

GSH CORPORATION LIMITED
ANNUAL REPORT 2015



CREATING WORLD-CLASS SPACES



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OUR MISSION
TO GROW STAKEHOLDER
VALUE FROM DELIVERING
PREMIUM REAL ESTATES
AND SERVICES FOR THE
RESIDENTIAL, COMMERCIAL
AND HOSPITALITY MARKETS
IN ASIA AND BEYOND.

OUR VISION
CREATING WORLD-CLASS
SPACES FOR LIVING,
BUSINESS AND LEISURE.



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An aerial photograph of the Singapore skyline, featuring numerous skyscrapers. A prominent blue-tinted building, GSH Plaza, is highlighted in the lower-left quadrant of the image. The sky is overcast with grey clouds.

CORPORATE PROFILE

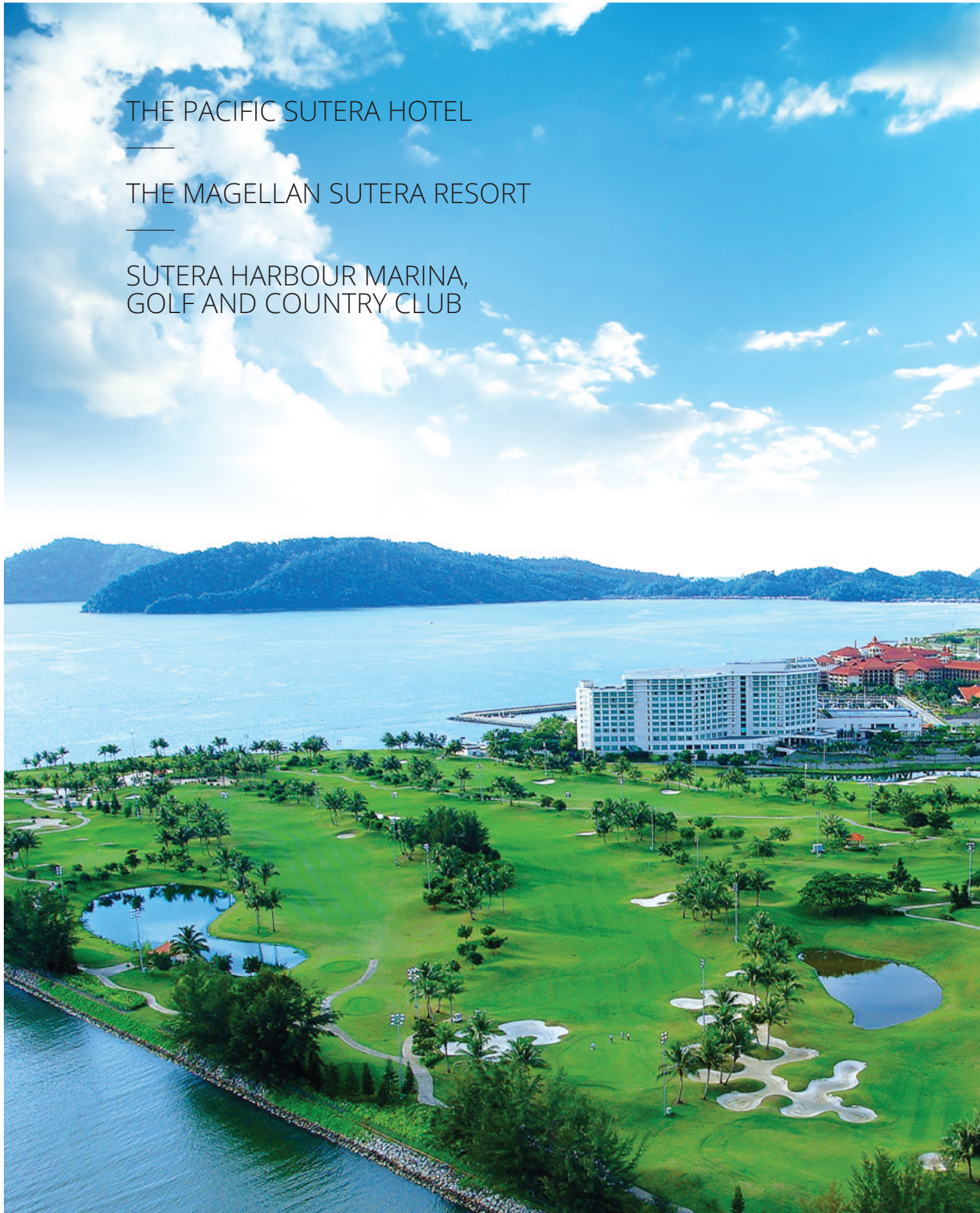
LISTED ON THE MAINBOARD OF THE SINGAPORE EXCHANGE, **GSH CORPORATION LIMITED** IS A GROWING PROPERTY DEVELOPER IN SOUTHEAST ASIA, WITH THREE PROPERTIES UNDER DEVELOPMENT IN KUALA LUMPUR AND KOTA KINABALU, MALAYSIA. IT ALSO OWNS THE SUTERA HARBOUR RESORT IN KOTA KINABALU, COMPRISING TWO FIVE-STAR HOTELS – THE PACIFIC SUTERA AND MAGELLAN SUTERA RESORT, A 104-BERTH MARINA AND 27-HOLE CHAMPIONSHIP GOLF COURSE.

