/from investing activities | **(71,205)** | (154,171) | **199,402** | – | **(65,269)** | (4,241) | | | | |
| Cash flows from financing activities | **173,305** | 175,197 | **275,873** | – | **44,460** | 57,677 | | | | |
| **Net increase in cash and cash equivalents** | **65,758** | 38,291 | **7,161** | – | **6,363** | 57,229 | | | | |
| Dividends paid to NCI during the year | **–** | – | **–** | – | **1,473** | 1,754 | | | | |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 7. ASSOCIATES AND JOINT VENTURES

| | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|
| Investments in associates | | |
| – quoted | **38,226** | 39,063 |
| – unquoted | **35,823** | 36,992 |
| Investments in joint ventures | | |
| – quoted | **250,195** | – |
| – unquoted | **351,372** | 351,890 |
| | **675,616** | 427,945 |

During the year, the Group received dividends of $45.0 million (2016: $1.4 million) from its investments in associates and joint ventures.

The details of significant associates and joint ventures are as follows:-

| Name of Associates/Joint Ventures | Principal activities | Country of incorporation/ Principal place of business | Ownership interest/ Voting rights held by the Group 2017 % | 2016 % |
|---|---|---|---|---|
| **Associates** | | | | |
| *§ Tower Real Estate Investment Trust ("Tower REIT") | Investment in real estate and real estate related assets | Malaysia | **14.73** | 14.72 |
| @ Vintage Heights Sdn Bhd ("Vintage Heights") | Property development and operation of an oil palm estate | Malaysia | **32.20** | 32.18 |
| **Joint Ventures** | | | | |
| * Shanghai Xinhaojia Property Development Co., Ltd ("Shanghai Xinhaojia") | Property development | The People's Republic of China | **50.00** | 50.00 |
| # EcoWorld International Berhad ("EWI") | Property development | Malaysia | **27.00** | – |

* Audited by other member firms of KPMG International.

\# Audited by Baker Tilly Monteiro Heng.

@ Audited by Ernst & Young, Malaysia.

§ Considered to be an associate as the Group has significant influence over the financial and operating policy decisions of the investee, through its subsidiary, GuocoLand (Malaysia) Berhad.

At the reporting date, the associates and joint ventures do not have any contingent liabilities. The Group does not have any unrecognised losses in relation to its interests in associates and joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 7. ASSOCIATES AND JOINT VENTURES (CONT'D)

The following tables summarise the financial information of each of the Group's material associates and joint ventures based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

***Associates***

| | Tower REIT | | Vintage Heights | | | |
|---|---|---|---|---|---|---|
| **Place of business** | **Malaysia** | | **Malaysia** | | **Total** | |
| **Percentage of interest** | **21.66%*** | | **45.00%#** | | | |
| | **2017 $'000** | **2016 $'000** | **2017 $'000** | **2016 $'000** | **2017 $'000** | **2016 $'000** |
| Non-current assets | **181,004** | 184,302 | **68,196** | 90,639 | | |
| Current assets | **3,062** | 3,106 | **18,914** | 5,793 | | |
| Non-current liabilities | **(5,125)** | (33) | **–** | (20,134) | | |
| Current liabilities | **(2,459)** | (7,024) | **(14,666)** | (1,389) | | |
| **Net assets** | **176,482** | 180,351 | **72,444** | 74,909 | | |
| Group's share of net assets | **38,226** | 39,064 | **32,600** | 33,709 | | |
| Goodwill | **–** | – | **3,223** | 3,282 | | |
| **Group's carrying amount** | **38,226** | 39,064 | **35,823** | 36,991 | **74,049** | 76,055 |
| Revenue | **11,431** | 13,270 | **125,185** | 1,984 | | |
| Profit/(loss) from continuing operations | **5,656** | 9,958 | **95,913** | (1,178) | | |
| Other comprehensive income | **(3,227)** | (15,614) | **(1,496)** | (7,311) | | |
| **Total comprehensive income** | **2,429** | (5,656) | **94,417** | (8,489) | | |
| Group's interest in net assets of investee at beginning of year | **39,064** | 41,698 | **36,991** | 40,811 | **76,055** | 82,509 |
| Group's share of profit/(loss) | **1,225** | 2,157 | **43,161** | (530) | **44,386** | 1,627 |
| Group's share of other comprehensive income | **(699)** | (3,382) | **(673)** | (3,290) | **(1,372)** | (6,672) |
| Share of other comprehensive income attributable to the Group | **526** | (1,225) | **42,488** | (3,820) | **43,014** | (5,045) |
| Dividends received during the year | **(1,364)** | (1,409) | **(43,656)** | – | **(45,020)** | (1,409) |
| **Carrying amount of interest in investee at end of the year** | **38,226** | 39,064 | **35,823** | 36,991 | **74,049** | 76,055 |

* The Group has a 68.00% (2016: 67.94%) equity interest in a subsidiary, GuocoLand (Malaysia) Berhad, which in turn holds a 21.66% (2016: 21.66%) equity interest in Tower REIT. The Group's effective equity interest in Tower REIT is 14.73% (2016: 14.72%).

# Vintage Heights is 40.00% (2016: 40.00%) and 5.00% (2016: 5.00%) owned by GuocoLand (Malaysia) Berhad and a wholly owned subsidiary of the Group respectively. The Group's effective equity interest in Vintage Heights is 32.20% (2016: 32.18%).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 7. ASSOCIATES AND JOINT VENTURES (CONT'D)

### *Associates (cont'd)*

None of the Group's associates are publicly listed entities except for Tower REIT, which is listed on the Malaysia Stock Exchange. Based on its closing price per unit of RM1.21 (2016: RM1.21) (Level 1 in the fair value hierarchy) at the reporting date, the fair value of the Group's investment is $23.8 million (2016: $24.2 million). The Group undertook an impairment assessment of its investment in Tower REIT and estimated its recoverable amount, taking into consideration the fair value of the underlying properties held by Tower REIT. Based on the assessment, the recoverable amount of the investment approximated its carrying amount.

### *Joint Ventures*

Shanghai Xinhaojia is an unlisted joint arrangement in which the Group has joint control via a joint venture agreement and 50.00% ownership interest. Shanghai Xinhaojia was incorporated by the Group and its related corporation and is based in The People's Republic of China, principally engaged in property development. This entity is structured as a separate vehicle and the Group has residual interest in its net assets. Accordingly, the Group has classified its interest in this entity as a joint venture, which is equity accounted.

EWI is a listed joint arrangement in which the Group has joint control via a shareholders' agreement with two other shareholders. The Group paid a consideration of RM777.6 million ($245.3 million) for its 27.00% ownership interest in EWI via an initial public offering on the Malaysia Stock Exchange during the year. EWI is principally engaged in property development in international markets outside of Malaysia, mainly in the United Kingdom and Australia. The entity is structured as a separate vehicle and the Group has residual interest in its net assets. Accordingly, the Group has classified its interest in this entity as a joint venture, which is equity accounted.

| | **Shanghai Xinhaojia** | | **EWI** | | **Other immaterial joint ventures** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| **Percentage of interest** | **50.00%** | | **27.00%** | | | | | |
| | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Non-current assets | **14** | 15 | **310,750** | – | | | | |
| Current assets | **818,597** | 748,229 | **441,810** | – | | | | |
| Non-current liabilities | **–** | (36,132) | **(611)** | – | | | | |
| Current liabilities | **(187,069)** | (78,475) | **(20,919)** | – | | | | |
| Non-controlling interest | – | – | **(2,256)** | – | | | | |
| **Net assets** | **631,542** | 633,637 | **728,774** | – | | | | |
| Cash and cash equivalents | **393,275** | 291,347 | **16,376** | – | | | | |
| Non-current financial liabilities (excluding trade and other payables and provision) | **–** | (36,132) | **–** | – | | | | |
| Current financial liabilities (excluding trade and other payables and provision) | **(7,309)** | (7,349) | **(16,019)** | – | | | | |
| Group's share of net assets | **315,771** | 316,819 | **196,769** | – | | | | |
| Goodwill | **–** | – | **53,426** | – | | | | |
| **Group's carrying amount** | **315,771** | 316,819 | **250,195** | – | **35,601** | 35,071 | **601,567** | 351,890 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 7. ASSOCIATES AND JOINT VENTURES (CONT'D)

***Joint Ventures (cont'd)***

| | Shanghai Xinhaojia | | EWI | | Other immaterial joint ventures | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Percentage of interest** | **50.00%** | | **27.00%** | | | | | |
| | **2017 $'000** | **2016 $'000** | **2017 $'000** | **2016 $'000** | **2017 $'000** | **2016 $'000** | **2017 $'000** | **2016 $'000** |
| Revenue | **–** | – | **31** | – | | | | |
| Depreciation | **(3)** | (2) | **(284)** | – | | | | |
| Interest income | **9,954** | 256 | **3,263** | – | | | | |
| Interest expense | **–** | (7) | **(451)** | – | | | | |
| Income tax expense | **(510)** | – | **(537)** | – | | | | |
| Profit/(loss) for the year | **1,526** | (5,858) | **(5,400)** | – | | | | |
| Other comprehensive income | **(3,621)** | (38,814) | **23,696** | – | | | | |
| **Total comprehensive income** | **(2,095)** | (44,672) | **18,296** | – | | | | |
| Group's share of profit/(loss) for the year | **763** | (2,929) | **(1,458)** | – | **1,254** | (1,390) | **559** | (4,319) |
| Group's share of other comprehensive income | **(1,811)** | (19,407) | **6,398** | – | **(724)** | (3,415) | **3,863** | (22,822) |
| **Group's share of total comprehensive income** | **(1,048)** | (22,336) | **4,940** | – | **530** | (4,805) | **4,422** | (27,141) |
| Group's interest in net assets of investee at beginning of year | **316,819** | 339,155 | **–** | – | **35,071** | 39,876 | **351,890** | 379,031 |
| Addition during the year | **–** | – | **245,255** | – | **–** | – | **245,255** | – |
| Total comprehensive income attributable to the Group | **(1,048)** | (22,336) | **4,940** | – | **530** | (4,805) | **4,422** | (27,141) |
| **Carrying amount of interest in investee at end of the year** | **315,771** | **316,819** | **250,195** | **–** | **35,601** | **35,071** | **601,567** | **351,890** |

Included in the Group's carrying amount of EWI is goodwill of $53.4 million. The amount has been determined based on the provisional fair values of the underlying assets and liabilities of EWI as at the date of acquisition as the valuations of the underlying properties held by EWI through its investees are ongoing as at the reporting date. The Group has up to one year from the date of acquisition to complete its initial accounting for the acquisition of EWI and new information may be obtained about the facts and circumstances that existed at the acquisition date which may result in adjustments to the provisional fair values of the underlying assets and liabilities of EWI recognised.

At the reporting date, the Group's share of the commitment in respect of capital expenditure contracted but not provided for in the financial statements by the joint ventures relating to development properties was $55.6 million (2016: $38.5 million).

