

**GPS ALLIANCE HOLDINGS LIMITED  
AND ITS SUBSIDIARIES  
(ACN 163 013 947)**

**ANNUAL REPORT 2017**

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GPS ALLIANCE HOLDINGS LIMITED  
ACN 163 013 947

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CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board ('Board') is committed to maintaining the highest standards of Corporate Governance. Corporate Governance concerns having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practices against the *Corporate Governance Principles and Recommendations* (3rd edition) published by the ASX Corporate Governance Council.

The Company's 2017 Corporate Governance statement is dated 28 March 2018 and reflects the corporate governance practices adopted throughout the 2017 financial year. The Board approved the 2017 corporate governance on 28 March 2018. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement, which can be viewed at [http://www.gpsalliance.com.au/corporate profile/Corporate policies](http://www.gpsalliance.com.au/corporate/profile/Corporate%20policies)

# DIRECTORS' REPORT

## DIRECTORS' REPORT

This Directors' Report ('Report') by the Board of GPS Alliance Holdings Limited ('GPS' or 'the Company') is made pursuant to the provisions of the *Corporations Act 2001* (Cwlth) for the year ended 31 December 2017 and is accompanied by the audited financial statements of the Company and its subsidiaries ('the Group'), for the year ended 31 December 2017.

### INFORMATION ABOUT DIRECTORS & SENIOR MANAGEMENT

The name and particulars of each person who has been a Director of the Company at any time during or since the end of the financial year are:

<u>Name</u>	<u>Particulars</u>
Lim Pang Hern (Jeffrey)	Group Executive Chairman, Founder of BD CraneTech, joined the Board on 1 July 2014 as Executive Director. On the 1 June 2016 he was appointed as Group Executive Chairman. He has diverse experience in industries associated with cranes, commercial property construction, marine construction, precast concrete applications, metals galvanizing.
See Mei Li	Co-founder of BD CraneTech, joined the Board on 8 Aug 2014 as an Executive Director and resigned from the Board on 30 June 2017.
David R. Laxton	Chartered Mechanical Engineer, joined the Board on 8 Aug 2014 in a non-executive, non-independent capacity, and subsequently re-designated as Executive Director from 4 Jan 2016.
Wang Jinhui	Vice President of China Zhonghong Enterprise Group and CEO of Hebei Tourism Group, she joined the Board on 29 Apr 2015 as Executive Director .
Andrew Skinner	Certified Practicing Accountant (CPA) joined the Board as Non-Executive Director on 20 May 2016. He has been in public practice as a Chartered Accountant and CPA for over 38 years and is currently principal of Andrew Skinner & Associates Pty Ltd a CPA Public Practice in Sydney, NSW.
Marcelo Mora	Graduated with a Bachelor of Business degree and Graduate Diploma of Applied Corporate Governance, is a Chartered Secretary (AGIA). He has been an accountant for more than 30 years both in Australia and internationally and he is also the Group Company Secretary and joined the Board as Non-Executive Director on 20 May 2016.

## DIRECTORS' REPORT

### DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

<u>Name</u>	<u>Company</u>	<u>Period of directorship</u>
Lim Pang Hern (Jeffrey)	Lorenzo International Limited	Since - 2015
Andrew Skinner	Dome Gold Mines Ltd	July 2011 to 30 June 2017
	Zamia Gold Mines Limited	Since - 2006
Marcelo Mora	Lorenzo International Limited	Since - 2017

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in any entity in the Group .

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

Shareholdings registered in name of director			
Name of director and companies in which interests are held	At beginning of year, or date of appointment, if later	Issued or purchased during the year	At end of year, or date of resignation, if earlier
GPS Alliance Holdings Limited (ordinary shares)			
Lim Pang Hern (Jeffrey)	6,955,429	-	6,955,429
Andrew Skinner	-	140,000	140,000
Wang Jinhui	9,750,000	-	9,750,000

### DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

During the year ended 31 December 2017, Lim Pang Hern and See Mei Li had an equity interest in BD Cranetech Pte Ltd, which provided administration services, including rental accommodation, administrative staff, services, supplies and renovations to GPS Alliance Holdings Pte Ltd, Global Property Strategic Alliance Pte Ltd, Homz Lifestyle Pte Ltd and Probuild Pte Ltd building located at 8 Sungei Kadut Street, subsidiaries of GPS Alliance Holdings Limited. Fees paid to BD Cranetech Pte Ltd during the year amounted to S\$31,890.69. At the end of the year the amount outstanding was \$325,237.56. The balances are unsecured, interest free, repayable on demand and expected to be settled in cash unless stated otherwise.

# DIRECTORS' REPORT

## SHARE OPTIONS

- (a) *Option to take up unissued shares*  
During the financial year, no option to take up unissued shares of the Company was granted.
- (b) *Option exercised*  
During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.
- (c) *Unissued shares under option*  
At the end of the financial year, there were no unissued shares of the Company under option.

## COMPANY SECRETARY

Marcelo Mora, whose brief biography is stated above, was appointed to the position of Company Secretary on 31 May 2014. He is also a Non-Executive Director of the Company.

## PRINCIPAL ACTIVITIES

The Group's principal activities in the course of the financial year included the ownership of commercial industrial property, the improvement of such property, the provision of interior design and fit-out work and other activities in the property services sector including the operation of a real estate residential and commercial agency business.

## REVIEW OF OPERATIONS

Revenue for year ended 31 December 2017 (FY2017) was S\$419 thousand as compared with the previous year FY2016 S\$421.

The Group reported a gross profit of S\$0.26 million in FY2017, compared with gross loss of (S\$0.17) million in FY2016.

Other income increased by S\$0.25 million to S\$0.61 when compared to FY2016. This was attributable to the settlement and adjustment to creditors invoices.

There was an 88% decrease in administrative expenses from S\$4.1 million in FY2016 to S\$0.48 million in FY2017 due to restructuring and the impairment adjustments following the sale of the former agency business in the prior year.

Finance costs decreased by 78% to S\$0.064 million in FY2017 (FY2016: S\$0.30) for the mortgage on 8 Sungie Kadut street 6.

The Group reported a profit of S\$0.32 million in FY2017, compared with a loss of S\$4.2 million in FY2016, mainly due to the adjustment on settlement of creditors during the year ended 31 December 2017.

# DIRECTORS' REPORT

## Review of the Financial Position of the Group

As at 31 December 2017, the Group's current assets decreased by S\$0.27 million from S\$0.56 million to S\$0.29 million when compared to the beginning of the year. This was mainly due the reduction in trade receivables.

Non-current assets decreased by S\$0.34 million from S\$4.94 million to S\$4.60 million when compared to the beginning of the year. Attributable to the depreciation of the non-current assets during the current financial year.

Current liabilities decreased by S\$0.77 million from S\$4.8 million to S\$4.0 million mainly due to repayment of trade payables

Non-current liabilities no change.

## Review of the Group Cash Flow

The cash and cash equivalents of the Group decreased S\$0.1 million mainly due to cash used in operating activities and repayment of bank loans.

## CHANGES IN STATE OF AFFAIRS

There has been no change in the state of affairs. The Company continues to tender for a fit-out contracts and the lease of factory space and during the year the Company, on expiry of the non-compete clause re-commenced real estate agency activities (the 'Real Estate Division'). The Group is actively seeking opportunities for suitable mergers and acquisitions to strengthen and diversify the existing Group businesses. In the event that the Group is presented with a suitable business opportunity that requires shareholder approval, the Group will call a shareholder general meeting to seek shareholder approval.

## SUBSEQUENT EVENTS

No matters or circumstances have arisen in the interval between the end of the financial year and the date of this Report of any item, transaction or event of a material or unusual nature, that in the opinion of the Directors of the Company, is likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

## INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred as such by an officer or auditor. The Group has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

## ROUNDING OFF

The Company is of a kind referred to in ASIC class Order 98/100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

## NON-AUDIT SERVICES

There were no amounts paid or payable to the auditor for non-audit services provided during the year by the auditor.

## DIRECTORS' REPORT

### DIRECTORS' MEETING

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 2 board meetings, and no audit and risk management committee meetings held. The Board, considering the current size of the Company, resolved to suspend indefinitely the nomination and remuneration committee with no meeting held during 2016. The functions and responsibilities of the nomination and remuneration committee will be carried out by the entire Board.

