

**SECOND CHANCE PROPERTIES LTD**  
**ANNUAL REPORT 2015**

CONSOLIDATING  
FOR  
**OPPORTUNITIES**





**First Lady**



# COMPANY PROFILE

## SECOND CHANCE PROPERTIES LTD

was listed on SESDAQ on 24th January 1997. On 2nd March 2004, it was transferred to the Mainboard of Singapore Stock Exchange. Second Chance Properties Ltd is involved in 4 core businesses:

Property Investment | Retailing of Apparel | Retailing of Gold Jewellery  
Investing and Trading in Financial Instruments

01

ANNUAL REPORT 2015

## VISION STATEMENT

To be a billion dollar company in market capitalisation by 2022

## CONTENTS

Chairman & CEO Statement .....	02
Board of Directors .....	04
Advisory Panel .....	07
Management Team.....	08
Financial Indicators and Highlights.....	10
Financials at a Glance .....	11
Financial Review 2015 .....	13
Property Portfolio & Tenants' Operations Review .....	18
Quoted Securities Investment Overview .....	19
Property Locations in Singapore .....	20
Our First Lady Shops in Malaysia .....	22
Corporate Social Responsibility .....	24
Our New Mega First Lady .....	26
22 Frequently Asked Questions and Answers.....	29
Financial Contents .....	36



# CHAIRMAN & CEO STATEMENT



*"The Group remains resilient and will persevere with the right consolidation strategies being put in place."*

Dear Shareholders,

## OVERVIEW

I am pleased to present our Annual Report for the year 2015.

2015 has been a challenging year for the Group. The year started with an uncertain global economic outlook which persisted throughout. Rising business costs and labour constraints had a significant impact on the retail industry as a whole, leading to downward pressure on rentals. The rising interest rates and increased competition in the apparel sector also affected our profitability.

EBITDA decreased by S\$7.31 million to S\$10.19 million this year from S\$17.50 million in 2014 mainly due to the unrealised loss recorded on the securities held for trading (book loss on trading securities), depreciating of the Ringgit leading to exchange losses as well as factoring that our new Mega First lady was operational for only 3 months whereas its interest outflow started beginning of the year.

Gold maintained its position and the above were offset by divestment gains and increase in dividends/coupons payments.

Our balance sheet remains strong ending 31 August 2015 with a gearing of 0.32 and properties (including self-occupied properties) valued at S\$220.79 million.

Despite the reverses, the Group remains resilient and will persevere with the right consolidation strategies being put in place.

## DIVIDENDS & DIVIDEND POLICY

Despite the lower profits, we are pleased to commit a dividend distribution of 3.55 cents per ordinary share for financial year 2015 as per our dividend guidance last year and as part of our 40th anniversary celebration.

This is subject to shareholders' approval at the upcoming AGM on 30 December 2015.

We have been distributing high and increasing dividends every year for the last 10 years and providing dividend guidance well in advance. Recently, the Group's profits have declined and the near-term outlook for all our businesses is uncertain and challenging. Thus, we have reviewed our dividend policy and decided that a change is necessary to reflect the current situation.

The quantum of dividends will now be decided and announced together with the Full Year results. However, we do intend to pay out dividends every year as long as our cash flow permits.

## CONSOLIDATING FOR THE FUTURE

We are in the process of consolidating our businesses to halt the decline in profits. Like in a game of chess, the next move we make is important but we believe that it is wiser and more prudent to consolidate our positions while waiting for favourable situations or opportunities to arise.

The following strategies are part of our consolidation process:

- To reduce our debt and keep gearing level very low by gradually reducing our bonds and equities portfolio and continuing to monetise investment properties.
- To reinvent our apparel business by reducing the number of non-performing or marginally profitable retail stores and focusing on a new business model under the now operational Mega First Lady.
- To launch an online portal combining both retail and wholesale of apparel under one platform.

With the above plans and strategies, the Group would be in a better position to overcome the current challenges.

## CORPORATE GOVERNANCE

We have introduced many schemes and practices over the years to ensure high standard of corporate governance.

- A **Casino Self-Exclusion Policy** that is mandated for all executive directors and key management personnel to ensure that they will not engage in excessive gambling activities.
- A **Formalised Whistleblower Policy** that made it clear to all business partners that the Group will not commit activities that contravenes the Group's standard of conduct. The existence of the whistleblower policy is mentioned in all contracts with business partners.
- A **Fraud Prevention Framework**, led by myself, where we identify and create policies to counter fraud risks that may affect our Group's reputation, financial and governance standings.
- An **Advisory Panel** acting as an excellent source of checks and balances, complementing and strengthening the existing Board by providing non-binding quality advice.

The latest addition to our framework, in pursuit of excellence in corporate governance, is the completion of a Risk Governance and Internal Control review exercise with an external agency, RSM Risk Advisory Pte Ltd. RSM interviewed key management, ran through our manuals and procedures and assessed our Group's businesses and internal controls - thereby providing a framework to better govern risks. You may wish to find out about this process that establishes the formal risk governance within the Group which is overseen by the Board at Page 45 in this Annual Report.

## CSR – CORPORATE SOCIAL RESPONSIBILITY

We will continue to do our best to be responsible corporate citizens by involving ourselves in CSR activities. I am pleased to highlight two of our activities in 2015.

In June 2015, the Group donated and arranged for 200 beneficiaries from low income families to have a special dinner with a sumptuous buffet spread in a hotel, where for some, it was an exciting and rewarding first-time experience.

Celebrating SG50 together with Esplanade, we were the programme sponsor for the theatre production titled "The Life of Yusof Ishak". All 5 shows were sold

out with many enjoying the show and learning more about the first President of Singapore. We are glad to have been a part of this independent drama and arts production, which ensures the culture, history and heritage of Singapore continues to flourish.

## INVESTOR RELATIONS

The Company would like to engage its shareholders on a regular and timely basis with news and information on our performance and future plans. We continue to maintain a database of email addresses of our shareholders for this purpose. Shareholders interested to be on our mailing list can email us at [contact@secondchance.com.sg](mailto:contact@secondchance.com.sg)

## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to say a special thanks to Mr Peter Choo Chee Kong and Mr Bobby Jayaraman for their 7 years and 3 years of service respectively as Independent Directors. Their opinions, ideas and contributions are invaluable to the Group.

I wish to thank our Independent Directors and Advisory Panel members for their honest guidance and genuine concerns.

I would also like to show my deepest appreciation to the executive directors, management and staff for their hard work, loyalty and dedication to the Group where their resilience has made a difference in this challenging environment.

To our shareholders, I thank you for your continuing support and I shall do my best to justify your trust and confidence in me.

**Mohamed Salleh Marican**  
Chairman and CEO  
01 December 2015

# BOARD OF DIRECTORS



**MOHAMED SALLEH MARICAN, 66**  
CHAIRMAN & CEO

Attended Victoria School Singapore 1962-1967  
Drop out before "A" level Examination  
1968-1971: served 3 years National Service and  
left with rank of Lieutenant.

Sole Proprietor from 15 June 1974 to 04 August 1986

**Date of first appointment as a Director :** 05 August 1986

**Date of last re-election as a Director :** 30 December 2013

**Length of service as a Director (as at 31 August 2015):**  
29 years and 27 days

**Board Committee(s) served on:**  
Nominating Committee (Member)  
(Stepped down on 12 November 2014)

**Present Directorships (as at 31 August 2014):**  
**Listed Companies:**  
Nil

**Other Principal Directorships:**  
Temasek Cares CLG Limited since 25 May 2009  
19 Wholly Owned Subsidiaries of the Group

**Major Appointments (other than Directorships):**  
Nil

**Past Directorships held over the preceding 5 years:**  
(01 September 2009 to 31 August 2015)  
Nil

**Others:**  
1988 - Inaugural Malay Businessmen Award, jointly  
organised by the Singapore Malay Chamber of  
Commerce and Berita Harian  
1996 - Entrepreneurship Excellence Award Conferred by  
Lianhe Zaobao and the Entrepreneurship Development Centre  
of the Nanyang Technological University

2011 - Berita Harian Achiever of the Year 2011 Award

2012 - Ernst & Young Entrepreneur of the Year

2013 - Best CEO Singapore Corporate Award

2014 - Life Member of Fellow Singapore Institute of  
Directors since 27 August 2014



**HASAN MARICAN, 61**  
DEPUTY CEO

Attended Victoria School 1967-1970  
GCE 'O' Level

**Date of first appointment as a Director :** 02 March 1987

**Date of last re-election as a Director :** 31 October 2011

**Length of service as a Director (as at 31 August 2015):**  
28 years 6 months

**Board Committee(s) served on:**  
Nil

**Present Directorships (as at 31 August 2015):**  
**Listed Companies:**  
Nil

**Other Principal Directorships:**  
19 Wholly owned Subsidiaries of the Group

**Major Appointments (Other than Directorship):**  
Nil

**Past Directorships held over the preceding 5 years:**  
(from 01 September 2010 to 31 August 2015)  
Nil

# BOARD OF DIRECTORS



**DEV PISHARODY, 58**  
EXECUTIVE DIRECTOR

Attended St. Patricks Secondary School 1970-1972  
Bartley Secondary School 1973-1974  
GCE 'O' Level

April 1975 - October 1978: Served 3 1/2 years  
National Service  
Last rank attained - Sergeant

**Date of first appointment as a Director :** 02 March 1987

**Date of last re-election as a Director :** 31 October 2011

**Length of service as a Director (as at 31 August 2015):**  
28 years 6 months

**Board Committee(s) served on:**  
Nil

**Present Directorships (as at 31 August 2014):**  
**Listed Companies:**  
Nil

**Other Principal Directorships:**  
Second Chance Investments Pte Ltd  
First Lady Apparels (Malaysia) Sdn Bhd

**Major Appointments (Other than Directorship):**  
City Plaza Management Corporation Strata  
Title No.669 - Treasurer

Sim Lim Management Corporation Strata  
Title No.1440 - Vice Chairman

**Past Directorships held over the preceding 5 years:**  
(from 01 September 2009 to 31 August 2015)  
Nil



**CHOO CHEE KONG PETER, 57 \***  
LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

## **Education & Qualifications:**

1971-1974: Balestier Hill Technical Secondary School  
1975-1976: Hwa Chong Junior College, Singapore  
1978-1981: Liverpool University, United Kingdom  
(Bachelor of Mechanical Engineering)  
1985: Bradford University, United Kingdom  
(Master of Business Administration)

**Date of first appointment as an Independent Non-Executive Director :** 01 February 2009

**Date of last re-election as an Independent Non-Executive Director :** 30 December 2014

**Length of service as a Director (as at 31 August 2015):**  
6 years 7 months

**Board Committee(s) served on:**  
Nominating Committee (Chairman)  
Audit Committee (Member)  
Remuneration Committee (Member)

**Present Directorships (as at 31 August 2014):**  
**Listed Companies:**  
CNMC Goldmine Limited

**Other Principal Directorships:**  
CK Agrifeed Sdn Bhd (Chairman)

**Major Appointments (Other than Directorship):**  
Nil

**Past Directorships held over the preceding 5 years:**  
(from 01 September 2010 to 31 August 2015)  
Advance SCT Limited  
FDS Networks Limited  
Falmac Limited

## **Others:**

1981-1984: Project Engineer

1986-1999: Vice President, Investment Banking

2000: Deputy Chairman & CEO of Westcomb  
Financial Group Limited

2008: Vice Chairman of CNMC Goldmine Limited

\* Mr Peter Choo resigned from the Board on 09 November 2015

# BOARD OF DIRECTORS



**GEETHA PADMANABHAN, 42**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

## Education & Qualifications:

Bachelor of Science from Bangalore University, India Chartered Accountant from Institute of Chartered Accountants of India

Mrs. Geetha has been with the Group since April 2003. She worked with the Group as Finance Manager from April 2003 to 30 June 2006 and then from April 2007 to Jan 2012. Prior to joining the Group, she had 3 years of accounting and auditing experience with a firm of Chartered Accountants affiliated to Deloitte & Touche Tohmatsu. She also worked as a part-time lecturer in a private Business School and as a systems consultant for ERP software of Microsoft for a brief period of time.

**Date of first appointment as an Independent Non-Executive Director :** 01 March 2012

**Date of last re-election as an Independent Non-Executive Director :** 17 December 2012

**Length of service as Independent Non-Executive Director as at 31 August 2015:** 3 years 6 months

**Board Committee(s) served on:**  
Audit Committee (Chairman)  
Nominating Committee (Member)  
Remuneration Committee (Member)

**Present Directorships (as at 31 August 2015):**  
**Listed Companies:**  
Nil

**Other Principal Directorships:**  
Nil

**Major Appointments (Other than Directorship):**  
Nil

**Past Directorships held over the preceding 5 years:**  
(from 01 September 2009 to 31 August 2015)  
Nil

## Others:

July 2013 to present: Managing Director in self-owned firm, SVP Consultants & Advisors  
April 2003-January 2012: Group Finance Manager at Second Chance Properties Ltd  
Articleship Training for Chartered Accountancy course with C.C. Chokshi, Mumbai; a firm affiliated to Deloitte & Touche Tohmatsu.



**BOBBY JAYARAMAN, 45 \*\***  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

## Education & Qualifications:

Masters in Computer Engineering, Kyrgyz Technical University  
Master of Business Administration (MBA), INSEAD, France

**Date of first appointment as an Independent Non-Executive Director :** 18 December 2012

**Date of last re-election as an Independent Non-Executive Director :** 30 December 2013

**Length of service as Independent Non-Executive Director as at 31 August 2015:**  
2 years 8 months

**Board Committee(s) served on:**  
Remuneration Committee (Chairman)  
Audit Committee (Member)  
Nominating Committee (Member)

**Present Directorships (as at 31 August 2015):**  
**Listed Companies:**  
Nil

**Other Principal Directorships:**  
Nil

**Major Appointments (other than Directorships):**  
Nil

**Past Directorships held over the preceding 5 years:**  
(from 01 September 2009 to 31 August 2015)  
Nil

## Others:

Previously worked with AT Kearney and McKinsey & Company as a Management Consultant and with Standard Chartered Bank in Financial Markets

**\*\* Mr Bobby Jayaraman 3-year term will end on 30 December 2015**



# ADVISORY PANEL



**AHMAD BIN MOHAMED MAGAD (DR), 62**  
ADVISORY PANEL, CHAIRMAN

## Education & Qualifications:

Doctor of Business Administration (Henley Business School-UK)  
Master of Business Administration (Henley Business School-UK)  
Advanced Post Graduate Diploma in Management Consultancy (UK)  
Ingenieur Grad (Germany), Fellow Member of CPA Australia  
Fellow Member of Chartered Institute of Marketing (UK)  
Fellow Member of Singapore Institute of Directors

**Date of first appointment as an Independent Non-Executive Director :** 20 December 1996

**Date of last re-election as an Independent Non-Executive Director :** 31 October 2011

**Length of service as an Independent Non-Executive Director :**  
16 years 11 months 11 days  
(from 20 December 1996 to 30 November 2013)

**Appointed as Chairman, Advisory Panel:** 30 December 2013

**Board Committee(s) served during tenure as Independent Non-Executive Director :**  
Audit Committee (Chairman)  
Remuneration Committee (Member)

## Present Directorships (as at 31 August 2015): Listed Companies:

II-VI Singapore Pte Ltd (Group Managing Director)  
II-VI Optics Suzhou Co. Ltd (Chairman)  
II-VI Vietnam Pte Ltd (Director)  
For II-VI Incorporated - NASDAQ USA

**Other Principal Directorships:**  
Mendaki SENSE Pte Ltd (Chairman and Director)  
Mendaki Holdings (Director)

**Major Appointments (Other than Directorship):**  
Workforce Development Agency (Board Member)  
National Productivity Council (Council Member)  
Singapore Productivity Association (President)  
Singapore Manufacturing Federation (Vice President)  
Management Development Institute of Singapore (Chairman, Senate; Chairman, Academic Advisory Committee)

**Past Directorships held over the preceding 5 years:**  
(from 01 September 2010 to 31 August 2015)  
Nil

## Others:

Former Member of Parliament for Pasir Ris-Punggol GRC - (1997 to 2011)  
Former Chairman of Pasir Ris-Punggol Town Council - (2006 to 2011)  
Former Chairman, Estimates Committee of Singapore Parliament  
Former Chairman, Government Parliamentary Committee for Finance and Trade & Industry  
Former Chairman, Government Parliamentary Committee for Manpower  
Former Chairman, Regional Parliamentary Group-Middle East  
Former Dy Chairman, Institute of Technical Education  
Former Dy Chairman, Malay Heritage Centre  
Former Board Member, SPRING Singapore  
Former Board Member, Accounting and Corporate Regulatory Authority  
Former Board Member, Public Utilities Board  
Former Board Member, Energy Market Authority



**TAN LYE HENG PAUL, 50**  
ADVISORY PANEL, MEMBER

## Education & Qualifications:

Fellow of Institute of Certified Public Accountants, Singapore  
Fellow of Association of Chartered Certified Accountants, UK  
Master of Business Administration, University of Birmingham

**Date of first appointment as an Independent Non-Executive Director :** 29 November 2002

**Date of last re-election as an Independent Non-Executive Director :** 22 October 2012

**Length of service as an Independent Non-Executive Director :**  
10 years 19 days  
(from 29 November 2002 to 17 December 2012)

**Appointed as Member, Advisory Panel:**  
30 December 2013

**Board Committee(s) served during tenure as Independent Non-Executive Director :**  
Remuneration Committee (Chairman)  
Audit Committee (Member)  
Nominating Committee (Member)

**Present Directorships (as at 31 August 2015):  
Listed Companies:**  
Sin Ghee Huat Corporation Ltd  
China SunSine Chemical Holdings Ltd  
Serial System Ltd

**Other Principal Directorships:**  
CA Trust PAC (Director)  
Yeo Yew Swee PAC (Director)

**Major Appointments (Other than Directorship):**  
Master Facilitator, Taxation Module  
Singapore Qualifying Programme,  
Singapore Accountancy Commission

**Past Directorships held over the preceding 5 years:**  
(from 01 September 2010 to 31 August 2015)  
Nil

## Others:

Accredited Mediator of the Consumer Association of Singapore (CASE)  
Mediation Panel

# MANAGEMENT TEAM



**REEMA AGRAWAL (33)**  
**FINANCE ADVISOR**

Ms. Reema is a qualified Chartered Accountant (CA) and has worked with Chaturvedi & Shah, a leading audit and tax firm based in India, as an Assistant Tax Manager. She has also worked with different private firms in Singapore as a Finance Manager, managing their accounts and financial matters. She was part of the Group from 2012 - 2014 as our Finance Manager. In early 2015, she left the Group to set-up her own Consultancy & Accountancy Firm, ARIKA CONSULTING. She re-joined the group in August 2015 as Finance Advisor and currently is responsible for the financial accounting, management reporting, statutory audit, tax related matters and secretarial work of the Group.



**J RAJ MOHAMED (50)**  
**ACCOUNTS MANAGER**

Mr. Raj Mohamed has been with the Group since 01 October 1995. Prior to joining the Group, he had 10 years of experience in accounts and auditing with an Audit Firm and Taj Group of Hotels (TATA Group). He is responsible for managing the Group's full sets of accounts in Microsoft Dynamic Navision (ERP), day to day accounting and finance operations, accounts receivable & payables for Singapore & Malaysia. He also oversees the Group's bank loans and also responsible to maintain the Group's Investment in Bonds and Equities portfolio as well as liaising with Bankers and Securities Remisiers.

He also assists in the general administration of the Group. He graduated with a Master Degree of Commerce (Accounting and Finance).



**AMAL MARICAN (28)**  
**EXECUTIVE DIRECTOR - FIRST LADY APPARELS (MALAYSIA) SDN BHD**

Mr. Amal Marican joined the Group on 15 September 2008. Prior to that, he has been continually exposed to the retail trade within the Group for 8 years. He is assisting the CEO in the general management and operations of First Lady Malaysia. His other responsibilities include Purchasing and Advertisements and Promotions.

# MANAGEMENT TEAM

**SAFIE BIN HUSSAIN (56)**  
FIELD MANAGER

Mr. Safie Hussain has been with the Group since 1980. He started out in the Group as a sales staff. Between 1984 and 1989, he was one of the franchisee of 2nd Chance Men's Store. He is now responsible for ensuring that the stores are run in accordance with the Group's operational procedures and computerisation system. His new responsibility is to oversee the First Lady stores in Johor Bahru, Malaysia.



**AZLAN BIN MOHD SHAFIE (39)**  
MANAGEMENT EXECUTIVE

Mr. Azlan Shafie joined the Group since 2000. He started out in the Group as Assistant Manager in Golden Chance. From September 2002 to July 2010, he joined First Lady Apparels (M) Sdn Bhd in Malaysia as the Executive Director. He assisted the CEO in the general management of the First Lady operations of the Group. His other responsibilities include Purchasing, Advertising and Promotions. Due to personal reasons, he left the company in August 2010 but re-joined the Group in October 2011. He is now a Management Executive in Singapore and his responsibilities include the general Purchasing, Advertising and Promotions for the Group and also assisting the CEO in the general management of the business.



**SHEIKH FARHAN (36)**  
BUSINESS DEVELOPMENT EXECUTIVE

Mr Sheikh Farhan is the new face in the Group, joining in September 2014. Prior to joining the Group, he was running his own companies - mainly in the F&B sector for over 7 years with a year spell working in a non-profit organisation. He was also a Regular Infantry Officer in the Singapore Armed Forces for 6 years, after graduating from Singapore Polytechnic with Diploma in Business Administration. His current job scope includes working with the CEO and the Board in the business development aspects of the Group and cultivating strategies for expansion plans. He also assists the CEO on daily ad hoc tasks and activities of the business.



# FINANCIAL INDICATORS AND HIGHLIGHTS

in S\$' 000

Revenue	EBITDA	NTA
<b>S\$ 45,788</b>	<b>S\$ 10,188</b>	<b>S\$ 254,297</b>
Profit Before Tax	Profit After Tax	
<b>S\$ 10,496</b>	<b>S\$ 10,263</b>	

	2011 (S\$' 000)	2012 (S\$' 000)	2013 (S\$' 000)	2014 (S\$' 000)	2015 (S\$' 000)
Revenue	49,066	64,566	53,917	48,459	45,788
Profit Before Tax	29,326	33,587	59,424	17,819	10,496
Profit After Tax	30,055	30,466	57,132	16,517	10,263
Dividend (net)	3.2cps	3.8cps	3.4cps	3.5cps*	3.55cps**
Properties & Fixed Assets	172,277	175,649	212,904	228,174	222,211
Total Assets	227,550	249,088	320,599	361,685	348,843
Net Current (Liabilities) / Assets	(27,075)	(376)	5,747	(20,231)	(15,402)
Net Tangible Assets	148,417	200,202	260,842	263,249	254,297
Capital Employed	180,762	220,469	270,589	269,086	259,604
Share Capital	51,577	82,897	116,925	120,141	120,141
Current Ratio	0.42	0.99	1.12	0.78	0.83
Debt To Equity Ratio	0.53	0.24	0.23	0.37	0.37
Capital Gearing Ratio	0.48	0.19	0.17	0.34	0.32
Earnings Per Share (cents)	8.03	5.80	9.00	2.44	1.52
Price/Earning Ratio	4.67	6.72	4.89	18.65	17.11
NTA Per Share (cents)	32.39	35.72	39.10	38.87	37.55
Interest Coverage Ratio	32.73	40.44	141.74	28.74	5.05

\* Dividend is 4.375 cents if computed pre-bonus issue.

\*\* Dividend is 4.438 cents if computed pre-bonus issue.



# FINANCIALS AT A GLANCE

## PROFIT & LOSS ACCOUNT

	2015 (S\$'000)	2014 (S\$'000)	Variance (%)
Revenue	45,788	48,459	- 5.51% <sup>①</sup>
EBITDA *	10,188	17,501	- 41.79% <sup>②</sup>
Interest	2,592	642	303.74% <sup>③</sup>
Profit before tax	10,496	17,819	- 41.10% <sup>④</sup>
Profit after tax	10,263	16,517	- 37.86% <sup>④</sup>

## BALANCE SHEET

Total assets	348,843	361,686	- 3.55% <sup>⑤</sup>
Investment properties	192,914	202,598	- 4.78% <sup>⑤</sup>
Bank balances and cash	7,084	3,467	104.33%
Short term loans	83,261	86,027	- 3.22% <sup>⑥</sup>
Long term loans	5,307	5,837	- 9.08%
Shareholders' funds	254,297	263,249	- 3.40%

## FINANCIAL RATIOS

Return on equity (%)	3.97	6.30	- 37.05%
Current ratio	0.83	0.78	6.41%
Gearing ratio	0.32	0.34	- 5.88%
Interest coverage (times)	5.05	28.74	- 82.43%
Dividend payout ratio	233.55	143.44	62.82%

## PER SHARE DATA

Earnings (cents)	1.52	2.44	- 37.70%
Net asset value (cents)	37.55	38.87	- 3.40%
Dividend (cents)	3.55	3.50	1.43%
Dividend yield (%)#	13.65	7.69	77.50%

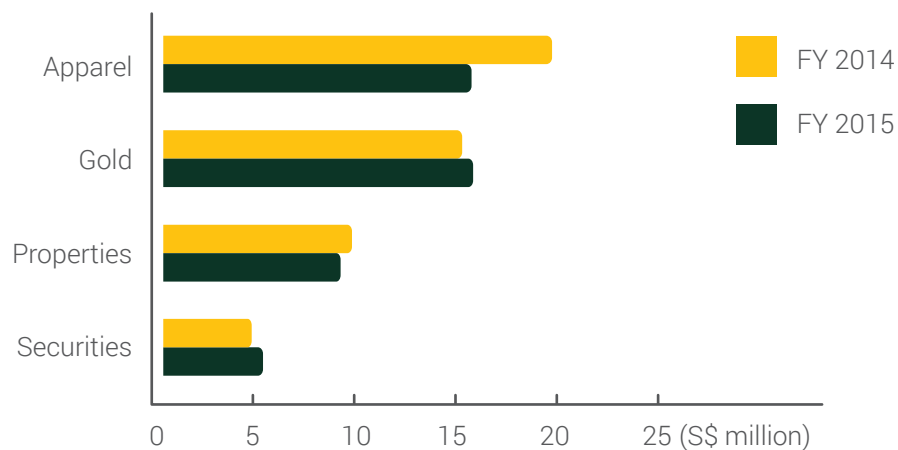
1	Decreased revenue for all businesses except gold and securities
2	Mainly due to unrealised losses on securities held for trading
3	Rise in interest rates and unrealised foreign exchange loss on borrowings
4	Mainly on account of unrealised loss of \$6.04 million on held for trading financial assets in FY 2015 as compared to unrealised gain of \$1.21 million in FY 2014
5	Decrease in market value of bonds and equities and also sale of one investment property
6	Part of short term loan repaid during the year

\* Earnings before Interest, tax, depreciation, exchange gains, revaluation gain/deficit, divestment profit/loss.