IN JUNE 2014, THE GROUP LED A CONSORTIUM TO ACQUIRE EQUITY PLAZA, A LANDMARK COMMERCIAL PROPERTY IN THE HEART OF SINGAPORE'S FINANCIAL AND BUSINESS DISTRICT, RAFFLES PLACE. RENAMED GSH PLAZA, THE 28-STOREY BUILDING WITH 259 STRATA-TITLED OFFICE UNITS WAS LAUNCHED FOR SALE IN APRIL 2015.

THE PACIFIC SUTERA HOTEL

THE MAGELLAN SUTERA RESORT

SUTERA HARBOUR MARINA,
GOLF AND COUNTRY CLUB





HOSPITALITY

KOTA KINABALU, MALAYSIA

SUTERA HARBOUR RESORT



The Resort comprises two five-star hotels – the 500-room Pacific Sutera and the 456-room Magellan Sutera – as well as the Sutera Harbour Marina, Golf & Country Club with its 104-berth marina and an award-winning 27-hole championship golf course designed by Graham Marsh. It also has 15 restaurants and bars, two grand ballrooms, 28 meeting rooms and a 100-seat auditorium for meetings, incentive travel, conventions and exhibitions (MICE).

Sutera Harbour Resort is the only destination in Kota Kinabalu that offers a five-star business-class hotel and resort attached to a 27-hole Graham Marsh-designed championship golf course, a state-of-the-art marine and clubhouse.

As Borneo's largest and most extensive convention and banquet facility, the resort is the most sought-after venue for MICE events and is a beautiful mix of luxury, recreation and lifestyle.

The Resort is just 10 minutes by boat from the popular scuba diving destination of Sabah's Tengku Abdul Rahman Marine National Park. The five islands that make up the Marine Park boast crystal-clear waters, abundant marine life and stunning coral reefs.

Expanding into nature and adventure tourism in Sabah, the Resort also operates the North Borneo Railway – a mid-century British steam train that takes visitors on a nostalgic rediscovery of rail travel into the heart of Borneo.

THE MAGELLAN SUTERA RESORT

The 456-room Magellan Sutera Resort's unique architecture is inspired by the longhouses of Borneo – a tribute to the Rungus people of Sabah. All of its luxuriously appointed rooms and suites feature balconies that offer magnificent vistas of its manicured gardens or the azure tranquillity of the South China Sea.

Its food and beverage options include an award-winning Italian restaurant Ferdinands; Five Sails, an all-day dining restaurant serving a wide selection of Malaysian and continental cuisine; the Al Fresco restaurant, serving an extensive selection of pasta and wood-fired pizza; Muffinz, for deli favourites as well as Tarik's Lobby Lounge for casual bites.





THE PACIFIC SUTERA HOTEL

The luxurious five-star Pacific Sutera Hotel features 500 immaculately appointed rooms and suites with contemporary décor and dramatic views of the sprawling golf course or of the sea and nearby tropical islands.

With its grand entrance and high ceiling, The Lobby Lounge offers an uninterrupted ocean panorama and is a popular meeting point for leisure and business travellers. The Pacific Club affords magnificent views from the top floors, with breakfast and cocktails served at the exclusive Pacific Club Lounge.

Other dining options include the award-winning Chinese restaurant Silk Garden, all-day dining at Café Boleh, The Lobby Lounge and the Pool Bar.

The hotel's Grand Ballroom can sectioned off in different configurations to accommodate events for up to 1,000 people, and is the perfect venue for corporate functions and weddings.



SUTERA HARBOUR MARINA, GOLF & COUNTRY CLUB

At the heart of the extensive Sutera Harbour Resort property is the Sutera Harbour Marina, Golf & Country Club which features a 27-hole award-winning championship golf course designed by Graham Marsh, a 41-bay covered driving range, and a 104-berth marina that can accommodate 13 mega yachts and 91 smaller vessels.