None of the Group's joint ventures are publicly listed entities except for EWI, which is listed on the Malaysia Stock Exchange. Based on its closing price per share of RM1.11 (2016: Nil) (Level 1 in the fair value hierarchy) at the reporting date, the fair value of the Group's investment is $232.9 million (2016: Nil). The Group undertook an impairment assessment of its investment in EWI and estimated its recoverable amount, taking into consideration the expected selling prices of the underlying properties held by EWI through its investees. Based on the assessment, the recoverable amount of the investment exceeded its carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 8. OTHER INVESTMENTS

| | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|
| Available-for-sale financial assets | | |
| – Equity securities | **507** | 603 |

## 9. DEFERRED TAX

### a. Deferred Tax Assets and Liabilities

The movements in deferred tax assets and liabilities during the financial year are as follows:-

| Group | At 1 July $'000 | Recognised in profit or loss $'000 | Recognised in other compre-hensive income $'000 | Translation differences $'000 | At 30 June $'000 |
|---|---|---|---|---|---|
| **2017** | | | | | |
| **Deferred tax liabilities** | | | | | |
| Property, plant and equipment | **347** | **(7)** | **–** | **(6)** | **334** |
| Investment properties | **10,254** | **495** | **–** | **(61)** | **10,688** |
| Development properties | **3,047** | **13,578** | **(48)** | **(150)** | **16,427** |
| Investment in joint ventures | **–** | **6,268** | **–** | **–** | **6,268** |
| Total | **13,648** | **20,334** | **(48)** | **(217)** | **33,717** |
| **Deferred tax assets** | | | | | |
| Unutilised tax losses | **1,788** | **2,036** | **–** | **(14)** | **3,810** |
| Development properties | **27,712** | **(11,873)** | **–** | **(92)** | **15,747** |
| Total | **29,500** | **(9,837)** | **–** | **(106)** | **19,557** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**9. DEFERRED TAX (CONT'D)**

**a. Deferred Tax Assets and Liabilities (cont'd)**

| Group | At 1 July $'000 | Recognised in profit or loss $'000 | Recognised in other compre-hensive income $'000 | Disposal of subsidiary $'000 | Translation differences $'000 | At 30 June $'000 |
|---|---|---|---|---|---|---|
| **2016** | | | | | | |
| **Deferred tax liabilities** | | | | | | |
| Property, plant and equipment | 1,230 | (852) | – | – | (31) | 347 |
| Investment properties | 13,100 | (795) | – | (1,523) | (528) | 10,254 |
| Development properties | 44,633 | (30,794) | (1,618) | (8,998) | (176) | 3,047 |
| Total | 58,963 | (32,441) | (1,618) | (10,521) | (735) | 13,648 |
| **Deferred tax assets** | | | | | | |
| Unutilised tax losses | 3,671 | (1,800) | – | – | (83) | 1,788 |
| Development properties | 38,112 | (8,340) | – | – | (2,060) | 27,712 |
| Total | 41,783 | (10,140) | – | – | (2,143) | 29,500 |

Tax assets and liabilities are recognised based on estimates made. There may be situations where certain positions may not be fully sustained upon review by tax authorities or new information may become available which impacts the judgement or estimates made.

As at 30 June 2017, the temporary differences relating to the undistributed profits of subsidiaries amounted to $368.1 million (2016: $379.0 million). Deferred tax liabilities of $36.8 million (2016: $37.9 million) have not been recognised in respect of the tax that would be payable on the distribution of these accumulated profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that the profits will not be distributed in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 9. DEFERRED TAX (CONT'D)

### b. Unrecognised Deferred Tax Assets

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

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| Deductible temporary differences | **605** | 14,094 |
| Tax losses | **227,091** | 250,886 |
| Unutilised capital allowances | **71,807** | 56,268 |
| | **299,503** | 321,248 |

The tax losses with expiry dates are as follows:-

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| Expiry date:- | | |
| Within 1 year | **674** | 25,522 |
| After 1 year but less than 5 years | **47,492** | 41,627 |
| | **48,166** | 67,149 |

Deferred tax assets have not been recognised in respect of these items because it is not certain as to when the Group can utilise the benefits therefrom. The unutilised tax losses and capital allowances are available for set-off against future profits subject to tax conditions prevailing in the respective countries of the subsidiaries and agreement by the respective tax authorities.

## 10. INVENTORIES

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| Development properties | **2,797,885** | 2,409,880 |
| Consumable stocks | **619** | 572 |
| | **2,798,504** | 2,410,452 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 10. INVENTORIES (CONT'D)

### Development properties

During the financial year, cost of development properties included in cost of sales in profit or loss amounted to $772.0 million (2016: $692.0 million).

| | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|
| a. Properties under development, sold units for which revenue is recognised using percentage of completion method | | |
| Cost incurred and attributable profits | **1,851,828** | 1,254,206 |
| Progress billings | **(430,715)** | (164,210) |
| | **1,421,113** | 1,089,996 |
| Other properties under development | | |
| Cost incurred | **720,626** | 303,884 |
| Allowance for foreseeable losses | **(6,684)** | (6,806) |
| | **713,942** | 297,078 |
| | **2,135,055** | 1,387,074 |
| b. Completed development properties, at cost | **662,830** | 1,022,806 |
| Total development properties | **2,797,885** | 2,409,880 |

The following were capitalised as cost of development properties during the financial year:-

| | Note | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|---|
| Interest expense | 25 | **43,504** | 33,444 |
| Interest income | | **(231)** | (216) |

Certain development properties with a carrying amount of $2,601.9 million (2016: $2,224.0 million) are under legal mortgages with banks (see note 19).

The Group adopts the percentage of completion method of revenue recognition for residential projects under the progressive payment scheme in Singapore. The stage of completion is measured in accordance with the accounting policy stated in note 3k. In determining the stage of completion, certain assumptions are made in estimating the total estimated development costs. The estimated total construction costs are based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration the historical trends of the amounts incurred and prevailing construction costs. Any change in the estimated total construction costs or variation could impact the computation of the stage of completion and the amount of revenue and cost of sales recognised in profit or loss in the period in which the change is made and in subsequent periods.

The Group recognises an allowance for foreseeable losses on development properties taking into consideration the selling 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 of the remaining unsold residential units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 11. DEPOSITS FOR LAND

The deposits for land of $466.9 million (2016: Nil) were related to the progressive payment made during the year for the acquisition of four land parcels within Yuzhong District of Chongqing, the People's Republic of China.

## 12. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | $'000 | $'000 | $'000 | $'000 |
| Trade receivables | a | **123,379** | 63,689 | **–** | – |
| Accrued receivables | b | **42,282** | 181,692 | **–** | – |
| Other receivables, deposits and prepayments | 13 | **25,810** | 148,920 | **6** | 7 |
| Amounts due from:- | c | | | | |
| Associates | | **–** | 27 | **–** | – |
| Joint ventures | | **7,310** | 7,349 | **–** | – |
| Related corporations | | **241** | 122 | **–** | – |
| | | **199,022** | 401,799 | **6** | 7 |

a. The maximum exposure to credit risk for trade receivables at the reporting date by operating segments is:-

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $'000 | $'000 |
| GuocoLand Singapore | **94,461** | 45,994 |
| GuocoLand China | **2,057** | 1,462 |
| GuocoLand Malaysia | **26,545** | 15,888 |
| GuocoLand Vietnam | **316** | 345 |
| | **123,379** | 63,689 |

The ageing of trade receivables at the reporting date is:-

| | Gross 2017 $'000 | Allowance for doubtful receivables 2017 $'000 | Gross 2016 $'000 | Allowance for doubtful receivables 2016 $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Not past due | **115,764** | **–** | 38,724 | – |
| Past due 1 – 30 days | **2,883** | **–** | 17,037 | – |
| Past due 31 – 90 days | **2,945** | **–** | 5,763 | – |
| Past due more than 90 days | **2,160** | **(373)** | 2,356 | (191) |
| | **123,752** | **(373)** | 63,880 | (191) |

Based on historical default rates, the Group believes that no additional allowance for doubtful receivables is necessary in respect of unimpaired trade receivables that are past due.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 12. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES (CONT'D)

The movement in allowance for doubtful receivables during the financial year is as follows:-

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| At 1 July | **191** | 193 |
| Allowance made during the financial year | **189** | – |
| Translation differences | **(7)** | (2) |
| At 30 June | **373** | 191 |

b. Accrued receivables relate to the remaining sales consideration not yet billed on completed development properties for sale.

c. The non-trade amounts due from associates, joint ventures and related corporations are unsecured, interest-free and repayable on demand. No allowance for doubtful receivables is recognised on these amounts.

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | **2016** | **2017** | **2016** |
| | **Note** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Non-current** | | | | | |
| Derivative assets | 14 | **–** | 84 | **–** | – |
| **Current** | | | | | |
| Deposits | | **3,958** | 2,496 | **–** | – |
| Interest receivable | | **2,607** | 1,373 | **–** | – |
| Prepayments | | **3,561** | 6,999 | **–** | – |
| Tax recoverable | | **7,834** | 7,818 | **–** | – |
| Derivative assets | 14 | **38** | 919 | **–** | – |
| Other receivables | | **8,478** | 129,998 | **6** | 7 |
| Allowance for doubtful receivables | | **(666)** | (683) | **–** | – |
| | | **7,812** | 129,315 | **6** | 7 |
| | | **25,810** | 148,920 | **6** | 7 |

On 20 August 2015, the Group disposed of certain subsidiaries for a consideration of RMB10.5 billion (see note 32). During the year ended 30 June 2016, RMB9.9 billion was received and the remaining consideration of RMB593.7 million (approximately $124.8 million) was included in other receivables as at 30 June 2016. During the year ended 30 June 2017, the remaining consideration was received in full.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The movement in allowance for doubtful receivables in respect of other receivables during the financial year is as follows:-

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| At 1 July | **683** | 766 |
| Allowance written back | **(5)** | (21) |
| Translation differences | **(12)** | (62) |
| At 30 June | **666** | 683 |

## 14. DERIVATIVE ASSETS AND LIABILITIES

| | | Group | |
|---|---|---|---|
| | | **2017** | **2016** |
| | **Note** | **$'000** | **$'000** |
| **Derivative assets** | | | |
| **Non-current** | | | |
| Interest rate swaps | 13 | **–** | 84 |
| **Current** | | | |
| Interest rate swaps | 13 | **38** | – |
| Forward exchange contracts | 13 | **–** | 919 |
| | | **38** | 1,003 |
| **Derivative liabilities** | | | |
| **Current** | | | |
| Interest rate swaps | | **33** | 102 |
| Cross currency interest rate swaps | | **6,188** | – |
| Forward exchange contracts | | **11** | 676 |
| | 21 | **6,232** | 778 |

As at the reporting date, the Group had entered into interest rate swaps, cross currency interest rate swaps and forward exchange contracts with a notional amount of $40.8 million (2016: $77.8 million), $197.2 million (2016: Nil) and $97.1 million (2016: $186.4 million) respectively to hedge the Group's interest rate and foreign exchange exposure.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 14. DERIVATIVE ASSETS AND LIABILITIES (CONT'D)

### Master netting or similar arrangements

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The tables below set out financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

| | Gross amounts of recognised financial instruments<br>$'000 | Gross amounts of recognised financial instruments offset in the statement of financial position<br>$'000 | Net amounts of financial instruments presented in the statement of financial position<br>$'000 | Related financial instruments that are offset<br>$'000 | Net amount<br>$'000 |
|---|---|---|---|---|---|
| **2017** | | | | | |
| **Financial assets** | | | | | |
| Interest rate swaps | **38** | – | **38** | **(24)** | **14** |
| | **38** | – | **38** | **(24)** | **14** |
| **Financial liabilities** | | | | | |
| Interest rate swaps | **33** | – | **33** | **(24)** | **9** |
| Cross currency interest rate swaps | **6,188** | – | **6,188** | **–** | **6,188** |
| Forward exchange contracts | **11** | – | **11** | **–** | **11** |
| | **6,232** | – | **6,232** | **(24)** | **6,208** |
| **2016** | | | | | |
| **Financial assets** | | | | | |
| Interest rate swaps | 84 | – | 84 | (54) | 30 |
| Forward exchange contracts | 919 | – | 919 | (562) | 357 |
| | 1,003 | – | 1,003 | (616) | 387 |
| **Financial liabilities** | | | | | |
| Interest rate swaps | 102 | – | 102 | (54) | 48 |
| Forward exchange contracts | 676 | – | 676 | (562) | 114 |
| | 778 | – | 778 | (616) | 162 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 15. CASH AND CASH EQUIVALENTS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2017** | **2016** | **2017** | **2016** |
| | **Note** | **$'000** | **$'000** | **$'000** | **$'000** |
| Short-term deposits with banks | | **1,014,217** | 1,245,327 | **–** | – |
| Cash and bank balances | | **104,266** | 184,922 | **206** | 231 |
| Cash and cash equivalents | | **1,118,483** | 1,430,249 | **206** | 231 |
| Bank overdrafts | 19 | **–** | (1,211) | | |
| Cash collaterals | c | **(12,556)** | – | | |
| Cash and cash equivalents in the statement of cash flows | | **1,105,927** | 1,429,038 | | |

Included in the Group's cash and cash equivalents are:-

a. Amounts held under the Singapore Housing Developers (Project Account) Rules (the "Rules") totalling $250.6 million (2016: $109.7 million), the use of which is subject to restrictions imposed by the Rules;

b. Amounts held in Malaysia pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 totalling $1.5 million (2016: $3.7 million), the use of which is restricted from other operations; and

c. Cash collaterals comprised deposits of $12.6 million (2016: Nil) pledged with financial institutions in Singapore for bank loans.