# Based on the last traded price of 26 cents as at 31 August 2015 and 45.5 cents as at 31 August 2014.

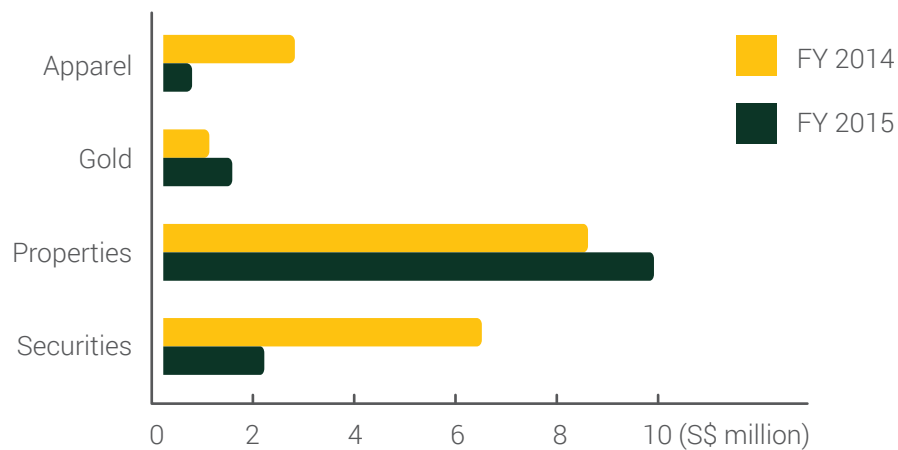
# FINANCIALS AT A GLANCE

## Revenue



Revenue	FY 2015 S\$ million	FY 2014 S\$ million	Variance	
			S\$ million	%
Apparel	15.69	19.04	(3.35)	- 17.59%
Gold	15.95	15.15	0.80	5.28%
Properties	8.94	9.81	(0.87)	- 8.87%
Securities	5.21	4.46	0.75	16.82%

## Profit before tax and unallocated expense



Revenue	FY 2015 S\$ million	FY 2014 S\$ million	Variance	
			S\$ million	%
Apparel	0.92	3.29	(2.37)	- 72.04%
Gold	1.58	1.38	0.20	14.49%
Properties	9.97	8.65	1.32	15.26%
Securities	2.27	6.46	(4.19)	- 64.86%

## Overview

The group net profit decreased by \$6.26 million to \$10.26 million in FY 2015 from \$16.52 million in FY 2014. The net profit decreased mainly because of the unrealised loss of \$6.04 million recorded on financial assets, at fair value through profit or loss.

Revenue decreased by \$2.67 million from \$48.46 million in FY 2014 to \$45.79 million in FY 2015.

EBITDA decreased by \$7.31 million from \$17.50 million in FY 2014 to \$10.19 million in FY 2015.

## Revenue

**The Group revenue decreased by \$2.67 million or 5.51% from \$48.46 million in FY 2014 to \$45.79 million in FY 2015.**

Different business segments contributed to the decrease

Revenue	FY 2015 S\$ million	FY 2014 S\$ million	Variance S\$ million	%
Apparel	15.69	19.04	(3.35)	- 17.59%
Gold	15.95	15.15	0.80	5.28%
Properties	8.94	9.81	(0.87)	- 8.87%
Securities	5.21	4.46	0.75	16.82%

as illustrated below:

There was a decrease of \$3.35 million in the revenue from apparel business mainly because of closure of eight shops in Malaysia during FY 2014 and FY 2015 and also intense competition there. The revenue from apparel business was \$15.69 million in FY 2015 as compared to \$19.04 million in FY 2014. Of the \$15.69 million, Malaysian apparel business contributed \$12.76 million.

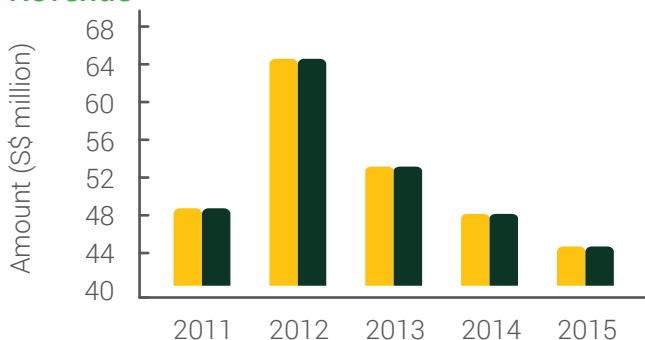
Revenue from gold business increased marginally by \$0.80 million from \$15.15 million in FY 2014 to \$15.95 million in FY 2015.

Rental revenue from properties generated \$8.94 million in FY 2015 as compared to \$9.81 million in FY 2014. There was a loss of rental income on account of sale of four investment properties.

The securities business recorded an increase in revenue of \$0.75 million from \$4.46 million in FY 2014 to \$5.21 million in FY 2015. This increase was the result of coupon payments and dividends received on the fixed income and equity securities purchased since FY 2014.

The graph below represents the total revenue from the group during the past five years:

## Revenue



## Profit

**The Group net profit decreased by \$6.26 million from \$16.52 million in FY 2014 to \$10.26 million in FY 2015.**

The contribution from various business segments are illustrated below (the contributions are before interest,

Revenue	FY 2015 S\$ million	FY 2014 S\$ million	Variance S\$ million	%
Apparel	0.92	3.29	(2.37)	- 72.04%
Gold	1.58	1.38	0.20	14.49%
Properties	9.97	8.65	1.32	15.26%
Securities	2.27	6.46	(4.19)	- 64.86%

tax and unallocated expenses).

The apparel business recorded \$0.92 million profit in FY 2015 which was \$2.37 million less than in FY 2014. The drop in revenue on account of closure of eight shops in Malaysia and the unrealised foreign exchange loss of \$1.26 million because of the depreciating Malaysian Ringgit contributed to the decrease in profit from this business. Apart from the above, the expenses incurred in relation to the operation of the new property acquired in Malaysia to carry out the retail apparel business also resulted in decreased profit from this segment. Further, this new property was undergoing refurbishment and did not yield much income for major part of the year.

Gold business recorded \$1.58 million profit in FY 2015, a marginal increase of \$0.20 million in profit from the prior year.

Properties segment contributed \$9.97 million in FY 2015 as compared to \$8.65 million in FY 2014. Though the rental revenue from the properties decreased in FY 2015 by \$0.87 million, the fair value gain of \$1.22 million on properties and the realised profit of \$1.05 million on property sold during the year resulted in the profit from this segment to increase in FY 2015.

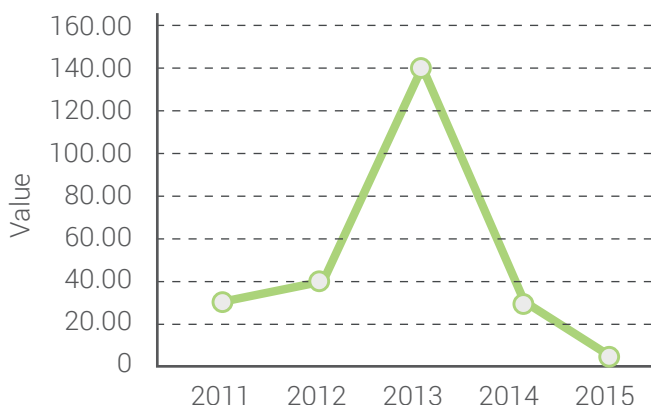
Securities segment recorded a profit of \$2.27 million in FY 2015, which was a \$4.19 million drop in profit of \$6.46 million in FY 2014. This decrease in profit was mainly attributed to the unrealised loss of \$6.04 million recorded on financial assets, at fair value through profit or loss i.e. the financial assets held for trading purpose as compared to an unrealised gain of \$1.21 million in FY 2014. At the same time, the realised profit of \$2.34 million on available-for-sale financial assets and the additional coupon payments and dividends received on the fixed income and equity securities purchased since the end of FY 2014 reduced the overall loss from this segment.

# FINANCIAL REVIEW 2015

## Finance Costs

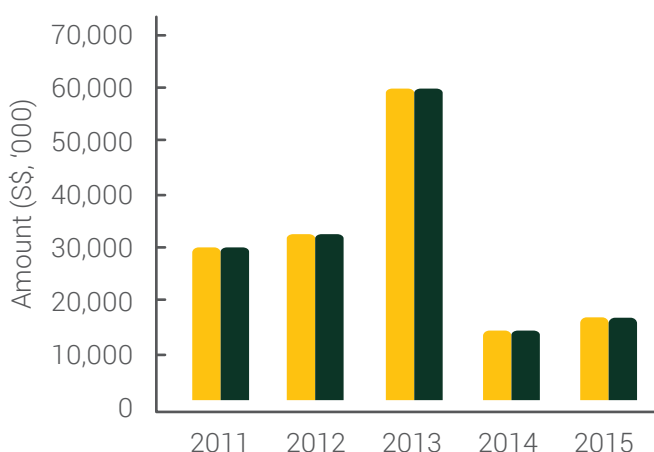
Interest expenses increased by \$1.95 million from \$0.64 million in FY 2014 to \$2.59 million in FY 2015 on account of rise in interest rates and also unrealised foreign exchange loss of \$1.38 million on borrowings denominated in US dollars.

## Interest Coverage Ratio



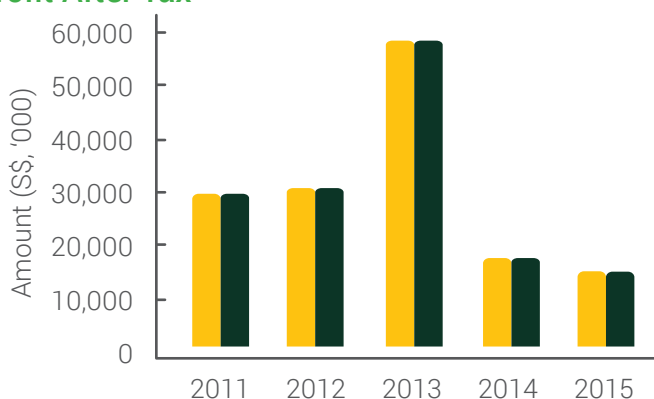
Below is a graphical representation of the profit before tax for the past five years:

## Profit Before Tax



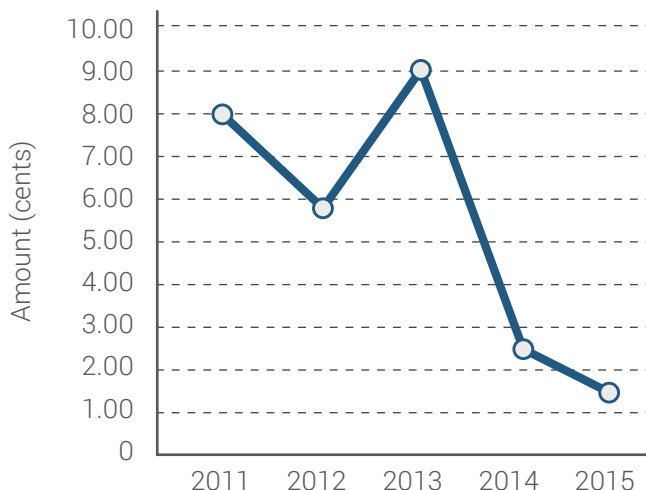
The income tax expense decreased to \$0.23 million in FY 2015 from \$1.30 million in FY 2014. This was due to the taxable profits being less in FY 2015 as compared to FY 2014 and also deferred tax asset arising in one of the subsidiaries on account of business loss being carried forward in FY 2015.

## Profit After Tax



The earnings per share for FY 2015 was 1.52 cents as compared to 2.44 cents in FY 2014. Below is a comparison of the earnings per share for the past five years:

## Earnings Per Share



## EBITDA

EBITDA decreased by \$7.31 million from \$17.50 million in FY 2014 to \$10.19 million in FY 2015.

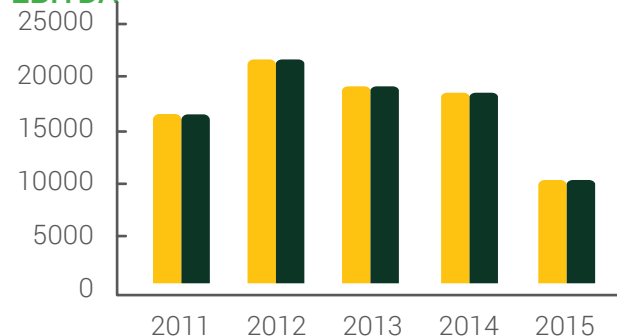
The drop of \$6.04 million in the market value of financial assets, at fair value through profit or loss mainly resulted in the decrease in EBITDA in FY 2015.

The details of EBITDA calculation are as below:

EBITDA*	FY 2015 \$ '000	FY 2014 \$ '000
Net Profit	10,263	16,517
Add/(Less):		
Interest Expenses	2,592	642
Taxes	232	1,302
Depreciation	458	345
Fair Valuation gain of properties	(1,222)	(304)
Divestment gains on available-for-sale financial assets	(2,343)	-
Divestment gains of investment property	(1,050)	(81)
Exchange differences	1,258	(920)
	<b>10,188</b>	<b>17,501</b>

\*Earnings before interest, tax, depreciation, exchange gains/losses, revaluation gains/deficit, divestment profits/losses

## EBITDA





# FINANCIAL REVIEW 2015

## Dividends

For FY 2015, the Directors have recommended a tax-exempt (one-tier) cash or scrip dividend of 3.55 cents per share to be approved by the shareholders at the Annual General Meeting.

The dividend yield for FY 2015 amounts to 13.65% based on the market price of 26 cents per share as at 31 August 2015 and the dividend payout ratio is 233.55% considering the earnings per share of 1.52 cents.

## Cash Flow

The net cash flow from operating activities was \$14.24 million in FY 2015.

Proceeds from divestment of financial assets, available-for-sale including capital distribution made by various REITs generated \$3.70 million.

An amount of \$5.20 million was realised from sale of investment property and the Group had drawn down an amount of \$128.28 million from banks.

The Group subscribed to rights issue and also purchased equity shares totaling \$0.32 million all of which were classified as available-for-sale. Purchase of fixed assets and improvements made to investment properties totaled \$4.28 million. An amount of \$133.04 million was utilised to repay bank borrowing. The above funds were also deployed to distribute dividends totaling \$10.16 million.

Cash and cash equivalents at the end of the period i.e. 31 August 2015 was \$7.08 million which was an increase of \$3.61 million from the \$3.47 million at the beginning of the period i.e. 31 August 2014.

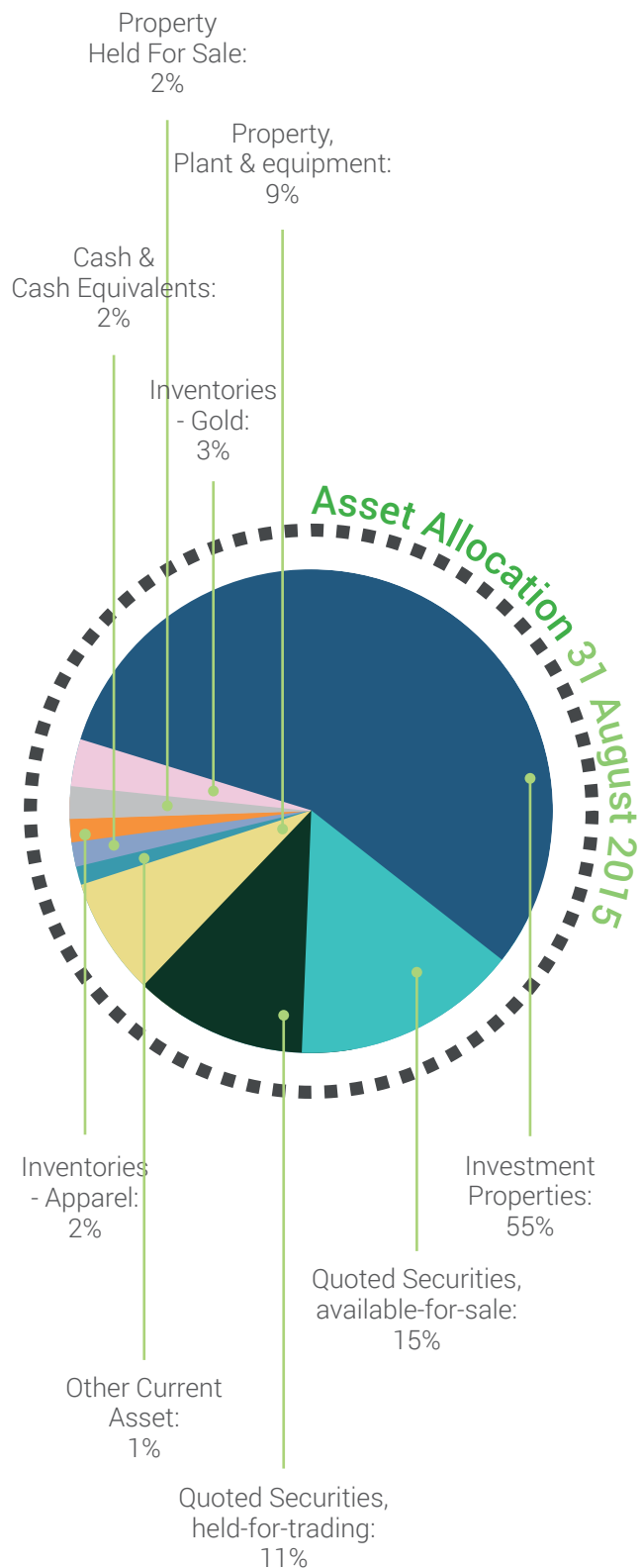
## Financial Position as at 31 August 2015

Investment properties of the group totalled \$192.91 million. In addition, \$27.88 million worth of properties owned by the group was classified as Property, Plant and equipment because they were all self-occupied. Thus the total value of the properties was \$220.79 million.

As at 31 August 2015 financial assets, available-for-sale comprised of shares valued at \$53.01 million and financial assets, held-for-trading comprised of fixed income securities and shares valued at \$20.72 million and \$18.15 million respectively. There was depreciation in the market value at end August 2015 as compared to end August 2014. The unrealised loss in fair value on financial assets, available-for-sale was \$5.25 million which was taken directly to equity while the unrealised loss on fair value of financial assets, held-for-trading was \$6.04 million which was taken to the income statement.

Inventories at end August 2015 totaled \$17.09 million of which \$10.10 million was gold stock.

The asset allocation of the group as at 31 August 2015 is shown in the below chart:



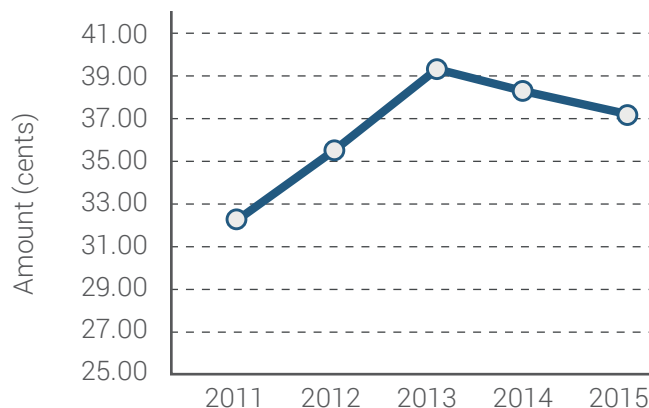
# FINANCIAL REVIEW 2015

## Working Capital

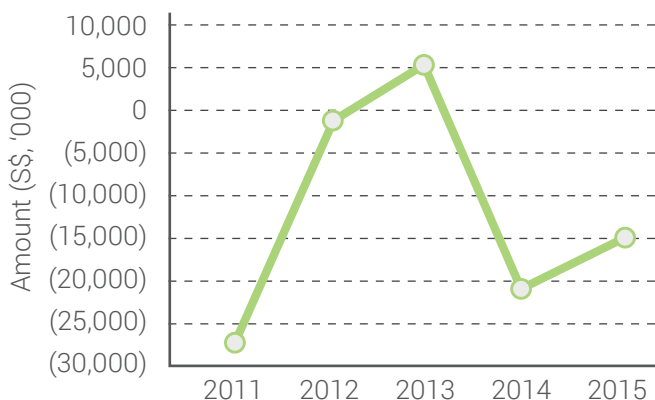
The working capital was negative, similar to the position as at 31 August 2014. This was because the group utilised short-term bank facilities in order to benefit from lower interest rates. These loans are rolled over on maturity and have the flexibility of repayment at anytime.

The Group had a negative working capital of \$15.40 million as at 31 August 2015 as compared to the negative working capital of \$20.23 million as at 31 August 2014.

## NTA Per Share



## Net Current Assets



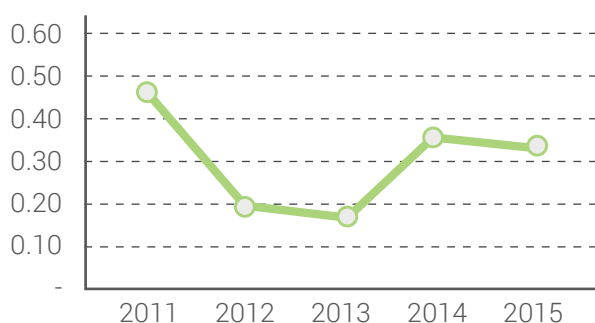
Below is an overview of the various bank facilities available and amounts utilised:

	Available limits S\$ million	Utilised limits S\$ million	% Utilised
STL	103.69	82.73	79.79%
Overdraft	1.30	-	0.00%
Trust receipt, LC etc	0.45	-	0.00%
LTL	5.84	5.84	100.00%
	<b>111.28</b>	<b>88.57</b>	<b>79.59%</b>

## Bank Borrowings

Long-term bank borrowings decreased from \$5.84 million in FY 2014 to \$5.31 million in FY 2015. Total borrowings of the group were \$88.57 million at end August 2015 while the borrowings totaled \$91.86 million at end August 2014. The gearing ratio of the group improved to 0.32 as at 31 August 2015 from 0.34 as at 31 August 2014. The gearing ratio is calculated as net debt divided by total equity where net debt is calculated as borrowings less cash and cash equivalents.

## Gearing



## Share capital

There was no movement in the share capital since the end of August 2014. As at 31 August 2015, share capital stood at \$120.14 million and there were 677.21 million shares in float as at 31 August. Total shareholders' equity amounted to \$254.30 million and NTA per share was 37.55 cents as at 31 August 2015.



## **GOLDEN CHANCE GOLDSMITH PTE LTD**

845 GEYLANG ROAD, #02-42 TANJONG KATONG COMPLEX SINGAPORE 400845

TEL: 67453577 FAX: 67456955

website: [www.goldenchance.com.sg](http://www.goldenchance.com.sg) Email: [goldenchance.sg@gmail.com](mailto:goldenchance.sg@gmail.com)





# PROPERTY PORTFOLIO & TENANTS' OPERATIONS REVIEW

## Commercial & Office

FY 2015 Appraised Value

**S\$ 220.8M**

Net Lettable Area

**43,701 sq ft**

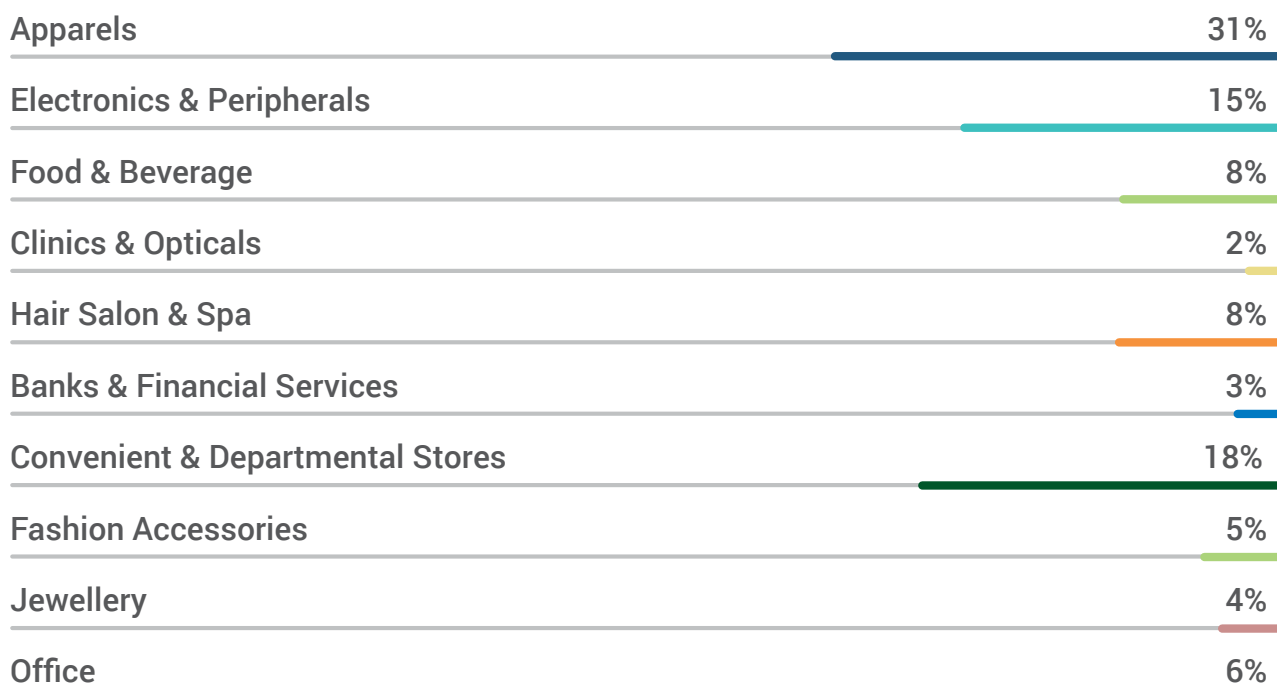
Current Utilisation

**Rented Out**

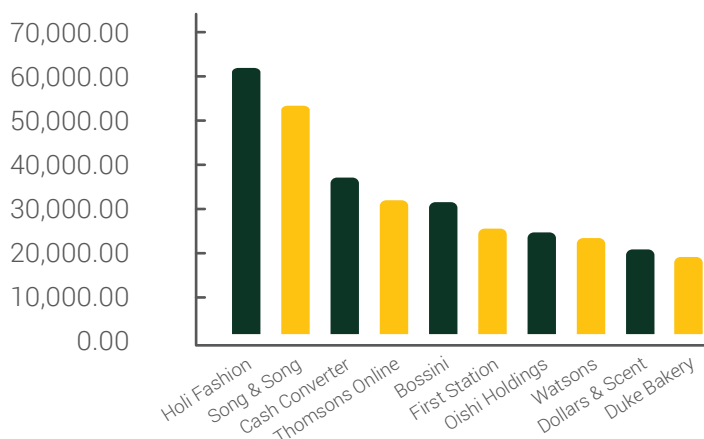
Occupancy Rate

**100%**

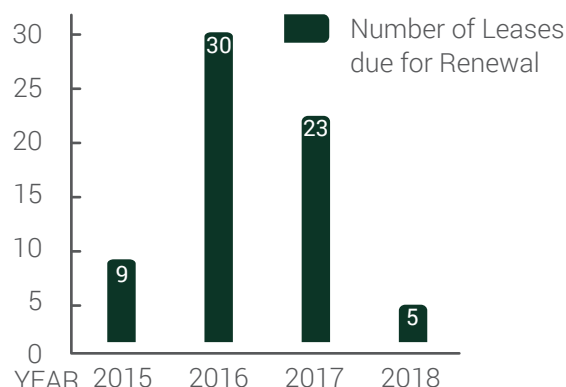
## Rental Income Contribution By Tenant Trade Sector