Director	Board of Directors		Audit and Risk Management Committee	
	Held	Attended	Held	Attended
Lim Pang Hern (Jeffrey)	2	2	-	-
See Mei Li	1	1	-	-
David R. Laxton	2	2	-	-
Wang Jinhui	2	-	-	-
Andrew Skinner	2	2	-	-
Marcelo Mora	2	2	-	-

### AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company is chaired by Andrew Skinner, an independent director, and includes Marcelo Mora, an independent director. No meetings during the financial year were held by the Audit and Risk Management Committee, instead all the responsibilities and functions of the Committee were the responsibility of the entire Board including but limited to review of the following, where relevant, with the executive directors and external auditor of the Company:

- (a) the audit plans of the external auditors;
- (b) the Group's financial and operating results and accounting policies;
- (c) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditors' report on those financial statements;
- (d) the half-yearly and annual announcements as well as the related press release on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by management to the Group's external auditors; and

The Audit and Risk Management Committee has full access to and has the co-operation of the management and has been given the resources required for it to complete its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit and Risk Management Committee.



# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED)

### INTRODUCTION

The Board presents the Remuneration Report for the Group for the year ended 31 December 2017, which forms part of the Directors' Report and has been prepared in accordance with section 300A and was audited as required under section 308(3C) of the *Corporations Act 2001*.

### REMUNERATION GOVERNANCE

#### Nomination and Remuneration Committee

During the year, the Board having regard to the current size of the Group and the nature of its activities, and the composition and structure of the Board resolved to suspend the Nomination and Remuneration Committee indefinitely. Those functions usually reserved to Nomination and Remuneration Committee are the responsibility of the full Board.

The full Board is now directly responsible for reviewing the remuneration arrangements for directors, the Group Chief Executive Officer (CEO) if one is appointed and senior executives who directly reports to them.

The Board is ultimately responsible for decisions made on recommendations from the Committee when the Committee was operating.

### DETAILS OF KEY MANAGEMENT PERSONNEL (KMP)

KMP for the year ended 31 December 2017 are those persons who are identified as having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any executive or Non-Executive Directors (NED) of the Group.

The KMP of the Group for the year ended 31 December 2017 are:

	Position
<b>Non-Executive directors</b>	
Marcelo Mora	Non-Executive Director
Andrew Skinner	Non-Executive Director
<b>Executive directors</b>	
Lim Pang Hern (Jeffrey)	Executive Chairman
David Richard Laxton	Executive Director
Lim Pang Hern (Jeffrey)	Executive Director
See Mei Li	Executive Director (Resigned 30 June 2017)
Wang Jinhui	Executive Director

## DIRECTORS' REPORT

### REMUNERATION OF KMP (EXCLUDING NON-EXECUTIVE DIRECTORS)

#### (a) Remuneration policy

The Group's remuneration policy is to ensure that remuneration packages properly reflect the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of suitable quality.

The structure of remuneration, as explained below, is designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of long-term value creation for shareholders. The remuneration structures take into account a range of factors, including the following:

- capability, skills and experience;
- ability to impact achievement of the strategic objectives of the Group;
- performance of the KMP in their roles;
- the Group's overall performance;
- remuneration levels being paid by competitors for similar positions; and
- the need to ensure continuity of executive talent.

Refer below for detail around the mechanisms in place, which link the remuneration outcomes to individual and Group performance.

#### (b) Link between remuneration and Group's performance

The Board understands the importance of the relationship between the Group's remuneration policy for KMP and the Group's performance. The remuneration packages for KMP are aimed at achieving this balance and aligning KMP remuneration with the interests of shareholders.

#### Remuneration component

Fixed Remuneration is not linked to Group performance. It is set with reference to the individual's role, responsibilities and performance and remuneration levels for similar positions in the market.

The table below sets out summary information about the Group's earnings and movement in shareholder wealth for 31 December 2017 and 31 December 2016:

	31 December 2017	31 December 2016
Revenue	419	421
Profit / (Loss) for the year (S\$'000)	322	(4,204)
EPS (Singapore cents)	0.38	(4.89)
NAV per share (Singapore cents)	0.76	0.57
Share price at 31 December 2017 (Australian cents)	6.0	1.7

## DIRECTORS' REPORT

### TOTAL FIXED REMUNERATION

Total Fixed Remuneration (TFR) is a guaranteed annual salary, which is calculated on a total cost basis, which may include salary-packaged benefits grossed up for Fringe Benefit Tax (FBT) payable, as well as employer contributions to Central Provident Fund and other non-cash benefits that may be agreed to from time to time.

The table below details the TFR for each of the executives for the year ended **31 December 2017**:

<b>Executive</b>	<b>Position</b>	<b>Total fixed remuneration (p.a.)</b>
Lim Pang Hern (Jeffrey)	Executive Director	S\$ 42,990
See Mei Li	Executive Director	S\$ 36,000 (Resigned 30 June 2017)
Wang Jinhui	Executive Director	S\$ 158,400
David Richard Laxton	Executive Director	S\$ 40,680
Andrew Skinner	Non-Executive Director	S\$ 42,000
Marcelo Mora	Non-Executive Director	S\$ 48,998

### SHORT-TERM INCENTIVE SCHEME

The Short-term Incentive (STI) scheme aims to reward eligible employees whose achievements, behaviour and focus meets the Group's business plan and key result expectations during one or more specified measurement periods.

Initial participation in the scheme is completely at the discretion of the Board.

The Board has structured the KPIs around both financial metrics, such as Operating Income, Earnings per Share and Operating Cash flows, and non-financial metrics around strategy development and execution, business performance, people and stakeholder relationships.

For the year ended 31 December 2017 the Board assessed the performance of the Group and resolved not to provide increases in directors or executives fees. The Board further resolved not to award any short term incentives ('STI') to any Directors or executives.

### LONG-TERM INCENTIVE SCHEME

No employees or Executive Directors are currently participating in The Employee Performance Share Plan (EPSP).

EPSP provides an opportunity to:

- employees of the GPS Group selected by the Nomination and Remuneration Committee, who are eligible to participate; and
- Executive Directors of the Company, who are eligible to participate in the equity of the Company.

The Board may grant an award of ordinary shares at any time during the period in which the EPSP is in force to eligible employees and Executive Directors, who, at the sole discretion of the Board, are regarded as having achieved the performance target(s) set by the Group.

No employees or Executive Directors are currently participating in the EPSP.

# DIRECTORS' REPORT

## GPS EMPLOYEE CONTRACTS

### Executive Director - Lim Pang Hern (Jeffrey)

Contract duration	Commenced 1 July 2014
Fixed remuneration	Total remuneration package includes fixed remuneration and CPF.
Variable remuneration eligibility	Eligible for STI
Non-compete period	12 months.
Non-solicitation period	12 months.
Notice by GPS	4 weeks.
Notice by Executive	4 weeks.
Treatment on termination	Payment in lieu of notice: Employment is terminated by either party giving to the other not less than four weeks' prior written notice.

### Executive Director – See Mei Li

Contract duration	Commenced 8 August 2014 (Resigned 30 June 2017)
Fixed remuneration	Total remuneration package includes fixed remuneration and CPF.
Variable remuneration eligibility	Eligible for STI.
Non-compete period	12 months.
Non-solicitation period	12 months.
Notice by GPS	4 weeks.
Notice by Executive	4 weeks.
Treatment on termination	Payment in lieu of notice: Employment is terminated by either party giving to the other not less than four weeks' prior written notice.

### Executive Director – Wang Jinhui

Contract duration	Commenced 29 April 2015
Fixed remuneration	Total remuneration package includes fixed remuneration and CPF.
Variable remuneration eligibility	Eligible for STI.
Non-compete period	12 months.
Non-solicitation period	12 months.
Notice by GPS	4 weeks.
Notice by Executive	4 weeks.
Treatment on termination	Payment in lieu of notice: Employment is terminated by either party giving to the other not less than four weeks' prior written notice.

### Executive Director – David Richard Laxton

Contract duration	Commenced 8 August 2014
Fixed remuneration	Total remuneration package includes fixed remuneration and CPF.
Variable remuneration eligibility	Eligible for STI.
Non-compete period	12 months.
Non-solicitation period	12 months.
Notice by GPS	4 weeks.
Notice by Executive	4 weeks.
Treatment on termination	Payment in lieu of notice: Employment is terminated by either party giving to the other not less than four weeks' prior written notice.

# DIRECTORS' REPORT

## REMUNERATION TABLES

The following tables outline the remuneration provided to KMP excluding NEDs for the years ended 31 December 2017 and 31 December 2016.

No KMP appointed during the period received a payment as part of their consideration for agreeing to hold the position.