The Club's 27-hole golf course is built on undulating terrain and divided into 43 distinct courses of varying difficulty. At night, 20 holes are lit, including nine holes of the Lake Course, nine holes of the Garden Course and two finishing holes of the Heritage Course. There is also a 41-bay two-tier covered driving range that overlooks a scenic lake. Use of the golf course is exclusively for the patrons of The Magellan Sutera and The Pacific Sutera as well as club members and their guests.

The Marina's deep-water marina is well equipped, deep enough for most yachts of up to 180 feet and protected all year round from extreme weather conditions. Established in 1998, this Marina is a hub for yachting and sailing in Southeast Asia. Berthing services are available for short and long-term rental.



PROPERTIES UNDER DEVELOPMENT

GSH PLAZA

GSH Plaza is a prestigious commercial and office tower located in Raffles Place – the heart of Singapore's Central Business District.

Strategically located on the nexus of Church, Market and Cecil Streets, and within minutes to Raffles Place MRT station, the 28-storey, Grade-A intelligent office tower, was once the home of the Singapore Exchange. The Group will be doing an extensive refurbishment of the property, creating an iconic structure clad in glass, marble and steel. Each premium strata office unit is generously spaced and configured, with an exceptionally efficient work environment to meet the needs of today's modern businesses.

Incorporating two floors of retail space, GSH Plaza is positioned to provide lifestyle conveniences for its occupants, enriching the district's bustling food and beverage scene as well as encouraging lifestyle, recreation and relaxation activities. It is also the ideal location for work, live and play: Marina Bay Sands, Gardens by the Bay and the shopping precincts of Raffles City and Marina Square are close by, offering myriad dining, entertainment, shopping and leisure options. For culture, one can explore the Chinatown heritage district close by while the National Gallery, Esplanade Theatres on the Bay and Mastercard Theatres at Marina Bay Sands are only a stone's throw away.

Gross Floor Area

356,403 square feet





EATON RESIDENCES

Located along Embassy Row in the heart of KLCC and minutes to the uber-chic shopping belt of Bukit Bintang in the capital city's triple-A precinct, Eaton Residences is a vision of true contemporary grandeur and functionality for purveyors of distinctive city living.

Presenting unblocked panoramic views of the Royal Selangor Golf Club and the famed Petronas Twin Towers, Eaton Residences cuts a distinctive silhouette with its ultra-luxe glass face and iconic rooftop infinity pool – the first and highest cantilevered sky pool in Kuala Lumpur.

With 632 versatile and privacy-centric living spaces from levels 9 to 50, Eaton Residences redefines modern urban living. This is where the well heeled can enjoy the company of friends and loved ones with gastronomic experiences at the lush pavilion on level 8 or simply indulge in a good book at the organic-shaped Sky Terrace deck on level 34. Fitness buffs can work out at the rooftop gym overlooking the infinity pool at level 50.

Site Area

1.44 acres

Gross Floor Area

747,746 square feet



CORAL BAY@SUTERA

Located next to The Magellan Sutera Resort, Coral Bay@Sutera is an uber-luxurious oceanfront residential project with premium finishes and full condominium facilities. Nestled within the gated precinct of Sutera Harbour, Coral Bay@Sutera sits on the most coveted land parcels earmarked for residential developments in Kota Kinabalu.

Site Area

12.11 acres



THE POINT@SUTERA

Located at the tip of the Sutera Harbour gated precinct, The Point@Sutera is an exclusive condominium offering 360-degree views of the ocean and Kota Kinabalu's famed Jesselton Point Waterfront. Part of the luxurious collection of waterfront homes in the Sutera Harbour enclave, The Point@Sutera is a rare fusion of urban chic and gorgeous ocean views.

Site Area

13.12 acres

"WE ARE GRATIFIED THAT OUR STRATEGY TO DIVERSIFY INTO PROPERTY DEVELOPMENT AND HOSPITALITY BUSINESSES, HAS PUT THE GROUP ON THE ROAD OF PROFITABILITY."

SAM GOI
EXECUTIVE CHAIRMAN

GILBERT EE
CHIEF EXECUTIVE OFFICER

Dear Shareholders,

We are pleased to inform you that in FY2015, the Group achieved net profit attributable to shareholders of S\$16.4 million, on the back of a nearly four-fold increase in revenue to S\$162.0 million. This was the result of operating gains, instead of acquisition gains, as was the case in 2014. We saw significant contributions from the initial launch of strata office units at GSH Plaza in Singapore. Our two hotels in Sutera Harbour Resort in Kota Kinabalu, also saw an uptick in revenue, thanks to a recent pick up in the tourism industry in Sabah, as well as improvements in operating efficiencies of the Resort.