## Top 10 Tenants (Gross Rental Per Month)



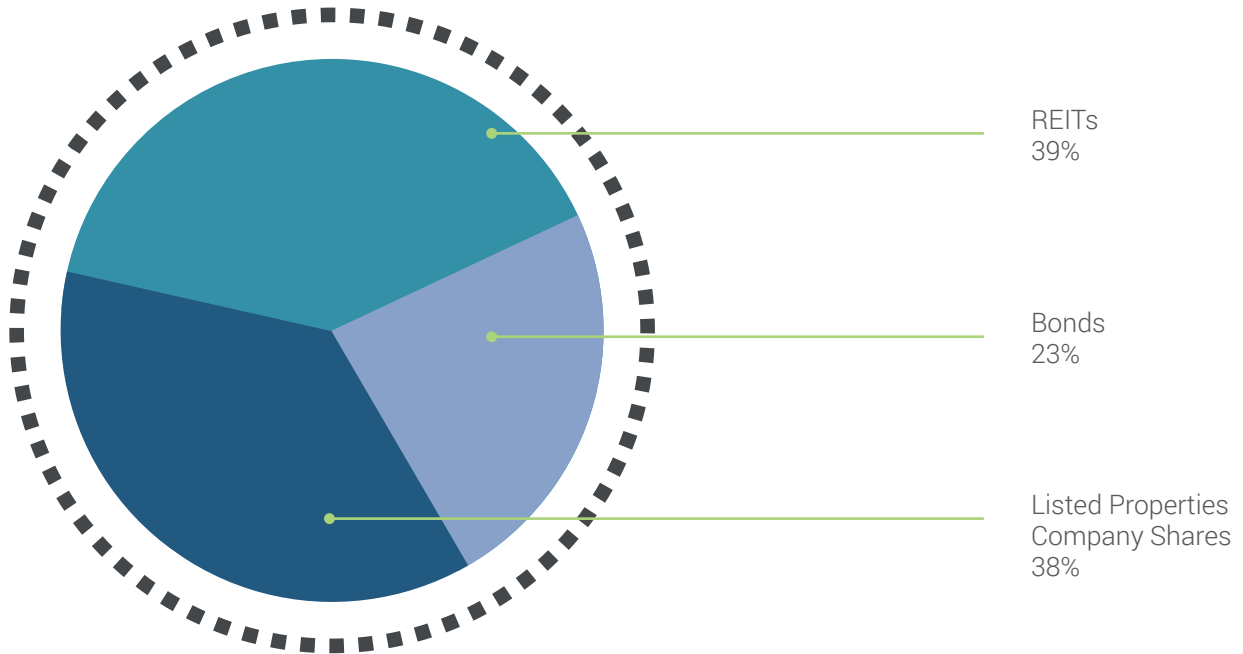
## Lease Expiry Profile





# QUOTED SECURITIES INVESTMENT OVERVIEW

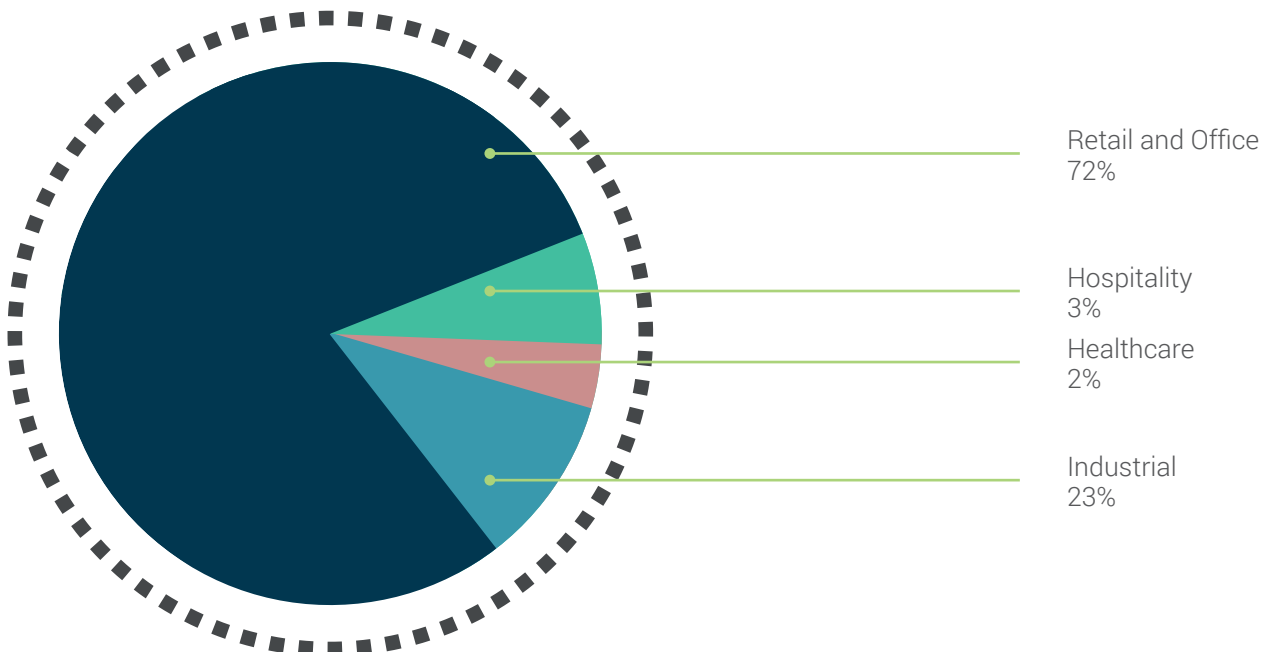
## Quoted Securities Investment Overview As At 31 August 2015



19

ANNUAL REPORT 2015

## Overview Of REITs Investment By Sectors



# PROPERTY LOCATIONS IN SINGAPORE



- 01 810 Geylang Road #01-43 City Plaza
- 02 810 Geylang Road #01-44 City Plaza
- 03 810 Geylang Road #01-45 City Plaza
- 04 810 Geylang Road #01-46 City Plaza
- 05 810 Geylang Road #01-47 City Plaza
- 06 810 Geylang Road #01-56/57 City Plaza
- 07 810 Geylang Road #01-60 City Plaza
- 08 810 Geylang Road #01-61 City Plaza
- 09 810 Geylang Road #01-81 City Plaza
- 10 810 Geylang Road #01-107 City Plaza
- 11 810 Geylang Road #02-49 City Plaza
- 12 810 Geylang Road #02-50 City Plaza
- 13 810 Geylang Road #02-51 City Plaza
- 14 810 Geylang Road #02-81/82 City Plaza
- 15 810 Geylang Road #02-86 City Plaza
- 16 810 Geylang Road #02-88 City Plaza
- 17 810 Geylang Road #02-105 to 108 City Plaza
- 18 Blk 214 Bedok North St.1 #01-161
- 19 Blk 710A Ang Mo Kio Ave 8 #01-2625
- 20 14 Scotts Road #02-40 Far East Plaza
- 21 14 Scotts Road #02-42 Far East Plaza
- 22 304 Orchard Road #01-56/57/58/59 Lucky Plaza
- 23 1 Park Road #01-32 People's Park Complex
- 24 1 Park Road #01-33 People's Park Complex
- 25 111 North Bridge Road #01-28/28A Peninsula Plaza
- 26 111 North Bridge Road #01-29 Peninsula Plaza
- 27 111 North Bridge Road #01-38 Peninsula Plaza
- 28 111 North Bridge Road #01-44 Peninsula Plaza
- 29 111 North Bridge Road #01-45A/B Peninsula Plaza
- 30 Blk 190 Toa Payoh Lor 6 #01-560



# PROPERTY LOCATIONS IN SINGAPORE



31	Blk 190 Toa Payoh Lor 6 #01-562
32	Blk 12 Haig Road #01-323
33	Blk 12 Haig Road #01-327
34	Blk 83 Marine Parade #01-562
35	Blk 83 Marine Parade #01-580
36	Blk 221 Boon Lay Shopping Centre #01-114
37	Blk 221 Boon Lay Shopping Centre #01-122
38	Blk 505 Tampines Central 1 #01-355
39	Blk 505 Tampines Central 1 #01-357
40	Blk 201B Tampines St 21 #01-1063
41	1 Rochor Canal Road #05-36 Sim Lim Square
42	1 Rochor Canal Road #05-53 Sim Lim Square
43	1 Rochor Canal Road #05-54 Sim Lim Square
44	1 Rochor Canal Road #05-60 Sim Lim Square
45	1 Rochor Canal Road #05-61 Sim Lim Square
46	1 Rochor Canal Road #05-62 Sim Lim Square
47	1 Rochor Canal Road #05-63 Sim Lim Square
48	1 Rochor Canal Road #05-64 Sim Lim Square
49	1 Rochor Canal Road #05-65 Sim Lim Square
50	1 Rochor Canal Road #05-72 Sim Lim Square
51	1 Rochor Canal Road #05-73 Sim Lim Square
52	1 Rochor Canal Road #05-74 Sim Lim Square
53	10 Anson Road #20-07 International Plaza
54	91 Bencoolen Street #07-01/02/03/04/05 Sunshine Plaza
55	Lot. 1.80, 1.81 & 1.82 Ampang Park Shopping Centre, Kuala Lumpur, Malaysia

**cashconverters**  
convert your thinking

**UOB**  
大華銀行



# FIRST LADY SHOPS IN MALAYSIA





# OUR FIRST LADY SHOPS IN MALAYSIA

## KUALA LUMPUR

Mega First Lady Lot 165-169 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur

## SELANGOR

Plaza Alam Sentral Lot 2.12 - 2.13, Plaza Alam Sentral Jalan Masjid, Seksyen 14, 40000 Shah Alam Selangor  
Selayang Mall Lot F.01 - F.02, First Floor, Selayang Mall Taman Selayang Utama 68100 Selayang  
Plaza Metro Kajang Lot F98A, 1st Floor, Plaza Metro Kajang, Seksyen 7 Jalan Tun Abd Aziz, 43000 Kajang Selangor  
Tesco Rawang F1 Tesco Rawang No 1 Jalan Rawang 48000 Rawang Selangor  
Giant Kinrara Lot G12, Jalan BK 5A/1 Bandar Kinrara, 47100 Puchong Selangor

## MALACCA

Tesco Melaka Lot 52 Jalan Tun Razak, 75399 Peringgit Melaka

## NEGERI SEMBILAN

Giant Kuala Pilah G20, 21 & 22 Giant Kuala Pilah, Jalan Merang, 72000 Kuala Pilah Negeri Sembilan  
Taipan Senawang No 42 Jalan Komersial Senawang 7, Taman Komersial Senawang 70450 Senawang Negeri Sembilan

## JOHOR

One Segamat Mall Lot G13 & G15 Ground Floor One Segamat Mall, Jalan Kolam Air 85000 Segamat Johor  
Kluang Mall L1-13 & I1-13A, 1st Floor, Kluang Mall Jalan Rambutan Bandar Kluang 86000 Kluang Johor  
Square One Lot F2 & F34, Level 2 Square One Batu Pahat Johor  
Plaza Larkin G11, Ground Floor, Plaza Larkin Jalan Garuda 80000 Johor Bahru  
Tesco Extra Plentong G21 Ground Floor, Tesco Extra Jalan Masai Plentong 81750 Johor Bahru  
Pasir Gudang Lot 302B Komplek Pusat Bandar Pasir Gudang Johor Bahru  
Danga City Mall L1 - 13A, 15, 16 & 17 Danga City Mall Jalan Tun Abdul Razak 80000 Johor Bahru  
Danga Value Buy Level 1-11A & B, Danga City Mall Jalan Tun Abdul Razak, 80000 Johor Bahru  
U Mall G 13 & 14 U Mall No 45 Jalan Pulau Utama 20 Taman Pulau Utama 81110 Skudai Johor Bahru

## PAHANG

Kuantan Parade F.20 First Floor Jalan Abdul Rahman, 25000 Kuantan Pahang  
Temerloh No 23 Jalan Sudirman 2, Bandar Semantan, 28000 Temerloh Pahang  
Berjaya Megamall Lot 1.19 - 1.22, First Floor, Berjaya Megamall, Jalan Tun Ismail, Sri Dagangan 25000 Kuantan Pahang

## TERENGGANU

Kijal Mall Lot G3 & 4, Kijal Mall, Bandar Baru Kijal 24100 Kemaman Terengganu  
Sura Gate Dungun Lot 10014 Ground Floor, Jalan Besar Sura Gate 23000 Dungun Terengganu

## KELANTAN

KB Mall Lot 1.07 - 1.08 First Floor Jalan Hamzah, 15050 Kota Bharu Kelantan

## PULAU PINANG

Tesco Sg Dua Lot 3, Ground Floor No 657 Jalan Sg Dua 11700 Sg Dua Pulau Pinang  
Tesco Seberang Jaya Lot F4, 1st Floor Jalan Persiaran Sembilang 13400 Penang  
Tesco Tanjung Pinang Lot F-19, 1st Floor Tesco Tanjung Pinang, No 1 Jalan Seri Tanjung Tokong 10470 Pulau Pinang

## KEDAH

Central Square Lot 3F 28-31, 23 Jalan Kg Baru 7999, 08000 Sungai Petani Kedah  
Alor Star 2 1563 Ground Floor, Jalan Kota Alor Star Kedah

## PERAK

Tesco Taiping Lot F2, First Floor Jalan Istana Larut, 34000 Taiping Perak  
Rapid Mall Lot 1.05 & 1.05A 1st Floor Jalan Changkat Jong 36000 Teluk Intan Perak  
Tesco Manjung Lot F32 & F33, First Floor Lot 16051, 32040 Sri Manjung Perak  
Mydin Meru Lot F05 Bandar Meru Raya, Mukim Ulu Kinta Daerah Kinta 30020 Ipoh Perak  
Mydin Gopeng Lot 90 & 91 Mydin Gopeng (Agro Mall), RTC Perak Kwsn Perindustrian Gopeng 2 KM16 Jalan Gopeng 31600 Gopeng Perak

# CORPORATE SOCIAL RESPONSIBILITY

24



## Special Dinner for the Less Privileged Families

In June 2015, the Group worked together with Association of Muslim Professionals to bring smiles to the beneficiaries under their "Adopt-A-Family-Scheme" programme. We donated and arranged for 200 beneficiaries from low income families to have a special dinner with a sumptuous buffet spread in a hotel, where for some, it was an exciting and rewarding first-time experience to have a good dinner in a pleasant setting. Green packets and gifts (in the form of food essentials) were also distributed on the day to the families.



## Sponsorship of a Theatre Show as part of SG50

Like for Singapore, 2015 is special for Second Chance Properties Ltd as we are celebrating our 40th anniversary. As Singapore mature from third to a first world status, we too have come a long way, from a sole-proprietorship of a tailoring shop to being a mainboard listed company with over S\$250M in market capitalisation. Singapore's economic progress for the last 50 years has provided us a unique and rewarding opportunity to pursue our vision. Together celebrating SG50, we look forward with enthusiasm and confidence to a brighter future.

We were the programme sponsor for a theatre production titled "The Life of Yusof Ishak" organised by Esplanade. All 5 shows were sold out with many enjoying the show and learning more about the first President of Singapore. We are glad to be part of this independent drama and arts production, where we hope to play our part to ensure the culture, history and heritage of Singapore continues to flourish.

## The Life of Yusof Ishak – First President of Singapore

In 1961, Singapore's first president, Yusof Ishak delivered a watershed speech at the National Day Mass Rally. A man of ideals who dared to dream of a peaceful and successful nation despite 200 years of colonial rule, he spoke of how democracy could transform Singapore into a country of great national unity and solidarity. This new play traces his humble beginnings as a journalist to becoming Singapore's first head of state and offers a rare glimpse into the life and times of this extraordinary leader who dedicated his life in service to Singapore.

This special commission for Pesta Raya 2015 is written by playwright & director Zizi Azah binte Abdul Majid and is based on her research and interviews.



**YUSOF**  
SINGAPORE'S FIRST PRESIDENT

**YUSOF**  
13 – 16 Aug 2015

Programme Sponsor  
**2<sup>nd</sup> CHANCE PROPERTIES**







# OUR NEW MEGA FIRST LADY



27

ANNUAL REPORT 2015



## Consolidating For **Opportunities**



## 22 FREQUENTLY ASKED QUESTIONS AND ANSWERS

The Company has chosen a list of 22 frequently asked questions at our Annual General Meeting (AGM) over the years. Most of the answers contain additional details not given at that point of time.

Since 2011, these 22 Q&A have become a permanent feature in our Annual Report. This year we have replaced 2 questions with new ones to reflect changes that have taken place so as to keep them relevant for our shareholders and other investors.

Apart from being transparent and improving upon our good corporate governance, we believe it will be helpful to all our shareholders especially those who do not attend the AGMs to have a better feel and understanding of the Company. It should also be of help to analysts and prospective investors.

### Disclaimer

It should be noted that the following answers are good at time of publication.

#### 1. Does the Company have a succession plan in place?

To be concern on succession planning is understandable, as a Company's share value can easily tumble with the wrong successor or in certain circumstances when a power struggle ensues.

It is a fact that some businesses are simpler to manage (like ours) than others and that there will be more capable individuals available to manage it than say certain high tech companies whose profitability is dependent on churning out new gadgets or products to replace those that are going obsolete.

Many years ago the Nominating Committee endorsed a proposal that Mr. Hasan Marican, the Deputy CEO, who has been with the Group for the last 32 years, to be the successor to the CEO in any eventuality. Thereafter, he together with the NC will appoint a Deputy CEO either from the Company or headhunted and preferably someone under 50 years old. After a year or two on the job, the Deputy CEO, if found suitable, should be promoted to the post of CEO and Mr. Hasan to being Executive Chairman. The Board of Directors who has been working with Mr. Hasan all these years and knowing his ability and his involvement in all aspects of the Group's business unanimously agreed with the Nominating Committee's endorsement.

The plan above is further reinforced this year with a succession team in place. We have earmarked and identified 3 executives within the group (all below 50) that will form the core of the team that will support the passing of the baton as part of the overall succession plan.

The Nominating Committee has also noted that the controlling shareholder and his family are supportive of their recommendation that professionals should be brought in on a need to basis.

#### 2. Why don't you spin all the properties into a REIT?

Many of our shareholders have reiterated that our company is like a REIT because we have been distributing high dividends. The question is should we be one?

One of the requirements of a Singapore listed REIT is ownership of a portfolio of properties valued at not less than S\$300 million. The total value of our properties is \$220.8 million as at 31 August 2015. Furthermore all our properties are strata titled and from what we understand, SGX is reluctant to approve a REIT that owns dominantly strata titled properties.

#### 3. Is there a need to impose a quota for women on our Board? You can still appoint one without a quota.

Almost all the consumers for our retail businesses are women. As such, it does make plenty of sense for our Board to have female representation. Furthermore, we believe that with their different backgrounds and perspectives, it will enhance decision making and help to mitigate "group think".

It is apparent that there is now increasing awareness, recognition and acknowledgement by people within the C-Suite that gender diversity makes a difference in the boardroom. This has led to many governments imposing quotas for women not only on corporate boards but also in the government sector.

We can appoint women without imposing a quota. We do want to ensure that this practice of gender diversification continues into the future. To us, succession planning is not only about having in place people of the appropriate competencies to succeed us but also to ensure that having gender diversity in our company will continue.



## 22 FREQUENTLY ASKED QUESTIONS AND ANSWERS

### 4. We understand that there will be a change to your Dividend Policy. May we know what it is?

We have been distributing high and increasing dividends every year for the last 10 years and providing dividend guidance well in advance. Recently, the Group's profits have declined and the near-term outlook for all our businesses is uncertain and challenging. Thus, we have reviewed our dividend policy and decided that a change is necessary to reflect the current situations. The quantum of dividends will now be decided and announced together with the Full Year results. However, we do intend to pay out dividends every year for as long as our cash flow permits.

### 5. Will our profits be affected if interest rate rises?

It is a common view that when there is an increase in interest rates, it will have a negative impact on profits. This is not necessarily so, as it depends on the quantum of increase as well as the businesses that one is in. In FY 2015, our interest expense was \$2.59 million. If interest rates doubled, it does not necessarily mean that our profits will be reduced by this amount.

Interest rate management is a tool commonly used by governments to control or mitigate rising inflation or an overheated economy. There are other factors in play that can counter the rise in interest rates affecting our profitability, such as an increase in value of properties and/or gold which can outweigh and compensate the additional interest expense. Higher interest rates are usually a result of an improving economy which should generally lead to a better business landscape and increase in profits.

### 6. Will the redevelopment of Paya Lebar Central have any effect on the Company?

The planned transformation of the area surrounding Paya Lebar MRT station into a Sub-Regional Centre will be a boon to us. In fact property values in this area have already increased and can be expected to increase further as the surrounding development take place.

The Company owns 24 retail properties in this vicinity valued at \$52.8 million as at 31 August 2015. 22 of these properties are at City Plaza and 2 at Blk 11, Haig Road.

### 7. What have you done to prevent fraud in the Company?

All organisations typically face a variety of fraud and misconduct risks. Companies, big and small, lose billions of dollars every year to frauds committed by their own employees. Although there is no foolproof way to prevent this, we have implemented a Fraud Prevention Policy, which we believe will go a long way to reduce or eliminate risks.

The key aspects of our plan are as follows:

- a. Being aware and alert to the various types of fraud that is unique to our business and taking the necessary steps to mitigate them.
- b. Implementation of a Whistle Blower Policy with a reward incentive.
- c. Emphasis on internal audits, both in house and by independent professionals.
- d. Appointment of Fraud Prevention Officer to constantly review all the anti-fraud controls in place and to detect, investigate and process any suspicion.

A major fraud can be catastrophic to any organisation. As such, we take this matter very seriously and even had gone to the extent of imposing a mandatory Casino Exclusion Order to all Executive Directors and key personnel of the Company.

Further, the Company has also included an indemnity clause to protect itself from avoidable losses. With effect from 1 January 2012, all Executive Directors and Key Management personnel of the Group had their Service Agreement renewed where they indemnify the Company of all losses incurred arising out of or on connection with any gross negligence, fraud or dishonesty committed.

### 8. Isn't it bad to have so many years of negative working capital?

It all depends. Negative working capital means that our current liabilities exceed our current assets. The situation only becomes dire if you are unable to pay your creditors when they insist on payment.

Most of our liabilities/debts are mortgages from our property investments. In a way we chose to be in this state of negative working capital by taking more short term rather than long-term loans. We find that it is to our advantage as short-term loans generally demand lower interest rates and thus cheaper to finance.



Another advantage is the flexibility in repaying and redrawing the loans, which is more like an overdraft facility. This further saves us interest payments as we repay the loans whenever our cash flow allows it. Our retail business is highly seasonal and produces high cash surpluses during peak periods.

The following points should allay any lingering concerns.

- a. We have a stable and sustainable recurrent rental income and a consistently profitable retail division, which provides good cash flow.
- b. The interest spread that a bank charges its customers is an indication of the customer's credit standing. We have been enjoying very thin margins, which reflect our bankers' confidence in our Company's stability.
- c. Our bankers, the people who should be most worried, do not insist or even mention that we should correct this negative working capital situation. None of our bankers include negative working capital as one of the loan covenants.
- d. We can easily correct this situation by converting most of our short-term loans to long-term loans.
- e. Our auditors have accepted our explanation and did not deem it necessary to make any mention in their auditors' report.
- f. If need be, to reduce debt, we can sell some of our properties or our investment in stocks/shares or raise fresh capital from our shareholders.

Negative working capital is not that unusual even amongst highly profitable multi-billion dollar companies.

**9. The Company's dividend payout in some years exceeds the net profits for the respective years. Is this a prudent practice?**

Dividends are distributed out of a company's profits for the year and if necessary, retained earnings, and the amount is recommended by the Board after considering the cash outflow, growth strategy for future etc.

Some shareholders are concerned when a company's dividend payout is more than the net profits. The rationale for the concern being, when dividends exceed net profits, past retained earnings are being utilized.

While it may be a genuine case for concern for shareholders of companies which distribute high dividends without the proper financial strength to support it, when there is a healthy balance sheet, good operating cash flows and low gearing, these concerns are unwarranted as is the case with our Company.

Let's take a look at the following example of Company A & B:

Both made a net operating profit of \$10 million in their 1st year and \$5 million in their 2nd year. Company A paid out dividends of \$9 million for Year 1 and \$4 million for Year 2, thus leaving \$2 million as retained earnings. Company B paid out \$5 million for Year 1 and \$6 million for Year 2 leaving \$4 million as retained earnings.

Somehow, some shareholders will consider Company A to be doing the right thing, but will look negatively at Company B in Year 2 for paying out more than it earns. The fact is that on the whole Company B's payout ratio is less than Company A's and its retained earnings is higher.

Like Company B, our Company manages its dividend distribution so as to give consistent dividends in good and bad years. We also manage the payout by using scrip dividends in certain years.

**10. What about expanding Golden Chance into the Malay market in Malaysia?**

In fact, we had opened Golden Chance in Kuala Lumpur in 1995. Thereafter, we realised that the same strategy that made Golden Chance such a success in Singapore could not be replicated there as the same set of circumstances that favoured Golden Chance in Singapore was not present in Malaysia.

The following comparisons will give us a clear understanding of the situation.

There is only 1 Malay language newspaper and 1 free to air Malay TV channel in Singapore which enable us to reach nearly all of our targeted customers at relatively low cost. In Malaysia, there are 12 Malay language newspapers and 6 free to air TV channels and it will be very costly to reach the target customers, unless you have many outlets all over the country.

## 22 FREQUENTLY ASKED QUESTIONS AND ANSWERS

Being a small island, all Malays wherever they live can easily patronise Golden Chance located in our traditional Malay shopping district. The majority of Malays in Malaysia will not visit our store there due to the sheer distance that they have to travel.

Sales of gold jewellery are dependent on a high level of disposable income. The ordinary Malay Singaporean has a much higher disposable income than their counterpart in Malaysia.

Although Golden Chance Malaysia was making a small profit, we knew it would be an uphill task to improve upon it. The only way to make much more profits was to open many more outlets. As it will entail very high capital outlay, we decided that it would be much easier and a better bet to use this capital to make the same profit if not more by investing in retail properties in Singapore. We have benefited from the capital appreciation of these properties and now enjoy a stable source of sustainable recurrent rental income.

### 11. What would you consider to be the biggest risk facing your Company?

All companies are exposed to many different risk factors. Some risks can be effectively reduced with implementation of good internal controls. There are also risks and uncertainties, which are more difficult to implement counter measures and anticipate. One major risk that is beyond our management's control is a period of prolonged and severe deflation such as the experience of Japan's economy over the last two decades.