### Key Management Personnel – Executive Remuneration

		Short - Term					Other long-term	LTI		Total Long-Term	Performance Related		Shared-Based Payment
		Salary	Non-Monetary Payment	Other Payment	Central Provident Fund	STI	Total Short-Term	Long Service Leave	Performance quantum rights	Retention quantum rights	Percent of total	Percent of total	Share
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>2017</b>													
<b>Executive Director</b>													
Lim Pang Hern (Jeffery)	Executive Director	36,000.00	-	6,990.00	-	-	42,990.00	-	-	-	-	-	-
See Mei Li	Executive Director	30,000.00	-	6,000.00	-	-	36,000.00	-	-	-	-	-	-
Wang Jin Hui	Executive Director	144,000.00	-	14,400.00	-	-	158,400.00	-	-	-	-	-	-
David Richard Laxton	Executive Director	36,000.00	-	4,680.00	-	-	40,680.00	-	-	-	-	-	-
<b>Total Executive Director</b>		<b>246,000.00</b>	<b>-</b>	<b>32,070.00</b>	<b>-</b>	<b>-</b>	<b>278,070.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

		Short-Term					Other long-term	LTI		Total Long-term	Performance related		Shared-based payment
		Salary	Non-mone-tary benefits	(1) Other Payment	Central Provident Fund	(2) STI	Total Short-term	Long service leave	Perform-ance quantum rights	Reten-tion quantum rights	Percent of total	Percent of total	Shares
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	%	%	S\$
<b>2016</b>													
<b>Executive director</b>													
Lim Pang Hern (Jeffrey)	Executive Director	36,000	-	-	6,120	-	42,120	-	-	-	-	-	-
See Mei Li	Executive Director	60,000	-	-	10,200	-	70,200	-	-	-	-	-	-
Wang Jinhui	Executive Director	144,000	-	-	12,240	-	156,240	-	-	-	-	-	-
David Richard Laxton	Executive Director	36,000	-	-	4,680	-	40,680	-	-	-	-	-	-
Dennis Yong	Group CEO	123,000	-	7,096	3,570	-	133,666	-	-	-	-	-	-
<b>Total executive director</b>		<b>399,000</b>	<b>-</b>	<b>7,096</b>	<b>36,810</b>	<b>-</b>	<b>442,906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*David Richard Laxton was re-designated as Executive Director on 4 January 2016.

# DIRECTORS' REPORT

## NON-EXECUTIVE DIRECTORS' REMUNERATION

### 1. *Directors' fees*

The maximum aggregate fee pool available to NEDs is S\$300,000 as stipulated in the Constitution that was adopted by pre-internalisation.

### 2. *Performance-based remuneration*

NEDs are remunerated by way of cash benefits. They are not permitted to participate in performance based remuneration practices unless approved by shareholders. The Group currently has no intention to remunerate NEDs by any way other than cash benefits.

### 3. *Equity-based remuneration*

There is currently no equity-based remuneration plan in place for NEDs.

### 4. *NED remuneration table*

The following table outlines the remuneration provided to NEDs for the year ended 31 December 2017 and 31 December 2016.

Non-Executive directors		Directors' fees	Other*	Corporate Secretary	Total
		S\$	S\$	S\$	S\$
Andrew Skinner <sup>1</sup>	<b>2017</b>	<b>42,000</b>	-	-	<b>42,000</b>
	2016	26,995	-	-	26,995
Marcelo Mora <sup>1</sup>	<b>2017</b>	<b>24,000</b>	-	<b>24,998</b>	<b>48,998</b>
	2016	14,709	-	18,486	33,195
Tan Thiam Hee <sup>2</sup>	<b>2017</b>	-	-	-	-
	2016	<b>1,024</b>	<b>8,082</b>	-	<b>9,106</b>
Glenda Mary Sorrell <sup>2</sup>	<b>2017</b>	-	-	-	-
	2016	12,222	-	-	12,222
Vi Chi Hong <sup>2</sup>	<b>2017</b>	-	-	-	-
	2016	13,750	-	-	13,750
Total non-executive directors	<b>2017</b>	<b>66,000</b>	<b>0</b>	<b>24,998</b>	<b>90,998</b>
	2016	68,700	8,082	18,486	95,268

(1) Andrew Skinner and Marcelo Mora were appointed 20 May 2016.

(2) Tan Thiam Hee, Glenda Sorrell and Vi Chi Hong resigned 20 April 2016.

(3) David Laxton was re-designated as Executive Director on 4 January 2016.

\*Other relates to additional duties undertaken by the NED, relating to acquisitions and disposals.

In addition to the above fees, all NEDs receive reimbursement for reasonable travel, accommodation and other expenses incurred for conduct of business relating to the Group.

NEDs do not receive additional remuneration for chairing or being a member of Board committees.

## DIRECTORS' REPORT

### SUBSEQUENT EVENTS

There were no transactions with key management personnel with regards to the Remuneration Report from 31 December 2017 to the date of this Report.

#### 5. Target mix of remuneration components

The Board has set the target remuneration mix for executives for 2017-2018, expressed as a percentage of total remuneration, as detailed in the table below.

Target mix	TFR	STI	LTI	Total remuneration
Executive Directors	100%	-	-	100%

#### 6. Total fixed remuneration 2017-2018

In accordance with the Directors service agreements, the Board has set TFR for each of the executives for 2018 as detailed in the table below.

Executive	Position	TFR (p.a.)
Lim Pang Hern (Jeffrey)	Executive Director	S\$ 42,990
Wang Jinhui	Executive Director	S\$ 158,400
David Richard Laxton	Executive Director	S\$ 40,680

*On behalf of the Directors*



*Lim Pang Hern (Jeffrey)*  
*Chairman Director*



*David R. Laxton*  
*Executive Director*

*Dated in Singapore this*  
*29<sup>th</sup> March 2018*

# DIRECTORS' DECLARATION

GPS ALLIANCE HOLDINGS LIMITED  
ACN 163 013 947

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## DIRECTORS' DECLARATION

*The directors declare that:*

- (a) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.*
- (b) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 4 to the financial statements.*
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and*
- (d) the directors have given the declarations required by s.295A of the Corporations Act 2001.*

*Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporation Act 2001.*

On behalf of the Directors



---

LIM PANG HERN (JEFFREY)  
Executive Chairman



---

DAVID R. LAXTON  
Executive Director

Dated this 29th day of March 2018



## Auditor's Independence Declaration

### Lo Surdo Braithwaite Audit and Assurance Pty Ltd

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ABN 16 602 260 757

Level 5  
350 Kent Street  
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75 Lyons Road  
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North Parramatta NSW 1750  
Phone 02 8839 3000  
Fax 02 8839 3055

#### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF GPS ALLIANCE HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017 there has been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The entity are in respect of GPS Alliance Holdings Limited and the entities it controlled during the period.

Lo Surdo Braithwaite Audit and Assurance Pty Ltd  
Chartered Accountants

Dated in Sydney on this 29 day of March 2018



Scott Bennison  
Partner

# Independent Auditor's Report

## Lo Surdo Braithwaite Audit and Assurance Pty Ltd

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350 Kent Street  
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### INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of GPS Alliance Holdings Limited

#### Opinion

We have audited the financial report of GPS Alliance Holdings Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis of opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material uncertainty related to going concern

We draw your attention to Note 3 'Going Concern' of the financial report, which indicates the Group has prepared the financial statements on a going concern basis and believe that the company is able to discharge their liabilities in their normal course of business.

# Independent Auditor's Report

## Lo Surdo Braithwaite Audit and Assurance Pty Ltd

ABN 16 602 260 757

Level 5  
350 Kent Street  
Sydney NSW 2000  
75 Lyons Road  
Drummoyne NSW 2047

20 Grose Street  
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However, the above assumption is contingent upon the company being able to maintain its existing finance facilities and additionally obtain further finance to pursue their projects and fund working capital. In the event that this does not occur, the board has expressed the view that there is significant uncertainty that the company can continue as a going concern.

### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<b>Property, plant and equipment</b> Refer to note 11, Plant & equipment.  The company had stated that the fair value of its property, plant and equipment as at 31 December 2017 was \$4.46mil (2016: \$4.79).  Included in this amount is a property located in Singapore that has a fair value of \$4.8mil (2016: \$4.45mil).  This was a key audit matter because the fair value of the asset is material to the financial statements and management's assessment of recoverable amounts incorporated significant internal and external judgments and assumptions including renewal of existing leases, property values and future rental incomes.	<b>Our procedures included, amongst others:</b> <ul style="list-style-type: none"><li>• We reviewed the independent valuation prepared by TEHO Property Consultants Pte Ltd dated January 2018 that confirmed the market value as \$4.8mil.</li><li>• We have obtained a copy of title confirming ownership.</li><li>• We made enquiries of management regarding the expiry of the existing leases and subsequent renewals.</li><li>• We have reviewed the cashflow forecast projections of rental income to confirm if this is consistent with prior years.</li></ul>

### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

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

## Independent Auditor's Report

# Lo Surdo Braithwaite Audit and Assurance Pty Ltd

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

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

### **Directors' responsibility for the financial report**

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibility for the audit of the financial report**

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

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

### **Report on the Remuneration Report**

#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 31 December 2017.