## 16. SHARE CAPITAL

| | Company | |
|---|---|---|
| | **2017** | **2016** |
| | **No. of shares** | **No. of shares** |
| **Issued and fully paid ordinary shares, with no par value** | | |
| At 1 July and 30 June | **1,183,373,276** | 1,183,373,276 |

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

b. As at 30 June 2017, the Trust for GuocoLand Limited Executives' Share Option Scheme (the "ESOS") held an aggregate of 73,604,933 (2016: 73,604,933) shares in the Company which had been acquired from the market for the purpose of satisfying outstanding share options granted or to be granted to participants under the ESOS (see note 29).

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

## 16. SHARE CAPITAL (CONT'D)

### Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital, which the Group defines as total equity, excluding non-controlling interests, and the level of dividends to ordinary shareholders.

The Group also monitors the net debt to equity ratio, which is defined as net borrowings divided by total equity, excluding non-controlling interests. The Group's net debt to equity ratio at the reporting date was as follows:-

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| Total loans and borrowings | **4,344,508** | 3,830,296 |
| Cash and cash equivalents | **(1,118,483)** | (1,430,249) |
| Net debt | **3,226,025** | 2,400,047 |
| Total equity | **3,529,862** | 3,276,147 |
| Net debt to equity ratio at 30 June | **0.91** | 0.73 |

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

In addition, from time to time, the Group may purchase shares in the Company from the market. Share purchase allows the Company greater flexibility over its share capital structure with a view to improving, *inter alia*, its return on equity. The shares which are purchased may be held as treasury shares which the Company or the Trust may transfer to participants for the purposes of or pursuant to the ESOS. The use of treasury shares in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders.

Under the Housing Developers (Control and Licensing) Act, in order to qualify for a housing developer's licence, certain subsidiaries of the Company are required to maintain a minimum paid-up capital of $1,000,000. These entities complied with the requirement throughout the year.

Other than as disclosed above, the Company and its subsidiaries are not subject to externally imposed capital requirements.

The Group has operations in The People's Republic of China. The conversion of the Chinese Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the government.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 17. RESERVES

| | Note | Group 2017 $'000 | Group 2016 $'000 | Company 2017 $'000 | Company 2016 $'000 |
|---|---|---|---|---|---|
| Reserve for own shares | a | **(157,034)** | (157,034) | **(157,034)** | (157,034) |
| Capital reserve | b | **(4,923)** | (4,923) | **(5,013)** | (5,013) |
| Translation reserve | c | **(117,559)** | (113,494) | **–** | – |
| Revaluation reserve | d | **8,341** | 8,341 | **–** | – |
| Fair value reserve | e | **1,238** | 864 | **–** | – |
| Merger reserve | f | **(8,494)** | (8,494) | **–** | – |
| Other reserves | | **(278,431)** | (274,740) | **(162,047)** | (162,047) |
| Accumulated profits | | **1,882,240** | 1,624,834 | **170,485** | 206,473 |
| | | **1,603,809** | 1,350,094 | **8,438** | 44,426 |

The movement of other reserves is as follows:-

| | Reserve for own shares $'000 | Capital reserve $'000 | Translation reserve $'000 | Revaluation reserve $'000 | Fair value reserve $'000 | Merger reserve $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| At 1 July 2016 | **(157,034)** | **(4,923)** | **(113,494)** | **8,341** | **864** | **(8,494)** | **(274,740)** |
| ***Other comprehensive income*** | | | | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:-* | | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures | – | – | **(4,065)** | – | – | – | **(4,065)** |
| Net change in fair value of available-for-sale securities | – | – | – | – | **218** | – | **218** |
| Fair value reserve relating to available-for-sale securities reclassified to profit or loss upon disposal | – | – | – | – | **156** | – | **156** |
| **Total other comprehensive income, net of tax** | – | – | **(4,065)** | – | **374** | – | **(3,691)** |
| **Transactions with equity holders, recorded directly in equity** | – | – | – | – | – | – | – |
| **At 30 June 2017** | **(157,034)** | **(4,923)** | **(117,559)** | **8,341** | **1,238** | **(8,494)** | **(278,431)** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**17. RESERVES (CONT'D)**

The movement of other reserves is as follows:- (cont'd)

| | Reserve for own shares $'000 | Capital reserve $'000 | Translation reserve $'000 | Revaluation reserve $'000 | Fair value reserve $'000 | Merger reserve $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| At 1 July 2015 | (157,034) | (4,923) | 88,770 | 8,341 | 969 | (8,494) | (72,371) |
| ***Other comprehensive income*** | | | | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:-* | | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries, associates and joint ventures | – | – | (110,502) | – | – | – | (110,502) |
| Translation reserve of subsidiaries reclassified to profit or loss upon disposal (note 32) | – | – | (91,762) | – | – | – | (91,762) |
| Net change in fair value of available-for-sale securities | – | – | – | – | (105) | – | (105) |
| **Total other comprehensive income, net of tax** | – | – | (202,264) | – | (105) | – | (202,369) |
| **Transactions with equity holders, recorded directly in equity** | – | – | – | – | – | – | – |
| **At 30 June 2016** | (157,034) | (4,923) | (113,494) | 8,341 | 864 | (8,494) | (274,740) |

**a. Reserve for Own Shares**

This comprises the purchase consideration for issued shares of the Company acquired by the Trust for GuocoLand Limited Executives' Share Option Scheme (the "ESOS") for the purpose of satisfying outstanding share options granted or to be granted to participants under the ESOS (see note 29).

**b. Capital Reserve**

This comprises the gain or loss recognised when a participant exercises the share options granted under the ESOS.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 17. RESERVES (CONT'D)

### c. Translation Reserve

This comprises the foreign exchange differences arising from the translation of the financial statements of foreign entities whose functional currencies are different from the functional currency of the Company, and exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

### d. Revaluation Reserve

This comprises the revaluation surplus on property, plant and equipment.

### e. Fair Value Reserve

This comprises the cumulative net changes in fair value of available-for-sale investments until the investments are derecognised or impaired.

### f. Merger Reserve

The merger reserve of the Group arose as a result of business combinations involving entities under common control accounted for by applying the merger method of accounting.

## 18. PERPETUAL SECURITIES

On 27 May 2013, the Group issued senior perpetual securities (the "Perpetual Securities") with an aggregate principal amount of $200 million. Transaction costs incurred amounting to $1.5 million were recognised in equity as a deduction from the proceeds.

The Perpetual Securities bore distributions at a rate of 4.7% per annum for the period from 27 May 2013 to 26 May 2016. Distributions were cumulative and payable semi-annually at the option of the Group.

The Perpetual Securities had no fixed maturity and were redeemable at the option of the Group on or after 27 May 2016 at their principal amount together with any unpaid distributions.

During the year ended 30 June 2016, the Group made a distribution of $9.4 million on the Perpetual Securities in respect of the period from 27 May 2015 to 26 May 2016. The Perpetual Securities were fully redeemed on 27 May 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 19. LOANS AND BORROWINGS

| | Note | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|---|
| **Non-current Liabilities** | | | |
| Secured bank loans | | **1,182,076** | 800,075 |
| Unsecured bank loans | | **49,441** | 260,898 |
| Unsecured medium-term notes | | **1,022,514** | 647,232 |
| | | **2,254,031** | 1,708,205 |
| **Current Liabilities** | | | |
| Secured bank overdrafts | 15 | **-** | 56 |
| Unsecured bank overdrafts | 15 | **-** | 1,155 |
| Secured bank loans | | **1,590,157** | 1,611,707 |
| Unsecured bank loans | | **225,380** | 224,445 |
| Unsecured medium-term notes | | **274,940** | 284,728 |
| | | **2,090,477** | 2,122,091 |
| **Total loans and borrowings** | | **4,344,508** | 3,830,296 |

**Maturity of loans and borrowings:-**

| | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|
| Within 1 year | **2,090,477** | 2,122,091 |
| After 1 year but within 5 years | **1,973,289** | 1,585,971 |
| After 5 years | **280,742** | 122,234 |
| Total loans and borrowings | **4,344,508** | 3,830,296 |

The secured loans and borrowings are secured on the following assets:-

| | Note | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|---|
| Property, plant and equipment | 4 | **504,808** | 380,766 |
| Investment properties | 5 | **2,484,793** | 2,153,400 |
| Development properties | 10 | **2,601,913** | 2,224,018 |
| | | **5,591,514** | 4,758,184 |

At the reporting date, the Group's loans from banks bore interest ranging from 1.6% to 4.8% (2016: 1.4% to 7.7%) per annum.

*Medium-Term Notes*

The unsecured fixed rate medium-term notes are issued by a subsidiary with a tenor of between 1 to 5 years (2016: 1 to 5 years). The interest rates at the reporting date ranged from 3.4% to 4.4% (2016: 3.4% to 5.0%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 20. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | $'000 | $'000 | $'000 | $'000 |
| Trade payables and accrued operating expenses | | **265,710** | 266,412 | **847** | 911 |
| Progress billings | | **42** | 8,799 | **–** | – |
| Amounts due to:- | | | | | |
| Associates | | **44** | 73 | **–** | – |
| Related corporations | | **10,128** | 714 | **–** | – |
| Non-controlling interests | | **261** | 253 | **–** | – |
| Other payables | 21 | **101,144** | 63,133 | **12** | 18 |
| | | **377,329** | 339,384 | **859** | 929 |

Trade payables and accrued operating expenses included $5.0 million (2016: $21.4 million) of accrued management fees to the intermediate holding company (see note 26).

The non-trade amounts due to associates, related corporations and non-controlling interests are unsecured, interest-free and repayable on demand.

## 21. OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | $'000 | $'000 | $'000 | $'000 |
| **Non-current** | | | | | |
| Amounts due to non-controlling interests | | **316,446** | 210,012 | **–** | – |
| Rental deposits | | **26,114** | – | **–** | – |
| Amounts due to subsidiaries | 6 | **–** | – | **31,298** | 30,365 |
| | | **342,560** | 210,012 | **31,298** | 30,365 |
| **Current** | | | | | |
| Deposits received | | **35,442** | 2,885 | **–** | – |
| Interest payable | | **19,404** | 19,511 | **–** | – |
| Rental deposits | | **4,952** | 14,833 | **–** | – |
| Real estate tax payable | | **3,651** | 5,085 | **–** | – |
| Employee benefits payable | | **9,190** | 4,609 | **–** | – |
| Derivative liabilities | 14 | **6,232** | 778 | **–** | – |
| Others | | **22,273** | 15,432 | **12** | 18 |
| | | **101,144** | 63,133 | **12** | 18 |

The non-trade amounts due to non-controlling interests are unsecured, bear interest ranging from 4.0% to 7.3% (2016: 4.0%) per annum and are repayable at the discretion of the Boards of the borrowing subsidiaries. The amounts are subordinated to external bank loans.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 22. REVENUE

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $'000 | $'000 |
| Sale of development properties:- | | |
| Percentage of completion method | **929,257** | 636,745 |
| Others | **71,867** | 363,548 |
| Hotel operations | **36,508** | 37,016 |
| Rental and related income from investment properties | **69,649** | 20,587 |
| Management fee income from:- | | |
| Related corporations | **63** | 30 |
| Third parties | **5,847** | 1,844 |
| | **1,113,191** | 1,059,770 |

## 23. OTHER INCOME

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $'000 | $'000 |
| Dividend income from equity securities | **84** | 6 |
| Interest income from:- | | |
| Fixed deposits with banks | **13,845** | 19,882 |
| Others | **–** | 155 |
| Fair value gain on derivative financial instruments | **–** | 926 |
| Fair value gain on investment properties | **254,451** | 19,653 |
| Gain on disposal of property, plant and equipment | **–** | 132 |
| Gain on disposal of interests in subsidiaries | **–** | 560,944 |
| Net foreign exchange gain | **37,745** | 8,495 |
| Rental income | **4,427** | 3,888 |
| Income from forfeiture of deposit | **656** | 261 |
| Others | **6,985** | 11,555 |
| | **318,193** | 625,897 |