As inflation is good for us, deflation will be bad in that it causes a general decrease in prices of goods and services. The real estate properties we own will fall in value together with our rental income. Most businesses including those in retail will be hard hit. Our debts will become relatively more expensive to repay. We may see some tenants defaulting in their rental payments.

Awareness and understanding of this risk should help us mitigate its negative effects. If a prolonged and severe deflation is anticipated in Singapore, we should sell as many of our assets as possible to raise as much cash as possible. Cash is truly KING in such a dire situation.

### 12. You issue scrip dividend to conserve the company's funds but at the same time are buying back shares using the same funds. What is the rationale behind this?

Indeed it looks contradictory because both schemes took place at the same time. On its own or separately, both of these schemes are generally viewed as positive by shareholders.

Both have different objectives. Basically the scrip dividend is to conserve funds to fuel future growth and the share buyback to increase shareholders' value. To achieve both objectives of growth and improvement of shareholders' value will require the use of the same funds.

The Company has the flexibility to determine to its advantage the use of this fund for repurchasing its shares or for growth opportunities. As repurchasing of shares will only be done at prices it deem reasonable, in all probability only a small percentage of the funds will be used for the share buyback.

In its efforts to increase profits and improve shareholders' value, any perceived or actual conflicting situation is justifiable as long as it benefits all shareholders.

### 13. What if the price of gold continues to drop?

Gold prices have dropped considerably since its recent peak at over USD\$1,900/ – per oz.

When the gold price was continually moving up over the last few years, our revenue and volume of gold sold dropped in tandem as higher prices deterred gold purchases. However, it led to higher gross margin due to the fact that the gold items purchased earlier at lower cost yield bigger profits.

If the gold price continues to slide or drop from current levels, the reverse will take place, that is our revenue and volume of gold sold should increase while gross margin decreases.

Profitability of the gold segment depends on the quantum of increase in revenue/volume relative to the decrease in gross margin. A bigger increase in revenue with a smaller decrease in gross margin will lead to higher profits and vice versa.

Profits will be more stable if prices increase or decrease gradually over a longer period of time. With gold prices stabilising after the substantial decline from the peak, the risk of a sudden collapse in prices has been reduced.

The company does not use any derivatives to hedge gold prices but instead manages its gold stock by increasing its holdings as prices drop and decreasing it when prices increase. This has helped to mitigate the fall in profits during the recent gold sell off.

#### 14. What is your gearing policy?

Leverage is a powerful tool that can rapidly increase shareholder's wealth and as it cuts both ways, it can as easily destroy shareholders' value too.

To maximise our profits, we take a moderate path and is comfortable with a gearing level of below 1 times. Since our listing in 1997, there was only a short period of several months at the end of 2003 when our gearing increased to 1.12 times.

Our strong profits coupled with good cash flow and multiple times of interest coverage acts as a buffer against any sudden economic downturn or negative change in circumstances.

It should be noted that our mortgage loan covenants allows us a gearing of up to 1.5 times. We calculate gearing as a ratio of Borrowings less Cash & cash equivalents to Total equity.

#### 15. Your recent increase in profits is mainly from the surplus in property valuation and not from your core activities.

Many Shareholders still continue to perceive the gain in property revaluation as separate from profits. Probably this could be due to it being unrealized.

Under recent changes to accounting rules, we have adopted the fair value model under FRS 40 whereby all investment properties must be revalued every year and a gain or loss shall be recognized as profit or loss for that period. This mark to market approach is more transparent and makes it easier to know the real profit of a Company.

Of our four core businesses, property investment is the biggest contributor to Group profits. We invest in properties not only for the rental income but also to benefit from capital appreciation, which becomes part of the total profit or loss of the investment.

In assessing our loans, all our bankers take into account the revalued amount and not the actual cost of the property. As we have to revalue all our investment properties at the end of every financial year, shareholders should get used to the fact that there will be a gain or loss added to our total profits.

**The following drastic example should provide a better illustration:**

Fifty years ago a bungalow was purchased for S\$50,000/-. Today it is valued at S\$5 million. Sold or unsold the owner has made a S\$4.95 million profit.

#### 16. Why is your cash balance on hand always very low?

We leverage to increase the returns on our property investments, which result in the Company being always in a debt position.

As interest on outstanding debt is payable on a daily basis, it makes financial sense for us to keep our cash on hand as low as possible, thereby saving interest expenses and increasing our profits.

Being prudent, we do not utilize all our Revolving Loan Facilities at any point in time so as to allow us to draw down cash as and when required.

If need be we can liquidate our REITS investment and also part of our gold holdings to raise immediate cash.

Furthermore our retail sales and rental income provide cash on a daily basis.

#### 17. What is the rationale for issuing warrants at regular intervals?

The Company's share price languished well below book value for several years since our IPO in 1997. One of the main reasons that could be attributed to this dismal situation was our small float which led to low liquidity.

The smaller the float, the more volatile a stock can become as it is harder to match buyers and sellers. For this reason, many investors tend to avoid stocks with small floats.

## 22 FREQUENTLY ASKED QUESTIONS AND ANSWERS

To overcome this situation, we decided to issue warrants which will help to increase the float when they are exercised. Warrants also tend to attract punters and speculators and in turn help the Company shares to be more exposed. The proceeds from warrants can also be utilized prudently by the Company for making strategic investments, reducing bank borrowings, meeting general working capital requirements, etc.

We have issued bonus warrants thrice in the last nine years and intend to continue doing so. We find that Shareholders are favourable to this form of capital raising as it gives them flexibility and time as compared to say a Rights Issue.

### 18. There is a lot of warrant outstanding and I am worried that it will lead to much dilution.

The Company's outstanding warrants will expire on 24 July 2017. It should be noted these 577,024,950 new warrants are exercisable only during the fifth (5) year of the warrants i.e. from 25 July 2016 to 5.00 pm on 24 July 2017. As such, there is no question of dilution in the first four years.

Further, one should also not assume that most or all of these warrants will be converted into ordinary shares. At present the warrants are "out of money" and if this situation remains until expiry date, in all probability, none will be converted.

For argument sake, let us assume that the warrants are exercised leading to an increase in the number of shares of the Company's stock that is outstanding. The question we should ask is what is likely to happen. Following are some possibilities;

- a. The degree of dilution will depend on the number of warrants converted.
- b. A lower earnings per share and in tandem a lower share price which is basically the worry of shareholders
- c. The new money raised will initially be used to pay off debts resulting in much lower gearing or leading the company into cash on hand position. Profit will increase by the amount of interest expense saved.
- d. It will strengthen the Company's capital base making it financially stronger and providing ammunition for growth.
- e. The increase in outstanding shares should improve the much-needed liquidity of the Company's shares.
- f. Increased liquidity and a stronger capital base might lead to investors pricing the Company's share at a higher multiple.
- g. The drop in earnings per share might be temporary if management wisely deploys the newly raised capital resulting in higher profits.

### 19. How are you going to overcome the present setbacks and revive the profitability of the Group?

The set of factors that favoured our growth – such as low interest rates, rising rental and property values, rising gold prices, less-intensive competition in the apparel sector/business – have all changed or reversed, affecting our profitability.

We believe patience is a virtue in these trying circumstances and would not want to rush into any new ventures or expansions risking our profitability which we intend to maintain.

Business has always been equated with fighting a war and on the battlefield the wise move to make in overcoming setbacks and facing adversaries is to withdraw, regroup and fight another day.

As such, after much discussion and brainstorming, we have decided on the following:

- a. To consolidate our position while waiting for favourable situations or opportunities to arise.
- b. To reduce our debt and keep gearing level very low by gradually reducing our bonds and equities portfolio and continuing to monetise our profits on the investment properties.
- c. To reinvent our apparel business by reducing the number of 'small outlets' by closing non-performing or marginally profitable retail stores and focusing on a new business model under Mega First Lady.
- d. To launch an online portal combining both retail and wholesale under one platform.



**20. I feel that your remuneration is quite high. Can we understand how is it fixed?**

The company strongly believes that the CEO's bonus should be totally pegged to performance. At present, his bonus is 4% of the Group's profit before tax for the year with a cap of S\$1 million and excludes items such as fair valuation and realised gains or losses on investment properties and shares.

Unlike many companies where CEOs continue to collect huge bonuses even in loss making years, the CEO of this company will not be entitled to any bonus, if there are no operating profits.

The CEO's present salary of S\$13,500 per month is way below the market standards. The CEO himself had turned down past attempts by the Remuneration Committee to increase his salary. In fact, he voluntarily lowered his bonus from 5% to the current 4%. A general comparison of his total remuneration with that of his peers in similar sized companies and profitability will show that he is not that highly paid.

**21. Indonesia has a large Muslim population. Shouldn't First Lady expand into this market?**

Indeed Indonesia has the largest Muslim population in the world. However, we have not expanded there as yet because of the country's protectionist measures against foreign retailers.

Recently they have allowed big retailers such as supermarkets and departmental stores to operate. Franchises have also been allowed particularly in the Food & Beverage business with one of the conditions that local ownership has to be 100% Indonesian.

New regulations have now been introduced to further protect small retailers especially those in traditional businesses. The numbers of outlets of franchises are now restricted and as much as 80% of their inventory must be locally made products.


It seems that we will have to wait until such time that the ASEAN Free Trade Area is fully implemented.

**22. Why is the Company investing in bonds?**


It is good that you have raised this question as probably many of our shareholders are also wondering the same.

Due to our very low gearing and in order to compensate the loss of rental income from the sale of several properties, we have reinvested \$26 million of the sale proceeds into a diversified bond portfolio that provide us an average yield (without taking into account the trading profits/losses) of approximately 5.60% per annum.

At the appropriate time especially when opportunities to invest in real estate arise and our gearing increases we will dispose off the bonds that are in the money while holding on to others until maturity.



Corporate Governance .....	<b>37</b>
Directors' Report .....	<b>53</b>
Statement by Directors .....	<b>56</b>
Independent Auditor's Report .....	<b>57</b>
Consolidated Statement of Comprehensive Income .....	<b>58</b>
Balance Sheets .....	<b>59</b>
Consolidated Statement of Changes in Equity .....	<b>60</b>
Consolidated Statement of Cash Flows .....	<b>61</b>
Notes to the Financial Statements .....	<b>62</b>
Statistics Of Shareholders .....	<b>102</b>
Statistics Of Warrantholders .....	<b>104</b>
Notice Of Annual General Meeting .....	<b>105</b>
Proxy Form .....	



# CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to consistently maintain a high standard of corporate governance in conformance with the latest Singapore Code of Corporate Governance (updated 2 May 2012) as well as the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX") within Second Chance Properties Limited (the "Company") and its subsidiary corporations (the "Group"). The Board aims to lead by example and learn from experience. The Board believes that it is imperative to adopt and follow the corporate governance practices contained in the Code of Corporate Governance ("Code") not only at the board level of holding company but throughout the organisation as a part of its culture so as to ensure greater transparency, consistency and enhancement of long term shareholder value. This statement outlines the key corporate governance practices that were in place throughout the financial year and up to the date of this report.

## Principle 1: THE BOARD'S CONDUCT OF AFFAIRS

### 1.1 Principal duties of the Board

The Board is responsible for the overall management of the Group focusing on long term health along with the holistic success of business and its financial strength. The other principal functions of the Board include formulating corporate strategies of the Group, reviewing financial performance, setting direction and goals for the executive management, supervising executive management and monitoring performance of these goals as well as guiding the Corporate Social Responsibility (CSR) activities. The Board also establishes 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. The Board should ensure that Corporate Governance acts as a tool to maintain highest standards of management and business integrity.

### 1.2 Board Process

The Board objectively takes decisions in the interests of the Group. The authority of the Board in relation to matters concerning the Group's business affairs are defined in the Risk Governance Framework and Manual of the Group. The Board has delegated specific responsibilities with distinct guidelines to three committees namely Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") to assist in the efficient execution of its responsibilities. Furthermore an Advisory panel is enacted by the Board to render supplementary assistance to the Board. These committees along with the Advisory Panel function within clearly defined Terms of Reference, which clearly sets out the objectives, duties, powers and responsibilities which are reviewed on a regular basis. The Board also constantly reviews the effectiveness of each committee and may further build up other committees as dictated by imperatives.

The Group has formalised a Board authority matrix and the authority delegated to Management. This contains approval limits as well as the Committees and Management designations responsible for authorisation of key activities and/or transactions. Such activities and/or transactions which require Board approval relate to significant investments/divestments, financing arrangements, interested persons transactions, capital expenditure, financial budgets, share issuance and dividend payments and any material transactions which require announcements under the SGX Listing Rules.

The Board meets at least once every quarter to review the quarterly results and also on an ad-hoc basis, when ever necessary to address any specific significant matters that may arise. In between these meetings, the Board discusses matters over the tele-conference, electronic and other communication facilities which permits all parties to communicate with each other simultaneously.

Dates of all Board and Board Committee meetings as well as the Annual General Meeting are fixed in advance in consultation with the Directors and relevant agenda papers are also circulated to all Directors in advance through email. Minutes of all the Board committees are also circulated to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during the Committees' meetings.

Directors are encouraged to attend, at the Group's expense, relevant and useful seminars and courses for their continuing education and skills improvement that are conducted by external organisation to keep in pace with new laws, regulations, changing commercial risks and financial reporting standards.



# CORPORATE GOVERNANCE

A record of Board and Board Committee meetings held during the year under review from the date of the last report 1 December 2014 till the date of this report 4 December 2015 and the attendance of each Director where relevant is as follows:

	<b>Board</b>	<b>NC</b>	<b>RC</b>	<b>AC</b>
<b>No. of meetings</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>4</b>
No. of meetings attended by respective Directors:				
Mr. Mohamed Salleh	4	2 #	2 #	4 #
Mr. Mohamed Hasan	4	2 #	2 #	4 #
Mr. Dev Pisharody	4	NA	NA	4 #
Mr. Choo Chee Kong, Peter *	4	2	2	4
Ms. Geetha Padmanabhan	4	2	2	4
Mr. Bobby Jayaraman **	4	2	2	4

# By Invitation

\* Resigned on 09 November 2015

\*\* 3-year term will end on 30 December 2015

## 1.3 Matters Requiring Board Approval

The Board has identified a number of key areas for which the Board has direct responsibility for decision-making. The Board also reviews Interested Persons Transactions and the Group's internal control procedures. The Board approves major investments and funding decisions. The Board serves as the ultimate decision making body of the company, except for those matters reserved to or shared with the shareholders.

The Board also discusses and considers the following corporate matters: -

- Approval of quarterly and full year result announcements;
- Approval of the Annual Reports and accounts;
- Convening of shareholders' meetings;
- Approval of corporate strategies;
- Material acquisitions and disposal of assets;
- Investments or expenditures exceeding set material limit;
- Review of management performance and compliance of values and standards. and
- Identifying key stakeholders and assessing their perception of the company's reputation

## 1.4 Board Orientation and Training

Directors bring to their Board a wealth of experience, diversified knowledge and skills generated over their careers. Nevertheless, Board designs and implement an orientation program for new directors. On appointment, a formal letter is provided to their setting out the terms and conditions of their appointment and explaining the regulatory requirements that a Director has to comply with on appointment.

The Executive Directors conduct an orientation programme for newly appointed Directors to make the most of their existing knowledge base by filling any knowledge gaps, typically concerning the company's industry, the competition landscape and technical issues. They are also briefed on the governance practice including Board process, policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price-sensitive information. There was no new Director appointed during FY 2015.

## Principle 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises six Directors, three of whom are Independent Non-Executive Directors. The quorum for all Board meetings is four. All the Directors are residents in Singapore. The Directors of the Company as at the date of this statement are:

Mr. Mohamed Salleh s/o Kadir Mohideen Saibu Maricar  
*Chairman & CEO*

Mr. Mohamed Hasan s/o Kadir Mohideen Saibu Maricar  
*Deputy CEO*

Mr. Devnarayanan s/o K.R. Pisharody  
*Executive Director*

Mr. Choo Chee Kong, Peter \*  
*Lead Independent Non-Executive Director*

\* Resigned on 09 November 2015

Mr. Bobby Jayaraman \*\*  
*Independent Non-Executive Director*

\*\* 3-year term will end on 30 December 2015

Ms. Geetha Padmanabhan  
*Independent Non-Executive Director*

The Board regularly examines its size and is satisfied that the current composition and size is conducive to make decisions expediently with the benefit of various perspectives and skills, and in the best interests considering the nature and scope of the Group's operations. The Board also seeks to ensure that the Directors provide diversity to the Board in terms of their skills, expertise and core competencies.

The profile of each Director is given on pages 4 – 6 of this Annual Report.

The Chairman and Chief Executive Officer ("CEO") are the same individual. The Board is of the view that this arrangement does not impair the effectiveness of decision making. There are sufficient independent representations in the sub committees of the Board which provide an independent and objective element of the Group and strategic decision making.

The NC is of the view that the current Board comprises persons who as a group have core competencies necessary to lead and manage the Company effectively. The Nominating Committee is satisfied that sufficient time and attention was given by directors to the affairs of the Group, taking into consideration the Director's number of listed company Board representation and other principal commitments.

### 2.1 Independent Directors

The Board has three Directors who are independent members. The criteria for independence are determined based on the definition as provided in the Code.

The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment of the Group's affairs with a view to the best interests of the Company.

Independent directors adopt an oversight role to ensure that corporate assets are exclusively utilized for the benefit of the company. The Independent Non-Executive Directors participate actively in the Board meetings where they constructively challenge and help develop proposals on business strategies and review management performance against business objectives. Where required, the Independent Non-Executive Directors shall also convene meetings to address adhoc or urgent Group related matters. They deliberate and engage constructive dialogue (either as a non-executive group or with management) in order to proactively provide independent advice on business implications and proposed action plans.

# CORPORATE GOVERNANCE

There is no Independent Director who has served on the Board beyond nine years from the date of his or her first appointment. As and when directors serve beyond nine years, the Nominating Committee shall perform a rigorous review to assess their independence. The Nominating Committee evaluates the independence of a Director in accordance with the definition of "Independent Director" as defined in Guideline 2.3 of the 2012 Code.

## Principle 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Mr. Mohamed Salleh is the CEO of the Group since its founding in June 1975 and was also re-appointed the executive Chairman on 30 November 2013 after retirement of Dr. Ahmad Magad, JP.

As the CEO and Chairman, Mr. Mohamed Salleh plays a vital role in assisting the Board to develop policies and strategies and ensuring that they are implemented effectively, casting values with his exhaustive knowledge of business and industry. He ensures that decisions on important matters are made after extensive deliberation and in consultation with the entire Board. He also engages in constructive communication with shareholders at the General Meetings. He exercises objective judgment on corporate matters impartially, thus ensuring a balance of power and authority. He reviews Board papers before they are presented to the Board and ensures that the information provided is accurate, and consists of authentic details.

The independent element is further strengthened by the appointment of Mr. Choo Chee Kong, Peter\* as the Lead Independent Director. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of Chairman, the CEO or the Chief Financial Officer ("CFO") has failed to resolve or is inappropriate.

\* Resigned on 09 November 2015.

## Principle 4: BOARD MEMBERSHIP

### NOMINATING COMMITTEE

The Nominating Committee ("NC") comprises of three members, all of whom are Independent Directors. The quorum for the NC meeting is two.

The members of the NC are:

Mr. Choo Chee Kong, Peter \*  
*Chairman, Independent Non-Executive Director*

\* Resigned on 09 November 2015

Mr. Bobby Jayaraman \*\*  
*Member, Independent Non-Executive Director*

\*\* 3-year term will end on 30 December 2015

Ms. Geetha Padmanabhan  
*Member, Independent Non-Executive Director*

The NC's principal functions include the following:

#### A. Review and recommend to the Board on key executive and all Board appointments:

The NC has put in place a formal process for the selection of new Directors to increase transparency of the nominating process in identifying and evaluating nominees for Directors. The NC leads the process and makes recommendations to the Board as follows:

- a) NC evaluates the balance of skills, knowledge, diversity and experience on the Board and in the light of such evaluation and in consultation with management, determines the role and the desirable competencies for a particular appointment.
- b) External help (for example, SID, search consultants, open advertisement) may be used to source for potential candidates if need be. Directors and management may also make recommendations.
- c) NC recommends and arranges Board members to meet up with the short-listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required.
- d) At the subsequent Board meeting, members deliberate and approve the most suitable candidate.



In search for nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should possess, based on a matrix of the attributes of existing Board and the requirements of the Group. All new appointments are subject to the recommendation of the NC based on the following objective criteria:

- a) Integrity
- b) Independent mindedness to evaluate new information, while still maintaining ability to learn from past
- c) Diversity - Possess core competencies that meet the needs of the Company and complement the skills and competencies of the existing Directors on the Board
- d) Able to commit time and effort to carry out duties and responsibilities effectively - proposed Director is on not more than five listed Company Boards
- e) Proven track record in collaborating with leaders to develop a business benefiting strategy
- f) Experience in the relevant field
- g) Financially literate, effective coach and a great mentor.

The Chairman in consultation with the Nominating Committee proposes new directors to be appointed to the Board or seeks the resignation of directors. Any potential conflict of interest is also taken into consideration.

#### B. Review and recommend to the Board on re-appointments:

The NC is also charged with the responsibility of re-nomination having regard to the Director's competencies, commitment, contribution and performance (such as attendance, preparedness, participation and candor), with reference to the results of the assessment of the performance of the Individual Director by his peers. The NC also strives to strike a balance between appointing a new director and re-electing an existing director with specific basis for retaining long standing director.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Company's Articles of Association, one-third of the Directors shall retire from office at the Company's Annual General Meeting ("AGM") and a newly appointed Director must submit himself for re-election at the AGM immediately following his appointment.

Where, by virtue of any vacancy in the membership of the NC for any reason, the number of members of the NC is reduced to fewer than three (or such other number as may be determined by the SGX-ST), the Board shall, within three months thereafter, appoint a sufficient number of new members to the NC. Any new member appointed should hold office for the remainder of the term of office of the member of the NC in whose place he or she is appointed.

The NC is satisfied that the current size and composition of the Board is adequate to meet the Company's existing scope of needs and the nature of operation. From time to time, the NC will review the appropriateness of the Board with regard to structure, size and composition; considering the changes in the nature and scope of operations as well as the regulatory environment.

#### C. Determine the independence status of the Independent Directors annually:

In accordance with the requirements of the Code, the NC has reviewed the status of the Independent Directors and is of the view that they are in compliance with the Code's definition on independence.

#### D. Decide whether a Director who has multiple Board representations is able to and has been adequately carrying out his duties as Director of the company

All Directors are required to declare their Board representations. When a Director has multiple board representation, the NC will consider whether the Director is able to adequately carry out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC has reviewed and is satisfied that Mr Choo Chee Kong, Peter\* who sits on multiple boards, has been able to devote sufficient time and attention to the affairs of the Company to adequately discharge his duties as Director of the Company, notwithstanding his multiple board appointments.

\*Resigned on 09 November 2015

# CORPORATE GOVERNANCE

## E. Review and make recommendations to the Board on relevant matters relating to the succession plans of the Board

Currently, there is an informal succession plan put in place by the CEO. Going forward and at the relevant time, the NC will look into such plan in close consultation with the CEO.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he or she is interested.

### **Principle 5: BOARD PERFORMANCE**

A review of the Board's performance is conducted by the NC annually to assess its effectiveness and reporting to the stakeholders. The NC has adopted a formal process to assess the effectiveness of the Board and committees of the Board as a whole considering qualitative measures such as setting of strategic decisions and achievement, quality of risk management and adequacy of internal controls.

The evaluation exercise is carried out by requiring the Directors to complete a Board Assessment Checklist to be returned to the NC chairman for evaluation. The evaluation considers the key performance namely Board size and composition, Board independence, Board processes, Board information and accountability, Board performance in discharging principle functions, Board committee performance, interactive skills, knowledge, Directors duties, availability at meetings, financial targets and overall contribution.

The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's performance. Individual evaluation aims at determining whether each director contributes effectively and demonstrates commitment.

Upon reviewing the assessment, the NC is of the opinion that the Board and each Director have been effective since their appointment.

The NC has also reviewed and recommended that the following two Directors, who will retire by rotation pursuant to the Company's Articles of Association, being eligible and having consented, be nominated for re-appointment at the forthcoming Annual General Meeting ("AGM"):

<b>Name of Director</b>	<b>Appointment</b>	<b>Last elected</b>
Mr. Mohamed Salleh	Chairman & CEO	31 December 2013
Mr. Mohamed Hasan Marican	Deputy CEO	31 December 2013

Further in view of our desire to instil a strong and independent element on the Board, the Board has accepted the following recommendations made by the Nominating Committee with effect from 1 January 2013.

#### Maximum Length of Service of Independent Directors

An Independent Director may remain in that position for a maximum period of six (6) years only and the one acting as Chairman or Lead Independent Director of the Group or Chairman of the AC may serve an additional three (3) years, making a total of nine years' service.

#### Multiple Directorships

The maximum number of listed company Board representations that a Director in full-time employment may hold is five (5). The Nominating Committee may consider for the Board's approval, a Director holding more than five Directorships in listed companies if he or she is not in full-time employment or retired.

However, a Director who holds more than five (5) listed company representations should be rigorously assessed by the Board to ensure that sufficient time and attention is given to the affairs of each company and he or she is able to and has been adequately carrying his/her duties as a Director of the Company.

#### Board Composition

At all times and irrespective of whoever holds the position of Chairman & CEO, at least half the Board should consist of Independent Directors and Non-Executive Directors, if any.

## Principle 6: ACCESS TO INFORMATION

The Board has separate and independent access to the senior management, external Auditors and the Company Secretary at all times. The Management deals with requests for information from the Board promptly. The Board is informed of all material events and transactions as and when they occur. Prior to each Board meeting, the Management provides the Board all information pertinent to the details of minutes of previous Board meeting, minutes of meeting of all Committees of the Board held since the previous Board meeting, issues dealt by management, relevant budgets, forecasts and projections, major operational and financial issues, statistics on key performance indicators, statistics on customer satisfaction and on the agenda of the meeting. The Management also regularly updates the Board on the Group's performance and consults with Board members whenever necessary and appropriate.

Key matters requiring decision are reserved for resolution at Board meetings rather than by circulating to facilitate decision. Queries by individual Directors on circulated papers are directed to management who will respond accordingly, where relevant Directors' queries and Management's responses are circulated to all the Board members for their information.

The Company Secretary assists in the conduct of the Board meetings and ensures adherence to Board procedures. The Company Secretary also assists on matters in respect of compliance with the Company's Memorandum and Articles of Association, Companies Act, Cap. 50 and the Listing Rule of SGX-ST and is also responsible for advising the Board on all matters relating to Corporate Governance. The appointment and removal of the Company Secretary is subject to the approval of the Board.

On a need to basis, the Company seeks independent and professional advice for the furtherance of the Board's duties.

## REMUNERATION COMMITTEE

### Principle 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

### Principle 8: LEVEL AND MIX OF REMUNERATION

### Principle 9: DISCLOSURE ON REMUNERATION

The Remuneration Committee ("RC") comprises three members, all of whom, including the Chairman are independent. The quorum for the RC meeting is two.