## Independent Auditor's Report

### Lo Surdo Braithwaite Audit and Assurance Pty Ltd

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In our opinion, the Remuneration Report for the year ended 31 December 2017 complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Lo Surdo Braithwaite Audit and Assurance Pty Ltd  
Chartered Accountants



Scott Bennison  
Director

Dated: 29/3/18  
Sydney



# Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2017

	Notes	2017 S\$'000	2016 S\$'000
<b>Continuing operations</b>			
Revenue	24	419	421
Cost of sales		(156)	(593)
Gross (loss) / profit		263	(172)
Other income	25	608	357
Administrative expenses		(485)	(4,086)
Finance cost	27	(64)	(303)
<b>Profit / (loss) before income tax</b>		322	(4,204)
Income tax	28	-	-
<b>Profit / (loss) from continuing operations</b>		322	(4,204)
<b>Other comprehensive income</b>			
Exchange difference on translation of foreign operations, net of tax		(160)	11
<b>Other comprehensive income for the year, net of tax</b>		(160)	11
<b>Total Comprehensive income for the year</b>		162	(4,193)
<b>Profit / (loss) for the year attributable to:</b>			
Owners of the Company		40	(3,001)
Non-controlling interests		282	(1,203)
		322	(4,204)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(120)	(2,990)
Non-controlling interests		282	(1,203)
		162	(4,193)
<b>Earnings / (losses) per share (Singapore cents)</b>			
Basic and diluted loss per share attributable to ordinary equity holders		0.38	(4.89)
<b>Earnings / (losses) per share - continuing operations</b>			
Basic and diluted loss per share		0.38	(4.89)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

## As at 31 December 2017

	Notes	2017 S\$'000	2016 S\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	194	303
Trade receivables	9	68	73
Other receivables	10	27	184
<b>Total current assets</b>		<u>289</u>	<u>560</u>
<b>Non-current assets</b>			
Intangible assets		3	3
Property, plant and equipment	11	4,446	4,787
Investment in associate	12	150	150
<b>Total non-current assets</b>		<u>4,599</u>	<u>4,940</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	13	1,333	1,704
Trade payables	14	943	1,387
Other payables and accruals	15	1,687	1,623
Finance leases	17	35	58
<b>Total current liabilities</b>		<u>3,998</u>	<u>4,772</u>
<b>Non-current liabilities</b>			
Provisions for other liabilities and charges	16	240	240
<b>Total non-current liabilities</b>		<u>240</u>	<u>240</u>
<b>NET ASSETS</b>		<u>650</u>	<u>488</u>
<b>EQUITY</b>			
Issued capital	18	10,354	10,354
Capital reserve	19	1,943	1,943
Asset revaluation reserve	23	1,326	1,326
Translation reserve	21	(519)	(359)
Accumulated losses	20	(9,951)	(9,991)
<b>Parent equity interest</b>		<u>3,153</u>	<u>3,273</u>
Non-controlling interest	22	(2,503)	(2,785)
<b>Total Equity</b>		<u>650</u>	<u>488</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

### For the year ended 31 December 2017

	Issued capital S\$'000	Reserves S\$'000	Translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	Non- controlling interest S\$'000	Total Equity S\$'000
<b>Balance at 1 January 2016</b>	10,354	1,943	(370)	(6,990)	4,937	(1,582)	3,355
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	(3,001)	(3,001)	(1,203)	(4,204)
Total comprehensive income for the year	-	-	11	-	11	-	11
<b>Transactions with owners recorded directly on equity</b>							
Revaluation of property	-	1,326	-	-	1,326	-	1,326
<b>Balance at 31 December 2016</b>	10,354	3,269	(359)	(9,991)	3,273	(2,785)	488
<b>Balance at 1 January 2017</b>	10,354	3,269	(359)	(9,991)	3,273	(2,785)	488
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	40	40	282	322
Total comprehensive income for the year	-	-	(160)	-	(160)	-	(160)
<b>Transactions with owners recorded directly on equity</b>							
Ordinary share issued	-	-	-	-	-	-	-
<b>Balance at 31 December 2017</b>	10,354	3,269	(519)	(9,951)	(3,153)	(2,503)	650

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# Consolidated Statement of Cash Flows

## 31 December 2017

	2017 S\$'000	2016 S\$'000
<b>Operating activities</b>		
Profit / (loss) for the year	322	(4,204)
Adjustments for:		
Depreciation expense	341	392
Gain on settlement of creditors	(887)	-
Doubtful debts	-	1,484
Unrealised exchange gain/(loss)	-	58
Impairment of investments	-	720
Operating cash outflows before movements in working capital	(224)	(1,550)
Contract work-in-progress	-	353
Trade receivables	162	665
Other receivables	-	-
Inventories	-	131
Trade payables	406	(792)
Cash used in operations	344	(1,193)
Interest received	-	1
Interest paid	(64)	(218)
Income tax	-	(128)
<b>Net cash provided by/(used in) operating activities</b>	<b>280</b>	<b>(1,538)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	-	(580)
Dividend income from associate	-	6,750
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>6,170</b>
<b>Financing activities</b>		
Repayment of borrowings	(389)	(5,438)
<b>Net cash used in financing activities</b>	<b>(389)</b>	<b>(5,438)</b>
<b>Net cash decrease in cash and cash equivalents</b>	<b>(109)</b>	<b>(806)</b>
<b>Cash and cash equivalents at January 1</b>	<b>303</b>	<b>1,109</b>
<b>Cash and cash equivalents at 31 December</b>	<b>194</b>	<b>303</b>
	2017 S\$'000	2016 S\$'000
<b>Notes to the statement of cash flows</b>		
<i>Continuing operations:</i>		
Cash and bank balances	194	303
Less: Bank overdraft	-	-
	<b>194</b>	<b>303</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 1 GENERAL

The Company (Registration No. ACN 163013947) was incorporated in Australia on 25 March 2014 with its registered office at Suite 904, 275 Alfred Street, North Sydney, NSW 2060, Australia. The Company is listed on the Australian Securities Exchange ('ASX'). The financial information is expressed in Singapore dollars.

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activity Country of incorporation/operation	Effective equity interest held	
		2017 %	2016 %
GPS Alliance Holdings Pte Ltd	Investment holding (Singapore)	100	100
GPS Property Strategic Alliance Pte Ltd	Provision of services as real estate agency (Singapore)	100	100
GPS Alliance Development & Investments Pte Ltd	Provision of real estate consultancy and investments (Singapore)	100	100
GPS Alliance International Academy Pte Ltd	Dormant (Singapore)	100	100
Urban Point Sdn Bhd	Dormant (Malaysia)	100	100
Myanmar GPS Alliance Co Ltd	Dormant (Mayanmar)	100	100
GPS Alliance Home Solutions Pte Ltd	Investment holding (Singapore)	60	60
Homz Lifestyle Pte Ltd	Wholesale of furniture, home furnishings and other household equipment (Singapore)	60	60
Probuild Pte Ltd	Trading of buildings materials, interior design and fit out (Singapore)	60	60
Ecobuild Products Pte Ltd	Trading of buildings materials, interior design and fit out (Singapore)	60	60
Novel Praxis Pte Ltd	Trading of buildings materials, interior design and fit out (Singapore)	60	60
Probuild Sdn Bhd	Trading of buildings materials, interior design and fit out (Singapore)	60	60

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

## 2 APPLICATION OF NEW ACCOUNTING STANDARDS AND REVISED ACCOUNTING STANDARD

No new and revised Standards and Interpretation are applicable for the year ended 31 December 2017. At the date of authorisation of the financial statements, no Standards and Interpretations on issue but not yet adopted have any material effect.

## 3 GOING CONCERN

This Financial Report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at and for the year ended 31 December 2017, the consolidated entity had accumulated losses of S\$ 9.9 million (2016: S\$ 10.0 million), net cash from operating activities of S\$ 280,000 (2016 net cash used: S\$ 1,538,000) and a working capital deficiency of S\$ 3,709,000 (2016 working capital deficiency: S\$ 4,212,000). The working capital deficiency arises primarily due to the ability of the banks to recall their loans at their absolute discretion.