## 24. OTHER EXPENSES

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $'000 | $'000 |
| Fair value loss on derivative financial instruments | **6,419** | – |
| Loss on disposal of property, plant and equipment | **467** | – |
| Others | **7,333** | 4,450 |
| | **14,219** | 4,450 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 25. FINANCE COSTS

| | | Group | |
|---|---|---|---|
| | | 2017 | 2016 |
| | Note | $'000 | $'000 |
| Interest expense:- | | | |
| Intermediate holding company | | – | 314 |
| Financial institutions | | **95,954** | 110,316 |
| Medium-term notes | | **40,889** | 49,215 |
| | | **136,843** | 159,845 |
| Less: Interest expense capitalised in:- | | | |
| Property, plant and equipment | 4 | **(8,870)** | (7,801) |
| Investment properties | 5 | **(12,077)** | (60,045) |
| Development properties | 10 | **(43,504)** | (33,444) |
| | | **(64,451)** | (101,290) |
| | | **72,392** | 58,555 |

## 26. PROFIT BEFORE TAX

a. The following items have been included in arriving at profit before tax:-

| | | Group | |
|---|---|---|---|
| | | 2017 | 2016 |
| | Note | $'000 | $'000 |
| Allowance/(Write-back of allowance) for doubtful receivables | | **184** | (21) |
| Depreciation of property, plant and equipment | 4 | **6,548** | 10,069 |
| Direct operating expenses of investment properties | | **20,236** | 6,437 |
| Net allowance for foreseeable losses on development properties | | **38** | 3,132 |
| Management fees paid and payable to:- | | | |
| Intermediate holding company | 31b | **4,994** | 21,352 |
| Related corporations | | **302** | 1,721 |
| Operating lease expenses | | **1,314** | 2,220 |
| Auditors' remuneration:- | | | |
| Auditors of the Company | | **424** | 337 |
| Other auditors | | **494** | 557 |
| | | **918** | 894 |
| Non-audit fees:- | | | |
| Auditors of the Company | | **190** | 34 |
| Other auditors | | **18** | 18 |
| | | **208** | 52 |
| Staff costs:- | | | |
| Wages, salaries and benefits | | **53,350** | 49,779 |
| Contributions to defined contribution plans | | **5,408** | 3,002 |
| Liability for short-term accumulating compensated absences | | **21** | 2 |
| | | **58,779** | 52,783 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 26. PROFIT BEFORE TAX (CONT'D)

b. Key Management Personnel Remuneration

The key management personnel remuneration included as part of staff costs is as follows:-

| | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|
| Wages, salaries and benefits | **8,920** | 4,747 |
| Contributions to defined contribution plans | **202** | 161 |
| | **9,122** | 4,908 |
| Directors' fees | **645** | 632 |

## 27. TAX EXPENSE

| | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|
| Current tax | | |
| Current year | **10,792** | 73,238 |
| Over provision in respect of prior years | **(2,819)** | (1,014) |
| | **7,973** | 72,224 |
| Foreign withholding tax | **5,086** | 100,737 |
| | **13,059** | 172,961 |
| Deferred tax | | |
| Movements in temporary differences | **30,171** | (22,301) |
| | **43,230** | 150,660 |

A reconciliation of the effective tax rate is as follows:-

| | 2017 | 2016 |
|---|---|---|
| Profit before tax | **455,800** | 773,158 |
| (Less)/Add: Share of (profit)/loss of associates and joint ventures | **(44,945)** | 2,692 |
| Profit before share of profit of associates, joint ventures and tax | **410,855** | 775,850 |
| Tax calculated using the Singapore tax rate of 17% (2016: 17%) | **69,845** | 131,895 |
| Effect of different tax rates in foreign jurisdictions | **1,466** | (84,610) |
| Effect of unrecognised tax losses and other deductible temporary differences | **1,557** | 14,113 |
| Expenses not deductible for tax purpose | **5,117** | 2,918 |
| Foreign withholding tax | **11,354** | 100,737 |
| Income not subject to tax | **(45,757)** | (7,658) |
| Change of tax rate | **–** | (5,123) |
| Over provision in respect of prior years | **(2,819)** | (1,014) |
| Effect of taxable distributions from associate | **654** | – |
| Others | **1,813** | (598) |
| | **43,230** | 150,660 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 28. EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share ("EPS") was based on the profit attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of the Company in issue, after adjusting for the shares acquired by the Trust during the financial year.

Profit attributable to ordinary equity holders of the Company used in the computation of basic EPS is calculated as follows:-

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| Profit attributable to equity holders of the Company | **357,185** | 606,687 |
| Less: Profit attributable to perpetual securities holders | **–** | (9,131) |
| Profit attributable to ordinary equity holders of the Company | **357,185** | 597,556 |
| | **'000** | **'000** |
| Issued ordinary shares at 30 June | **1,183,373** | 1,183,373 |
| Effect of own shares held by the Trust | **(73,605)** | (73,605) |
| Weighted average number of ordinary shares used in the computation of basic EPS | **1,109,768** | 1,109,768 |

Diluted EPS is the same as the basic EPS as there are no dilutive potential ordinary shares in issue during the year.

## 29. EMPLOYEE BENEFITS

### a. Company

GuocoLand Limited Executives' Share Option Scheme ("ESOS")

The ESOS was approved by shareholders of the Company on 17 October 2008 and further approved by shareholders of Guoco Group Limited ("GGL") (an intermediate holding company of the Company) on 21 November 2008 ("ESOS 2008"), to replace the Company's former ESOS ("ESOS 2004"), which expired in December 2008. The terms of the ESOS 2008 are substantially similar to those of the ESOS 2004. The ESOS 2008 shall continue to be in force for a maximum of 10 years from 21 November 2008 till 20 November 2018.

Under the ESOS 2008, options may be granted over newly issued and/or existing issued ordinary shares of the Company ("Shares"). During the financial year, the administration of ESOS 2008 has been delegated to the Remuneration Committee comprising Mr Abdullah Bin Tarmugi (Chairman), Mr Quek Leng Chan and Ms Jennie Chua who are non-participants. The ESOS 2008 provides for options to be granted to selected key executives of the Company ("Participants").

During the financial year, no options were granted, exercised or lapsed. Further, no new Shares were issued pursuant to the ESOS 2008.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**29. EMPLOYEE BENEFITS (CONT'D)**

**a. Company (cont'd)**

GuocoLand Limited Executives' Share Option Scheme ("ESOS") (cont'd)

The aggregate number of options (including options adjusted pursuant to the Company's Rights Issue 2007 and Rights Issue 2010) granted to Participants since the commencement of the ESOS to the end of the financial year is as follows:-

| Participants | Aggregate options granted since the commencement of the ESOS to end of financial year | Aggregate options exercised since the commencement of the ESOS to end of financial year | Aggregate options lapsed since the commencement of the ESOS to end of financial year | Aggregate options outstanding as at end of financial year |
|---|---|---|---|---|
| Executives | 67,690,418 | (20,780,300) | (46,910,118) | – |
| **Total** | **67,690,418** | **(20,780,300)** | **(46,910,118)** | **–** |

Other statutory information regarding the above options is as follows:-

(i) In relation to ESOS 2008, the exercise price per Share is the 5-day weighted average market price on Singapore Exchange Securities Trading Limited immediately prior to the date of grant of the option.

(ii) An option shall be exercisable on the date after (a) the second anniversary of the date of grant (for employees who have been employed for less than one year) and (b) the first anniversary of the date of grant (for all other employees), and to end on a date not later than 10 years after the date of grant.

(iii) The persons to whom the options have been granted do not have the right to participate, by virtue of the option, in a share issue of any other company, except in the share scheme(s) of companies within the Group.

Since the commencement of the ESOS, no options have been granted to controlling shareholders of the Company and their associates or parent group employees and no options have been granted at a discount.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

There is no movement in the options during the financial year.

Shares held by Trust

In October 2004, the Company established a Trust in respect of the ESOS. Pursuant to a trust deed between the Company and the Trust, the Trust had acquired Shares from the market for the purpose of satisfying options granted or to be granted to participants under the ESOS. Subject to financial performance and other targets being met by these participants, Shares held under the Trust may be transferred to them upon exercise of their share options. As at 30 June 2017, the Trust held an aggregate of 73,604,933 (2016: 73,604,933) Shares. For accounting purposes, the assets and liabilities of the Trust are recognised as assets and liabilities of the Company and Shares held by the Trust are accounted for as treasury shares of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**29. EMPLOYEE BENEFITS (CONT'D)**

**b. GuocoLand (Malaysia) Berhad ("GLM")**

GLM Executive Share Scheme

(i) At an Extraordinary General Meeting ("EGM") held on 11 October 2011, the shareholders of GLM had approved the establishment of a new executive share option scheme ("GLM ESOS"). The GLM ESOS was further approved by the shareholders of GGL on 25 November 2011 ("Approval Date"). The GLM ESOS was established on 21 March 2012 and shall be in force for a period of 10 years.

The GLM ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of GLM Group to participate in the equity of GLM.

Subsequently, at an EGM held on 21 October 2013, the shareholders of GLM had approved the establishment of an executive share grant scheme ("ESGS"). The ESGS was established on 28 February 2015. The ESGS would reward the eligible executives for their contribution to GLM Group with grants without any consideration payable by the eligible executives.

The GLM ESOS, together with the ESGS, have been renamed as the Executive Share Scheme ("ESS"). For ease of administration, the Bye-Laws of the GLM ESOS were amended to incorporate the ESGS to form the consolidated Bye-Laws of the ESS ("GLM Bye-Laws").

The main features of the ESS are, *inter alia*, as follows:-

1. Eligible executives are those executives of GLM Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of GLM and its subsidiaries. The Board of Directors of GLM (the "GLM Board") may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.

2. The aggregate number of shares to be issued under the ESS and any other ESOS established by GLM shall not exceed 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of GLM at any one time ("Maximum Aggregate"). The Maximum Aggregate shall be subjected to the provision that the total number of new shares of GLM which may be issued upon exercise of options under the ESS must not in aggregate exceed 10% of the issued and paid-up ordinary share capital of GLM as at the Approval Date unless approval shall have been obtained from the shareholders of GGL.

3. The ESS shall be in force until 20 March 2022.

4. The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of GLM preceding the date of offer and shall in no event be less than the par value of the shares of GLM.

5. No consideration is required to be payable by eligible executives for shares of GLM to be vested pursuant to share grants.

6. Option granted to an option holder is exercisable by the option holder only during his/her employment or directorship with GLM Group and within the option exercise period subject to any maximum limit as may be determined by the GLM Board under the GLM Bye-Laws.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**29. EMPLOYEE BENEFITS (CONT'D)**

**b. GuocoLand (Malaysia) Berhad ("GLM") (cont'd)**

GLM Executive Share Scheme (cont'd)

(i) The main features of the ESS are, *inter alia*, as follows:- (cont'd)

7. Shares of GLM granted to a share grant holder will be vested to the share grant holder only during his/her employment or directorship with GLM Group subject to any maximum limit as may be determined by the GLM Board under the GLM Bye-Laws.

8. The exercise of options and the vesting of shares of GLM may, at the discretion of the GLM Board, be satisfied by way of issuance of new shares, transfer of existing shares purchased by a trust established for the ESS ("ESS Trust"); or a combination of both new shares or existing shares.

The ESS Trust did not acquire any ordinary shares of GLM during the financial years ended 30 June 2017 and 30 June 2016.

In the previous financial year, an option over 10,000,000 GLM shares was granted pursuant to the ESS and thereafter lapsed arising from the resignation of the participant in December 2015.

Except as disclosed above, no option or shares in GLM have been granted under the ESS during the financial years ended 30 June 2017 and 30 June 2016.

(ii) On 22 August 2011, GLM has established a Value Creation Incentive Plan ("VCIP") for selected key executives of GLM Group to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the GLM ESS Trust. Pursuant to the VCIP, GLM has granted options ("VCIP Options") over 27,500,000 GLM shares at an exercise price of RM0.87 per share to eligible key executives of GLM Group ("VCIP Options Holders").

The VCIP Options granted are subject to the achievement of prescribed financial and performance targets/criteria by the VCIP Options Holders over a stipulated performance period. No VCIP Option were vested during the financial years ended 30 June 2017 and 30 June 2016.

As the VCIP does not involve any issuance of new GLM shares, the VCIP and the grant of options under the VCIP do not require the approval of shareholders of GLM and GGL.

As at the reporting date, there were no outstanding VCIP Options granted. No VCIP Options have been granted during the financial year.