The members of the RC are:

Mr. Bobby Jayaraman \*\*  
*Chairman, Independent Non-Executive Director*

*\*\* 3-year term will end on 30 December 2015*

Mr. Choo Chee Kong, Peter \*  
*Member, Independent Non-Executive Director*

*\* Resigned on 09 November 2015*

Ms. Geetha Padmanabhan  
*Member, Independent Non-Executive Director*

The functions of the RC are to review and recommend the remuneration packages of the Executive Directors, CEO and key executives of the Company and to review the appropriateness of compensation for Non-Executive Directors including but not limited to Directors' fees, allowances and share options.

The RC reviews the fixed as well as the variable components of the remuneration packages for all the Directors and key management personnel.

In case of Mr. Mohamed Salleh (CEO) and Mr. Mohamed Hasan (Deputy CEO), the variable part of the remuneration is based on a formula approved by the RC and the Board. The formula is based on the Group's profit before tax for the year and excludes items such as fair valuation and/or realized gains or losses of investment properties. For the financial year ended, the variable remuneration ceilings for Mr. Mohamed Salleh and Mr. Mohamed Hasan were \$1.0 million and \$0.75 million respectively.



## CORPORATE GOVERNANCE

The management proposes bonuses for Mr. Dev Pisharody, who is an Executive Director and the key management personnel based on his/their individual performance as well as the Group's performance for the year. The RC reviews the proposal and after due deliberation, sets forth the same for the Board's approval.

In case of Independent Directors, the fees are a combination of a basic retainer fee plus a variable fee based on the number of meetings attended. The RC ensures that the remuneration of the Independent Directors are appropriate to their level of contribution taking into account factors such as effort, time spent and their responsibilities.

The payment of Directors' fees is subject to shareholders' approval at the AGM of the Company. No Director is involved in deciding his or her own remuneration package.

There is no share-based compensation scheme in place for any of the Directors. In determining the Group's remuneration policy above, the Remuneration Committee from time to time seeks advice from external remuneration consultants, who are unrelated to the Directors or any organisation they are associated with, as well as confidentially from selected senior management, including the Director, at its discretion.

A breakdown showing the level and mix of each individual Director's remuneration payable for FY 2015 is as follows:

Remuneration Bands	Number of Directors		
	2013	2014	2015
\$750,000 to \$1,000,000	1	1	-
\$500,000 to \$750,000	1	1	2
\$250,000 to \$500,000	1	1	1
Less than \$250,000	5	4	3
	8	7	6

A summary remuneration table for the Directors for the year ended 31 August 2015:

Name	Remuneration Band	Salary*	Bonus	Fees	Total
	S\$	%	%	%	%
Mr. Mohamed Salleh	\$500,000 to \$750,000	23.02	76.98	-	100
Mr. Mohamed Hasan #	\$500,000 to \$750,000	26.23	73.77	-	100
Mr. Dev Pisharody	\$250,000 to \$500,000	48.09	51.91	-	100
Mr. Choo Chee Kong, Peter **	Less than \$250,000	-	-	100	100
Mr. Bobby Jayaraman ***	Less than \$250,000	-	-	100	100
Ms. Geetha Padmanabhan	Less than \$250,000	-	-	100	100

# Brother of Mr. Mohamed Salleh

\* The percentage shown is inclusive of employer's CPF contribution

\*\* Resigned on 09 November 2015

\*\*\* 3-year term will end on 30 December 2015

The actual remuneration in terms of salaries, bonus, fees etc. are as shown below:

Directors	Total (\$)
Mr. Mohamed Salleh	730,228
Mr. Mohamed Hasan	574,008
Mr. Dev Pisharody	269,675
Mr. Choo Chee Kong, Peter *	31,672
Mr. Bobby Jayaraman ***	26,000
Ms. Geetha Padmanabhan	29,672
	<b>1,661,255</b>

\* Resigned on 09 November 2015

\*\*\* 3-year term will end on 30 December 2015

A summary remuneration table of 5 Key Executives for the year ended 31 August 2015:

Name	Remuneration Band	Salary*	Bonus	Total
	\$	%	%	%
Mr. Jainulabedeen Raj Mohamed	Below \$250,000	64.82	35.18	100
Mr. Azlan Bin Mohd Shafie	Below \$250,000	69.43	30.57	100
Mr. Amal Marican	Below \$250,000	63.14	36.86	100
Mr. Safie Hussain	Below \$250,000	80.77	19.23	100
Mr. Sheikh Farhan	Below \$250,000	74.04	25.96	100

\* The salary percentage shown is inclusive of employer's CPF contribution

The total remuneration of the key management personnel for FY 2015 was \$411,365/-.

In the above table, Mr. Amal Marican is son of Mr. Mohamed Salleh. There are no other employees who are related to the Director, each of whose remuneration exceeded \$50,000/-.

Key Executives who are relatives	Total (\$)
Mr. Amal Marican	98,482

Each member of the RC abstains from voting on any resolutions and making any recommendation and/or participating in discussion regarding his or her own remuneration package or on matters in which he or she is interested.

## ACCOUNTABILITY AND AUDIT

### Principle 10: ACCOUNTABILITY

The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board provides shareholders with financial statements for the first three quarters and full financial year within the timeframe in line with Rule 705 of the Listing Manual of SGX-ST. The Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, position and prospects.

The Management provides the Board with detailed management accounts, operation review, related explanation and any other information as the Board may require on a quarterly basis. The Audit Committee reviews the financial statements and reports to the Board for approval. The Board then authorises the release of the results to the SGX-ST.

The Board ensures timely and full disclosure of material corporate developments to shareholders and also reviews legislation and regulatory compliance reports from management to make sure that the Group complies with relevant regulatory requirements.

### Principle 11: RISK MANAGEMENT AND INTERNAL CONTROLS

In line with the responsibilities set forth in the Code of Corporate Governance, the Board is responsible for the governance of risk. The Board sets the tone and direction for the Company in the way that it expects risks to be managed. The Board has ultimate responsibility for approving the business strategies of the Company in a manner which addresses stakeholders' expectations and does not expose the Company to an unacceptable level of risk.

A Risk Governance and Internal Control Manual have been developed. This sets out the risk governance responsibilities and the accountability and oversight for risk management activities which mitigate the exposure to significant risks that would impede the achievement of business strategies. The risks faced by the Group and its strategies have been identified and proper accountability in managing such risks has been established to the Senior Management and Board. The risk governance manual provides oversight on risks relating to strategy, operations, finance, technology and compliance. The risk management strategy is approved and presented to the Audit Committee.

# CORPORATE GOVERNANCE

## 11. 1 Risk Committee

The Company does not have a separate Risk Committee; however responsibility for risk governance and oversight of the mitigation of the risks rests with the Audit Committee. The members of the Audit Committee are listed in Principle 12 below.

The Audit Committee assists the Company in its oversight of risk management. The Audit Committee is independent from Management.

## 11.2 Chief Risk Officer

The Chief Risk Officer is Mr Mohamed Salleh, who is also the Chairman & CEO. The Chief Risk Officer is the custodian of the Risk Governance Manual and reports on risk management matters to the Audit Committee. The Audit Committee reviews the adequacy of the Risk governance process through dialogue sessions with the Chief Risk Officer to manage risks.

From 2016, the Chief Risk Officer will update the Audit Committee and the Board on the Group's Risk Governance Framework and Manual which will address:

- Assessment of the key risks by relating to the business strategy;
- Identification of risk related reports which track occurrences of status and changes in plans undertaken by Management to manage key risks

## 11.3 Risk Appetite and Tolerance Limits

The Board has reviewed the risk appetite and tolerance limits proposed by Management for the key risks pertinent to the business strategy as well as the significant risks covering the operational, financial, technology and compliance aspects.

In order to monitor conformance with risk appetite and tolerance limits, the risk owners track risk indicators. Where the risks are heightened, these are highlighted to the Chief Risk Officer and he will oversee the risk treatments and to report results to the Audit Committee on a timely basis.

Based on the above, the Audit Committee concluded that the Company's risk governance processes were adequate.

## 11.4 Management's Responsibility in Risk Management

As part of Management's efforts in promoting a "risk-aware" culture, the expectations on how risks are to be managed and what are the boundaries for risk taking have been communicated to the various business units. New areas will be introduced as the business risk profile changes.

Management is responsible for day to day monitoring of these risks and highlighting any significant events arising thereon to the Board via the Chief Risk Officer.

## 11.5 Review of Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board with the assistance of the Audit Committee, has undertaken an evaluation of the adequacy and effectiveness of the risk management and internal control systems. The assessment considered both the key risks of the Company, the ability to discharge proper risk governance responsibilities and the existence and effectiveness of the principles within the Company to meet the requirements of an effective internal control system as stipulated by COSO ('The Committee for Sponsoring Organisations of the Treadway Commission').

The Board's assessment of risk management and internal control was based on the Risk Governance and Internal Control Manual and the evaluation against a COSO Internal Control Checklist which considered:

- the changes to the business strategy and accompanying changes to the risk appetite and tolerance limits;
- the changes to the Board authority and authorisation responsibilities delegated to Management in respect of the changes to the key business strategies;
- the policies and authorisation responsibilities of the Company;
- the adequacy and effectiveness of risk management activities to address the pertinent risks;
- the controls and activities in place enforce the principles of effective internal control by COSO;
- the occurrence of significant internal control weaknesses during the financial period and whether these issues were adequately and properly addressed;



The Board reviewed the above in order to understand the risks and the appropriateness of countermeasures to manage them.

The Board has obtained a Declaration of Compliance from the CEO, Deputy CEO and the Executive Director regarding the effectiveness of the Group's risk management systems; and that there has been full conformance with the risk governance activities and responsibilities stated in the Company's Risk Governance and Internal Control Manual.

## 11.6 Advisory Panel

One bad or wrong decision may set back the business many years or even wipe it out. To overcome this risk, the Board has set up an Advisory Panel ("AP") whose members will complement and strengthen the existing Board by providing non-binding high quality advice that can enhance the Company's odds of success as it continues to scale new heights.

The terms of reference which outline the purpose, scope of advice, principles, code of conduct and membership for the Company's Advisory Panel are as below:

- A. Purpose: The Advisory Panel is established to provide independent high-level strategic advice to the Board of the Company within the scope detailed below and as directed by the Board. The Board is to carefully consider the Advisory Panel's collective views but will continue to be responsible for the final decisions taken at Board Meetings or otherwise.
- B. Scope of Advice: The scope of advice provided by the panel will be guided by purpose as stated above. The advice will contribute, but not be limited to:
  - a. helping the Board identify and solve strategic problems;
  - b. enhancing communication and collaboration between the Board and stakeholders;
  - c. effective risk management of significant matters such as expansion to non-core businesses and/or international markets.
- C. Principles: The panel will operate in accordance with the following principles:
  - a. Members will do their best to assist the Board. This includes prior reading of all relevant materials and reports and where invited, full participation at meetings whenever available;
  - b. The Panel is advisory only and not decision-making in its capacity. The Panel's task is to advise on significant and/or strategic matters within its scope and not to seek to "balance" or "trade-offs";
  - c. Panel reports will form the basis of recommendations to the Board, identifying any relevant references, where the Panel is merely providing their judgment or perspective. Dissenting or alternative views held by members should also be noted in the Panel reports.
  - d. Members must declare any actual or potential conflicts of interests and abide at all times to ethical requirements including those stipulated by SGX
- D. Code of Conduct: Panel members are expected to protect and maintain, as confidential, all information received by them during the work of the Panel that is not public.
 

Where an Advisory Panel member is giving views about an individual company, he or she shall disclose any relationship (such as being its auditor, advisor, company secretary, director, or having a family relationship with a Director or senior management of the company) to the Advisory Panel and the Board when giving these views.
- E. Membership and Composition: The Panel will comprise at least 2 members but not more than 5 Members will be appointed by the Board and may include those who had served as Directors of the Board, whether Independent, Non-Executive or otherwise.
- F. Tenure: The maximum tenure of a member shall be for a period of nine (9) years. The initial and subsequent periods shall be determined by the Board.

# CORPORATE GOVERNANCE

The AP came into effect from AGM 2013 and currently comprises of the following members:

Dr. Ahmad Bin Mohamed Magad, JP  
*Chairman, Advisory Panel*

Mr. Paul Tan Lye Heng  
*Member, Advisory Panel*

They have both accumulated extensive knowledge and understanding of the group businesses and can easily grasp the problems that the Company faces from time to time and thus are well placed to advise the Board. At the appropriate time, the Company will add new members to strengthen the Panel.

## 11.7 Internal Controls

The Group has an in-house internal audit team which regularly reviews the internal controls in place, checks if the controls are implemented properly and reports to the AC.

The AC reviews the adequacy of the internal audit function annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company. The external and internal auditors reviewed the effectiveness of the Group's key internal controls, highlighting on significant matters relevant to the Group's preparation of financial statements that require the attention of the Management. Any material non-compliance or shortcomings in internal controls together with remedial measures are reported to the AC which in turn reviews the effectiveness of the Group's system of accounting and internal financial controls for which the Directors are responsible. The AC, together with the Board also reviews the effectiveness of the Group's system of internal controls put in place to address the key financial, operational, compliance risks and information technology controls affecting the operations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management system were adequate and effective as at 31 August 2015.

The Board has received assurance from CEO & Finance Advisor that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and also an effective risk management and internal control system has been put in place.

## 11.8 "Whistleblower" Policy

As part of the Company's continuous effort to ensure that good corporate governance practices are being adopted, the Company has also implemented a "Whistleblower" Policy to provide an avenue or a platform for employees, suppliers, tenants and customers to voice their grievances and/or to raise their concerns about any malpractices, matters of fraud, corruption or dishonest and unethical practices involving the Company without any fear or repercussions. The whistle bower policy is communicated to all staff and covered during staff trainings. The Chairman is in charge of managing this specific area.

The Group undertakes to investigate complaints of suspected fraud and unethical behaviour in an objective manner and has put in place, with the Audit Committee's endorsement, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken.

To further strengthen its Whistleblower Policy, the Company has implemented a strong deterrent by offering a cash reward to any person whether employees, suppliers, business associates or the general public who provides specific, reliable and credible information or evidence of fraudulent activities by any of the Company's Executive Director and Management team as listed in the Company's Annual Report (\$50,000/- cash reward) and all other employees (up to \$2,000/- cash reward) which leads to admission of guilt by the accused or leads to successful prosecution.

The Whistleblower Policy was reviewed by the AC to ensure that it was adequately implemented.

## 11.9 Fraud Prevention Officer ("FPO")

As part of a continuous effort to improve the controls and also to send a clear message to every employee and stakeholder that the management has zero tolerance for fraud, Mr. Mohamed Salleh, the CEO himself is appointed as FPO. The management has put in place a policy highlighting severe consequences for the person committing fraud which will serve as a deterrent and prevent fraud to a great extent.

The principal functions of the FPO include the following:

### 1. Maintain Company's Whistleblower Policy

#### a. Suppliers & Business Associates

Ensure updated policy & advisory letter given to and acknowledged by all suppliers & business associates, both local & overseas who has any form of dealings with the company. This is to be translated in the language they best understand.

#### b. Employees

Ensure updated policy given and acknowledged by all employees. This is to be translated in the language they best understand.

#### c. Reminders

Ensure reminders are sent out to suppliers & business associates and employees on a yearly basis. To maintain a report on the reminders.

#### d. Continuous Implementation

Ensure that the Whistleblower Policy is continually implemented.

### 2. To report immediately / soonest possible any suspicions of fraud to the Chairman & AC and to update on progress of the investigation. Ensure all investigations are carried out independently and objectively in an unbiased manner.

### 3. To submit reports on a half yearly basis to AC Report includes:

#### a. Updates on issuance of Whistleblower Policies

#### b. Updates on issuance of Advisory letter to suppliers/ bankers/ tenants/ business associates

#### c. Updates on reminders issued to suppliers /bankers/tenants/business associates & employees

#### d. Updates on compliance to the recommendations of External & Internal Auditors.

### 4. The FPO may delegate his work but not his responsibilities to others within the organisation.

To further improve and strengthen its Corporate Governance, the Company has included an indemnity clause to protect itself from avoidable losses. As such, with effect from 1 January 2012, all Executive Directors and Key Management personnel of the Group had their Service Agreement renewed whereby they indemnify the Company, all losses incurred arising out of or in connection with any gross negligence, fraud or dishonesty committed.

## Principle 12: AUDIT COMMITTEE

The Audit Committee ("AC") comprises three members, all of whom, including the Chairman, are independent. All three members of the AC have relevant accounting and financial management experience. The Chairman of the AC is a qualified Chartered Accountant. The quorum for the AC meeting is two. At the date of this report, the AC comprises the following members:

Ms. Geetha Padmanabhan  
*Chairman, Independent Non-Executive Director*

Mr. Choo Chee Kong, Peter \*  
*Member, Independent Non-Executive Director*

\* Resigned on 09 November 2015

Mr. Bobby Jayaraman \*\*  
*Member, Independent Non-Executive Director*

\*\* 3-year term will end on 30 December 2015

# CORPORATE GOVERNANCE

The functions of the AC include the following:

- (a) conduct a review with the internal and external auditors of the Company, discuss their audit plans, evaluate the system of internal controls, and ensure co-operation is given by the Company's management to the internal and external auditors;
- (b) review the interim and annual financial statements, related announcements and press releases before they are presented to the Board;
- (c) review with the management, external and internal auditors the adequacy and effectiveness of the system of the Company's risk management, internal controls, business and service systems and practices;
- (d) review related and interested party transactions("IPT");
- (e) over-see the Company's Whistleblower Policy;
- (f) make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditors;
- (g) meet at least once annually with the external auditors without the presence of the management.
- (h) inspect significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance.
- (i) review the adequacy of the Group's internal controls, including financial, operational, compliance and information technology controls at least annually
- (j) analyse the scope, approach and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- (k) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC.

The AC may meet with the auditors at any time, without the presence of the Company's management. It may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems it necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

In line with the recommendations of the Code, the AC had met with the auditors without the presence of the Company's management during the financial year under review.

The AC has full access to and co-operation of the Company's management and has full discretion to invite any Director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions. The external auditors regularly update the AC on the amendments to the accounting standards that are of relevance to the Group.

The Board and the AC have reviewed and are satisfied that the appointment of different auditors for its subsidiary in Malaysia would not compromise the standard and effectiveness of audit of the Group. The Company is therefore in compliance with Rule 716 of the Listing Manual of SGX-ST.

The AC reviews the non-audit services provided by the external auditors. For the financial year under review, Nexia TS Public Accounting Corporation has provided audit services only. The auditor of the Malaysian subsidiary, SSY Partners, a member firm of Nexia International, has also provided only audit services. Any non-audit services provided by the auditors are subject to review by the AC and the AC is required to opine if any provision of the non-audit services affect the independence of the auditors. The AC is also responsible for evaluating the cost-effectiveness of audit and ensuring independence and objectivity of the auditors.

The AC had also sought the consent of the auditors for re-appointment and has recommended that the auditors be re-appointed for the ensuing financial year.

The AC also reviews the internal audit report and the auditors' management report recommendations. It then ensures Management has implemented any recommendations to strengthen the internal controls.

The total audit fees for the Group for FY 2015 is \$66,223.

There were no IPT in the financial year under review.



### Principle 13: INTERNAL AUDIT

The objective of the internal audit function is to provide independent, objective review and recommendations designed to improve the Group's operations. Internal audit works to determine whether the Group's risk management, control and governance processes, as designed by the Company are adequate and functioning in the required manner.

The Group has an in-house internal audit team which regularly reviews the internal controls in place, including financial, operational and compliance controls and risk management and reports to the AC.

The internal auditors review the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The Board and the AC are of the view that the internal audit is adequately resourced and has appropriate standing within the Group.

On an annual basis, the AC reviews the adequacy of the internal audit function to ensure the adequacy and effectiveness of the Group's internal audit function as well as to align it to the changing needs and risk profile of the Group's activities.

During the year, the internal audit team has assisted the Group in maintaining effective control by evaluating the effectiveness and efficiency of processes, in particular the adequacy of internal controls over initiation, processing, recording, authorisation of transactions, physical security controls, user access controls, segregation of duties and performance reviews. The internal audit team also obtained an understanding of how the Group has responded to risks arising from information technology and assessed the adequacy of automated application controls.

### Principle 14: SHAREHOLDERS' RIGHTS

### Principle 15: COMMUNICATION WITH SHAREHOLDERS

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Group's corporate governance culture promotes fair and equitable treatment of all shareholders and respects shareholders' rights.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company. At general meetings, shareholders will be informed of the rules the voting procedures relating to the general meetings.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company allow each shareholder to appoint up to two proxies to attend AGMs. Subject to legislative amendment to the Companies Act of the relevant provision regarding appointment of proxies, the Company will consider amending its Articles of Association to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information required by shareholders to make investment decisions is disseminated on a timely basis through:

- SGXNET announcements and news release
- Annual Report prepared and issued to all shareholders

Announcement of financial results is made within forty five days after the end of each financial quarter for the first three quarters and within sixty days after the end of the financial year.

In addition, shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The AGM is the principal forum for dialogue with shareholders. At the Company's AGM, shareholders are given the opportunity to voice their views and ask Directors or management questions regarding the Company.

# CORPORATE GOVERNANCE

## Principle 16: CONDUCT OF SHAREHOLDER MEETINGS

The notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least fourteen days before the meeting. The notice of AGM is also advertised in local newspaper on the date of posting for the benefit of the shareholders.

All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Proxy form is sent with notice of general meeting to all shareholders. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM.

All Directors including the Chairmen of the AC, RC and NC, and the management will normally be present at the AGM to answer any questions relating to the work of these committees. The auditors are also present to assist the Directors on any queries on the financial statements.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and management and such minutes, where relevant will be made available to shareholders upon request during office hours.

The Board recognises that voting by poll is integral in the enhancement of corporate governance and leads to greater transparency of the level of support for each resolution. The Board will adhere to the requirements of the Listing Manual where all resolutions are to be voted by poll from the upcoming AGM to be held on 30 December 2015.

### Dealing in Securities

The Company has adopted an internal code on dealings in securities, which has been issued to all Directors and employees setting up the implications on insider trading.

The internal code prohibits the dealing in securities of the Company by Directors and employees while in possession of price-sensitive information and during the window period beginning two weeks before the announcement of the quarterly results and one month before the announcement of the full year results, and ending on the date of the announcement of the respective results. Directors are required to report securities dealings to the Company Secretary who will assist to make the necessary announcements.

In addition, Directors and employees are reminded to observe insider trading laws at all times. The Company's officers are discouraged from dealing in the Company's shares on short-term considerations.

### Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director, or controlling shareholder during the year under review and up to the date of this report.

### Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and those transactions, if any, are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. There were no interested person transactions for the financial year ended 31 August 2015.

### Statement of Compliance

The Board confirms that for the financial year ended 31 August 2015, the Company has generally adhered to the principles and guidelines as set out in the Code.

# DIRECTORS' REPORT

For the financial year ended 31 August 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 August 2015 and the balance sheet of the Company as at 31 August 2015.

## Directors

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

Mohamed Salleh s/o Kadir Mohideen Saibu Maricar

Mohamed Hasan Marican s/o Kadir Mohideen Saibu Maricar

Devnarayanan s/o Kallankarai Ram Pisharody

Geetha Padmanabhan

Bobby Jayaraman\*

\*3 year term will end on 30 December 2015

## Arrangements to enable directors to acquire shares and debentures

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

## Directors' interests in shares or debentures

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

	<b>Holdings registered in the name of directors or nominee</b>		<b>Holdings in which directors are deemed to have an interest</b>	
	At 31.08.15	At 01.09.14	At 31.08.15	At 01.09.14
<b>Company</b>				
Mohamed Salleh s/o Kadir Mohideen Saibu Maricar	373,623,078	343,145,192	57,846,361	85,295,647
Mohamed Hasan Marican s/o Kadir Mohideen Saibu Maricar	6,300,688	6,300,688	-	-
Devnarayanan s/o Kallankarai Ram Pisharody	4,370,816	4,370,816	-	-
Geetha Padmanabhan	-	-	1,040,052	1,040,052

# DIRECTORS' REPORT

For the financial year ended 31 August 2015

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

Mr Mohamed Salleh s/o Kadir Mohideen Saibu Maricar, who by virtue of his interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in shares of the Company's subsidiary corporations, all of which are wholly owned, at the beginning and at the end of the financial year.

The directors' interests in the ordinary shares of the company as at 4 December 2015 were the same as those as at 31 August 2015.

## Directors' contractual benefits

Since the end of the previous 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, except as disclosed in the accompanying financial statements and in this report.

## Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

At the end of the financial year, there were no unissued shares of the Company or its subsidiary corporations under option.

## Audit committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Geetha Padmanabhan (Chairman)

Choo Chee Kong, Peter\*

Bobby Jayaraman\*\*

*\*Resigned on 9 November 2015*

*\*\*3 year term will end on 30 December 2015*

All members of the AC were independent non-executive directors. The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC reviewed:

- a) the scope and the results of internal audit procedures with the internal auditors;
- b) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- c) the assistance given by the Company's management to the independent auditor;



### Audit committee (continued)

- d) the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 August 2015 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group;
- e) the quarterly and annual announcement as well as the related press releases on the financial performance and financial position of the Company and the Group; and
- f) the appointment of the independent auditor of the Group.

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

### Independent auditor

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

On behalf of the directors



---

Mohamed Salleh  
s/o Kadir Mohideen Saibu Maricar  
Director



---

Mohamed Hasan Marican  
s/o Kadir Mohideen Saibu Maricar  
Director

4 December 2015

# STATEMENT BY DIRECTORS

For the financial year ended 31 August 2015

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 58 to 101 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 August 2015, and the financial performance of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors



---

Mohamed Salleh  
s/o Kadir Mohideen Saibu Maricar  
Director



---

Mohamed Hasan Marican  
s/o Kadir Mohideen Saibu Maricar  
Director

**4 December 2015**

# INDEPENDENT AUDITOR'S REPORT

To the members of Second Chance Properties Ltd.