The Group posted earnings per ordinary share of 0.828 cents, for the full-year of 2015, while registering

net asset value per ordinary shares of 18.20 cents, as at 31 December 2015. Cash and cash equivalents stood at S\$80.0 million.

We are gratified that our strategy to diversify into property development and hospitality businesses, has put the Group on the road of profitability. We thank shareholders for their support of this major strategic shift.

DIVIDEND

To reward our shareholders for supporting the Group's transformation, and as a gesture of our confidence in the Group's future, despite the current global economic slowdown, the Directors have recommended a first and

GILBERT EE
CHIEF EXECUTIVE OFFICER

SAM GOI
EXECUTIVE CHAIRMAN

final dividend of 0.05 cent per ordinary share, which is subject to shareholders' approval at the forthcoming Annual General Meeting.

MOVING AHEAD

Although the headwinds of business volatility, regulatory risks and currency fluctuations, continue to loom, we remain steadfast in meeting the challenges ahead.

The redevelopment of GSH Plaza is proceeding as planned, and will be completed before the end of the year. The project is expected to contribute significantly both to headline sales and recurring income. Meanwhile, our luxury apartment

project, Eaton Residences, in KLCC has started construction and will be launched shortly.

On the hospitality front, we will continue with the asset enhancement and operating efficiency exercises, at our two hotels in Sutera Harbour Resort. With improved products offerings, coupled with an increase in scheduled and chartered flights, particularly from cities in East Asia, we are positioned for further growth in Kota Kinabalu. The Group also has two other luxury development sites, in various stages of planning in Kota Kinabalu, and we are continually looking to expand our pipeline of property projects in the region.

APPRECIATION

On behalf of the Board of Directors, we would like to express our appreciation to all shareholders and our stakeholders – including our, customers, business partners, directors, management and staff – for your continued support of the Group.

We look forward to meeting you again at the upcoming AGM!

Sam Goi Seng Hui
Executive Chairman

Gilbert Ee Guan Hui
Chief Executive Officer





HUANG LUI

EE GUAN HUI
GILBERTLEE CHOON HUI
FRANCISGOI SENG HUI
SAMGOI KOK MING
KENNETHMICHAEL
GRENVILLE GRAYLEE HWEE KHOON
JULIETTE

SAM GOI SENG HUI *Executive Chairman*

Sam Goi Seng Hui was appointed as Non-Executive Chairman on 23 July 2012 and re-designated as Executive Chairman on 1 January 2014. Mr Goi is the Executive Chairman of Tee Yih Jia Group, a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China. In 2014, he was named Businessman of the Year by Singapore's Business Times and at the 49th National Day Awards, Mr Goi was conferred the Public Service Star (Bar) – Bintang Bakti Masyarakat (Lintang), or *BBM(L)* – by the President of Singapore for his contributions to the community.

In 2015, he received the Long Service Award from Singapore's People's Action Party. He was also conferred the State Award of Panglima Gemilang Darjah Kinabalu (PGDK), which carries the title of Datuk, from the Head of State of Sabah, for his social and business contributions to Kota Kinabalu. In addition, he was awarded the SG50 Outstanding Chinese Business Pioneers Award, and

Enterprise Asia's Lifetime Achievement Award in 2015.

Mr Goi has investments across a range of listed and private entities in numerous industries, such as food and beverage, consumer essentials, recycling, distribution and logistics. Mr Goi also served on the board of three other Mainboard-listed companies – as Vice Chairman of Super Group Ltd, Vice Chairman of Envictus International Holdings Limited, and Vice-Chairman of JB Foods Limited. He is also Enterprise 50 Club's Honorary Past President and Vice Chairman of IE Singapore's "Network China" Steering Committee, Regional Representative for Fuzhou City and Fujian Province, council member of the Singapore- Zhejiang Economic & Trade Council, as well as Senior Consultant to Su-Tong Science & Technology Park. He is currently the Honorary Chairman for the International Federation of Fuqing Association, a member of the Singapore University of Technology and Design (SUTD) Board of Trustee, as well as the Chairman of Dunman High School Advisory Committee and Ulu Pandan Citizens Consultative Committee.

FRANCIS LEE CHOON HUI

*Vice Chairman and
Lead Independent Director*

Lee Choon Hui Francis was appointed as our Non-Executive Vice Chairman and Independent Director, on 23 July 2012. He first joined the Board as an Independent Director in 2003. Following a reconstitution of the Board in 2008, he became Non- Executive Chairman of the Board and remained an Independent Director. To welcome and facilitate the appointment of Mr Goi Seng Hui as our new Executive Chairman in 2012, Mr Lee voluntarily stepped down as Non-Executive Chairman and at the request of the new Executive Chairman, assumed his present role.