The bank loan of S\$ 2.6 million was taken up to finance the acquisition of a JTC leasehold property with a purchase price of S\$ 3.3 million and had been paid down to S\$ 1.3 million as at the reporting date. This loan is repayable over 72 months from February 2014 to January 2020.

The ability of the Group to continue as a going concern is dependent upon the continued support of the current bankers and the successful timely completion of the following events / plans that have been put in place by the Board:

- Is in discussions with existing bankers to extend repayment terms for the first bank loan and to secure additional facilities;
- Is working to improve the profitability and cash flows of the business;
- Continues to seek suitable merger and acquisition opportunities and/or strategic alliances to strengthen its existing businesses and to develop other cash flow opportunities from the delivery of services or products;
- Has been successful in doing share placements and/or capital raisings to improve the Group's cash position when required;
- Has commenced a process of rationalising Group assets and assessing the possibility of a sale of some assets.

At the date of this Report and having considered the above factors, the Board is confident that the Group will be able to continue as a going concern.

However, if the Group does not obtain additional funding, reduced expenditure in line with available funding, continuing financial support of their financier and successfully complete the plans referred to above, significant uncertainty would exist as to the ability of the Group to continue as a going concern and, therefore, whether each entity in the Group would be able to realise assets and discharge liabilities in the normal course of business.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

## 4 SIGNIFICANT ACCOUNTING POLICIES

a) **STATEMENT OF COMPLIANCE** – These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 29 March 2018.

b) **BASIS OF PREPARATION** – The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The Company is of a kind referred to in ASIC class Order 98/100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

c) **BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the company:

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.
- (ii) Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement year adjustments (see below).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement year adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest was disposed of. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the Australian Accounting Standards are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard. If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement year (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement year is the year from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

e) **FINANCIAL INSTRUMENTS** - Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter year. Interest income and expense is recognised on an effective interest basis for debt instruments.

#### **Financial assets**

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

#### Available-for-sale financial assets

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 5. Where reliable fair value estimates are not available, these investments are stated at cost less any impairment losses. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and are subject to an insignificant risk of changes in value.

#### Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In a subsequent year, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

#### **Financial liabilities and equity instruments**

##### Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

##### Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

##### Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

f) **LEASES** - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

g) **INVENTORIES** - Inventories are stated at the lower of cost and net realisable value, on the first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Provision is made where necessary for obsolete, slow-moving and defective stocks.

h) **PLANT AND EQUIPMENT** - Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	-	10% to 33.3% or over leasehold year
Plant and machinery	-	10% to 20%
Motor Vehicles	-	10%
Furniture and fittings	-	25% to 33.3%
Office equipment	-	25% to 33.3%
Computer software	-	33.3%
Enterprise Resource Planning Equipment	-	14.3%

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

i) **IMPAIRMENT OF NON-FINANCIAL ASSETS** - At the end of each reporting year, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, an impairment loss is suffered and the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

j) **PROVISIONS** - Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

k) **ASSETS HELD FOR SALE** - Non-current assets are classified as assets held for sale and measured at the lower of carrying amount and fair value less costs to sell if they are expected to be recovered principally through a sale transaction rather than through continuing use.

Any impairment losses on initial classification and subsequent gains or losses on remeasurement are recognised in profit or loss. Subsequent increases in fair value less costs to sell are recognised in profit or loss (not exceeding the accumulated impairment loss that has been previously recognised).

l) **SHARE-BASED PAYMENTS** - Equity-settled share-based payments are measured at the fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) **REVENUE RECOGNITION** - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The company assesses its revenue arrangements to determine if it is acting as principal or agent. The company has concluded that it is acting as a principal in all of its revenue arrangements.

#### Rendering of services

Revenue from a contract to provide services of short duration is recognised when services are rendered.

#### Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work.

Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- n) **DEFINED CONTRIBUTION COSTS** - Payments to defined contribution benefit plans are charged as an expense as the employee renders the service. Payment made to state-managed benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution benefit plan.
- o) **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 end of the reporting year.

- p) **INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

- q) The change for current income tax expense is based on the profit for the year adjusted for non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no advance change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply within the conditions of deductibility imposed by the law.

- r) **FOREIGN CURRENCY TRANSACTIONS** - The financial statements of the company are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in Singapore dollars, whereas the functional currency of the parent company is Australian dollar.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

## 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

s) **CONSTRUCTION CONTRACTS** - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting year, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### Long-term construction contracts

Revenue and profits from long-term construction contracts are recognised based on the percentage of completion as at the end of the reporting year by reference to the proportion of cost incurred to date in relation to the estimated total costs for the respective contracts, provided that the outcome can be reliably estimated.

Provision is made in full for estimated losses on uncompleted contracts and liquidated damages in the year in which such losses are anticipated, regardless of the stage of completion of the contracts.

(t) **BORROWING COSTS** - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) **EMPLOYEE BENEFITS** - A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) GOODS AND SERVICES TAX - Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(w) INVESTMENT IN ASSOCIATE - An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture, (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with an associate or joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

### 5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 4 above, 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

#### *i) Critical judgements in applying the Group's accounting policies*

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements other than those involving estimations as discussed below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

#### ii) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

##### (a) Revenue from contract work-in-progress

Revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the proportion of cost incurred to date in relation to the estimated total costs for the respective contracts, provided that the outcome can be reliably estimated. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately. These computations are based on the presumption that the outcome of a project can be estimated reliably.

Management has performed cost studies, taking into account the costs to date and costs to complete each project, foreseeable losses and applicable liquidated damages, if any. Management has also reviewed the status of such projects and is satisfied that the estimates to complete are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery.

##### (b) Allowance for doubtful debts

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the year in which such estimate has been changed. Allowance for doubtful debts and bad debts written off at the end of the reporting year is set out in Note 9 and 10.

##### (c) Allowance for inventories

Inventory is valued at the lower of the actual cost or net realisable value. Net realisable value is generally the merchandise's selling price, less costs to sell. The Group reviews its inventory levels in order to identify slow-moving and obsolete items which have a market price that is lower than its carrying amount. Allowances for inventories are recognised in profit or loss. There is no allowance for inventories at the end of the reporting year (31 December 2016: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

## 5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### (d) Useful lives and residual value of plant and equipment

The Group reassesses the estimated useful lives and residual value of plant and equipment at the end of each reporting year. Management is satisfied that there is no change in the useful lives and residual value of the plant and equipment from prior year.

The Group's activities expose it to a variety of financial risks, including the effects of: changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group does not use derivative financial instruments such as foreign exchange forward contracts to hedge certain exposures. The Group does not hold or issue derivative financial instruments for speculative purposes.

## 6 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

### (a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period

	2017 S\$'000	2016 S\$'000
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	289	560
Investment in associate	150	150
	<u>439</u>	<u>710</u>
<b>Financial liabilities</b>		
Borrowings and payables at amortised cost	<u>3,998</u>	<u>4772</u>

### (b) *Financial risk management policies and objectives*

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Board of Directors provide written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash.

Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the management under the policies approved by the Board of Directors.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

(i) Foreign exchange risk management

The Group's and Company's activities are mainly conducted in the functional currencies of the respective entities. Hence, the Group's exposure to foreign exchange risk is minimal.

(ii) Interest rate risk management

Interest-bearing financial assets are mainly bank balances, fixed deposit and loan to investee company. The interest rates for finance leases, loan to investee company and certain bank loans are fixed on the date of inception. Any variation in the short-term interest rates will not have a material impact on the results of the Group.

The Group is exposed to the interest rate risk on certain bank loans and bills payable, which varies accordingly to prime lending rate. Management is of the view that any variation of the prime lending rate is not likely to have a material impact on the results of the Group. Accordingly, the Group does not hedge against interest rate risk relating to its bank loans and bills payable.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

The Group's bank balances are placed with credit-worthy financial institutions.