## Report on the Financial Statements

We have audited the accompanying financial statements of Second Chance Properties Ltd (the "Company") and its subsidiary corporations (the "Group") set out on pages 58 to 101, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 August 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2015, and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

## 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.

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

**Director-in-charge: Loh Ji Kin**  
**(Appointed since financial year ended 30 June 2011)**

**Singapore**

**4 December 2015**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 August 2015

	Note	2015 \$	2014 \$
Revenue	4	45,787,870	48,459,440
Cost of sales		(19,843,770)	(21,552,755)
Gross profit		25,944,100	26,906,685
Other (losses)/income – net	5	(1,850,955)	3,370,613
Expenses			
- Administrative		5,744,356	6,050,019
- Distribution		963,391	1,338,013
- Finance	6	2,592,006	642,400
- Apparel operating		2,374,705	2,635,576
- Property operating		1,589,728	1,403,264
- Gold and jewellery operating		256,972	268,590
- Other		76,230	120,231
		13,597,388	12,458,093
Profit before income tax		10,495,757	17,819,205
Income tax expense	9	(232,928)	(1,301,789)
<b>Net profit</b>		<b>10,262,829</b>	<b>16,517,416</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
-Fair value (loss)/gains	18	(5,245,063)	7,525,768
-Reclassification	5	(2,457,528)	-
Currency translation differences arising from consolidation – (loss)/gains		(4,444,845)	194,012
		(12,147,436)	7,719,780
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gains on property, plant and equipment	28	3,090,362	10,272
<b>Other comprehensive income, net of tax</b>		<b>(9,057,074)</b>	<b>7,730,052</b>
<b>Total comprehensive income attributable to equity holders</b>		<b>1,205,755</b>	<b>24,247,468</b>
<b>Earnings per share attributable to equity holders (cents per share)</b>			
Basic earnings per share	10	1.52	2.44
Diluted earnings per share	10	1.52	2.21

The accompanying notes form an integral part of these financial statements



# BALANCE SHEETS

As at 31 August 2015

	Note	2015 \$	Group 2014 \$	2015 \$	Company 2014 \$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	7,083,907	3,467,194	3,795,551	209,388
Financial assets, at fair value through profit or loss	12	38,865,541	47,486,416	-	-
Trade and other receivables	13	3,276,425	1,163,790	6,803,277	8,526,358
Inventories	14	17,093,898	18,355,391	1,103,844	1,211,273
Other current assets	15	694,352	1,143,509	169,152	173,011
Income tax recoverable		71,590	146,322	-	-
		67,085,713	71,762,622	11,871,824	10,120,030
Property held-for-sale	16	6,535,000	-	-	-
Total current assets		73,620,713	71,762,622	11,871,824	10,120,030
<b>Non-current assets</b>					
Amounts due from subsidiary corporations	17	-	-	235,080,568	242,827,606
Available-for-sale financial assets	18	53,010,677	61,748,166	46,663,046	54,399,127
Investments in subsidiary corporations	19	-	-	1,208,518	1,208,518
Property, plant and equipment	20	29,296,813	25,576,499	47,694	73,594
Investment properties	21	192,914,323	202,598,336	13,500,000	13,500,000
Total non-current assets		275,221,813	289,923,001	296,499,826	312,008,845
<b>Total assets</b>		348,842,526	361,685,623	308,371,650	322,128,875
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	22	2,736,602	2,841,855	375,665	366,208
Other payables	23	2,178,244	1,383,366	1,644,661	986,183
Borrowings	24	83,261,277	86,027,117	67,945,107	67,479,330
Current income tax liabilities		846,640	1,741,944	358,675	695,475
Total current liabilities		89,022,763	91,994,282	70,324,108	69,527,196
<b>Non-current liabilities</b>					
Borrowings	24	5,307,139	5,836,753	5,307,139	5,836,753
Deferred income tax liabilities	25	215,840	605,402	8,108	12,511
Total non-current liabilities		5,522,979	6,442,155	5,315,247	5,849,264
<b>Total liabilities</b>		94,545,742	98,436,437	75,639,355	75,376,460
<b>Net assets</b>		254,296,784	263,249,186	232,732,295	246,752,415
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	26	120,141,158	120,141,158	120,141,158	120,141,158
Retained profits	27	121,386,333	121,281,661	105,011,805	112,561,021
Other reserves	28	12,769,293	21,826,367	7,579,332	14,050,236
<b>Total equity</b>		254,296,784	263,249,186	232,732,295	246,752,415

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 August 2015

		← Other reserves* →						
	Note	Share capital \$	Retained profits \$	Fair value reserve \$	Asset revaluation reserve \$	Currency translation reserve \$	Total other reserves \$	Total equity \$
<u>2015</u>								
Beginning of financial year		120,141,158	121,281,661	16,269,109	6,501,101	(943,843)	21,826,367	263,249,186
Dividend paid	29	-	(10,158,157)	-	-	-	-	(10,158,157)
Total comprehensive income/ (loss) for the year		-	10,262,829	(7,702,591)	3,090,362	(4,444,845)	(9,057,074)	1,205,755
End of financial year		120,141,158	121,386,333	8,566,518	9,591,463	(5,388,688)	12,769,293	254,296,784
<u>2014</u>								
Beginning of financial year		116,924,904	129,821,025	8,743,341	6,490,829	(1,137,855)	14,096,315	260,842,244
Conversion of warrants	26	3,216,254	-	-	-	-	-	3,216,254
Dividend paid	29	-	(25,056,780)	-	-	-	-	(25,056,780)
Total comprehensive income for the year		-	16,517,416	7,525,768	10,272	194,012	7,730,052	24,247,468
End of financial year		120,141,158	121,281,661	16,269,109	6,501,101	(943,843)	21,826,367	263,249,186

\* Other reserves are non-distributable.

The accompanying notes form an integral part of these financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 August 2015

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Net profit		10,262,829	16,517,416
Adjustments for:			
- Income tax expense	9	232,928	1,301,789
- Depreciation of property, plant and equipment	7	458,474	344,666
- Gain on disposal of investment properties	5	(1,050,000)	(81,445)
- Gain on disposal of available-for-sale financial assets	5	(2,342,513)	-
- Fair value gain on investment properties	5	(1,221,653)	(303,809)
- Interest income from bank deposits	5	(44,177)	(55,495)
- Finance expense	6	2,592,006	642,400
- Unrealised foreign exchange gain on borrowings		-	(392,885)
- Unrealised currency translation differences		794,754	(518,243)
		<u>9,682,648</u>	<u>17,454,394</u>
Change in working capital:			
- Financial assets, at fair value through profit or loss		8,620,875	(23,901,479)
- Trade and other receivables		(2,131,508)	113,697
- Inventories		(178,185)	658,156
- Other current assets		314,173	1,556,083
- Trade and other payables		739,101	(1,356,304)
Net cash generated from/(used in) operations		<u>17,047,104</u>	<u>(5,475,453)</u>
Interest received		44,177	55,495
Interest paid		(1,123,001)	(642,400)
Income tax paid		<u>(1,730,486)</u>	<u>(1,916,230)</u>
<b>Net cash provided by/(used in) operating activities</b>		<b><u>14,237,794</u></b>	<b><u>(7,978,588)</u></b>
<b>Cash flows from investing activities</b>			
Disposal of available-for-sale financial assets		3,698,764	743,914
Disposal of investment properties		5,200,000	6,888,465
Purchases of available-for-sale financial assets	18	(321,353)	(2,326,949)
Additions to investment properties	21	(16,475)	(28,891)
Additions to property, plant and equipment	20	(4,259,401)	(19,183,026)
<b>Net cash provided by/(used in) investing activities</b>		<b><u>4,301,535</u></b>	<b><u>(13,906,487)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		128,277,024	96,927,492
Repayment of bank borrowings		(133,041,483)	(55,933,886)
Proceeds from conversion of warrants	26	-	3,216,254
Dividends paid to equity holders of the Company	29	(10,158,157)	(25,056,780)
<b>Net cash (used in)/provided by financing activities</b>		<b><u>(14,922,616)</u></b>	<b><u>19,153,080</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,616,713</b>	<b>(2,731,995)</b>
<b>Cash and cash equivalents:</b>			
Beginning of financial year		3,467,194	6,199,189
<b>End of financial year</b>	11	<b><u>7,083,907</u></b>	<b><u>3,467,194</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

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

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Second Chance Properties Ltd on 4 December 2015.

## 1. General information

Second Chance Properties Ltd (the "Company") is listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 845 Geylang Road, #04-22 Tanjong Katong Complex, Singapore 400845.

The principal activities of the Company are those of an investment holding company, retailing of ready-made garments, holding of property as investment for rental income, investing in equities and trading in bonds and equities. The principal activities of the subsidiary corporations are set out in Note 19 to the financial statements.

## 2. Significant accounting policies

### 2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

#### ***Interpretations and amendments to published standards effective in 2014***

On 1 September 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

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

### 2.2 Revenue recognition

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

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

#### (a) Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



## 2 Significant accounting policies (continued)

### 2.2 Revenue recognition (continued)

#### (b) Rental income

Rental income arising on investment properties is recognised on a straight-line basis over the lease terms.

#### (c) Dividend / Coupon income

Dividend / Coupon income from investments in equity shares and bonds is recognised when the right to receive payment has been established.

#### (d) Interest income

Interest income is recognised using the effective interest method.

### 2.3 Group accounting

#### *Subsidiary corporations*

##### (i) *Consolidation*

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

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

##### (ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 2. Significant accounting policies (continued)

### 2.3 Group accounting (continued)

*Subsidiary corporations (continued)*

#### *(iii) Disposals*

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

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

Please refer to "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

### 2.4 Property, plant and equipment

#### *(a) Measurement*

##### *(i) Land and buildings*

*Land and buildings* are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers on a triennial basis or whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increase in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

##### *(ii) Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### *(iii) Components of costs*

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

## 2. Significant accounting policies (continued)

### 2.4 Property, plant and equipment (continued)

#### (b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Depreciation rate</u>
Freehold buildings	2.0% to 2.5%
Renovation, furniture and fittings	8.3% to 10.0%
Shop and office equipment	10.0% to 12.5%
Computers and peripherals	20.0% to 33.3%
Motor vehicles	10.0% to 16.6%

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

#### (c) Subsequent expenditure

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

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

### 2.5 Investment properties

Investment properties include properties that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value which is determined by independent professional valuers at least once in every three financial years. For the other two financial years, fair values of few representative properties are determined by independent professional valuers and are used as management's basis in carrying out its internal valuation for the residual properties. Changes in fair values are recognised in profit or loss.

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

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

### 2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest.

### 2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiary corporations, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 2. Significant accounting policies (continued)

### 2.8 Impairment of non-financial assets

*Property, plant and equipment*

*Investments in subsidiary corporations*

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

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of revaluation decrease.

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

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

### 2.9 Financial assets

#### (a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

As at balance sheet date, the Group has financial asset at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

#### (i) Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables include cash and cash equivalents, trade and other receivables, amount due from subsidiary corporations and deposits under other current assets accounts.



## 2. Significant accounting policies (continued)

### 2.9 Financial assets (continued)

#### (a) Classification (continued)

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

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

#### (b) Recognition and derecognition

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

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

#### (c) Initial measurement

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

#### (d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in fair values of financial assets at fair value through profit and loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Changes in fair values of available-for-sale equity securities are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences, if any.

#### (e) Impairment

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

##### (i) Loans and receivables

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 2. Significant accounting policies (continued)

### 2.9 Financial assets (continued)

#### (e) Impairment (continued)

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

Significant or prolonged declines in the fair value of the equity securities below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

### 2.10 Borrowings

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

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

### 2.11 Trade and other payables

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

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

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

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

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

### 2.13 Leases

#### (a) When the Group is the lessee – operating lease:

The Group leases office and warehouses under operating leases from non-related party.

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

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

#### (b) When the Group is the lessor – operating lease:

The Group leases out retail spaces and office buildings under operating lease to non-related parties.

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

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

## 2. Significant accounting policies (continued)

### 2.14 Inventories

Inventories are carried at the lower of cost (specific identification method and weighted average method) and net realisable value. Cost comprises direct materials and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.15 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

### 2.16 Provisions for other liabilities and charges

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

### 2.17 Offsetting of financial instruments

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 2. Significant accounting policies (continued)

### 2.18 Employee compensation

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

#### (a) Defined contribution plans

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

#### (b) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

#### (c) Employee leave entitlement

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

### 2.19 Currency translation

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations is recognised in other comprehensive income and accumulated in the currency translation reserve.

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

Foreign exchange gain and losses that relate to borrowings are presented in the statement of comprehensive income within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other (losses)/income - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

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

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

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

## 2. Significant accounting policies (continued)

### 2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

### 2.21 Share capital

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

### 2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

### 2.23 Segment reporting

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

### 2.24 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

## 3. Critical accounting estimates, assumptions and judgements

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### a) Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements.

#### b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include the below:

- (i) the determination of useful lives of property, plant and equipment (Note 20);
- (ii) the assessment of adequacy of provisions for current and deferred income taxes (Notes 9 and 25 respectively).

These estimates, judgements and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 4. Revenue

	2015 \$	Group 2014 \$
Sale of goods	31,634,651	34,188,457
Rental income	8,943,096	9,807,663
Dividend/Coupon income	5,210,123	4,463,320
	<u>45,787,870</u>	<u>48,459,440</u>

## 5. Other (losses)/income – net

	2015 \$	Group 2014 \$
Fair value gain on investment properties	1,221,653	303,809
Fair value (loss)/gain on financial assets, at fair value through profit or loss	(6,043,255)	1,208,082
Gain on disposal of financial assets, at fair value through profit or loss	756,465	739,832
Net gain on disposal of financial assets, available-for-sale		
- Loss on disposal	(115,015)	-
- Reclassification from other comprehensive income on disposal	2,457,528	-
	<u>2,342,513</u>	<u>-</u>
Gain on disposal of investment properties	1,050,000	81,445
Interest income from bank deposits	44,177	55,495
Currency exchange (losses)/gains - net	(1,258,129)	920,362
Others	35,621	61,588
	<u>(1,850,955)</u>	<u>3,370,613</u>

## 6. Finance expense

	2015 \$	Group 2014 \$
Bank borrowings	1,209,393	642,400
Currency exchange losses - net	1,382,613	-
Interest expense on borrowings	<u>2,592,006</u>	<u>642,400</u>

## 7. Expenses by nature

	2015 \$	Group 2014 \$
Purchases of inventories	21,105,263	21,990,798
Fees on audit services paid/payable to:		
- Auditor of the Company	59,500	59,500
- Other auditor*	6,723	7,405
Depreciation of property, plant and equipment (Note 20)	458,474	344,666
Employee compensation (Note 8)	4,882,153	5,277,379
Commission	92,239	137,190
Rental on operating leases	2,170,216	2,281,197
Advertising	708,703	724,589
Property tax	882,313	922,776
Other	1,745,061	2,060,991
Changes in inventories	(1,261,493)	(438,043)
	<u>30,849,152</u>	<u>33,368,448</u>

\* Other auditor includes network member firms of Nexia International.

## 8. Employee compensation

	Group	
	2015 \$	2014 \$
Salaries and wages	4,418,922	4,866,335
Employer's contribution to defined contribution plans	363,695	342,350
Other benefits	99,536	68,694
	<u>4,882,153</u>	<u>5,277,379</u>

## 9. Income taxes

	Group	
	2015 \$	2014 \$
(a) Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	846,779	1,784,103
Deferred income tax credit (Note 25)	(657,683)	(114,212)
	<u>189,096</u>	<u>1,669,891</u>
Under/(over) provision in prior financial years:		
Current income tax		
- Singapore	18,713	(371,344)
- Foreign	25,119	3,242
	<u>43,832</u>	<u>(368,102)</u>
	<u>232,928</u>	<u>1,301,789</u>

The tax on Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2015 \$	2014 \$
Profit before income tax	<u>10,495,757</u>	<u>17,819,205</u>
Tax calculated at tax rate of 17% (2014: 17%)	1,784,279	3,029,265
Effects of:		
- expenses not deductible for tax purposes	270,112	322,801
- income not subject to tax	(1,540,959)	(887,224)
- effect of different tax rate for a subsidiary corporation in another jurisdiction	(11,101)	39,623
- deferred tax assets not recognised	190,419	-
- tax incentives	(501,641)	(706,891)
- other	(2,013)	(127,683)
Tax charge	<u>189,096</u>	<u>1,669,891</u>

The Group has unrecognised tax losses of approximately \$1,100,000 (2014 : Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 9. Income taxes (continued)

(b) The tax charge relating to each component of other comprehensive income is as follows:

	2015			2014		
	Before Tax	Tax charge	After Tax	Before Tax	Tax charge	After Tax
	\$	\$	\$	\$	\$	\$
Fair value (loss)/ gains and reclassification on available-for-sale financial assets	(7,702,591)	-	(7,702,591)	7,525,768	-	7,525,768
Currency translation differences arising on consolidation	(4,444,845)	-	(4,444,845)	194,012	-	194,012
Revaluation gain on property, plant and equipment	3,457,936	(348,200)	3,109,736	10,272	-	10,272

## 10. Earnings per share

(a) Basic earnings per share

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

	Group	
	2015	2014
Net profit attributable to equity holders of the Company (\$)	10,262,829	16,517,416
Weighted average number of ordinary shares outstanding for basic earnings per share	677,210,218	677,210,218
Basic earnings per share (cents per share)	1.52	2.44

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effect of all dilutive potential ordinary shares. The Company has one category of potential dilutive ordinary shares: warrants.

	Group	
	2015	2014
Net profit attributable to equity holders of the Company (\$)	10,262,829	16,517,416
Weighted average number of ordinary shares outstanding for basic earnings per share	677,210,218	677,210,218
Adjustment for:		
- Warrants	-	70,151,444
	677,210,218	747,361,662
Diluted earnings per share (cents per share)	1.52	2.21

For the financial year ended 31 August 2014, the weighted average number of shares on issue has been adjusted as if all dilutive warrants were exercised. The number of shares that could have been issued upon the exercise of all dilutive warrants less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

For the financial year ended 31 August 2015, the warrants were not included in the calculation of diluted earnings per share because they are antidilutive.

**11. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	7,083,907	3,467,194	3,795,551	209,388

**12. Financial assets, at fair value through profit or loss**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Held for trading</i>				
<i>Listed securities:</i>				
Equity securities – Singapore	18,145,532	23,156,843	-	-
Bonds – Singapore	20,720,009	24,329,573	-	-
	<u>38,865,541</u>	<u>47,486,416</u>	<u>-</u>	<u>-</u>

The financial assets, at fair value through profit or loss are used as security for short-term bank borrowings (Note 24).

**13. Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables				
- subsidiary corporations	-	-	5,870,834	8,258,820
- non-related parties	2,482,874	969,025	105,227	5,649
	<u>2,482,874</u>	<u>969,025</u>	<u>5,976,061</u>	<u>8,264,469</u>
Less: Allowance for impairment of receivables – non-related parties (Note 31(b)(ii))	(71,230)	(71,230)	-	-
Trade receivables – net	<u>2,411,644</u>	<u>897,795</u>	<u>5,976,061</u>	<u>8,264,469</u>
Advances to suppliers	816,121	262,331	816,121	262,331
Other receivables - non-related parties	48,660	3,664	11,095	(442)
	<u>3,276,425</u>	<u>1,163,790</u>	<u>6,803,277</u>	<u>8,526,358</u>

**14. Inventories**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Finished goods	17,093,898	18,355,391	1,103,844	1,211,273

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$19,843,770 (2014: \$21,552,755).

**15. Other current assets**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Deposits	694,352	1,143,509	169,152	173,011

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 16. Property held-for-sale

During the current financial year, a subsidiary corporation and a prospective buyer entered into an option to purchase the subsidiary corporation's investment property with an option price of \$6,535,000. As at 31 August 2015, no sale and purchase agreement has been entered into and the subsidiary corporation has not recognised the sale and corresponding gain or loss, if any. The investment property was transferred to property held-for-sale account at the lower of its carrying amount and fair value less cost to sell.

The disposal was subsequently completed on 16 September 2015.

## 17. Amounts due from subsidiary corporations

The amounts due from subsidiary corporations in the Company's balance sheet are non-trade, unsecured, and bear effective interest of 1.49% (2014: 1.13%) per annum. These amounts are not expected to be paid within the next 12 months from the balance sheet date.

The management is of the opinion that the carrying amounts approximate their fair values.

## 18. Available-for-sale financial assets

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Beginning of financial year	61,748,166	52,639,362	54,399,127	47,538,750
Additions	321,353	2,326,949	91,074	1,671,947
Fair value (loss)/gain recognised in other comprehensive income	(5,245,063)	7,525,768	(4,013,376)	5,432,343
Redeemed by issuers	(407,064)	(243,913)	(407,064)	(243,913)
Disposals	(3,406,715)	(500,000)	(3,406,715)	-
End of financial year	53,010,677	61,748,166	46,663,046	54,399,127

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

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Listed equity securities – Singapore	53,010,677	61,748,166	46,663,046	54,399,127

The available-for-sale financial assets are used as security for short-term bank borrowings (Note 24).

## 19. Investment in subsidiary corporations

	Company	
	2015 \$	2014 \$
Unquoted equity investments at cost	1,208,518	1,208,518



## 19. Investment in subsidiary corporations (continued)

Details of subsidiary corporations are as follows:

Details of subsidiary corporations are as follows:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2015 %	2014 %
<i>Held by the Company</i>				
Winning Chance Investments Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Another Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Best Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Better Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Double Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Equal Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Fair Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
First Lady Apparels (Malaysia) Sdn Bhd <sup>(2)</sup>	Retail of ready-made garments	Malaysia	100	100
Golden Chance Goldsmith Pte Ltd <sup>(1)</sup>	Retail of gold and jewellery, holding of properties as investments for rental income and holding of bonds and equity securities	Singapore	100	100
Good Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
New Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 19. Investment in subsidiary corporations (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2015 %	2014 %
Top Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Second Chance Investments Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Super Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income and trading of bonds and equities	Singapore	100	100
Classic Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Great Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Prime Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Easy Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
One Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
<u>Held by First Lady Apparels (Malaysia) Sdn Bhd</u>				
Inside Wealth Properties Sdn Bhd	Dormant company	Malaysia	-	100

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, an independent member firm of Nexia International.

(2) Audited by SSY Partners, Malaysia, an independent member firm of Nexia International.

## 20. Property, plant and equipment

	<u>Freehold land</u> \$	<u>Freehold buildings</u> \$	<u>Renovation, furniture and fittings</u> \$	<u>Shop and office equipment</u> \$	<u>Computers and peripherals</u> \$	<u>Motor vehicles</u> \$	<u>Total</u> \$
<b>Group</b>							
<b>2015</b>							
<i>Cost or valuation</i>							
Beginning of financial year							
Cost	14,849,879	4,561,964	4,061,551	207,310	938,840	119,684	24,739,228
Valuation	3,913,000	387,000	-	-	-	-	4,300,000
	18,762,879	4,948,964	4,061,551	207,310	938,840	119,684	29,039,228
Currency translation differences	(2,242,078)	(1,050,648)	(435,010)	(6,003)	(63,776)	(4,528)	(3,802,043)
Additions	-	4,211,221	18,696	3,155	26,329	-	4,259,401
Revaluation surplus (Note 28)	4,670,426	(1,212,490)	-	-	-	-	3,457,936
Revaluation adjustments	-	(199,674)	-	-	-	-	(199,674)
End of financial year	21,191,227	6,697,373	3,645,237	204,462	901,393	115,156	32,754,848
<i>Representing:</i>							
Cost	-	-	3,645,237	204,462	901,393	115,156	4,866,248
Valuation	21,191,227	6,697,373	-	-	-	-	27,888,600
	21,191,227	6,697,373	3,645,237	204,462	901,393	115,156	32,754,848
<i>Accumulated depreciation</i>							
Beginning of financial year	-	36,012	2,271,145	181,856	865,884	107,832	3,462,729
Currency translation differences	-	(2,056)	(195,646)	(4,213)	(58,532)	(3,047)	(263,494)
Depreciation charge (Note 7)	-	171,318	231,892	7,386	44,978	2,900	458,474
Revaluation adjustments	-	(199,674)	-	-	-	-	(199,674)
End of financial year	-	5,600	2,307,391	185,029	852,330	107,685	3,458,035
<b>Net book value</b>							
<b>End of financial year</b>	<b>21,191,227</b>	<b>6,691,773</b>	<b>1,337,846</b>	<b>19,433</b>	<b>49,063</b>	<b>7,471</b>	<b>29,296,813</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 20. Property, plant and equipment (continued)

	Freehold land \$	Freehold buildings \$	Renovation, furniture and fittings \$	Shop and office equipment \$	Computers and peripherals \$	Motor vehicles \$	Total \$
<b>Group</b>							
<b>2014</b>							
<i>Cost or valuation</i>							
Beginning of financial year							
Cost	636,816	240,572	3,871,794	202,081	912,643	118,984	5,982,890
Valuation	7,472,811	739,069	-	-	-	-	8,211,880
	8,109,627	979,641	3,871,794	202,081	912,643	118,984	14,194,770
Currency translation differences	293,239	72,729	66,591	886	9,681	700	443,826
Additions	14,800,610	4,238,391	123,166	4,343	16,516	-	19,183,026
Reclassified to investment properties (Note 21)	(4,440,597)	(352,069)	-	-	-	-	(4,792,666)
Revaluation surplus (Note 28)	-	10,272	-	-	-	-	10,272
End of financial year	18,762,879	4,948,964	4,061,551	207,310	938,840	119,684	29,039,228
<i>Representing:</i>							
Cost	14,849,879	4,561,964	4,061,551	207,310	938,840	119,684	24,739,228
Valuation	3,913,000	387,000	-	-	-	-	4,300,000
	18,762,879	4,948,964	4,061,551	207,310	938,840	119,684	29,039,228
<i>Accumulated depreciation</i>							
Beginning of financial year	-	-	2,009,077	170,827	813,488	104,399	3,097,791
Currency translation differences	-	(5,507)	26,192	575	8,669	417	30,346
Depreciation charge (Note 7)	-	51,593	235,876	10,454	43,727	3,016	344,666
Revaluation adjustments	-	(10,074)	-	-	-	-	(10,074)
End of financial year	-	36,012	2,271,145	181,856	865,884	107,832	3,462,729
<b>Net book value</b>							
<b>End of financial year</b>	<b>18,762,879</b>	<b>4,912,952</b>	<b>1,790,406</b>	<b>25,454</b>	<b>72,956</b>	<b>11,852</b>	<b>25,576,499</b>

**20. Property, plant and equipment (continued)**

	<b>Renovation, furniture and fittings \$</b>	<b>Shop and office equipment \$</b>	<b>Computers and peripherals \$</b>	<b>Motor vehicles \$</b>	<b>Total \$</b>
<b>Company</b>					
<b>2015</b>					
<i>Cost</i>					
Beginning of financial year	803,436	73,405	341,310	89,216	1,307,367
Additions	1,100	279	10,403	-	11,782
End of financial year	804,536	73,684	351,713	89,216	1,319,149
<i>Accumulated depreciation</i>					
Beginning of financial year	759,567	71,132	313,858	89,216	1,233,773
Depreciation charge	14,806	1,721	21,155	-	37,682
End of financial year	774,373	72,853	335,013	89,216	1,271,455
<b>Net book value</b>					
<b>End of financial year</b>	<b>30,163</b>	<b>831</b>	<b>16,700</b>	<b>-</b>	<b>47,694</b>
<b>2014</b>					
<i>Cost</i>					
Beginning of financial year	800,006	73,405	330,633	89,216	1,293,260
Additions	3,430	-	10,677	-	14,107
End of financial year	803,436	73,405	341,310	89,216	1,307,367
<i>Accumulated depreciation</i>					
Beginning of financial year	743,008	66,356	293,202	89,216	1,191,782
Depreciation charge	16,559	4,776	20,656	-	41,991
End of financial year	759,567	71,132	313,858	89,216	1,233,773
<b>Net book value</b>					
<b>End of financial year</b>	<b>43,869</b>	<b>2,273</b>	<b>27,452</b>	<b>-</b>	<b>73,594</b>

**(a) Fair value of freehold land and buildings****Fair value hierarchy**

As at 31 August 2015, freehold land and buildings are measured at fair value under Level 2 measurement hierarchy.