Mr Lee practiced for many years as a corporate lawyer, then became a consultant in mergers and acquisitions. He is Chairman of Corporate Ventures Group, a boutique consultancy firm for mergers and acquisitions. Mr Lee also sits on the board of another listed company, Sunright Limited.

EE GUAN HUI, GILBERT

*Chief Executive Officer
and Executive Director*

Ee Guan Hui, Gilbert was appointed our Chief Executive Officer and an Executive Director, on 1st May 2007. In this role, he is responsible for the day-to-day management of the Group and for formulating and implementing its strategic and business plans. Mr Ee was previously the Regional Head, Global Financial Markets, at Rabobank International, overseeing all Capital markets and Treasury activities. Prior to that, Mr Ee also held various management positions in Barclays Capital and Citibank. He is currently a Director of Solstice Investments Pte Ltd, Oxley JV Pte Ltd, Solstice Development Pte Ltd and S11 Group Co. Limited.

GOI KOK MING, KENNETH

*Executive Director,
Business Development*

Goi Kok Ming, Kenneth was appointed as Executive Director, Business Development on 23 July 2012. Mr Kenneth Goi is currently Executive Director of Acelink Logistics Pte Ltd, a supply chain company with distribution networks in Singapore, Malaysia, Thailand, Hong Kong and China, a position he has held since 1999. Apart from this, Mr Kenneth Goi also sits on the board of TYJ Group, a global food and beverage group with operations in Singapore, Malaysia, USA, Europe, China; and Mandarin Food Manufacturing Pte Ltd, a trading company with a network that spans across Australia and South East Asia. Mr Kenneth Goi also sits on the board of another listed company, Hanwell Holdings Limited. Mr Kenneth Goi is a member of the Community Development District Council, South East Region. He holds a bachelor degree in Computer Information System from California State University, Pomona.

LEE HWEЕ KHОON, JULIETTE

Non-Executive Director

Lee Hwee Khoo, Juliette was appointed as Non-Executive Director on 23 July 2012. Ms Lee is currently Executive Director of Tee Yih Jia Food Manufacturing Pte Ltd, a position she has held since 1992. From 2000 - 2001, Ms Lee, as General Manager of Tee Yih Jia's Fuzhou brewery, spearheaded its turnaround to profitability. Apart from her appointments in the food industry, she also sits on the Boards of several property development companies in the People's Republic of China. During the period 2007 to 2011/2012, she was appointed to the Boards of Tung Lok Restaurants (2000) Ltd and Super Group Ltd respectively. Ms Lee holds a Masters in Business Administration and BA (Strategic Management) from Maastricht School of Management.

MICHAEL GRENVILLE GRAY*Independent Director*

Michael Grenville Gray was appointed as our Independent Director on 17 October 2007. Mr Gray has more than 30 years of extensive experience in professional advisory and audit practice, mostly in Southeast Asia. Prior to his retirement at the end of 2004, he was a partner in PricewaterhouseCoopers Singapore and, before that, Territorial Senior Partner for PricewaterhouseCoopers Indochina (Vietnam, Cambodia and Laos). He is an Independent Director and chairman of the Audit Committees of Singapore Exchange-listed Avi-Tech Electronics Limited, Ascendas Property Fund Trustee Pte Ltd and UK listed VinaCapital Vietnam Opportunity Fund Limited as well as Independent Director of Raffles Marina Holdings Ltd. Mr Gray has been a member of the Institute of Chartered Accountants in England and Wales (FCA) since 1976 and is Fellow of the Institute of Singapore Chartered Accountants and Fellow of the Singapore Institute of Directors. An active Singapore Citizen, Mr Gray has held positions in statutory boards, grassroots organisations and voluntary welfare organisations.

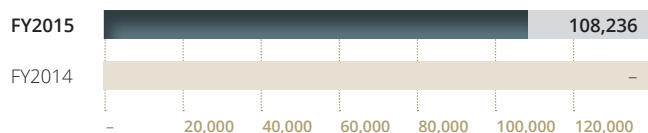
HUANG LUI*Independent Director*

Huang Lui was appointed as our Independent Director on 23 August 2012. Ms Huang Lui has practiced for more than 40 years as a property and conveyancing lawyer. She deals with banking and corporate transactions, joint venture agreements, leasing of residential and commercial buildings, collective sale and REITS. Ms Huang Lui is fluent in written and spoken Mandarin holds a Master of Laws and a Bachelor of Laws (Hons) from the University of Singapore.