The GLM Board shall have the discretion to determine the aggregate allocation of shares to directors and senior management pursuant to the ESS and the VCIP, but in any case, it shall not exceed the Maximum Aggregate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 30. DIVIDENDS

| | 2017 $'000 | 2016 $'000 |
|---|---|---|
| **Paid by the Company to ordinary equity holders of the Company** | | |
| Final one-tier ordinary dividend paid of 5 cents (2016: 5 cents) and a special dividend of 4 cents (2016: Nil) per ordinary share in respect of the previous financial year* | **99,879** | 55,488 |
| **Paid by subsidiaries to non-controlling interests** | **1,473** | 1,754 |

After the reporting date, the Directors proposed a one-tier final dividend of 7 cents (2016: one-tier final dividend of 5 cents and a special dividend of 4 cents) per ordinary share amounting to $77.7 million (2016: $99.9 million). The dividends have not been provided for.

* Dividend payments in respect of 73,604,933 (2016: 73,604,933) ordinary shares of the Company which were held by the Trust for Executives' Share Option Scheme were eliminated.

## 31. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions between the Group and related parties based on terms agreed between the parties during the financial year:-

a. Rental income of $2.3 million was received for the financial year ended 30 June 2017 (2016: $2.8 million) and will continue to be receivable by the Group pursuant to lease agreements entered into with companies in which two of the directors have an interest.

b. On 26 July 2017, the Company signed a renewal of the Management Agreement with an intermediate holding company, Guoco Group Limited ("GGL"), in relation to the provision of services to the Group for a further period of 3 years to 30 June 2020, on the same terms and conditions as the previous Agreement which expired on 30 June 2017. The payment of the annual fee will be based on the equivalent of 3% of the profit before tax of its subsidiaries. The aggregate fees payable by the Group in each financial year to GGL shall in any event not exceed 2% of the audited consolidated net tangible assets of the Company for the relevant financial year. Two directors of the Company are also directors and shareholders of GGL (see note 26).

c. During the financial year, a subsidiary of the Group sold a unit in The Oval, a residential development in Malaysia, to a director of the Company for a sale consideration of $1.1 million in the ordinary course of its business. Another unit in The Oval was sold to a relative of certain Company's directors for a sale consideration of $2.7 million in the ordinary course of its business.

d. In the previous financial year, a subsidiary of the Group sold a unit in Leedon Residence, a residential development in Singapore to a relative of certain Company's directors for a sale consideration of $6.1 million in the ordinary course of its business.

e. In the previous financial year, a subsidiary of GGL has held the Group's Perpetual Securities (see note 18) with a principal amount of $65 million. The distributions paid on these Perpetual Securities was $3.1 million in the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 32. CHANGES IN INTERESTS IN SUBSIDIARIES

**2017**

***Dilution of interest in a subsidiary without a change in control***

During the year, the Group's subsidiary, GLL Chengdu Pte. Ltd. ("GLL Chengdu"), issued new shares to Hong Leong Holdings (China) Pte. Ltd., a related party, amounting to $49.9 million. Consequently, the Group's interest in GLL Chengdu was diluted from 100% to 75%.

**2016**

***Disposal of interests in subsidiaries***

On 20 August 2015, the Group disposed of its investment in subsidiaries relating to the Dongzhimen Project in Beijing including Vantage Beauty Limited, Vantage Beauty (HK) Limited, Hainan Jinghao Asset Ltd and Beijing Cheng Jian Dong Hua Real Estate Development Company Limited for a consideration of $2.3 billion (RMB10.5 billion).

On 29 June 2016, the Group completed the disposal of DC Tower Sdn Bhd, a Malaysia subsidiary to Hong Leong Bank Berhad, a related party, for a consideration of $56.1 million (RM168.8 million).

The cash flows and net assets relating to the subsidiaries disposed are summarised as follows:-

| | **2016** <br> **$'000** |
|---|---:|
| Property, plant and equipment | 16 |
| Investment property | 174,300 |
| Inventories | 1,903,588 |
| Other current receivables | 14,656 |
| Cash and cash equivalents | 2,740 |
| Loans and borrowings | (126,845) |
| Deferred tax liabilities | (13,304) |
| Other current payables | (62,299) |
| Non-controlling interests | (1,101) |
| Net assets disposed | 1,891,751 |
| Realisation of translation reserve | (91,762) |
| Disposal costs | 4,437 |
| Gain on disposal of subsidiaries | 560,944 |
| Sale consideration | 2,365,370 |
| Sale consideration not yet received | (130,762) |
| Cash balances of subsidiaries disposed | (2,740) |
| Disposal costs paid | (2,184) |
| Net cash inflow on disposal of subsidiaries | 2,229,684 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**33. FINANCIAL INSTRUMENTS**

**a. Financial Risk Management Objectives and Policies**

The Group operates and generates a substantial part of its business from Singapore, China, Malaysia and Vietnam. The Group's activities expose it to market risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management program seeks to minimise the adverse effects caused by the unpredictability of financial markets on the financial performance of the Group.

Risk management is carried out by the Treasury Department of the Group under policies approved by the Executive Committee. The Executive Committee provides principles and guidelines for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and investing excess liquidity.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates or interest rates. While these are subject to the risks of market rates changing subsequent to the execution of the derivative financial instruments, such changes are generally offset by opposite effects on the exposure being hedged.

The Group's accounting policy in relation to the derivative financial instruments are set out in note 3f.

**b. Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**(i) Foreign Currency Risk**

The Group has overseas investments in China, Malaysia and Vietnam. Currency exposure to the Group's overseas investments is managed primarily at the Group level. Hedging strategies are included in the monthly reporting to the Executive Committee of the Company.

The Group generally hedges its foreign exchange exposure using forward exchange contracts with external parties where appropriate. The contracts used in its hedging program have terms of 12 months or less. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Company does not have significant exposure to foreign currency risk.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### b. Market Risk (cont'd)

#### (i) Foreign Currency Risk (cont'd)

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from intercompany balances which are considered to be in the nature of interests in subsidiaries are excluded.

| | US Dollar $'000 | Chinese Renminbi $'000 | Hong Kong Dollar $'000 |
|---|---|---|---|
| **Group** | | | |
| **2017** | | | |
| Cash and cash equivalents | **6,140** | **208** | **–** |
| Other payables | **–** | **(71,431)** | **(1,842)** |
| Loans and borrowings | **–** | **–** | **(70,746)** |
| Net exposure in the statement of financial position | **6,140** | **(71,223)** | **(72,588)** |
| Forward exchange contracts | **–** | **(97,132)** | **–** |
| Cross currency interest rate swaps | **–** | **(197,161)** | **71,000** |
| Total exposure | **6,140** | **(365,516)** | **(1,588)** |
| | | | |
| **2016** | | | |
| Cash and cash equivalents | 413,356 | 102 | – |
| Net exposure in the statement of financial position | 413,356 | 102 | – |
| Forward exchange contracts | 186,408 | – | – |
| Total exposure | 599,764 | 102 | – |

*Sensitivity Analysis*

A strengthening of the following foreign currencies against the functional currencies at the reporting date would increase or (decrease) the profit or loss by the amounts shown below. There is no impact on the other components of equity. This analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

| Functional Currencies | Foreign Currencies | Rate of Increase in Foreign Currencies | Profit Before Tax $'000 |
|---|---|---|---|
| **Group** | | | |
| **2017** | | | |
| **RMB** | **USD** | **3.13%** | **185** |
| **SGD** | **HKD** | **1.33%** | **(952)** |
| **SGD** | **RMB** | **1.50%** | **(2,825)** |
| | | | |
| **2016** | | | |
| SGD | USD | 0.05% | 297 |
| RMB | USD | 2.26% | 132 |

A weakening of the above foreign currencies against the functional currencies would have an equal but opposite effect.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**b. Market Risk (cont'd)**

**(ii) Interest Rate Risk**

The Group's policy is to minimise adverse effects on the financial performance of the Group as a result of changes in market interest rates. The Treasury Department evaluates, recommends and carries out hedge strategies that have been approved by the Executive Committee. The management of interest rate risk is reported and reviewed by the Executive Committee on a monthly basis. To obtain the most favourable overall finance cost, the Group may use interest rate swaps to hedge its interest rate exposure. Apart from cash and cash equivalents, the Group has no other significant interest-bearing assets.

At the reporting date, the Group had interest rate swap contracts with a notional amount of $40.8 million (2016: $77.8 million) to hedge the Group's interest rate exposure.

*Exposure to interest rate risk*
At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:-

| | Group Nominal amount | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| **Fixed rate instruments** | | |
| Financial assets | **1,014,217** | 1,245,327 |
| Financial liabilities | **(1,852,446)** | (1,480,012) |
| Interest rate swaps | **(40,799)** | (77,809) |
| | **(879,028)** | (312,494) |
| **Variable rate instruments** | | |
| Financial liabilities | **(2,819,777)** | (2,569,017) |
| Interest rate swaps | **40,799** | 77,809 |
| | **(2,778,978)** | (2,491,208) |

*Fair value sensitivity analysis for fixed rate instruments*
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate assets and liabilities, a change in interest rates at the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*
An increase in the interest rates of 60 (2016: 47) basis points at the reporting date would decrease the Group's profit before income tax and accumulated profits by $14.2 million (2016: $10.1 million). The impact on the Group's profit and accumulated profits is estimated as an annualised impact on interest expense or income of such a change in interest rates. There is no impact on the other components of equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of non-controlling interests. A decrease in the interest rates would have an equal but opposite effect.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### c. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

*Trade and other receivables*
The Group's exposure to credit risk is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions. For trade receivables from tenants of the Group's commercial buildings, the Group has guidelines governing the process of granting credit.

*Investments*
The Group limits its exposure to credit risk on investments in securities by dealing exclusively with high credit rating counterparties.

*Derivatives*
Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. It is the Group's policy to enter into financial instruments with a diversity of creditworthy local and international financial institutions.

*Cash and cash equivalents*
Cash is placed with regulated financial institutions.

*Guarantees*
The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. The maximum exposure of the Company in respect of the intra-group financial guarantees is set out in note 35b. At reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### d. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk by actively managing its debt portfolio and operating cash flows to ensure that all refinancing, repayments and funding requirements of the Group's operations are met. The Group maintains a sufficient level of cash and cash equivalents to meet the Group's working capital requirements.

The Group has contractual commitments to incur capital expenditure on its property, plant and equipment, investment properties and development properties (see note 34).

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments:-

| | Carrying amount $'000 | Contractual cash flows $'000 | Cash flows<br>Within 1 year $'000 | Between 1 and 5 years $'000 | More than 5 years $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2017** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables* | **(371,055)** | **(371,055)** | **(287,573)** | **(75,906)** | **(7,576)** |
| Loans and borrowings | **(4,344,508)** | **(4,639,320)** | **(2,199,254)** | **(2,153,515)** | **(286,551)** |
| | **(4,715,563)** | **(5,010,375)** | **(2,486,827)** | **(2,229,421)** | **(294,127)** |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps | **(33)** | **(21)** | **(21)** | **–** | **–** |
| Cross currency interest rate swaps | **(6,188)** | **(27,950)** | **(6,520)** | **(21,430)** | **–** |
| Forward exchange contracts | **(11)** | **(11)** | **(11)** | **–** | **–** |
| | **(6,232)** | **(27,982)** | **(6,552)** | **(21,430)** | **–** |
| | **(4,721,795)** | **(5,038,357)** | **(2,493,379)** | **(2,250,851)** | **(294,127)** |
| **2016** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables* | (329,807) | (329,807) | (294,380) | (31,120) | (4,307) |
| Loans and borrowings | (3,830,296) | (4,029,491) | (2,254,556) | (1,646,951) | (127,984) |
| | (4,160,103) | (4,359,298) | (2,548,936) | (1,678,071) | (132,291) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps | (102) | (45) | (39) | (6) | – |
| Forward exchange contracts | (676) | (677) | (677) | – | – |
| | (778) | (722) | (716) | (6) | – |
| | (4,160,881) | (4,360,020) | (2,549,652) | (1,678,077) | (132,291) |

* Excludes progress billings and derivatives.