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

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

**Valuation process of the Group**

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of the financial year based on the properties' highest-and-best-use. As at 31 August 2015, the fair values of the properties have been determined by Jones Lang Lasalle Property Consultants Pte Ltd.

As at 31 August 2014, the fair values of freehold land and buildings were determined based on internal valuations performed by the management.

The internal valuations on the Group's freehold land and buildings were based on reports obtained from professional external valuers on recently transacted prices of similar properties and current rental yield and market value of certain properties obtained from the proposed sale and leaseback arrangement.

Changes in Level 2 fair values are analysed at each reporting date during the board meeting. As part of the discussion, the management presents a report that explains the reason for the fair value movements.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 20. Property, plant and equipment (continued)

- (b) If the land and buildings stated at valuation were included in the financial statement at cost less accumulated depreciation, their net book values would be:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Freehold land	14,729,663	1,881,289
Buildings	7,668,026	133,964

Under the Land Title (Strata) Act for properties located in Singapore, the subsidiary proprietors own a share of the common properties according to the share allotment which includes land. Accordingly, the properties are apportioned into freehold land and building. The apportionment was carried out by an independent property consultant, Jones Lang Lasalle Property Consultants Pte Ltd, in accordance with the Royal Institute of Chartered Surveyors practices.

- (c) The Group has mortgaged certain freehold land and buildings with carrying amount of \$4,300,000 (2014: \$4,300,000) to secure bills payable, bank overdraft and short-term bank loan facilities (Note 24).

## 21. Investment properties

	<b>Freehold properties</b>	<b>Leasehold properties</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Group</b>			
<b>2015</b>			
Beginning of financial year	56,426,159	146,172,177	202,598,336
Currency translation differences	(237,141)	-	(237,141)
Additions – subsequent expenditures	12,165	4,310	16,475
Reclassified to property held-for-sale (Note 16)	-	(6,535,000)	(6,535,000)
Disposal	-	(4,150,000)	(4,150,000)
Fair value changes (Note 5)	(939,037)	2,160,690	1,221,653
End of financial year	55,262,146	137,652,177	192,914,323
<b>2014</b>			
Beginning of financial year	50,901,294	150,907,177	201,808,471
Currency translation differences	25,999	-	25,999
Additions – subsequent expenditures	4,600	24,291	28,891
Reclassified from property, plant and equipment (Note 20)	4,792,666	-	4,792,666
Disposal	-	(4,361,500)	(4,361,500)
Fair value changes (Note 5)	701,600	(397,791)	303,809
End of financial year	56,426,159	146,172,177	202,598,336
		<b>Leasehold property</b>	
		<b>\$</b>	
<b>Company</b>			
<b>2015 and 2014</b>			
Beginning and end of financial year			13,500,000

The property rental income earned by the Group from its investment properties, all of which are leased out to non-related parties under operating leases, amounted to \$8,943,096 (2014: \$9,807,663). Direct operating expenses arising on the investment properties during the year amounted to \$1,553,499 (2014: \$1,371,811).

As at 31 August 2015, the Group has mortgaged investment properties and assigned the rental proceeds from all of these properties to secure bank overdraft, short-term and long-term bank loan facilities (Note 24).

## 21. Investment properties (continued)

### Fair value hierarchy

	Fair value measurement at 31 August 2015 using		
	Quoted price in active markets for identical asset (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$
Recurring fair value measurement			
Investment properties:			
- Retail spaces – Singapore	-	178,355,000	-
- Office buildings – Singapore	-	13,175,000	-
- Retail spaces – Malaysia	-	1,384,323	-
<hr/>			
	Fair value measurement at 31 August 2014 using		
	Quoted price in active markets for identical asset (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$
Recurring fair value measurement			
Investment properties:			
- Retail spaces – Singapore	-	187,875,001	-
- Office buildings – Singapore	-	13,175,000	-
- Retail spaces – Malaysia	-	1,548,335	-

As at 31 August 2015, the investment properties of the Group were valued by an independent professional valuer based on properties' highest-and-best-use using sales comparison approach (2014: Internal valuations performed by the management). These are regarded as Level 2 fair values. A description of the valuation technique and valuation processes of the Group are provided in Note 20(a).

The Group's investment properties consist of the following:

<u>Location of properties</u>	<u>Description</u>	<u>Tenure of land</u>	<u>Valuation</u> \$
<u>Company</u>			
Blk 190 Toa Payoh Lorong 6 #01-560 Singapore 310190	A leasehold unit of approximate 137 square metres	79 years lease from July 1992	13,500,000
<u>Subsidiary corporations</u>			
Blk 710A Ang Mo Kio Avenue 8 #01-2625 Singapore 561710	A leasehold unit of approximately 332 square metres	86 years lease from July 1993	10,000,000
Blk 214 Bedok North Street 1 #01-161 Singapore 460214	A leasehold unit of approximately 148 square metres	86 years lease from October 1992	3,900,000
No. 810 Geylang Road City Plaza #01-43/44/47/56/57/60/ 61/81/107 #02-49/50/51/81/82/86/ 88/105/106/107/108 Singapore 409286	20 freehold units of approximately 837 square metres	Freehold	35,950,000

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 21. Investment properties (continued)

<u>Location of properties</u>	<u>Description</u>	<u>Tenure of land</u>	<u>Valuation</u> \$
<u>Subsidiary corporations</u>			
Blk 12 Haig Road #01-327 Singapore 430012	A leasehold unit of approximately 154 square metres	82 years lease from July 1993	3,250,000
111 North Bridge Road Peninsula Plaza #01-28/28A/29/38/44/ 45A/45B Singapore 179098	5 leasehold units of approximately 253 square metres	999 years lease from October 1829	25,000,000
No. 304 Orchard Road Lucky Plaza #01-56/57/58/59 Singapore 238863	4 freehold units of approximately 76 square metres	Freehold	11,000,000
1 Park Road #01-32/33 People's Park Complex Singapore 059108	2 leasehold units of approximately 76 square metres	99 years lease from March 1968	4,830,000
No. 14 Scotts Road Far East Plaza #02-40/42 Singapore 228213	2 freehold units of approximately 70 square metres	Freehold	5,700,000
Blk 190 Toa Payoh Lorong 6 #01-562 Singapore 310190	A leasehold unit of approximately 96 square metres	79 years lease from July 1992	11,000,000
Blk 201B Tampines St 21 #01-1063 Singapore 522201	A leasehold unit of approximately 184 square metres	92 years lease from October 1, 1992	4,300,000
Blk 505 Tampines Central 1 #01-355 Singapore 520505	A leasehold unit of approximately 55 square metres	99 years from January 1, 1991	2,800,000
Blk 505 Tampines Central 1 #01-357 Singapore 520505	A leasehold unit of approximately 53 square metres	99 years from January 1, 1991	2,700,000
Blk 221 Boon Lay Shopping Centre #01-114 Singapore 640221	A leasehold unit of approximately 55 square metres	85 years from April 1, 1993	3,150,000
Blk 12 Haig Road #01-323 Singapore 430012	A leasehold unit of approximately 393 square metres	82 years lease from July 1993	9,300,000
Blk 221 Boon Lay Shopping Centre #01-122 Singapore 640221	A leasehold unit of approximately 55 square metres	85 years from April 1, 1993	2,900,000
#05-53/54 Sim Lim Square 1 Rochor Canal Road Singapore 188504	2 leasehold units of approximately 92 square metres	99 years from April 8, 1983	3,865,000
#05-36/62/63 Sim Lim Square 1 Rochor Canal Road Singapore 188504	3 leasehold units of approximately 117 square metres	99 years from April 8, 1983	5,275,000

**21. Investment properties (continued)**

<u>Location of properties</u>	<u>Description</u>	<u>Tenure of land</u>	<u>Valuation</u> \$
<u>Subsidiary corporations</u>			
#05-64/65 Sim Lim Square 1 Rochor Canal Road Singapore 188504	2 leasehold units of approximately 89 square metres	103 years from Dec 30, 1982	4,130,000
#05-60/61 Sim Lim Square 1 Rochor Canal Road Singapore 188504	2 leasehold units of approximately 69 square metres	99 years from April 8, 1983	3,505,000
#05-73/74 Sim Lim Square 1 Rochor Canal Road Singapore 188504	2 leasehold units of approximately 93 square metres	103 years from Dec 30, 1982	4,215,000
#05-72 Sim Lim Square 1 Rochor Canal Road Singapore 188504	A leasehold units of approximately 46 square metres	99 years from April 8, 1983	2,085,000
#20-07 International Plaza 10 Anson Road Singapore 079903	1 leasehold units of approximately 135 square metres	99 years from June 2, 1970	2,760,000
91 Bencoolen Street, #07-01/02/03/04/05 Sunshine Plaza, Singapore 189652	5 leasehold units of approximately 523 square metres	99 years from March 19, 1997	10,415,000
Blk 83 Marine Parade Central, #01-580, Singapore 440083	1 leasehold unit of approximately 140 square metres	83 years from April 1, 1993	6,000,000
Lot.1.80, 1.81 & 1.82 Ampang Park shopping Centre, KL, Malaysia	A freehold unit of approximately 459 square feet	Freehold	1,384,323

**22. Trade payables**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade payables				
- non-related parties	440,112	437,021	121,269	128,203
Rental deposits	2,183,403	2,301,773	245,595	238,005
Rental received in advance	105,910	96,723	8,801	-
Customers' deposits	7,177	6,338	-	-
	<u>2,736,602</u>	<u>2,841,855</u>	<u>375,665</u>	<u>366,208</u>

**23. Other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accruals for operating expenses	604,044	437,720	335,575	342,596
Directors' bonus and fees payable	776,013	600,061	740,745	544,406
Amount due to director	526,305	4,015	526,305	4,015
Security deposits	115,114	72,500	30,500	47,500
Other payables - non-related parties	156,768	269,070	11,536	47,666
	<u>2,178,244</u>	<u>1,383,366</u>	<u>1,644,661</u>	<u>986,183</u>

The amount due to director is unsecured, interest-free and repayable upon demand.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 24. Borrowings

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Current				
Bank borrowings <sup>(i)</sup>	82,731,664	85,497,504	67,415,494	66,949,717
Current portion of long-term bank borrowings <sup>(ii)</sup>	529,613	529,613	529,613	529,613
	<u>83,261,277</u>	<u>86,027,117</u>	<u>67,945,107</u>	<u>67,479,330</u>
Non-current				
Bank borrowings <sup>(ii)</sup>	5,307,139	5,836,753	5,307,139	5,836,753
Total borrowings	<u>88,568,416</u>	<u>91,863,870</u>	<u>73,252,246</u>	<u>73,316,083</u>

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Less than 4 months	<u>88,568,416</u>	<u>91,863,870</u>	<u>73,252,246</u>	<u>73,316,083</u>

- (i) The short-term bank borrowings bear interest ranging from 0.68% to 2.04% (2014: 0.76% to 1.38%) per annum, which represent a fixed margin above the Singapore Interbank Offer Rate.
- (ii) The long-term bank borrowings bear interest ranging from 1.05% to 1.89% (2014: 1.03% to 1.08%) per annum, which represent a fixed margin above the Singapore Interbank Offer Rate. The facilities mature on various dates from 2 June 2022 to 11 June 2026 (2014: 2 June 2022 to 11 June 2026). These loans are repayable in equal instalments.

### (a) Security granted

The bank borrowings of the Group and the Company are secured over financial assets, at fair value through profit or loss (Note 12), available-for-sale financial assets (Note 18), certain freehold land and buildings (Note 20), investment properties and assignment of rental proceeds from these properties (Note 21).

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

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Bank borrowings	<u>4,343,299</u>	<u>4,994,109</u>	<u>4,343,299</u>	<u>4,994,109</u>

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

	Group		Company	
	2015	2014	2015	2014
Bank borrowings	<u>2.00%</u>	<u>1.30%</u>	<u>2.00%</u>	<u>1.30%</u>

The fair values are within Level 2 of the fair values hierarchy (Note 31(e)).



## 25. Deferred income taxes

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

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Deferred income tax liabilities				
- to be settled after one year	215,840	605,402	8,108	12,511

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

	<b>Accelerated tax depreciation</b>	<b>Asset revaluation reserve</b>	<b>Tax losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Group</b>				
At 1 September 2013	285,457	417,145	-	702,602
Currency translation differences	17,012	-	-	17,012
Credited to profit or loss (Note 9(a))	(114,212)	-	-	(114,212)
At 31 August 2014	188,257	417,145	-	605,402
Currency translation differences	(36,720)	(43,359)	-	(80,079)
Credited to profit or loss (Note 9(a))	(23,534)	-	(634,149)	(657,683)
Charged to asset revaluation reserves (Note 9(b))	-	348,200	-	348,200
At 31 August 2015	128,003	721,986	(634,149)	215,840
<b>Company</b>				
At 1 September 2013	17,251	-	-	17,251
Credited to profit or loss	(4,740)	-	-	(4,740)
At 31 August 2014	12,511	-	-	12,511
Credited to profit or loss	(4,403)	-	-	(4,403)
At 31 August 2015	8,108	-	-	8,108

## 26. Share capital

	<b>No. of ordinary shares</b>		<b>Amount</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
			<b>\$</b>	<b>\$</b>
<u>Group and Company:</u>				
At beginning of financial year	677,210,218	667,159,424	120,141,158	116,924,904
Conversion of warrants	-	10,050,794	-	3,216,254
At end of financial year	677,210,218	677,210,218	120,141,158	120,141,158

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

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

During the previous financial year, the Company issued 10,050,794 ordinary shares upon the exercise of 10,050,794 warrants at the exercise price of \$0.32.

The newly issued shares rank pari passu in all respects with the existing shares of the Company.

As at 31 August 2015, there were new warrants 577,024,950 (2014 : 577,024,950), with each new warrant carrying the right to subscribe for one new share at an exercise price of \$0.40. The new warrants were issued on 25 July 2012 and can only be exercised with effect from 25 July 2016 and will expire on 24 July 2017.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 27. Retained profits

(a) Retained profits of the Group and of the Company are distributable.

(b) Movement in retained profits for the Group and the Company are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Beginning of financial year	121,281,661	129,821,025	112,561,021	113,058,918
Net profit	10,262,829	16,517,416	2,608,941	24,558,883
Dividends paid (Note 29)	(10,158,157)	(25,056,780)	(10,158,157)	(25,056,780)
End of financial year	121,386,333	121,281,661	105,011,805	112,561,021

## 28. Other reserves

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
(a) Composition:				
Fair value reserve	8,566,518	16,269,109	7,579,332	14,050,236
Asset revaluation reserve	9,591,463	6,501,101	-	-
Currency translation reserve	(5,388,688)	(943,843)	-	-
	12,769,293	21,826,367	7,579,332	14,050,236
(b) Movements:				
<b>(i) Fair value reserve</b>				
Beginning of financial year	16,269,109	8,743,341	14,050,236	8,617,893
Available-for-sale financial assets				
- Fair value (loss)/gain (Note 18)	(5,245,063)	7,525,768	(4,013,376)	5,432,343
- Reclassification to profit or loss (Note 5)	(2,457,528)	-	(2,457,528)	-
	(7,702,591)	7,525,768	(6,470,904)	5,432,343
End of financial year	8,566,518	16,269,109	7,579,332	14,050,236
<b>(ii) Asset revaluation reserve</b>				
Beginning of financial year	6,501,101	6,490,829	-	-
Revaluation gains (Note 20)	3,457,936	10,272	-	-
Tax on revaluation gains (Note 9(b))	(348,200)	-	-	-
Currency translation differences	(19,374)	-	-	-
	3,090,362	10,272	-	-
End of financial year	9,591,463	6,501,101	-	-
<b>(iii) Currency translation reserve</b>				
Beginning of financial year	(943,843)	(1,137,855)	-	-
Net currency translation difference of financial statements for foreign subsidiary corporation	(940,838)	194,012	-	-
Currency translation difference on net investment in foreign operation	(3,504,007)	-	-	-
	(4,444,845)	194,012	-	-
End of financial year	(5,388,688)	(943,843)	-	-

## 29. Dividends

The directors declared one tier tax-exempt dividend as follows:

	2015 \$	2014 \$
One-tier tax-exempt cash dividend of 1.7 cents per share in respect of financial year ended 31 August 2013	-	11,512,576
One-tier tax-exempt interim cash dividend of 2.0 cents per share in respect of financial year ended 31 August 2014	-	13,544,204
One-tier tax-exempt cash dividend of 1.5 cents per share in respect of financial year ended 31 August 2014	10,158,157	-
	<u>10,158,157</u>	<u>25,056,780</u>

## 30. Commitments

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

The Group and the Company leases offices and warehouses from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	<b>Group</b>		<b>Company</b>	
	2015 \$	2014 \$	2015 \$	2014 \$
Not later than one year	1,334,180	1,890,739	507,564	304,133
Between one and five years	624,993	996,059	87,988	222,005
	<u>1,959,173</u>	<u>2,886,798</u>	<u>595,552</u>	<u>526,138</u>

### (b) Operating lease commitments – where the Group is a lessor

The Group and the Company lease out retail spaces and office buildings to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute amounts or fixed annual increases to the lease payments.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	<b>Group</b>		<b>Company</b>	
	2015 \$	2014 \$	2015 \$	2014 \$
Not later than one year	7,707,625	6,823,664	690,000	762,000
Between one and five years	5,433,164	3,753,894	246,250	768,750
	<u>13,140,789</u>	<u>10,577,558</u>	<u>936,250</u>	<u>1,530,750</u>

### (c) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	<b>Group</b>
	2015 \$
Property, plant and equipment	<u>4,526</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 31. Financial risk management

### Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk, and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and this includes establishing detailed policies, such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits in accordance with objectives and underlying principles approved by the Board of Directors.

#### (a) Market risk

##### (i) Currency risk

The Group operates in Singapore and Malaysia. Revenue and expenses are predominantly denominated in Singapore Dollar ("SGD") and Malaysia Ringgit ("MYR").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD").

In addition, the Group is exposed to currency translation risk on the net assets in Malaysia.

The Group's currency exposure based on the information provided to key management is as follows:

	<u>SGD</u>	<u>USD</u>	<u>MYR</u>	<u>Other</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<u>At 31 August 2015</u>					
<b>Financial assets</b>					
Cash and cash equivalents and financial assets, at fair value through profit or loss and available-for-sale	84,619,845	11,220,646	2,293,381	826,253	98,960,125
Trade and other receivables	2,425,145	-	35,159	-	2,460,304
Receivables from subsidiary corporations	219,267,439	-	21,683,963	-	240,951,402
Other current assets	271,573	-	422,779	-	694,352
	<u>306,584,002</u>	<u>11,220,646</u>	<u>24,435,282</u>	<u>826,253</u>	<u>343,066,183</u>
<b>Financial liabilities</b>					
Borrowings	(82,310,584)	(6,257,832)	-	-	(88,568,416)
Trade and other payables	(4,411,589)	-	(397,347)	-	(4,808,936)
Payables to subsidiary corporations	(219,267,439)	-	(21,683,963)	-	(240,951,402)
	<u>(305,989,612)</u>	<u>(6,257,832)</u>	<u>(22,081,310)</u>	<u>-</u>	<u>(334,328,754)</u>
<b>Net financial assets</b>	<b>594,390</b>	<b>4,962,814</b>	<b>2,353,972</b>	<b>826,253</b>	<b>8,737,429</b>
Add: Net non-financial assets	214,079,381	-	31,479,974	-	245,559,355
<b>Currency profiling including non-financial assets and liabilities</b>	<b>214,673,771</b>	<b>4,962,814</b>	<b>33,833,946</b>	<b>826,253</b>	<b>254,296,784</b>
<b>Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies</b>	<b>(5,870,834)</b>	<b>4,962,814</b>	<b>21,683,963</b>	<b>826,253</b>	<b>21,602,196</b>

### 31. Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

	<b>SGD</b> \$	<b>USD</b> \$	<b>MYR</b> \$	<b>Other</b> \$	<b>Total</b> \$
<i>At 31 August 2014</i>					
<b>Financial assets</b>					
Cash and cash equivalents and financial assets, at fair value through profit or loss and available-for-sale	94,021,628	15,650,637	3,029,511	-	112,701,776
Trade and other receivables	774,436	-	127,023	-	901,459
Receivables from subsidiary corporations	230,922,235	-	20,164,191	-	251,086,426
Other current assets	234,982	-	908,527	-	1,143,509
	<b>325,953,281</b>	<b>15,650,637</b>	<b>24,229,252</b>	<b>-</b>	<b>365,833,170</b>
<b>Financial liabilities</b>					
Borrowings	(79,937,364)	(11,926,506)	-	-	(91,863,870)
Trade and other payables	(3,795,599)	-	(332,899)	-	(4,128,498)
Payables to subsidiary corporations	(230,922,235)	-	(20,164,191)	-	(251,086,426)
	<b>(314,655,198)</b>	<b>(11,926,506)</b>	<b>(20,497,090)</b>	<b>-</b>	<b>(347,078,794)</b>
<b>Net financial assets</b>	<b>11,298,083</b>	<b>3,724,131</b>	<b>3,732,162</b>	<b>-</b>	<b>18,754,376</b>
Add: Net non-financial assets	216,182,296	-	28,312,514	-	244,494,810
<b>Currency profiling including non-financial assets and liabilities</b>	<b>227,480,379</b>	<b>3,724,131</b>	<b>32,044,676</b>	<b>-</b>	<b>263,249,186</b>
<b>Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies</b>	<b>(8,258,820)</b>	<b>3,724,131</b>	<b>20,164,191</b>	<b>-</b>	<b>15,629,502</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 31. Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	<b>SGD</b> <b>\$</b>	<b>USD</b> <b>\$</b>	<b>MYR</b> <b>\$</b>	<b>Total</b> <b>\$</b>
<u>At 31 August 2015</u>				
<b>Financial assets</b>				
Cash and cash equivalents and available-for-sale financial assets	50,458,597	-	-	50,458,597
Trade and other receivables	5,987,156	-	-	5,987,156
Amount due from subsidiary corporations	213,396,605	-	21,683,963	235,080,568
Other current assets	169,152	-	-	169,152
	<u>270,011,510</u>	<u>-</u>	<u>21,683,963</u>	<u>291,695,473</u>
<b>Financial liabilities</b>				
Borrowings	(73,252,246)	-	-	(73,252,246)
Trade and other payables	(2,011,525)	-	-	(2,011,525)
	<u>(75,263,771)</u>	<u>-</u>	<u>-</u>	<u>(75,263,771)</u>
<b>Net financial assets</b>	<b>194,747,739</b>	<b>-</b>	<b>21,683,963</b>	<b>216,431,702</b>
Add: Net non-financial assets	15,092,111	-	1,208,482	16,300,593
<b>Currency profiling including non-financial assets</b>	<b>209,839,850</b>	<b>-</b>	<b>22,892,445</b>	<b>232,732,295</b>
<b>Net currency exposure of financial assets net of those denominated in Company's functional currency</b>	<b>-</b>	<b>-</b>	<b>21,683,963</b>	<b>21,683,963</b>
<u>At 31 August 2014</u>				
<b>Financial assets</b>				
Cash and cash equivalents and available-for-sale financial assets	54,608,515	-	-	54,608,515
Trade and other receivables	8,264,027	-	-	8,264,027
Amount due from subsidiary corporations	222,663,415	-	20,164,191	242,827,606
Other current assets	173,011	-	-	173,011
	<u>285,708,968</u>	<u>-</u>	<u>20,164,191</u>	<u>305,873,159</u>
<b>Financial liabilities</b>				
Borrowings	(70,047,472)	(3,268,611)	-	(73,316,083)
Trade and other payables	(1,352,391)	-	-	(1,352,391)
	<u>(71,399,863)</u>	<u>(3,268,611)</u>	<u>-</u>	<u>(74,668,474)</u>
<b>Net financial assets/(liabilities)</b>	<b>214,309,105</b>	<b>(3,268,611)</b>	<b>20,164,191</b>	<b>231,204,685</b>
Add: Net non-financial assets	14,339,248	-	1,208,482	15,547,730
<b>Currency profiling including non-financial assets</b>	<b>228,648,353</b>	<b>(3,268,611)</b>	<b>21,372,673</b>	<b>246,752,415</b>
<b>Net currency exposure of financial assets /(liabilities) net of those denominated in Company's functional currency</b>	<b>-</b>	<b>(3,268,611)</b>	<b>20,164,191</b>	<b>16,895,580</b>

### 31. Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

If the USD and MYR change against SGD by 5% (2014: 5%) and 10% (2014: 5%) with all other variables including tax rate being held constant, the effects on net financial liability/asset position will be as follows:

	2015		2014	
	Increase/(Decrease)			
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	\$	\$	\$	\$
<u>Group</u>				
USD against SGD				
-Strengthened	205,957	-	154,551	-
-Weakened	(205,957)	-	(154,551)	-
MYR against SGD				
- Strengthened	(487,279)	1,799,769	493,948	-
- Weakened	487,279	(1,799,769)	(493,948)	-
<u>Company</u>				
USD against SGD				
-Strengthened	-	-	(135,647)	-
-Weakened	-	-	135,647	-
MYR against SGD				
- Strengthened	-	1,799,769	836,814	-
- Weakened	-	(1,799,769)	(836,814)	-

##### (ii) Price risk

The Group is exposed to equity securities and bonds price risk arising from the investments held by the Group which are classified in the balance sheets as available-for-sale financial assets and financial assets, at fair value through profit or loss. These securities are listed in Singapore. To manage its price risk arising from investments in equity securities and bonds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If prices for equity securities and bonds listed in Singapore had changed by 5% (2014: 5%) with all other variables including tax rate being held constant, the effects on profit after tax and equity would have been:

	2015		2014	
	Increase/(Decrease)			
	<u>Profit after tax</u> \$	<u>Equity</u> \$	<u>Profit after tax</u> \$	<u>Equity</u> \$
<u>Group</u>				
Listed in Singapore				
- increased by	1,612,920	2,650,534	1,970,686	3,087,408
- decreased by	(1,612,920)	(2,650,534)	(1,970,686)	(3,087,408)
<u>Company</u>				
Listed in Singapore				
- increased by	-	2,333,152	-	2,719,956
- decreased by	-	(2,333,152)	-	(2,719,956)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 31. Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings mainly denominated in SGD and USD. The Company's exposure to cash flow interest rate risks arises mainly from borrowings and loans to subsidiary corporations at variable rates. The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain operations of the Group.

If the SGD interest rates had increased/decreased by 0.5% (2014: 0.5%) with all other variables including tax rate being held constant, the profit before tax would have been lower/higher by \$411,553 (2014: \$237,750) as a result of higher/lower interest expense on these borrowings.

If the USD interest rates had increased/decreased by 0.5% (2014: 0.5%) with all other variables including tax rate being held constant, the profit before tax would have been lower/higher by \$31,289 (2014: \$67,363) as a result of higher/lower interest expense on these borrowings.

### (b) Credit risk

Concentration of credit risk exist when changes in economic, industry and geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified along industry and product lines, and transactions are entered into with diverse credit-worthy counterparties, thereby mitigating any significant concentration of credit risk.