Concentration of credit risk exists when economic, industry or geographical factors similarly affect Group counter parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group's customers are located in Singapore, Malaysia, Philippines, and in addition, the Group has **significant concentration of credit risk in that its top 5 debtors accounted for S\$128,595 (2016: S\$272,162) of the gross trade receivables balance at year end.**

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 9 and 10 to the financial statements respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 6 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

#### (iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. Management finances the Group's liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### **Liquidity and interest risk analyses**

##### Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Expected Interest S\$'000	Total S\$'000
<b>Group</b> 2017						
Non-interest bearing	-	-	-	-	-	-
Finance lease liability (fixed rate)	4.49	37	-	-	(2)	35
Bank loan (variable rate)	4.12	1,062	-	-	(45)	1,022
Overdraft (variable rate)	4.02	323	-	-	(12)	311
		1,422	-	-	(59)	1,368
	Weighted average effective interest rate %	On demand or within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Expected Interest S\$'000	Total S\$'000
<b>Group</b> 2016						
Non-interest bearing	-	2,064	-	-	-	2,064
Finance lease liability (fixed rate)	4.49	40	22	-	(4)	58
Bank loan (variable rate)	2.28	1,430	-	-	(32)	1,398
Overdraft (variable rate)	4.25	319	-	-	(13)	306
		3,853	22	-	(49)	3,826

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 6 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

#### Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets, other than available-for-sale financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Expected Interest S\$'000	Total S\$'000
<b>Group</b>						
2017						
Non-interest bearing	-	-	-	-	-	-
		-	-	-	-	-

	Weighted average effective interest rate %	On demand or within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Expected Interest S\$'000	Total S\$'000
<b>Group</b>						
2016						
Non-interest bearing	-	826	-	-	-	826
		826	-	-	-	826

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 6 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

#### (vi) Fair value of financial assets and financial liabilities

Management considers that the carrying amounts of non-derivative financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

- (a) 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).

#### (c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital and reserves and accumulated profits. The Group's overall strategy remains unchanged from 2017.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 7 RELATED PARTY TRANSACTIONS

#### Key management personnel and Directors' transactions

During the year ended 31 December 2017, Lim Pang Hern and See Mei Li had an equity interest in BD Cranetech Pte Ltd, which provided administration services, including rental accommodation, administrative staff, services, supplies and renovations to GPS Alliance Holdings Pte Ltd, Global Property Strategic Alliance Pte Ltd, Homz Lifestyle Pte Ltd and Probuild Pte Ltd building located at 8 Sungei Kadut Street, subsidiaries of GPS Alliance Holdings Limited. Fees paid to BD Cranetech Pte Ltd during the year amounted to S\$31,890.69 (2016: S\$ 674,687). At the end of the year the amount outstanding was S\$325,237.56 (2016: S\$ 5,564). The balances are unsecured, interest free, repayable on demand and expected to be settled in cash unless stated otherwise.

#### *Compensation of directors and key management personnel*

The remuneration of directors and other members of key management during the year were as follows:

	2017 S\$	2016 S\$
Short-term benefits	369,068	538,174
Post-employment benefits	-	-
Total	369,068	538,174

The remuneration of directors and key management is determined by the Board of Directors in the absence of a nomination and remuneration committee having regard to the performance of individuals and market trends, in accordance with disclosures made in our replacement prospectus dated 24 May 2014.

The following table outlines the remuneration provided to NEDs for the year ended 31 December 2017 and 31 December 2016.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 7 RELATED PARTY TRANSACTIONS (CONT'D)

The following tables outline the remuneration provided to KMP excluding NEDs for the years ended 31 December 2017 and 31 December 2016.

No executive GPS appointed during the period received a payment as part of their consideration for agreeing to hold the position

								Other long-term				Performance Related		Shared-Based Payment
			Short - Term					LTI				STI+LTI	LTI	
			Non-Monetary Payment	Other Payment	Central Provident Fund		Total Short-Term	Long Service Leave	Performance quantum rights	Retention quantum rights	Total Long-Term			
2017		Salary				STI						Percent of total	Percent of total	Share
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Executive Director														
Lim Pang Hern (Jeffery)	Executive Director	36,000.00	-	6,990.00	-	-	42,990.00	-	-	-	-	-	-	-
See Mei Li	Executive Director	30,000.00	-	6,000.00	-	-	36,000.00	-	-	-	-	-	-	-
Wang Jin Hui	Executive Director	144,000.00	-	14,400.00	-	-	158,400.00	-	-	-	-	-	-	-
David Richard Laxton	Executive Director	36,000.00	-	4,680.00	-	-	40,680.00	-	-	-	-	-	-	-
Total Executive Director		246,000.00	-	32,070.00	-	-	278,070.00	-	-	-	-	-	-	-

	Short-Term						Other long-term	LTI		Total Long-term	Performance related		Shared-based payment
	Non-mone-tary benefits	(1) Other Payment	Central Provident Fund	(2) STI	Total Short-term	Long service leave	Perform-ance quantum rights	Reten-tion quantum rights	STI+LTI		LTI		
												Percent of total	
2016	Salary	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	%	%	Shares
Executive director													
Lim Pang Hern (Jeffrey)	Executive Director	36,000	-	-	6,120	-	42,120	-	-	-	-	-	-
See Mei Li	Executive Director	60,000	-	-	10,200	-	70,200	-	-	-	-	-	-
Wang Jinhui	Executive Director	144,000	-	-	12,240	-	156,240	-	-	-	-	-	-
David Richard Laxton	Executive Director	36,000	-	-	4,680	-	40,680	-	-	-	-	-	-
Dennis Yong	Group CEO	123,000	-	7,096	3,570	-	133,666	-	-	-	-	-	-
Total executive director		399,000	-	7,096	36,810	-	442,906	-	-	-	-	-	-

Other Payment consists of transport allowances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 8 CASH AND CASH EQUIVALENTS

	2017 S\$'000	2016 S\$'000
Cash at bank and on hand	194	303

The Group's total cash and cash equivalents are denominated in the functional currencies of the respective entities.

### 9 TRADE RECEIVABLES

	2017 S\$'000	2016 S\$'000
Outside parties	784	696
Retention monies receivables	35	35
Less : Allowable for doubtful debts	(751)	(658)
	68	73

No interest is charged on trade receivables.

Retention monies receivable relate to the sale of the former agency business and are expected to be recovered as the retention period has now ceased.

Included in the Group's trade receivable balance are debtors with a carrying amount of S\$494,461.20 (2016: S\$740,000) which are past due at the reporting date for which the Group has not provided for any impairment allowance.

The table below is an analysis of age of debts which are past due but not impaired:

	2017 S\$'000	2016 S\$'000
1 month to 3 months	-	20
3 months to 6 months	44	188
6 months to 12 months	208	106
12 months to 24 months	106	121
24 months to 36 months	426	305
	784	740

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, management believes that there is no further credit provision required in excess of the allowance for the doubtful debts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 9 TRADE RECEIVABLES (CONT'D)

The trade receivables that are past due nor impaired related to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management.

The Group's and Company's total receivables are denominated in the functional currencies of the respective entities and translated to SGD for reporting purpose.

#### Movement in the allowance for doubtful debts

	2017 S\$'000	2016 S\$'000
Balance at beginning of the year	658	179
Provision for impairment losses recognised on receivables	-	479
Balance at end of year	658	658

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to S\$445,000 (2016: S\$479,000) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds.

#### Age of impaired trade receivables

	2017 S\$'000	2016 S\$'000
12 months to 36 months	658	658

### 10 OTHER RECEIVABLES

	2017 S\$'000	2016 S\$'000
Other deposits	-	59
Prepayments	9	31
Others	18	94
	27	184

  

	2017 S\$'000	2016 S\$'000
Analysed as:		
Current	27	40
Non-current	0	144
	27	184

The Group's and Company's other receivables are denominated in the functional currencies of the respective entities and translated to SGD for reporting purpose.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 11 PLANT AND EQUIPMENT

	Computer and software S\$'000	Furniture and fitting S\$'000	Leasehold improvement S\$'000	Office equipment S\$'000	Motor vehicle S\$'000	Plant and machinery S\$'000	Building S\$'000	ERP equipment S\$'000	Total S\$'000
<b>Cost:</b>									
At January 1, 2016	118	51	289	85	114	208	3,393	97	4,355
Additions	-	-	-	-	-	-	580	-	580
Revaluation	-	-	-	-	-	-	1,326	-	1,326
Reversal	-	-	-	-	-	-	-	-	-
Disposals	-	(24)	-	(8)	(39)	(196)	-	-	(267)
Translation reserve	-	-	-	-	1	3	-	-	4
At December 31, 2016	118	27	289	77	76	15	5,299	97	5,998
Additions	-	-	-	-	-	-	-	-	-
Transfers	(3)	1	-	-	(30)	-	24	-	(8)
Disposals	-	-	-	-	-	-	-	-	-
Translation reserve	-	-	-	-	-	-	-	-	-
At December 31, 2017	115	28	289	77	46	15	5,323	97	5,990
<b>Accumulated depreciation:</b>									
At January 1, 2016	106	19	70	13	34	52	562	11	867
Depreciation	11	13	29	25	14	2	287	11	392
Group transfer	-	-	-	-	-	-	-	-	-
Disposal	-	(11)	-	(4)	(8)	(47)	-	-	(70)
Translation reserve	-	-	-	-	-	1	-	-	1
At December 31, 2016	117	21	99	34	40	8	849	22	1,190
Depreciation	1	3	30	25	5	3	274	-	341
Transfers	(3)	-	-	-	-	-	(5)	-	(8)
Disposals	-	-	-	-	-	-	-	-	-
Translation reserve	-	-	-	-	-	-	-	-	-
At December 31, 2017	115	24	129	59	45	11	1,118	22	1,523
<b>Impairment:</b>									
At January 1, 2016	-	-	-	-	-	-	-	21	21
Addition	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
At December 31, 2016	-	-	-	-	-	-	-	21	21
Addition	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
At December 31, 2017	-	-	-	-	-	-	-	21	21
<b>Carrying amount:</b>									
At December 31, 2016	1	6	190	43	36	7	4,450	54	4,787
At December 31, 2017	-	4	160	18	1	4	4,205	54	4,446

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 12 INVESTMENT IN ASSOCIATE

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs (adjusted by the group for equity accounting purposes).