The amounts due to non-controlling interests have not been included in the above table as the repayment is at the discretion of the Boards of the borrowing subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### d. Liquidity Risk (cont'd)

| | Carrying amount $'000 | Contractual cash flows $'000 | Cash flows within 1 year $'000 |
|---|---|---|---|
| **Company** | | | |
| **2017** | | | |
| **Non-derivative financial liabilities** | | | |
| Trade and other payables | **(859)** | **(859)** | **(859)** |
| | | | |
| **2016** | | | |
| **Non-derivative financial liabilities** | | | |
| Trade and other payables | (929) | (929) | (929) |

The maturity analysis show the contractual undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement e.g. forward exchange contracts. Net-settled derivative financial assets are included in the maturity analyses as they are held to hedge the cash flow variability of the Group's floating rate loans. Except for these financial liabilities and the cash flows arising from the derivatives, it is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### e. Accounting Classifications and Fair Values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | Carrying amount | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fair value through profit or loss $'000 | Loans and receivables $'000 | Available-for-sale $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Group** | | | | | | | | | |
| **2017** | | | | | | | | | |
| **Financial assets measured at fair value** | | | | | | | | | |
| Other investments | – | – | 507 | – | 507 | 507 | – | – | 507 |
| Derivative financial assets | 38 | – | – | – | 38 | – | 38 | – | 38 |
| | 38 | – | 507 | – | 545 | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables# | – | 195,423 | – | – | 195,423 | | | | |
| Cash and cash equivalents | – | 1,118,483 | – | – | 1,118,483 | | | | |
| | – | 1,313,906 | – | – | 1,313,906 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | |
| Derivative financial liabilities | 6,232 | – | – | – | 6,232 | – | 6,232 | – | 6,232 |
| | 6,232 | – | – | – | 6,232 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Loans and borrowings | – | – | – | 4,344,508 | 4,344,508 | – | 4,345,450 | – | 4,345,450 |
| Trade and other payables* | – | – | – | 713,615 | 713,615 | | | | |
| | – | – | – | 5,058,123 | 5,058,123 | | | | |

\# Excludes prepayments and derivatives.

* Excludes progress billings and derivatives.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### e. Accounting Classifications and Fair Values (cont'd)

| | Carrying amount | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fair value through profit or loss $'000 | Loans and receivables $'000 | Available-for-sale $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Group** | | | | | | | | | |
| **2016** | | | | | | | | | |
| **Financial assets measured at fair value** | | | | | | | | | |
| Other investments | – | – | 603 | – | 603 | 603 | – | – | 603 |
| Derivative financial assets | 1,003 | – | – | – | 1,003 | – | 1,003 | – | 1,003 |
| | 1,003 | – | 603 | – | 1,606 | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables# | – | 393,881 | – | – | 393,881 | | | | |
| Cash and cash equivalents | – | 1,430,249 | – | – | 1,430,249 | | | | |
| | – | 1,824,130 | – | – | 1,824,130 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | |
| Derivative financial liabilities | 778 | – | – | – | 778 | – | 778 | – | 778 |
| | 778 | – | – | – | 778 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Loans and borrowings | – | – | – | 3,830,296 | 3,830,296 | – | 3,829,442 | – | 3,829,442 |
| Trade and other payables* | – | – | – | 539,819 | 539,819 | | | | |
| | – | – | – | 4,370,115 | 4,370,115 | | | | |

# Excludes prepayments and derivatives.

* Excludes progress billings and derivatives.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### e. Accounting Classifications and Fair Values (cont'd)

| | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|
| | Loans and receivables $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Company** | | | | | | | |
| **2017** | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | |
| Trade and other receivables | **6** | **–** | **6** | | | | |
| Cash and cash equivalents | **206** | **–** | **206** | | | | |
| | **212** | **–** | **212** | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | |
| Trade and other payables | **–** | **859** | **859** | | | | |
| **2016** | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | |
| Trade and other receivables | 7 | – | 7 | | | | |
| Cash and cash equivalents | 231 | – | 231 | | | | |
| | 238 | – | 238 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | |
| Trade and other payables | – | 929 | 929 | | | | |

#### (i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values.

**Financial instruments measured at fair value**

| Type | Valuation technique |
|---|---|
| **Group** | |
| Forward exchange contracts, cross currency interest rate swaps and interest rate swaps | *Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### e. Accounting Classifications and Fair Values (cont'd)

#### (i) Valuation techniques and significant unobservable inputs (cont'd)

**Financial instruments not measured at fair value**

| Type | Valuation technique |
|---|---|
| **Group** | |
| Loans and borrowings | *Discounted cash flow method:* The valuation model considers the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. |

#### (ii) Transfers between Level 1 and 2

There were no transfers between levels during the financial year.

## 34. COMMITMENTS

a. The future minimum lease rentals payable under non-cancellable operating leases as at reporting date are as follows:-

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| Within 1 year | **501** | 1,023 |
| Between 1 and 5 years | **335** | – |
| | **836** | 1,023 |

The leases relate to offices and office equipment and are generally for one to five years, with options to renew.

b. The Group had the following commitments as at the reporting date:-

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| Capital expenditure contracted but not provided for in the financial statements: | | |
| – property, plant and equipment | **21,369** | 57,232 |
| – investment properties | **90,568** | 219,836 |
| – development properties | **66,517** | 196,776 |
| – purchase of land | **295,666** | – |
| | **474,120** | 473,844 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 35. CONTINGENT LIABILITIES

a. On 20 August 2015, the Group, through its subsidiary, GuocoLand (China) Limited ("GLC"), entered into a Master Transaction Agreement (the "Agreement") to dispose of all the equity, contractual and loan interest of GLC in or relating to the Dongzhimen project in Beijing ("DZM Project"). The Agreement provides that the buyer will indemnify GLC, its affiliates and representatives from and against all actions, losses and liabilities to which any of these parties is or may become subject to arising out of or related to the DZM Project in accordance with the terms and conditions therein.

b. The Company has issued financial guarantees to financial institutions in connection with banking facilities granted to a subsidiary. The periods in which the financial guarantees expire are as follows:-

| | Company | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| Within 1 year | **472,690** | 403,400 |
| Between 1 and 5 years | **1,076,000** | 885,000 |
| | **1,548,690** | 1,288,400 |

At the reporting date, the Company does not consider that it is probable that a claim will be made against the Company under the financial guarantee contracts. Accordingly, the Company does not expect any net cash outflows resulting from the financial guarantee contracts.

## 36. OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Group's Chief Executive Officer ("CEO") that are used to make strategic decisions. The Group's reportable operating segments are as follows:-

a. GuocoLand Singapore – development of residential properties and property investment (holding properties for rental income) in Singapore.

b. GuocoLand China – development of residential, commercial and integrated properties and management and operation of hotels in China.

c. GuocoLand Malaysia – development of residential, commercial and integrated properties, management and operations of hotels in Malaysia.

d. GuocoLand Vietnam – development of residential, commercial and integrated properties in Vietnam.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current assets are based on the geographical location of the assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 36. OPERATING SEGMENTS (CONT'D)

| | GuocoLand Singapore $'000 | GuocoLand China $'000 | GuocoLand Malaysia $'000 | GuocoLand Vietnam $'000 | Others | Sub-Total $'000 | Unallocated $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | | |
| **Revenue** | | | | | | | | |
| External revenue | 988,168 | 27,638 | 94,506 | 2,828 | – | 1,113,140 | 51 | 1,113,191 |
| **Results** | | | | | | | | |
| Segment profit/(loss) before tax | 451,361 | (8,084) | 16,598 | (49) | – | 459,826 | 9,576 | 469,402 |
| Share of profit/(loss) of associates and joint ventures (net of tax) | – | 764 | 45,640 | – | – | 46,404 | (1,459) | 44,945 |
| Interest income | 1,464 | 5,880 | 1,363 | 988 | – | 9,695 | 4,150 | 13,845 |
| Finance costs | (27,741) | (2,472) | (13,028) | – | – | (43,241) | (29,151) | (72,392) |
| Profit/(loss) before tax | 425,084 | (3,912) | 50,573 | 939 | – | 472,684 | (16,884) | 455,800 |
| Tax expense | (21,965) | (12,520) | (6,283) | (259) | – | (41,027) | (2,203) | (43,230) |
| Profit/(loss) for the year | 403,119 | (16,432) | 44,290 | 680 | – | 431,657 | (19,087) | 412,570 |
| Segment assets | 5,860,120 | 1,547,539 | 1,039,895 | 44,310 | 250,195 | 8,742,059 | 213,616 | 8,955,675 |
| Segment liabilities | 2,874,271 | 115,646 | 547,236 | 1,475 | – | 3,538,628 | 1,583,614 | 5,122,242 |
| *Other segment items:-* | | | | | | | | |
| Associates and joint ventures | – | 315,770 | 109,651 | – | 250,195 | 675,616 | – | 675,616 |
| Depreciation | (457) | (2,896) | (2,274) | (78) | – | (5,705) | (843) | (6,548) |
| Fair value gain/(loss) from investment properties | 261,058 | (9,062) | 1,555 | – | – | 253,551 | 900 | 254,451 |
| Capital expenditure | 161,125 | 471 | 65,879 | – | – | 227,475 | 2,775 | 230,250 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 36. OPERATING SEGMENTS (CONT'D)

| | GuocoLand Singapore $'000 | GuocoLand China $'000 | GuocoLand Malaysia $'000 | GuocoLand Vietnam $'000 | Sub-Total $'000 | Unallocated $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **2016** | | | | | | | |
| **Revenue** | | | | | | | |
| External revenue | 651,319 | 272,374 | 131,082 | 4,965 | 1,059,740 | 30 | 1,059,770 |
| **Results** | | | | | | | |
| Segment profit/(loss) before tax | 155,904 | 602,048 | 63,098 | 801 | 821,851 | (7,483) | 814,368 |
| Share of profit/(loss) of associates and joint ventures (net of tax) | – | (2,929) | 237 | – | (2,692) | – | (2,692) |
| Interest income | 439 | 10,984 | 473 | 1,080 | 12,976 | 7,061 | 20,037 |
| Finance costs | (10,443) | (1,715) | (14,713) | – | (26,871) | (31,684) | (58,555) |
| Profit/(loss) before tax | 145,900 | 608,388 | 49,095 | 1,881 | 805,264 | (32,106) | 773,158 |
| Tax expense | (21,086) | (120,272) | (10,117) | (385) | (151,860) | 1,200 | (150,660) |
| Profit/(loss) for the year | 124,814 | 488,116 | 38,978 | 1,496 | 653,404 | (30,906) | 622,498 |
| Segment assets | 4,861,656 | 1,345,766 | 966,736 | 54,750 | 7,228,908 | 677,697 | 7,906,605 |
| Segment liabilities | 2,579,097 | 69,523 | 511,886 | 2,218 | 3,162,724 | 1,301,675 | 4,464,399 |
| *Other segment items:-* | | | | | | | |
| Associates and joint ventures | – | 316,818 | 111,127 | – | 427,945 | – | 427,945 |
| Depreciation | (3,574) | (3,539) | (2,236) | (87) | (9,436) | (633) | (10,069) |
| Fair value gain/(loss) from investment properties | 16,241 | (8,859) | 11,971 | – | 19,353 | 300 | 19,653 |
| Capital expenditure | 260,589 | 167 | 69,321 | 7 | 330,084 | 135 | 330,219 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 36. OPERATING SEGMENTS (CONT'D)

**Geographical information**

| | External Revenue $'000 | Non-current Assets# $'000 |
|---|---|---|
| **2017** | | |
| Singapore | **988,219** | **3,371,465** |
| China | **27,638** | **521,119** |
| Malaysia | **94,506** | **209,835** |
| Others | **2,828** | **250,290** |
| | **1,113,191** | **4,352,709** |
| **2016** | | |
| Singapore | 651,349 | 2,696,910 |
| China | 272,374 | 534,818 |
| Malaysia | 131,082 | 402,013 |
| Others | 4,965 | 177 |
| | 1,059,770 | 3,633,918 |

# Excludes other receivables, other investments and deferred tax assets.

**Major customers**

There are no customers contributing more than 10 percent to the revenue of the Group.