Credit risk arising from the inability of a counterparty to meet the terms of the Group's financial instruments contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceeds the obligations of the Group. It is the Group's policy to enter into transactions with a diversity of credit-worthy counterparties.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

No concentration of risk with respect to trade receivables exist. The Group and Company's trade receivables are primarily due from tenants in respect of their rental income receivable. The management monitor these trade receivables closely and consider the risk of default by these customers to be minimal.

The profile of trade receivables based on the information provided to key management is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<u>By types of customers</u>				
Non-related parties				
- Individuals	498,419	398,972	-	-
- Other corporations	1,913,225	498,823	105,227	5,649
Subsidiary corporations	-	-	5,870,834	8,258,820
	<u>2,411,644</u>	<u>897,795</u>	<u>5,976,061</u>	<u>8,264,469</u>

#### (i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

### 31. Financial risk management (continued)

#### (b) Credit risk (continued)

##### (ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Past due < 3 months	286,613	201,580	26,750	-
Past due 3 to 6 months	3,051	-	-	-
Past due over 6 months	278,925	234,471	-	-
	<u>568,589</u>	<u>436,051</u>	<u>26,750</u>	<u>-</u>

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Past due over 6 months	71,230	71,230	-	-
Less: Allowance for impairment	<u>(71,230)</u>	<u>(71,230)</u>	<u>-</u>	<u>-</u>
Beginning and end of financial year (Note 13)	<u>71,230</u>	<u>71,230</u>	<u>-</u>	<u>-</u>

The impaired trade receivables arise mainly from rental income from tenants which has suffered significant losses on its operations and management are of the opinion that repayments are not forthcoming.

#### (c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the debt-to-equity ratio.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 31. Financial risk management (continued)

### (c) Liquidity risk (continued)

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
<u>Group</u>				
<b>At 31 August 2015</b>				
Trade and other payables	4,808,936	-	-	-
Borrowings	83,261,277	620,772	1,805,119	3,363,891
<b>At 31 August 2014</b>				
Trade and other payables	4,225,221	-	-	-
Borrowings	86,027,117	590,899	1,756,015	3,991,595
<u>Company</u>				
<b>At 31 August 2015</b>				
Trade and other payables	2,011,525	-	-	-
Borrowings	67,945,107	620,772	1,805,119	3,363,891
<b>At 31 August 2014</b>				
Trade and other payables	1,352,391	-	-	-
Borrowings	67,479,330	590,899	1,756,015	3,991,595

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net debt	86,399,355	92,621,897	71,477,021	74,459,086
Total equity	254,296,784	263,249,186	232,732,295	246,752,415
Total capital	340,696,139	355,871,083	304,209,316	321,211,501
<b>Gearing ratio</b>	<b>25%</b>	<b>26%</b>	<b>23%</b>	<b>23%</b>

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 2015 and 2014.



### 31. Financial risk management (continued)

#### (e) Fair value measurement

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

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

See Note 20 for disclosure of the property, plant and equipment that are measured at fair value under level 2. See Note 21 for disclosure of the investment properties that are measured at fair value under level 2.

As at 31 August 2015, the Group and Company have only 1 class of measurement hierarchy, which is under level 1, relating to financial assets, available-for-sale and at fair value through profit or loss. The fair value of financial instrument traded in active market (available-for-sale and held for trading equity securities and bonds) is based on quoted market price at the balance sheet date. The quoted market price used for financial asset held by the Company is the current bid price.

The carrying amount less impairment provision of current trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amount of current borrowings approximates their fair value.

#### (f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 12 and Note 18 to the financial statements, except for the following:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Loans and receivables	10,238,563	5,512,162	245,032,427	251,474,032
Financial liabilities at amortised cost	<u>93,377,352</u>	<u>95,992,368</u>	<u>75,263,771</u>	<u>74,668,474</u>

### 32. Related party transactions

No transactions took place between the Group and related parties other than those disclosed elsewhere in the financial statements.

- (a) Outstanding balances as at 31 August 2015, arising from sales of goods and services, are unsecured and receivable within 12 months from the balance sheet date and disclosed in Note 13 and 16 to the financial statements.

- (b) Key management personnel compensation

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<u>Directors' remuneration:</u>		
Salaries, bonus and fees	1,722,237	2,040,934
Employer's contribution to defined contribution plans	22,343	22,978
	<u>1,744,580</u>	<u>2,063,912</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 33. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the two geographic areas: Singapore and Malaysia. The segment in Malaysia derives revenue from sale of apparel, while the Singapore segment derives revenue from sale of apparel, gold and jewellery, investment dealing and rental of investment properties.

The segment information provided to the Board of Directors for the reportable segments are as follows:

	Singapore				Malaysia	
	Wearing apparel	Gold and jewellery	Investment dealing	Property rental	Wearing apparel	Group
	\$	\$	\$	\$	\$	\$
<b>2015</b>						
<u>Group</u>						
<b>Revenue</b>						
- external parties	2,929,169	15,949,794	5,210,123	8,943,096	12,755,688	45,787,870
Segment results	1,748,957	1,581,228	2,272,830	9,972,500	(825,841)	14,749,674
<b>Expenses</b>						
Administrative and other operating expenses						(1,661,911)
Finance expenses						(2,592,006)
Profit before income tax						10,495,757
Income tax expense						(232,928)
<b>Net profit</b>						10,262,829
Net profit includes:						
Depreciation	43,282	5,776	-	-	409,416	458,474
<b>Segment assets</b>	7,286,495	10,501,710	91,876,218	202,477,655	36,700,448	348,842,526
Segment assets includes:						
Additions to property, plant and equipment	11,782	5,730	-	-	4,241,889	4,259,401
Improvements to investment properties	-	-	-	16,475	-	16,475
<b>Segment liabilities</b>	507,798	333,391	36,281,663	54,696,129	397,231	92,216,212

### 33. Segment information (continued)

	Singapore				Malaysia	
	Wearing apparel	Gold and jewellery	Investment dealing	Property rental	Wearing apparel	Group
	\$	\$	\$	\$	\$	\$
<b>2014</b>						
<u>Group</u>						
<b>Revenue</b>						
- external parties	2,987,382	15,148,883	4,463,320	9,807,663	16,052,192	48,459,440
Segment results	2,792,576	1,384,532	6,456,004	8,650,661	501,765	19,785,538
<b>Expenses</b>						
Administrative and other operating expenses						(1,965,270)
Finance expenses						(1,063)
Profit before income tax						17,819,205
Income tax expense						(1,301,789)
<b>Net profit</b>						16,517,416
Net profit includes:						
Depreciation	48,191	6,686	-	-	289,789	344,666
<b>Segment assets</b>	980,792	11,435,297	109,234,582	203,402,077	36,632,875	361,685,623
Segment assets includes:						
Additions to property, plant and equipment	14,107	2,430	-	-	19,166,489	19,183,026
Improvements to investment properties	-	-	-	28,891	-	28,891
<b>Segment liabilities</b>	568,112	271,328	42,197,504	52,172,973	332,899	95,542,816

Sales between segments are carried out at terms agreed between the segments. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

#### Reconciliation of reportable segments' liabilities to total liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than director's fees and bonus payable, amount due to director, current income tax liabilities and deferred income tax liabilities.

	2015 \$	2014 \$
Segment liabilities for reportable segments	92,216,212	95,542,816
Unallocated:		
Director's fees and bonus payable	740,745	542,260
Amount due to director	526,305	4,015
Current income tax liabilities	846,640	1,741,944
Deferred income tax liabilities	215,840	605,402
	94,545,742	98,436,437

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

## 33. Segment information (continued)

### Geographical information

The Group's four business segments operate in two main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the sale of apparel, gold and jewellery, investment dealing and rental of properties;
- Malaysia – the operations in this area are principally the sale of apparel.

	Revenue	
	2015 \$	2014 \$
Singapore	33,032,182	32,407,248
Malaysia	12,755,688	16,052,192
	<u>45,787,870</u>	<u>48,459,440</u>

	Non-current assets	
	2015 \$	2014 \$
Singapore	248,907,921	267,191,356
Malaysia	26,313,892	22,731,645
	<u>275,221,813</u>	<u>289,923,001</u>

There is no revenue from single external customer that contributed 10% or more of the Group's total revenue.

## 34. New or revised accounting standards

Below are the new standards and amendments to existing standards that have been published and relevant for the Group's accounting period beginning on or after 1 September 2015 which have not been early adopted:

- FRS 16 *Property, plant and equipment* and FRS 38 *Intangible assets* (effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 July 2017\*)

This is the converged standard on revenue recognition. It replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

### 34. New or revised accounting standards (continued)

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This amendment is not expected to have any significant impact on the financial statements of the Group.

\*The effective date of IFRS 15 *Revenue from contracts with customers* has been deferred from 1 January 2017 to 1 January 2018. No such deferral has been made for FRS 115 *Revenue from contracts with customers* as at the date of this publication.

- FRS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required by is different to that currently prepared under FRS 39.

This amendment is not expected to have any significant impact on the financial statements of the Group.



# STATISTICS OF SHAREHOLDERS

ISSUED AND FULLY PAID-UP CAPITAL	S\$120,141,158
NO. OF SHARES ISSUED	677,210,218
CLASS OF SHARES	Ordinary Shares
VOTING RIGHTS	One vote per share
NO OF TREASURY SHARES	Nil

## ANALYSIS OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 NOVEMBER 2015

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF SHARES
<b>1 - 99</b>	50	1.70	1,890	0.00
<b>100 - 1000</b>	216	7.36	134,845	0.02
<b>1,000 - 10,000</b>	1,069	36.41	5,886,244	0.87
<b>10,001 - 1,000,000</b>	1,570	53.47	102,592,645	15.15
<b>1,000,001 - and above</b>	31	1.06	568,594,594	83.96
<b>Grand Total</b>	<b>2,936</b>	<b>100.00</b>	<b>677,210,218</b>	<b>100.00</b>

## THIRTY LARGEST SHAREHOLDERS AS AT 18 NOVEMBER 2015

NO	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1	MOHAMED SALLEH S/O KADIR MOHIDEEN SAIBU MARICAR	376,651,678	55.62
2	MAYBANK NOMINEES (S) PTE LTD	49,357,141	7.29
3	OCBC SECURITIES PRIVATE LTD	26,575,641	3.92
4	LIEW CHIAP KONG	20,512,332	3.03
5	SOFIA BINTE MOHAMED SALLEH MARICAR	15,217,429	2.25
6	RADIAH BINTE MOHAMED SALLEH MARICAR	13,163,553	1.94
7	MOHAMED HASAN MARICAN OR SALEHA BINTE ABDUL KADER	6,300,688	0.93
8	MOHAMED AMAL BIN MOHAMED SALLEH MARICAR	6,111,936	0.90
9	NADIA D/O MOHAMED SALLEH MARICAR OR SAPIYAH ABU BAKAR	5,505,529	0.81
10	DBS NOMINEES PTE LTD	4,559,504	0.67
11	RAFFLES NOMINEES (PTE) LTD	4,413,901	0.65
12	DEVNARAYANAN S/O K R PISHARODY @ SHAH ABDULLAH PISHARODY	4,370,816	0.65
13	JOHARABEE BINTE KADIR MAIDEEN SAIBOO MARICAN	4,000,965	0.59
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,280,266	0.48
15	WEE HIAN KOK	3,056,662	0.45
16	TAN WOI @ TAN SIEW HWA	2,919,028	0.43
17	KHONG LAI CHEONG	2,416,011	0.36
18	OCBC NOMINEES SINGAPORE PTE LTD	2,246,703	0.33
19	LAU CHEE PENG	2,021,054	0.30
20	LEAU CHIAP KIN	1,878,000	0.28
21	KUANG SHIHAO	1,681,702	0.25
22	TEO CHONG HOCK	1,452,437	0.21
23	KOH CHENG TECK OR PNG PECK ENG	1,419,000	0.21
24	WONG KAI YEEN	1,416,332	0.21
25	CHENG HOOI TIANG	1,354,570	0.20
26	LOH SUAT KEOW	1,203,769	0.18

27	PHILLIP SECURITIES PTE LTD	1,202,594	0.18
28	HUSSAIN BIN M ISMAIL	1,136,000	0.17
29	TAN BOON SON @TAN TECK LONG	1,126,591	0.17
30	HARRY HALIM @ LIM ENG LIAN	1,024,946	0.15
<b>TOTAL</b>		<b>567,576,778</b>	<b>83.81</b>

#### SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company, the public holds 25% of the listed issuer's equity securities and hence it is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer's equity securities to be held by the public.

#### SUBSTANTIAL SHAREHOLDERS (as shown in the REGISTER of Substantial Shareholders)

<u>Name</u>	<u>Shares Registered in the Name of Substantial Shareholder</u>	
	<u>Direct Interest</u>	<u>Deemed Interest</u>
Mohamed Salleh s/o Kadir Mohideen Saibu Maricar	376,651,678	54,817,761*
<u>Note:</u>		
* The shares are pledged with the bank and are beneficially owned by Mr Salleh. Also, some shares are held by his spouse. The details are as below:		
		<u>NO. OF SHARES</u>
Maybank Nominees (S) Pte Ltd		49,312,232
Mdm. Sapiyah Abu Bakar		5,505,529
		<u>54,817,761</u>

# STATISTICS OF WARRANTHOLDERS

## DISTRIBUTION OF WARRANTHOLDERS BY SIZE OF WARRANTHOLDINGS (W170724) AS AT 18 NOVEMBER 2015

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDINGS	%	NO. OF WARRANTS	%
1 - 99	38	1.89	1,521	0.00
100 - 1,000	205	10.19	112,009	0.02
1,001 - 10,000	771	38.32	3,487,284	0.60
10,001 - 1,000,000	928	46.12	99,070,525	17.17
1,000,001 - and above	70	3.48	474,353,611	82.21
<b>Grand Total</b>	<b>2,012</b>	<b>100.00</b>	<b>577,024,950</b>	<b>100.00</b>

## THIRTY LARGEST WARRANTHOLDERS AS AT 18 NOVEMBER 2015

NO	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	% OF WARRANTS
1	MOHAMED SALLEH S/O KADIR MOHIDEEN SAIBU MARICAR	207,156,089	35.90
2	PHILLIP SECURITIES PTE LTD	34,446,048	5.97
3	MAYBANK KIM ENG SECURITIES PTE LTD	13,666,565	2.37
4	THIAN YIM PHENG	13,500,000	2.34
5	RADIAH BINTE MOHAMED SALLEH MARICAR	12,802,378	2.22
6	SOFIA BINTE MOHAMED SALLEH MARICAR	11,829,332	2.05
7	CHENG WA SING	9,867,200	1.71
8	RAFFLES NOMINEES (PTE) LTD	9,076,101	1.57
9	YEOW HO HUAT	7,760,100	1.34
10	NG TIE JIN ( HUANG ZHIREN)	6,800,000	1.18
11	TENG JEE CHENG	6,735,000	1.17
12	MOHAMED AMAL BIN MOHAMED SALLEH MARICAR	6,111,936	1.06
13	DBS NOMINEES PTE LTD	5,583,640	0.97
14	NADIA D/O MOHAMED SALLEH MARICAR OR SAPIYAH ABU BAKAR	5,505,529	0.95
15	MOHAMED HASAN MARICAN OR SALEHA BINTE ABDUL KADER	5,013,688	0.87
16	LEE HONG KHIM	5,000,000	0.87
17	OCBC SECURITIES PRIVATE LTD	4,804,966	0.83
18	LIEW CHIAP KONG	4,743,832	0.82
19	DEVNARAYANAN S/O K R PISHARODY @ SHAH ABDULLAH PISHARODY	4,270,816	0.74
20	JOHARABEE BINTE KADIR MAIDEEN SAIBOO MARICAN	3,750,965	0.65
21	ONG CHU TEK	3,706,000	0.64
22	UOB KAY HIAN PTE LTD	3,676,234	0.64
23	EIO HOCK CHUAR	3,615,000	0.63
24	BOO MOH CHUAN	3,500,000	0.61
25	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	3,309,626	0.57
26	LIM KHIAM BOON	3,212,332	0.56
27	QUEK CHIN SOON	3,050,753	0.53
28	KHOO HWEE SAN	3,000,000	0.52
29	LEE CHUI FONG	3,000,000	0.52
30	TAN WOI @ TAN SIEW HWA	2,766,528	0.48
<b>TOTAL:</b>		<b>411,260,658</b>	<b>71.28</b>

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at The Orange Ballroom, 845 Geylang Road, #03-16 Tanjong Katong Complex, Singapore 400845 on Wednesday, 30 December 2015 at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 August 2015 and the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt (one-tier) dividend of 3.55 cents per ordinary share for the financial year ended 31 August 2015. **(Resolution 2)**
3. To approve the payment of directors' fees of S\$87,344 for the financial year ended 31 August 2015 (2014: S\$88,376). **(Resolution 3)**
4. To approve the payment of director's fee of S\$6,100 to Mr Choo Chee Kong, Peter for the period from 1 September 2015 to his date of resignation on 9 November 2015. **(Resolution 4)**
5. To approve the payment of director's fee of S\$8,943.55 to Mr Bobby Jayaraman for the period from 1 September 2015 to his last date of service on 30 December 2015. **(Resolution 5)**
6. To re-elect Mr Mohamed Salleh s/o Kadir Mohideen Saibu Maricar, who retires by rotation pursuant to Article 104 of the Company's Articles of Association, as Director of the Company. **(Resolution 6)**
7. To re-elect Mr Mohamed Hasan Marican s/o Kadir Mohideen Saibu Maricar, who retires by rotation pursuant to Article 104 of the Company's Articles of Association, as Director of the Company. **(Resolution 7)**
8. To record the retirement of Mr Bobby Jayaraman, an Independent Non-Executive Director who will be due for re-election pursuant to Article 104 of the Company's Articles of Association and who will not be seeking reelection.

### Note:

Upon the retirement of Mr Bobby Jayaraman as an Independent Non-Executive Director, he will cease to be Chairman of Remuneration Committee and member of the Audit Committee and Nominating Committee.

9. To re-appoint Messrs Nexia TS Public Accounting Corporation, Certified Public Accountants as Auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 8)**

## AS SPECIAL BUSINESS

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

10. "That, pursuant to Section 161 of the Companies Act, Cap. 50 and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to: **(Resolution 9)**
  - (A) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
  - (ii) make or grant offers, agreements, or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,
  - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues,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
- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (a) 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 50 per cent of the total number of issued shares excluding treasury shares (as calculated in accordance with subparagraph (b) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro rata basis, then the aggregate number of shares to be issued under such circumstances (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (b) below); and
  - (b) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (a) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
    - (i) new shares arising from the conversion or exercise of convertible securities;
    - (ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and
    - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
  - (c) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
  - (d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note 1]
11. That the Directors of the Company be and are hereby authorized to allot and issue from time to time such number of new ordinary shares (credited as fully paid up to the amount as may be determined and announced by the Directors from time to time) in the Company as may be required to be allotted and issued pursuant to the Second Chance Properties Ltd Scrip Dividend Scheme. [See Explanatory Note 2] **(Resolution 10)**
12. That Mr Ahmad Bin Mohamed Magad (Dr) be and is hereby appointed as Lead Independent Non-Executive Director of the Company at the close of this meeting. [See Explanatory Note 3] **(Resolution 11)**
13. That Mr Tan Lye Heng Paul be and is hereby appointed as Independent Non-Executive Director of the Company at the close of this meeting. [See Explanatory Note 4] **(Resolution 12)**
14. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

**Sin Chee Mei/Tan Siew Hua**  
Company Secretaries

Singapore, 14 December 2015

**EXPLANATORY NOTES:**

1. Ordinary Resolution 9, if passed, will authorize and empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, to issue further shares and to make or grant convertible securities convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in aggregate 50 per cent of the total number of issued shares excluding treasury shares of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 per cent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
2. Ordinary Resolution 10, if passed, will authorize the Directors to issue shares in the Company pursuant to the Second Chance Properties Ltd Scrip Dividend Scheme (as approved in the extraordinary general meeting held on 28 November 2003 and as modified by the Directors in accordance with the authority granted thereunder) to members who, in respect of a qualifying dividend, elect to receive scrip in lieu of cash amount of that qualifying dividend. Authority under Resolution 10 is in addition to the general authority to issue shares and/or convertible securities sought under Resolution 9.
3. Mr Ahmad Bin Mohamed Magad (Dr) was recommended by the Nominating Committee to be appointed as Lead Independent Non-Executive Director of the Company. Please refer to the Advisory Panel on page 7 of this Annual Report for his profile. Upon appointment as Lead Independent Non-Executive Director, Mr Ahmad Bin Mohamed Magad (Dr) will be appointed as Chairman of Nominating Committee and a Member of the Audit Committee and Remuneration Committee. Mr Ahmad Bin Mohamed Magad (Dr) will be considered independent for the purposes of Rule 704(8) of the SGX-ST.
4. Mr Tan Lye Heng Paul was recommended by the Nominating Committee to be appointed as Independent Non-Executive Director of the Company. Please refer to the Advisory Panel on page 7 of this Annual Report for his profile. Upon appointment as Independent Non-Executive Director, Mr Tan Lye Heng Paul will be appointed as Chairman of Remuneration Committee and a Member of the Audit Committee and Nominating Committee. Mr Tan Lye Heng Paul will be considered independent for the purposes of Rule 704(8) of the SGX-ST.

**NOTES:**

- (a) *A member entitled to attend and vote at the Annual General Meeting (the "Meeting") may appoint not more than two proxies to attend and vote in his/her stead. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a Member of the Company.*
- (b) *If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.*
- (c) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 845 Geylang Road, #04-22 Tanjong Katong Complex, Singapore 400845 not less than 48 hours before the time appointed for holding the Meeting.*

**PERSONAL DATA PRIVACY**

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) 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), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

**IMPORTANT**

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

## PROXY FORM

I/We, \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_ (Address) being

a \*member/members of **Second Chance Properties Ltd** (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

\*and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

or failing \*him/them, the Chairman of the meeting, as my/our proxy/proxies to attend and to vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held on Wednesday, 30 December 2015 at 10.00 a.m. at The Orange Ballroom, 845 Geylang Road, #03-16 Tanjong Katong Complex, Singapore 400845, and at any adjournment thereof.

**Note:** Voting will be conducted by Poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" in the spaces provided below. Alternatively, if you wish to vote some of your shares "For" and some of your share "Against" the relevant resolution, please insert the relevant number of shares in the relevant boxes provided below. In the absence of specific directions or in the event of any item arising not summarised below, the \*proxy/proxies may vote or abstain as \*he/they may think fit.

No.	Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 August 2015 together with the Directors' Report and Auditors' Report		
2.	To declare first and final dividend		
3.	To approve the payment of directors' fees for the financial year ended 31 August 2015		
4.	To approve the payment of director's fee to Mr Choo Chee Kong, Peter		
5.	To approve the payment of director's fee to Mr Bobby Jayaraman		
6.	Re-election of Mr Mohamed Salleh s/o Kadir Mohideen Saibu Maricar as Director		
7.	Re-election of Mr Mohamed Hasan Marican s/o Kadir Mohideen Saibu Maricar as Director		
8.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors		
9.	Authority to allot and issue shares and convertible securities		
10.	Authority to issue shares pursuant to the Second Chance Properties Ltd Scrip Dividend Scheme		
11.	Appointment of Mr Ahmad Bin Mohamed Magad (Dr) as Lead Independent Non-Executive director		
12.	Appointment of Mr Tan Lye Heng Paul as Independent Non-Executive director		

**Note:** Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

**Total Number of Shares Held**

\_\_\_\_\_  
Signature(s) of Member(s)  
Common Seal of Corporate Shareholder

\* Delete accordingly.

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



#### IMPORTANT NOTES TO PROXY FORM:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 845 Geylang Road, #04-22 Tanjong Katong Complex, Singapore 400845 not less than 48 hours before the time appointed for the meeting.
4. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. However, if no such proportion is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointer, is not shown to have shares against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

#### 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 14 December 2015.

AFFIX  
STAMP

The Company Secretary  
**SECOND CHANCE PROPERTIES LTD**  
845 GEYLANG ROAD  
#04-22 TANJONG KATONG COMPLEX  
SINGAPORE 400845

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chairman & CEO

Mohamed Salleh s/o Kadir Mohideen Saibu Maricar

### Deputy CEO

Mohamed Hasan Marican s/o Kadir Mohideen Saibu Maricar

### Executive Director

Devnarayanan s/o K.R. Pisharody

### Lead Independent Non-Executive Director

Choo Chee Kong Peter \*

### Independent Non-Executive Director

Bobby Jayaraman \*\*

### Independent Non-Executive Director

Geetha Padmanabhan

## AUDIT COMMITTEE

Geetha Padmanabhan - Chairman  
Choo Chee Kong Peter  
Bobby Jayaraman

## REMUNERATION COMMITTEE

Bobby Jayaraman - Chairman  
Choo Chee Kong Peter  
Geetha Padmanabhan

## NOMINATING COMMITTEE

Choo Chee Kong Peter - Chairman  
Geetha Padmanabhan  
Bobby Jayaraman

## ADVISORY PANEL

Ahmad Bin Mohamed Magad (Dr) - Chairman  
Tan Lye Heng Paul

## MANAGEMENT

### Finance Advisor

Reema Agrawal

### Accounts Manager

Jainulabedeen Raj Mohamed

### Executive Director of First Lady Apparels (Malaysia) Sdn Bhd

Amal Marican

### Field Manager

Safie Bin Haji Hussain

### Management Executive

Azlan Bin Mohd Shafie

### Business Development Executive

Sheikh Farhan Bin Salleh Bawthan

## COMPANY SECRETARY

Sin Chee Mei

## SHARE REGISTRAR AND WARRANT AGENT

Tricor Barbinder Share Registration Services  
80 Robinson Road #02-00  
Singapore 068898  
Tel: 62363333

## AUDITORS

Nexia TS Public Accounting Corporation  
Director-in-Charge  
Loh Ji Kin  
(appointed since the financial year ended 30 June 2011)

## PRINCIPAL BANKERS

DBS Bank Limited  
Malayan Banking Berhad  
Oversea-Chinese Banking Corporation Ltd  
United Overseas Bank Limited  
Barclays Bank PLC Singapore  
Bank of Singapore  
Credit Suisse AG Singapore

## REGISTERED OFFICE

845 Geylang Road #04-22  
Tanjong Katong Complex  
Singapore 400845  
Telephone: 67456911  
Facsimile: 67456955  
Email: [contact@secondchance.com.sg](mailto:contact@secondchance.com.sg)

\* Mr Peter Choo resigned from the Board on 09 November 2015

\*\* Mr Bobby Jayaraman 3-year term will end on 30 December 2015





**SECOND CHANCE PROPERTIES LTD**

Company Registration No.: 198103193M  
Incorporated in the Republic of Singapore

Tel: 6745 6911 | Fax: 6745 6955  
Email: [contact@secondchance.com.sg](mailto:contact@secondchance.com.sg)

845 Geylang Road #04-22  
Tanjong Katong Complex, Singapore 400845