	2017 S\$'000	2016 S\$'000
Balance at beginning of year	150	7,291
Share of profit	-	541
Less dividend received	-	(6,750)
Unquoted equity shares	150	150

The investment in associate instrument represents an investment in a company that is engaged in property development.

	2017 S\$'000	2016 S\$'000
<b>Huge Development Pte Ltd</b>		
Current assets	-	14,614
Non-current assets	-	-
Current liabilities	-	1,842
Non-current liabilities	-	7,929
Revenue	-	1,583
Profit or loss from continuing operations	-	1,235
Profit for the year	-	1,235
Other comprehensive income for the year	-	(45,000)
Total comprehensive income for the year	-	(43,765)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huge Development Pte Ltd recognised in these consolidated financial statements:

	2017 S\$'000	2016 S\$'000
Net assets of the associate	-	4,843
Proportion of the group's ownership interest in Huge Development Pte Ltd	-	15%
Carrying amount of the Group's interest in Huge Development Pte Ltd	150	150

Huge Development Pte Ltd is a Singapore incorporated company with its operation in Singapore. Its principal activity is in property development. GPS interest in Huge Development Pte Ltd terminated in 2017.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 13 BORROWINGS (CURRENT)

	2017 S\$'000	2016 S\$'000
Bank overdraft	311	306
Bank loan	1,022	1,398
Term loan	-	-
	<u>1,333</u>	<u>1,704</u>

Bank overdraft bears interest at Bank's Prevailing Prime Rate + 0.5% per annum.

The bank loan with DBS of S\$1.83 million is repayable over 72 monthly instalments from Feb 2015 to Jan 2020. During the year, the principal amount of approximately S\$380,299 had been paid. The interest for the first 12 months bears interest at the lower of "3-month SIBOR + 1.48%" or 2.48% per annum. Subsequently, the loan bears interest at "3-month SIBOR + 3%" per annum. The loan is secured by way of legal charge over a subsidiary's leasehold property, corporate guarantee from the company and one of its subsidiaries, and personal guarantee from certain directors of a subsidiary. The bank is able to recall the funds at their absolute discretion.

The borrowings are denominated in the functional currencies of the respective entities and translated to SGD for reporting purpose.

### 14 TRADE PAYABLES

	2017 S\$'000	2016 S\$'000
Outside parties	<u>943</u>	<u>1,387</u>

No interest is payable on overdue balances.

The Group's trade payables are denominated in the functional currencies of the respective entities and translated to SGD for reporting purpose.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 15 OTHER PAYABLES

	2017 S\$'000	2016 S\$'000
Accrued expenses	728	877
Advance from a non-controlling interest	302	323
Deposit received	73	86
Provision for warranties	53	53
Others	531	284
	<u>1,687</u>	<u>1,623</u>

The Group's other payables are denominated in the functional currency of the respective entities and translated to SGD for reporting purpose.

### 16 PROVISIONS

	2017 S\$'000	2016 S\$'000
Provision for office reinstatement is for a subsidiary's office	<u>240</u>	<u>240</u>

### 17 FINANCE LEASES

	Minimum lease payment		Present value of Minimum lease payment	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Amounts payable under finance leases:				
Within one year	37	40	36	38
In the second to fifth year inclusive	-	22	-	20
	<u>37</u>	<u>62</u>	<u>36</u>	<u>58</u>
Less: Future finance charges	-	(4)	-	-
Present value of lease obligations	<u>37</u>	<u>58</u>	<u>36</u>	<u>58</u>
Less: Amount due for settlement within 12 months			(36)	(58)
Amount due for settlement after 12 months			-	-

It is the company's policy to lease certain items of its plant and equipment under finance leases. The average lease term is 3 years. The average effective borrowing rate is 4.04% per annum. Interest rates are fixed at the contract date, and thus expose the company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Singapore dollars.

The fair value of the company's lease obligations approximates their carrying amount.

The company's obligations under finance leases are secured by the lessors' titles to the leased assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 18 ISSUED CAPITAL

	2017		2016	
	Nº	S\$'000	Nº	S\$'000
<b>Ordinary shares</b>				
Balance at beginning of the year	85,962	10,354	85,962	10,354
Issue ordinary shares	-	-	-	-
Balance at end of the year	85,962	10,354	85,962	10,354

No shares were issued during the year or in the prior year

### 19 CAPITAL RESERVE

	2017 S\$'000	2016 S\$'000
Capital reserve arising from capital restructuring	2,000	2,000
Others	(57)	(57)
Net	1,943	1,943

### 20 ACCUMULATED LOSSES

	2017 S\$'000	2016 S\$'000
Balance at beginning of year	(9,991)	(6,990)
Profit / (Loss) attributable to owners of the Company	40	(3,001)
Balance at end of year	(9,951)	(9,991)

### 21 TRANSLATION RESERVE

	2017 S\$'000	2016 S\$'000
Balance at beginning of year	(359)	(370)
Exchange differences arising on translating to presentation currency	(160)	11
Balance at end of year	(519)	(359)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Singapore dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

### 22 NON-CONTROLLING INTEREST

	2017 S\$'000	2016 S\$'000
Balance at beginning of year	(2,785)	(1,582)
Exchange differences arising on translating to presentation currency	282	(1,203)
Balance at end of year	(2,503)	(2,785)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 23 ASSET REVALUATION RESERVE

	2017 S\$'000	2016 S\$'000
Balance at beginning of year	1,326	-
Revaluation of building	-	1,326
Balance at end of year	1,326	1,326

The group has done extensive renovations to the building located at 8 Sungei Kadut Street owned by Probuild Engineering Pte Ltd, in accordance with the loan agreement with DBS Bank Ltd. Accordingly the GPS obtained a revaluation and the Board resolved during 2016 to revalue the property in accordance with the external valuation.

### 24 REVENUE

The following is an analysis of the Group's revenue for the year from continuing operations.

	2017 S\$'000	2016 S\$'000
Consultancy income	415	403
ID & fit-out work	4	19
	419	421

### 25 OTHER INCOME

	2017 S\$'000	2016 S\$'000
Interest income	-	1
Government grant income	6	84
Other	602	272
	608	357

### 26 EMPLOYEE BENEFIT EXPENSE

	2017 S\$'000	2016 S\$'000
Includes staff salaries, bonus, leave entitlement and Compulsory funds contribution	129	446

### 27 FINANCE COSTS

	2017 S\$'000	2016 S\$'000
HP interest expense	-	-
Loan interest expense	64	303
Other interest charges	-	-
Total finance cost	64	303

Finance costs decreased by S\$239,000 to S\$64,165 in FY2017 following the settlement of bank of a bank loan in Aug 2016.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 28 INCOME TAX

	2017 S\$'000	2016 S\$'000
Overprovision of deferred tax assets in prior years	-	-
Deferred tax (assets) / liabilities	-	-
Income tax (benefit) / expense	-	-
Total finance cost	-	-

The income tax expense for the year can be reconciled to the accounting profit as follows:

Profit / (loss) before tax from continuing operations	322	(4,04)
Income tax expense / benefit calculated at 17%	55	(744)
Effect of expenses that are not deductible in determining taxable profit	-	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(55)	744
Others	-	-
Adjustments recognised in the current year in relation to the current Tax of prior years	-	-
Income tax benefit recognised in profit or loss	-	-

The Group has tax loss carry forwards available for offsetting against future taxable income as follows:

At beginning of year	1,542	798
Amount (utilised) / arising during the year	(55)	744
At end of year	1,487	1,542

No deferred tax asset has been recognised in respect of the above tax loss carried forwards due to the unpredictability of future profit streams.