# OTHER INFORMATION

## 1. DEVELOPMENT PROPERTIES

The details of the major development properties held by the Group are as follows:-

| Property | Intended Use | Stage of Completion | Expected Temporary Occupation Permit ("TOP") Date | Site Area (sq m) | Gross Floor Area (sq m) | Group's Effective Interest (%) |
|---|---|---|---|---|---|---|
| **Singapore** | | | | | | |
| Leedon Residence Situated on Leedon Heights | Residential | TOP obtained in Jun 2015 | N/A | 48,525 | 85,270 | 100.00 |
| Tanjong Pagar Centre Situated at Peck Seah Street/ Choon Guan Street | Residential | Architectural works in progress | 4th Quarter 2017 | 15,023 | 157,738 | 80.00 |
| | Commercial#/ Office# | Phased TOP obtained in Sep 2016 & Oct 2016 | N/A | | | |
| | Hotel▲ | TOP obtained in Apr 2017 | N/A | | | |
| Sims Urban Oasis Situated at Sims Drive | Residential | Architectural works in progress | 4th Quarter 2017 | 23,900 | 78,870 | 100.00 |
| Martin Modern Situated at Martin Place | Residential | Pilling works in progress | 2nd Quarter 2020 | 15,936 | 49,084 | 100.00 |
| **Malaysia** | | | | | | |
| Site situated at Geran No. 20438, Lot 36, Bandar Batu Ferringhi, Pulau Pinang | Residential | Planning | * | 18,534 | 18,534 | 68.00 |
| Damansara City Situated at Damansara Town Centre, Kuala Lumpur | Residential | TOP obtained in Nov 2015 | N/A | 32,450 | 228,420 | 68.00 |
| | Commercial#/ Office# | TOP obtained in Dec 2015 | N/A | | | |
| | Hotel▲ | TOP obtained in May 2017 | N/A | | | |

# OTHER INFORMATION

## 1. DEVELOPMENT PROPERTIES (CONT'D)

| Property | Intended Use | Stage of Completion | Expected Temporary Occupation Permit ("TOP") Date | Site Area (sq m) | Gross Floor Area (sq m) | Group's Effective Interest (%) |
|---|---|---|---|---|---|---|
| **Malaysia (cont'd)** | | | | | | |
| Site situated at Lot 3059, Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan | Residential | Planning | * | 30,351 | 30,351 | 68.00 |
| Site situated at Geran No. 18795-18799, 18803-18805, 18831, Lot 7585-7589, 7597-7599, 7600, Mukim Petaling and District of Kuala Lumpur | Residential | Planning | * | 184,531 | 184,531 | 68.00 |
| Site situated at Lot 13507, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling | Commercial | Works in progress | 3rd Quarter 2018 | 12,974 | 38,053 | 68.00 |
| The OVAL Situated at Seksyen 63, Jalan Binjai, Kuala Lumpur | Residential | TOP obtained in Sep 2009 | N/A | 7,080 | 54,474 | 68.00 |
| Site situated at Mukim of Jasin, Melaka Darul Amin | Residential | Planning | * | 15,467,341 | 15,467,341 | 46.24 |
| Site situated at Lot 809, 810, Cheras Batu 8 ¼ and Batu 9, Jalan Cheras, 43200 Cheras | Residential | Planning | * | 47,930 | 47,930 | 68.00 |

# OTHER INFORMATION

## 1. DEVELOPMENT PROPERTIES (CONT'D)

| Property | Intended Use | Stage of Completion | Expected Temporary Occupation Permit ("TOP") Date | Site Area (sq m) | Gross Floor Area (sq m) | Group's Effective Interest (%) |
|---|---|---|---|---|---|---|
| **The People's Republic of China** | | | | | | |
| Shanghai Guoson Centre Situated in Putuo District, Shanghai | Commercial# | Phase 1: TOP obtained in Jul 2010 | N/A | 67,335 | 105,998 | 100.00 |
| | Hotel▲ | TOP obtained in Jun 2010 | N/A | | | |
| | Commercial/ Office | Phase 2: Planning | * | 76,510 | 194,609 | 100.00 |
| Chongqing 18 Steps Situated in Yuzhong District, ChongQing | Residential/ Commercial | Planning | * | 48,961 | 513,600 | 75.00 |
| **Vietnam** | | | | | | |
| The Canary Situated in Thuan An District, Binh Duong Province | Residential/ Commercial | Phase 2: TOP obtained in Sep 2013 | N/A | 98,131 | 177,000 | 100.00 |
| | | Phases 3 & 4: Planning | * | | | |

* Not available as these developments have not commenced construction or have not been launched yet.
\# The carrying value is included in Investment Properties.
▲ The carrying value is included in Property, Plant and Equipment.
N/A: Not applicable.

# OTHER INFORMATION

## 2. INVESTMENT PROPERTIES

The details of the investment properties held by the Group are as follows:-

| Property | Description | Tenure of Land |
|---|---|---|
| **Singapore** | | |
| 20 Collyer Quay<br>Singapore 049319 | 24-storey office block* | 999-year lease with effect from 5.11.1862 |
| Lots 99951A, 99952K and 99953N<br>Part of 61 Robinson Road<br>Singapore 068893 | Reversionary interests in freehold land | # |
| Tanjong Pagar Centre<br>1 Wallich Street<br>Singapore 078881 | Consists of 38-storey office block and 6-storey F&B retail mall | 99-year lease with effect from 21.02.2011 |
| **Malaysia** | | |
| Damansara City<br>Lot 58303<br>Damansara Heights<br>Jalan Damanlela<br>50490 Kuala Lumpur | Consists of 19-storey office block and 4-storey F&B retail mall | Freehold |
| **The People's Republic of China** | | |
| Shanghai Guoson Centre<br>No. 452 Daduhe Road<br>Shanghai | 4-storey commercial building | 50-year land use rights with effect from 11.12.2005 |

* The Group disposed of its interests in a 50-year lease (with effect from 29 January 1985) in 7 office units and a 99-year lease (with effect from 1 March 1985) in 3 office units to third parties. Accordingly, the Group recognised its reversionary interests in these office units.

# The Group disposed of its interests in a 98-year lease (with effect from 19 March 1998) in the freehold land to a third party. Accordingly, the Group recognised its reversionary interests in the freehold land.

# SHAREHOLDING STATISTICS

AS AT 30 AUGUST 2017

| | | |
|---|---|---|
| NUMBER OF ISSUED SHARES | : | 1,183,373,276 |
| CLASS OF SHARES | : | ORDINARY SHARES |
| VOTING RIGHTS | : | 1 VOTE PER SHARE |
| NUMBER OF TREASURY SHARES HELD | : | NIL |
| NUMBER OF SUBSIDIARY HOLDINGS HELD | : | NIL |

| Size of Shareholdings | No. of Shareholders | % | No. of Ordinary Shares | % |
|---|---|---|---|---|
| 1 – 99 | 241 | 4.71 | 5,679 | 0.00 |
| 100 – 1,000 | 657 | 12.84 | 497,722 | 0.04 |
| 1,001 – 10,000 | 3,210 | 62.75 | 14,679,872 | 1.24 |
| 10,001 – 1,000,000 | 988 | 19.31 | 43,491,249 | 3.68 |
| 1,000,001 & ABOVE | 20 | 0.39 | 1,124,698,754 | 95.04 |
| TOTAL | 5,116 | 100.00 | 1,183,373,276 | 100.00 |

**TWENTY LARGEST SHAREHOLDERS**

| No. | Name of Shareholders | No. of Ordinary Shares | % of Ordinary Shares |
|---|---|---|---|
| 1 | GUOCOLAND ASSETS PTE. LTD. | 772,032,426 | 65.24 |
| 2 | HL BANK NOMINEES (S) PTE LTD | 95,979,487 | 8.11 |
| 3 | RAFFLES NOMINEES (PTE) LTD | 44,259,916 | 3.74 |
| 4 | CITIBANK NOMINEES S'PORE PTE LTD | 40,359,470 | 3.41 |
| 5 | KWEK LENG HAI | 35,290,914 | 2.98 |
| 6 | CITIGROUP GM SINGAPORE SECURITIES PTE LTD | 26,683,000 | 2.26 |
| 7 | CIMB SECURITIES (S'PORE) PTE LTD | 26,271,730 | 2.22 |
| 8 | KGI SECURITIES (SINGAPORE) PTE LTD | 19,606,990 | 1.66 |
| 9 | HSBC (SINGAPORE) NOMINEES PTE LTD | 18,458,800 | 1.56 |
| 10 | DBS NOMINEES PTE LTD | 11,205,105 | 0.95 |
| 11 | UOB KAY HIAN PTE LTD | 9,859,497 | 0.83 |
| 12 | LIM & TAN SECURITIES PTE LTD | 5,368,433 | 0.45 |
| 13 | DBS VICKERS SECURITIES (S) PTE LTD | 4,728,966 | 0.40 |
| 14 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 3,216,766 | 0.27 |
| 15 | MAYBANK KIM ENG SECURITIES PTE LTD | 3,099,416 | 0.26 |
| 16 | TAN KAH BOH ROBERT@ TAN KAH BOO | 1,931,700 | 0.16 |
| 17 | PHILLIP SECURITIES PTE LTD | 1,799,607 | 0.15 |
| 18 | LEE YUEN SHIH | 1,779,000 | 0.15 |
| 19 | OCBC NOMINEES SINGAPORE PTE LTD | 1,420,031 | 0.12 |
| 20 | ANG JWEE HERNG | 1,347,500 | 0.12 |
| | TOTAL | 1,124,698,754 | 95.04 |

**SHAREHOLDING IN THE HANDS OF THE PUBLIC**

The percentage of shareholding in the hands of the public was approximately 20.43% of the total number of the issued and fully paid-up ordinary shares of the Company. Accordingly, Rules 723 and 1207(9)(e) of the SGX-ST Listing Manual have been complied with.

# SHAREHOLDING STATISTICS

AS AT 30 AUGUST 2017

## SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

| | Substantial Shareholders | Direct Interest No. of Shares | Deemed Interest No. of Shares |
|---|---|---|---|
| 1. | GuocoLand Assets Pte. Ltd. | 772,032,426 | – |
| 2. | Fairbury Pte. Ltd.[1] | 73,604,933 | – |
| 3. | Guoco Group Limited | – | 772,032,426[2] |
| 4. | GuoLine Overseas Limited | – | 772,032,426[2] |
| 5. | GuoLine Capital Assets Limited | – | 804,493,744[3] |
| 6. | Hong Leong Company (Malaysia) Berhad | – | 804,693,744[4] |
| 7. | HL Holdings Sdn Bhd | – | 804,693,744[4] |
| 8. | Hong Leong Investment Holdings Pte. Ltd. | – | 804,693,744[4] |
| 9. | Quek Leng Chan | 13,333,333 | 819,266,530[5] |

1 Trust established in respect of GuocoLand Limited Executives' Share Option Scheme.

2 Deemed interest arising through GuocoLand Assets Pte. Ltd. by virtue of the operation of Section 7 of the Companies Act, Cap 50.

3 Deemed interest arising through GuocoLand Assets Pte. Ltd. and a company in which the substantial shareholder has interest by virtue of the operation of Section 7 of the Companies Act, Cap 50.

4 Deemed interest arising through GuocoLand Assets Pte. Ltd. and 2 companies in which the substantial shareholder has interest by virtue of the operation of Section 7 of the Companies Act, Cap 50.

5 Deemed interest arising through GuocoLand Assets Pte. Ltd. and 3 companies in which the substantial shareholder has interest by virtue of the operation of Section 7 of the Companies Act, Cap 50.

## INTERESTED PERSON TRANSACTIONS

The Audit and Risk Committee reviewed interested person transactions entered into by the Group during the financial year ended 30 June 2017. The aggregate value of interested person transactions entered into during the financial year is as follows:

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) S$'000 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) S$'000 |
|---|---|---|
| Hong Leong Group Malaysia | 29,461 | N.A.* |
| Guoco Group | 6,240 | N.A.* |
| Singapore Hong Leong Group | 582,485# | N.A.* |

* The Company does not have a general mandate from shareholders pursuant to Rule 920 of the SGX-ST Listing Manual.

\# Include a sum of S$579.3 million being the aggregate value of joint venture with Hong Leong Holdings (China) Pte. Ltd. which falls within the exemption stipulated under SGX-ST Listing Manual Rule 916 as announced via SGXNet on 23 May 2017.

# NOTICE OF ANNUAL GENERAL MEETING

**GuocoLand Limited**
Company Registration Number: 197600660W
(Incorporated in the Republic of Singapore)

**NOTICE IS HEREBY GIVEN** that the 41st Annual General Meeting ("**AGM**") of GuocoLand Limited (the "**Company**") will be held at Wallich II, Level 5 Sofitel Singapore City Centre, 9 Wallich Street Singapore 078885 on Thursday, 19 October 2017 at 2.30 pm for the following purposes:

**(A) ORDINARY BUSINESS**

1. To lay before the AGM the Directors' Statement and audited Financial Statements of the Company for the financial year ended 30 June 2017.