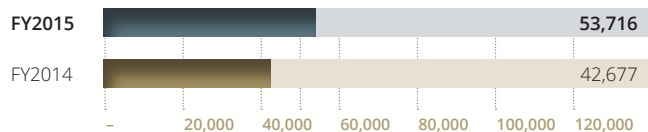


REVENUE BY ACTIVITY S\$'000

PROPERTY DEVELOPMENT

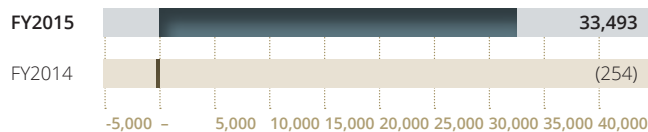


HOSPITALITY

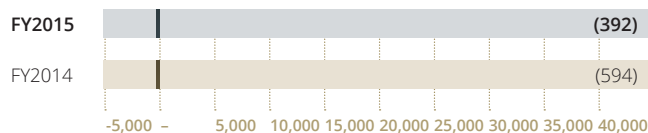


PROFIT/ (LOSS) BEFORE TAX BY ACTIVITY S\$'000

PROPERTY DEVELOPMENT



HOSPITALITY



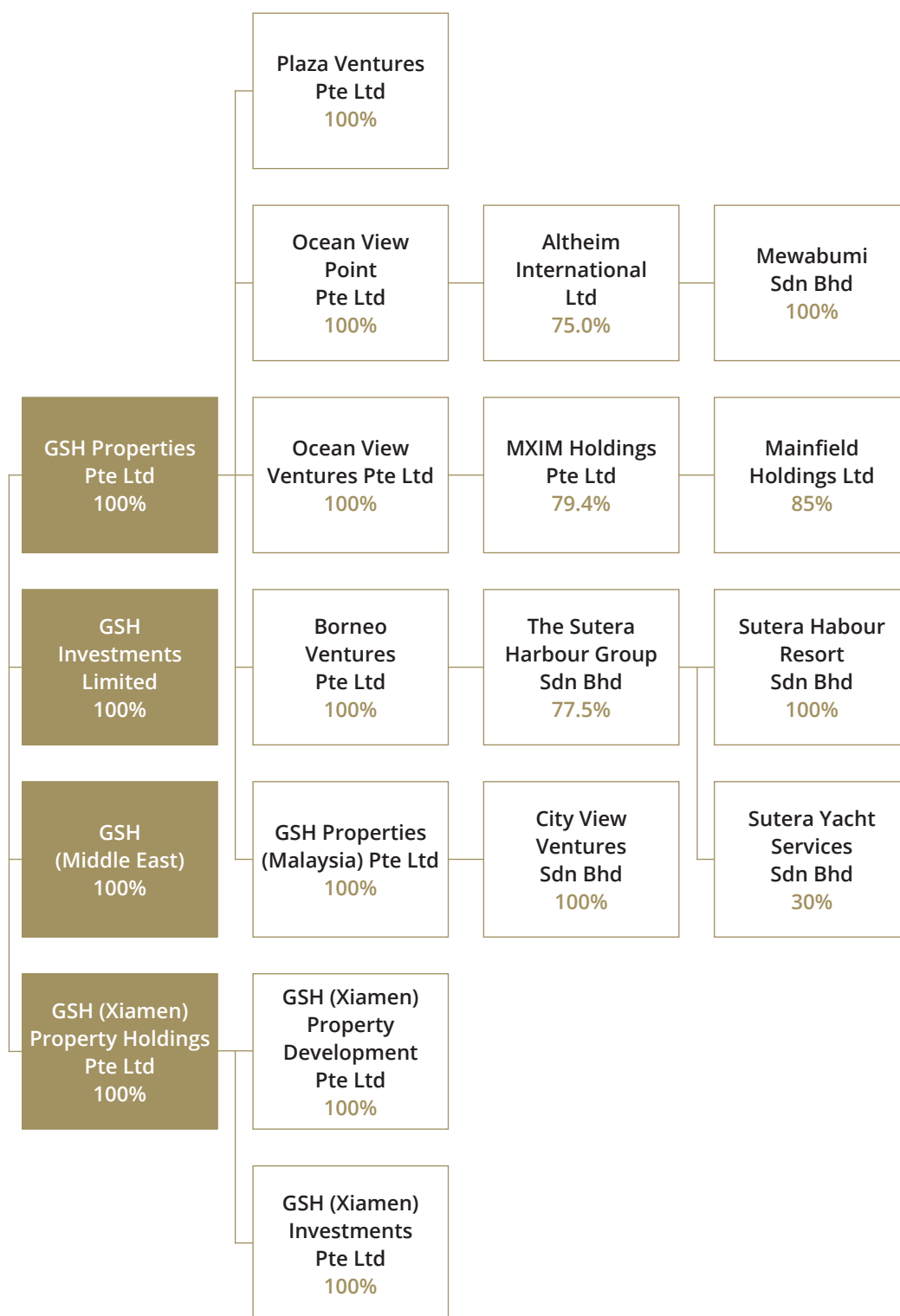
PROPERTY DEVELOPMENT

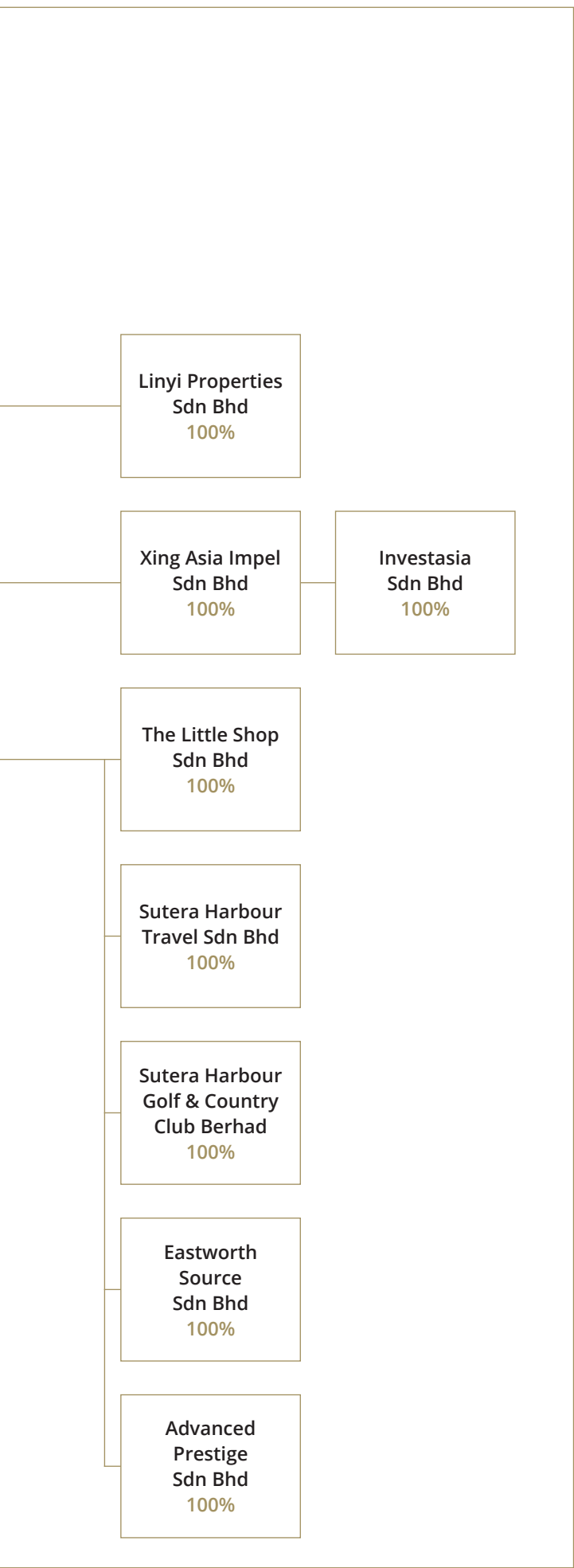
With the commencement of the Group's property development business in FY2015, it contributed revenue of \$108.2 million and profit before tax of \$33.5 million, largely due to the significant contributions from the sale of strata office units at GSH Plaza in Singapore.

HOSPITALITY

In FY2015, the Group's hospitality business posted revenue of \$53.7 million, an increase of 26% year-on-year, and registered a loss before tax of \$0.4 million, compared to \$0.6 million in FY2014.

The Group's two hotels in Sutera Harbour Resort, namely The Magellan Sutera Resort and Pacific Sutera Hotel, experienced a substantial recovery in their operating performance in FY2015, thanks to an improvement of the tourism industry and its operating efficiencies since the Group acquired Sutera Harbour Resort Group in FY2014. This can be seen from an 11% reduction in the administrative expenses incurred by the hospitality business on a year-to-year basis.