The realisation of the future income tax benefits from tax loss carried forwards is available for an unlimited future period subject to the conditions imposed by the relevant tax authorities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 29 PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

	2017 S\$'000	2016 S\$'000
Owner of the Company	40	(3,001)
Non-controlling interests	282	(1,203)
	<u>322</u>	<u>(4,204)</u>

Profit / (Loss) for the year from continuing operations has been arrived at after charging (crediting):

	2017 S\$'000	2016 S\$'000
Depreciation of property, plant and equipment and amortisation	359	392
Foreign exchange gain	-	58
Inventory expense	-	-
Impairment loss	-	1,875

### 30 EARNINGS PER SHARE

#### Basic and diluted loss per share has been calculated using

Net profit /(loss) for the year attributable to equity holders of the parent	<u>322</u>	<u>(4,204)</u>
--	------------	----------------

#### Weighted average number of ordinary shares (basic)

Issued ordinary shares at the beginning of the year (basic)	<u>85,963</u>	<u>85,963</u>
Weighted average number of ordinary shares at the end of the year	<u>85,963</u>	<u>85,963</u>

#### Weighted average number of ordinary shares (diluted)

Weighted average number of ordinary shares at the end of the year	<u>85,963</u>	<u>85,963</u>
Weighted average number of ordinary shares (diluted) at the end of the year	<u>85,963</u>	<u>85,963</u>

#### Earnings per share (Singapore cents):

- Basic	0.38	(4.89)
- Diluted	0.38	(4.89)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 31 OPERATING SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (the chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographical basis which involves the ID & fit-out work in the Republic of Singapore. Operating segments are determined on the basis of financial information reported to the board which is at the consolidated entity level.

Accordingly, management currently identifies the Group as having only one reportable segment, being property development. The financial results from this segment are equivalent to the financial statements of the consolidated Group as a whole.

### 32 OPERATING LEASE ARRANGEMENTS

	2017 S\$'000	2016 S\$'000
Minimum lease payments under operating leases recognised as an expense in the year	113	75

At the end of the reporting year, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	2017 S\$'000	2016 S\$'000
Within one year	85	85
In the second to fifth year inclusive	362	447
	447	532

Operating lease payments represent rentals payable by the Group for rental of premises and copiers.

### 33 REMUNERATION OF AUDITORS

	2017 S\$'000	2016 S\$'000
Audit or review of the financial statements	51	198

Deloitte Touche Tohmatsu resigned as auditor of GPS Alliance Holdings Limited on 12 December 2016. The Company subsequently appointed Lo Surdo Braithwaite Audit and Assurance Pty Ltd.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 December 2017

### 34 PARENT ENTITY INFORMATION

	2017 S\$'000	2016 S\$'000
<i>Financial position</i>		
<b>Assets</b>		
Current assets	34	39
Non-current assets	3,796	3,796
Total assets	3,830	3,835
<b>Liabilities</b>		
Current liabilities	91	64
Non-current liabilities	-	-
Total liabilities	91	64
<b>Net Assets</b>	3,739	3,771
<b>Equity</b>		
Issued capital	13,132	13,132
Retained earnings	(9,405)	(9,371)
Foreign currency translation reserve	12	10
<b>Total equity</b>	3,739	3,771
<i>Financial performance</i>		
Profit/(loss)	34	(75)
Other comprehensive income	-	-
Total comprehensive loss	34	(75)
<i>Guarantees entered into by the parent entity in relation to the debts of its subsidiaries</i>		
	2017 S\$'000	2016 S\$'000
Guarantee provided under the deed of cross guarantee <sup>(i)</sup>	4,530	4,530
Guarantee provided under the deed of cross guarantee <sup>(ii)</sup>	1,832	1,832
Total Guarantee	6,362	6,362

(i) GPS Alliance Holdings Limited has entered into a deed of cross guarantee with one of its wholly-owned subsidiaries, GPS Alliance Development & Investment Pte Ltd.

(ii) GPS Alliance Holdings Limited has entered into a deed of cross guarantee with one of its 60% owned subsidiaries, Probuild Pte Ltd.

### 35 EVENTS AFTER THE REPORTING YEAR

There has not been any matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the consolidated entity.

## Additional Stock Exchange Information

Additional information as at 28 February 2018 required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this Report.

### Home Exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Sydney.

### Substantial Holders

Holdings of substantial shareholders are set out below.

Ordinary Shares	Quantity
Yong Dennis	13,842,597
Hong Eng Leong	13,842,597
Wang Jinhui	9,750,000
Ang Ah Nui	7,967,115
Lim Pang Hern (Jeffrey)	6,955,429

### The number of holders in each class of securities

The numbers of holders in each class of securities on issue at 28 February 2018 were as follows:

Type of security	Number of holders	Quantity of securities
Ordinary shares	701	85,962,500

### Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

### Distribution of Shareholders

As at 28 February 2018, the total distribution of fully paid shareholders, being the only class of equity, was as follows:

Range	Number of holders	Number of shares
1 - 1,000	214	111,801
1,001 - 5,000	331	721,063
5,001 - 10,000	58	425,415
10,001 - 100,000	69	1,812,006
100,001 and over	29	82,892,215
Total	701	85,962,500

## Additional Stock Exchange Information

### Unmarketable Parcels

As at 28 February 2018, 584 shareholders held less than marketable parcels of 1,081,194 shares.

### Twenty Largest quoted Shareholders

As at 28 February 2018 the twenty largest quoted shareholders held 94.16% of the fully paid ordinary shares as follows:

	<b>Name</b>	<b>Quantity</b>	<b>%</b>
1	Citicorp Nominees Pty Limited	16,314,002	18.98
2	Yong Dennis	13,842,597	16.10
3	Hong Eng Leong	13,842,597	16.10
4	Ms Wang Jinhui	9,750,000	11.34
5	Ang Ah Nui	7,967,115	9.27
6	Lim Pang Hern (Jeffrey)	6,955,429	8.09
7	Mr Peter Tan	2,191,260	2.55
8	Mr Anthony Chow Kee Yap	1,536,606	1.79
9	BNP Paribas Noms Pty Ltd <Uob Kay Hian Priv Ltd DRP>	1,045,720	1.22
10	BNP Paribas Noms Pty Ltd <DRP>	1,024,109	1.19
11	Tan Thiam Hee	811,815	0.94
12	Mr Wee Tat Teo	800,000	0.93
13	Mr Wei Chan	750,000	0.87
14	OH Keng Lim	660,335	0.77
15	Mr Eng Huat Hong	650,000	0.76
16	Ms Jiaojun Xu	650,000	0.76
17	Mr Wei Cheng Pan	650,000	0.76
18	Mr Malek Ali Abou Nouh	650,000	0.76
19	OH Koon Sun	468,325	0.54
20	OH Lian Ling	384,420	0.45
	<b>Total</b>	<b>80,944,330</b>	<b>94.16</b>

### On Market Buy Back

There are no current on market buy-backs.

### BOARD OF DIRECTORS

**Lim Pang Hern (Jeffrey)**  
Executive Chairman

**David Richard Laxton**  
Executive Director

**Wang Jin Hui**  
Executive Director

**Andrew Skinner**  
Non-Executive Director

**Marcelo Mora**  
Non-Executive Director  
Company Secretary

### AUSTRALIAN REGISTERED OFFICE

Suite 904, 275 Alfred Street,  
North Sydney, NSW 2060, Australia

Phone: (02) 8197 1188  
Facsimile: (02) 8456 5708

### AUSTRALIAN SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney, NSW 2000, Australia  
(02) 9290 9600

### AUDITORS

Lo Surdo Braithwaite Audit and Assurance Pty Ltd  
Level 1, 251 Elizabeth Street, Sydney NSW 2000,

### PRINCIPAL BANKERS

#### **United Overseas Bank Limited**

80 Raffles Place #11-00, UOB Plaza 1, Singapore 048624

#### **DBS Bank Limited**

12 Marina Boulevard, Marina Bay Financial Centre Tower 3,  
Singapore 018982

Our principal place of business is at  
106 International Road Singapore 629175  
Our Telephone number is (65) 6253 1110  
Our Facsimile number is (65) 6256 1110  
Our website address is [www.gpsalliance.com.au](http://www.gpsalliance.com.au)