2. To declare a first and final tax exempt one-tier dividend of 7 cents per ordinary share in respect of the financial year ended 30 June 2017. **Resolution 1**

3. To approve the payment of Director fees of S$644,708 for the financial year ended 30 June 2017 (2016: S$632,315). **Resolution 2**

4. To re-elect the following Directors retiring by rotation pursuant to Article 98 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   Mr Kwek Leng Hai; **Resolution 3**

   Mr Francis Siu Wai Keung; and **Resolution 4**

   Ms Jennie Chua Kheng Yeng. **Resolution 5**

5. To re-appoint Messrs KPMG LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

**(B) SPECIAL BUSINESS**

To consider and if thought fit, to pass the following Resolutions, of which Resolutions 7, 8 and 10 (with or without modifications) will be proposed as Ordinary Resolutions and Resolution 9 will be proposed as a Special Resolution:

6. Authority to issue Shares **Resolution 7**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares (collectively, "**Instruments**"),

   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; and

# NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (the "**Shareholders**") (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per centum (20%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless varied or revoked by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

7. Renewal of Share Purchase Mandate **Resolution 8**

(a) That for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

# NOTICE OF ANNUAL GENERAL MEETING

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or required by law to be held; or

(ii) the date on which the purchases of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Prescribed Limit**" means ten per centum (10%) of the issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings); and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, applicable goods and services tax, stamp duties and other related expenses) not exceeding:

(i) in the case of a Market Purchase, five per centum (5%) above the average of the closing market prices of the Shares over the last 5 market days, on which transactions in the Shares were recorded, before the day on which the Market Purchase was made by the Company, and deemed to be adjusted for any corporate action that occurs after the relevant 5 market days; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, twenty per centum (20%) above the average of the closing market prices of the Shares over the 5 market days, on which transactions in the Shares were recorded, before the day on which the Company makes an announcement of an offer under an Off-Market Purchase scheme, and deemed to be adjusted for any corporate action that occurs after the relevant 5 market days; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

# NOTICE OF ANNUAL GENERAL MEETING

8. Adoption of the New Constitution of the Company **Resolution 9**

   That the Articles contained in the new Constitution of the Company as set out in Appendix B of the Addendum in relation to the proposed adoption of the new Constitution of the Company, as circulated to Shareholders on 27 September 2017 and submitted to this Meeting, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution of the Company.

9. Update to the GuocoLand Limited Executives' Share Option Scheme 2008 **Resolution 10**

   (a) That the definition of "Exercise Price" and "Option Period" stipulated in the GuocoLand Limited Executives' Share Option Scheme 2008 be updated as set out in Appendix A of the Addendum in relation to the proposed update to the GuocoLand Limited Executives' Share Option Scheme 2008 (the "**Scheme**"), as circulated to Shareholders on 27 September 2017 and submitted to this Meeting, be approved.

   (b) That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the rules of the Scheme with exercise prices set at a discount not exceeding twenty per centum (20%) to a price equal to the 5-day weighted average market price of the Shares immediately prior to the relevant date of grant for which there was trading in the Shares, as determined by the Committee authorised and appointed to administer the Scheme, provided that such discount does not exceed the relevant limits as may be set by the SGX-ST from time to time.

**(C) TO TRANSACT ANY OTHER ORDINARY BUSINESS**

BY ORDER OF THE BOARD

MARY GOH SWON PING
Group Company Secretary

27 September 2017
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes to the Notice of the 41st AGM:**

**Resolution 1** – is to approve the first and final tax exempt one-tier dividend of 7 cents per ordinary share in respect of the financial year ended 30 June 2017. The proposed dividend, if approved, will be paid on 21 November 2017.

**Resolution 2** – is to approve the payment of Director fees of S$644,708 for the financial year ended 30 June 2017, for services rendered by the Directors on the Board as well as on various Board Committees. Detailed information on the Director fees is set out under "**Corporate Governance**" in the Company's Annual Report 2017.

**Resolution 3** – Mr Kwek Leng Hai, upon re-election as Director of the Company, will remain as a member of the Nominating Committee. He is considered a Non-Independent Non-Executive Director.

**Resolution 4** – Mr Francis Siu Wai Keung, upon re-election as Director of the Company, will remain as a member of the Audit and Risk Committee. He is considered an Independent Non-Executive Director.

**Resolution 5** – Ms Jennie Chua Kheng Yeng, upon re-election as Director of the Company, will remain as a member of the Remuneration Committee. She is considered an Independent Non-Executive Director.

Detailed information on Mr Kwek Leng Hai, Mr Francis Siu Wai Keung and Ms Jennie Chua Kheng Yeng can be found under "**Board of Directors**" in the Company's Annual Report 2017.

**Resolution 6** – is to re-appoint Messrs KPMG LLP, as the Company's Auditors and to authorise the Directors to fix their remuneration. The Company has complied with Rule 713(1) of the SGX-ST Listing Manual by ensuring that the audit partner is not in charge of more than 5 consecutive years of audits.

**Resolution 7** – is to empower the Directors to allot and issue Shares and/or Instruments (as defined above). The aggregate number of Shares to be issued pursuant to Resolution 7 (including Shares to be issued in pursuance of Instruments made or granted) shall not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company, with a sub-limit of 20% for Shares issued other than on a *pro rata* basis (including Shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 7) to Shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company will be based on the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of Resolution 7, after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 7; and (iii) any subsequent bonus issue, consolidation or subdivision of Shares. The authority conferred by Resolution 7 will continue in force until the next AGM of the Company is held or is required by law to be held, whichever is earlier, unless previously varied or revoked by the Company in a general meeting.

**Resolution 8** – is to renew the Share Purchase Mandate as described in the Addendum in relation to the proposed renewal of the Share Purchase Mandate (the "**SPM Addendum**") circulated to Shareholders on 27 September 2017. The Share Purchase Mandate will, unless varied or revoked by the Company in a general meeting, continue in force until the next AGM of the Company is held or is required by law to be held, whichever is earlier. This Ordinary Resolution, if passed, will authorise the Directors of the Company to make purchases or otherwise acquire Shares pursuant to and in accordance with the guidelines as set out in the SPM Addendum.

# NOTICE OF ANNUAL GENERAL MEETING

**Resolution 9** – is to adopt a new Constitution as described in the Addendum in relation to the proposed adoption of the New Constitution of the Company (the "**Constitution Addendum**") circulated to Shareholders on 27 September 2017. The proposal to adopt a new Constitution is recommended following the wide-ranging changes to the Companies Act and the Listing Manual of the SGX-ST. The New Constitution will replace the existing Constitution of the Company. This Special Resolution, if passed, will approve the proposed amendments as set out in the Constitution Addendum; and the proposed New Constitution will be adopted as the Constitution of the Company.

**Resolution 10** – is to update the Scheme as described in the Addendum in relation to the proposed update to the GuocoLand Limited Executives' Share Option Scheme 2008 (the "**ESOS Addendum**") circulated to Shareholders on 27 September 2017. The proposed update on the definition of "Exercise Price" and "Option Period" aligns the Scheme with Rules 845(5) and 847 of the Listing Manual of SGX-ST which provide for share options to be granted at a maximum discount not exceeding 20%; and options granted at a discount may be exercisable after 2 years from the date of grant. This Ordinary Resolution, if passed, will approve the proposed update to the definition of "Exercise Price" and "Option Period" as set out in the ESOS Addendum.

**Meeting 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 AGM. 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 AGM, 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.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 Wallich Street #31-01 Guoco Tower Singapore 078881 not less than 48 hours before the time appointed for holding the AGM.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**GuocoLand Limited**

A Member of the Hong Leong Group

Company Registration Number: 197600660W
(Incorporated in the Republic of Singapore)

# PROXY FORM – ANNUAL GENERAL MEETING

**IMPORTANT:**
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in GuocoLand Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

**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 27 September 2017.

*I/We ______________________________ (Name) NRIC No: ______________

of ______________________________ (Address)

being *member/members of GuocoLand Limited (the "**Company**"), hereby appoint:

| Name | Address | NRIC/ Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

*and/or

| | | | |
|---|---|---|---|
| | | | |

or, failing *him/her, the Chairman of the 41st Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held on Thursday, 19 October 2017 at 2.30 pm and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific indication as to voting is given, the *proxy/proxies may vote or abstain from voting at *his/her discretion, as *he/she will on any other matter arising at the AGM. If no person is named in the space above, the Chairman of the AGM shall be *my/our *proxy/proxies to vote, for or against the Resolutions to be proposed at the AGM, as indicated below, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

Please indicate with an "**X**" in the spaces provided whether you wish your vote(s) to be cast "**For**" or "**Against**" the Resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit.

| No. | Resolution | For | Against |
|---|---|---|---|
| **ORDINARY BUSINESS** | | | |
| 1 | To declare a first and final tax exempt one-tier dividend of 7 cents per ordinary share | | |
| 2 | To approve Director fees | | |
| 3 | To re-elect Mr Kwek Leng Hai as a Director | | |
| 4 | To re-elect Mr Francis Siu Wai Keung as a Director | | |
| 5 | To re-elect Ms Jennie Chua Kheng Yeng as a Director | | |
| 6 | To re-appoint Messrs KPMG LLP as auditors of the Company and to authorise the Directors to fix their remuneration | | |
| **SPECIAL BUSINESS** | | | |
| 7 | To authorise the Directors to issue shares in the Company | | |
| 8 | To approve the renewal of Share Purchase Mandate | | |
| 9 | To approve the proposed adoption of the New Constitution of the Company | | |
| 10 | To approve the proposed update to the GuocoLand Limited Executives' Share Option Scheme 2008 | | |

Signed this ______________ day of ____________________ 2017

| Total Number of Ordinary Shares Held | |
|---|---|

______________________________
Signature(s) of member(s)/common seal*

*** delete as appropriate**

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

FOLD HERE

AFFIX
STAMP
HERE

Group Company Secretary
GuocoLand Limited
1 Wallich Street
#31-01 Guoco Tower
Singapore 078881

FOLD HERE

**NOTES:**

1. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by you.
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 AGM. 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 AGM, 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, Chapter 50 of Singapore.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be lodged at the Registered Office of the Company at 1 Wallich Street #31-01 Guoco Tower Singapore 078881, not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof.
5. Completion and return of an instrument appointing a proxy or proxies shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.
6. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its seal or signed by its attorney or officer duly authorised.
7. A corporation which is a member may also authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument (including any related attachment) appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

# CORPORATE INFORMATION

**BOARD OF DIRECTORS**
Moses Lee Kim Poo,
*Chairman*

Raymond Choong Yee How,
*Group President & Chief Executive Officer*

Quek Leng Chan

Kwek Leng Hai

Timothy Teo Lai Wah

Francis Siu Wai Keung

Abdullah Bin Tarmugi

Lim Suat Jien

Jennie Chua Kheng Yeng

Tang Hong Cheong

**AUDIT AND RISK COMMITTEE**
Timothy Teo Lai Wah,
*Chairman*

Francis Siu Wai Keung

Lim Suat Jien

**NOMINATING COMMITTEE**
Abdullah Bin Tarmugi,
*Chairman*

Kwek Leng Hai

Timothy Teo Lai Wah

**REMUNERATION COMMITTEE**
Abdullah Bin Tarmugi,
*Chairman*

Quek Leng Chan

Jennie Chua Kheng Yeng

**GROUP COMPANY SECRETARY**
Mary Goh Swon Ping

**REGISTERED OFFICE**
1 Wallich Street
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Singapore 078881
Tel: (65) 6535 6455
Fax: (65) 6428 7897
Email: contact@guocoland.com
Registration No.: 197600660W

**WEBSITE**
http://www.guocoland.com.sg

**AUDITORS**
KPMG LLP
Public Accountants and Chartered Accountants
Partner-in-charge: Lo Mun Wai
(since FY ended June 2013)
Auditor's Registration No.: 01148

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

**STOCK EXCHANGE LISTING**
Singapore Exchange Securities Trading Limited

**DATE OF INCORPORATION**
31 March 1976

**DATE OF CONVERSION TO A PUBLIC COMPANY**
30 September 1978

**GuocoLand Limited** (Reg. No. 197600660W)
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