OUR FOOTPRINT



SINGAPORE

GSH Corporation Limited

11 Changi North Way
Singapore 498796
Tel : (65) 6248 5333
Fax : (65) 6881 1000

Plaza Ventures Pte Ltd

11 Changi North Way
Singapore 498796
Tel : (65) 6248 5333
Fax : (65) 6881 1000

MALAYSIA

Advanced Prestige Sdn Bhd

The Magellan Sutera Resort
1 Sutera Harbour Boulevard
Kota Kinabalu
88100 Sabah
Malaysia
Tel : (60) 8 8318 888
Fax : (60) 8 8317 777

City View Ventures Sdn Bhd

Correspondence address:
Level 45, Naza Tower,
Platinum Park, No. 10,
Persiaran KLCC 50088
Kuala Lumpur
Tel : (60) 3 2633 3168
Fax : (60) 3 2633 3033

Eastworth Source Sdn Bhd

The Pacific Sutera
1 Sutera Harbour Boulevard
Kota Kinabalu
88100 Sabah
Malaysia
Tel : (60) 8 8318 888
Fax : (60) 8 8317 777

Investasia Sdn Bhd

1 Sutera Harbour Boulevard
Kota Kinabalu
88100 Sabah
Malaysia
Tel : (60) 8 8318 888
Fax : (60) 8 8317 777

Sutera Harbour Golf & Country Club Berhad

1 Sutera Harbour Boulevard
Kota Kinabalu
88100 Sabah
Malaysia
Tel : (60) 8 8318 888
Fax : (60) 8 8317 777

Linyi Properties Sdn Bhd

1 Sutera Harbour Boulevard
Kota Kinabalu
88100 Sabah
Malaysia
Tel : (60) 8 8318 888
Fax : (60) 8 8317 777

BOARD OF DIRECTORS (BOD)

Mr. Sam Goi Seng Hui
Executive Chairman

Mr. Francis Lee Choon Hui
Vice Chairman cum
Lead Independent Director

Mr. Gilbert Ee Guan Hui
Group Chief Executive Officer

Ms. Juliette Lee Hwee Khoon
Non-Executive Director

Mr. Michael Grenville Gray
Independent Director

Ms. Huang Lui
Independent Director

Mr. Kenneth Goi Kok Ming
Executive Director, Business
Development

AUDIT COMMITTEE

Mr. Michael Grenville Gray (Chairman)

Mr. Francis Lee Choon Hui

Ms. Huang Lui

Ms. Juliette Lee Hwee Khoon

REMUNERATION COMMITTEE

Mr. Francis Lee Choon Hui (Chairman)

Mr. Michael Grenville Gray

Ms. Huang Lui

Ms. Juliette Lee Hwee Khoon

NOMINATING COMMITTEE

Ms. Huang Lui (Chairman)

Mr. Francis Lee Choon Hui

Mr. Gilbert Ee Guan Hui

COMPANY SECRETARY

Ms. Lynn Wan Tiew Leng

Mr. Lee Tiong Hock

SHARE REGISTRAR

**Boardroom Corporate & Advisory
Services Pte Ltd**

50 Raffles Place

#32-01

Singapore Land Tower

Singapore 048623

Tel : (65) 6536 5355

Fax : (65) 6536 1360

AUDITORS

KPMG LLP

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

Tel : (65) 6213 2823

Fax : (65) 6213 2230

Partner-In-Charge : Ms. Teo Han Jo

(Appointed in financial year ended 31 December 2014)

REGISTERED OFFICE

GSH Centre

11 Changi North Way

Singapore 498796

Tel : (65) 6248 5333

Fax : (65) 6881 1000

www.gshcorporation.com

Company Registration Number:
200106139K

BANKERS

DBS Bank Ltd

Hong Leong Finance Limited

HSBC Bank (Singapore) Limited

Malayan Banking Berhad

Maybank Singapore

Oversea-Chinese Banking Corporation
Limited

RHB Bank Berhad

RHB Bank Berhad Singapore



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CORPORATE GOVERNANCE REPORT

The Board and Management of GSH Corporation Limited ("GSH") believes that a genuine commitment to good corporate governance is essential to the future of the Company's business and performance. We are pleased to confirm that the Company has adhered to the principles and standards of the Singapore Code of Corporate Governance (the "Code").

1. Board of Directors

(a) Board Composition

The Board of Directors (the "Board") comprises 3 Non-Executive Independent Directors, 1 Non-Executive Non-Independent Director and 3 Executive Directors, namely:

Non-Executive Independent Directors

Francis Lee Choon Hui, Vice Chairman cum Lead Independent Director

Michael Grenville Gray

Huang Lui

Non-Executive Non-Independent Director

Juliette Lee Hwee Khoon

Executive Directors

Sam Goi Seng Hui, Executive Chairman

Gilbert Ee Guan Hui, Chief Executive Officer

Kenneth Goi Kok Ming, Executive Director

There is no alternate director on the Board.

(b) Role of Chairman and Chief Executive Officer

The Code outlines that the roles of Chairman and Chief Executive Officer ("CEO") should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The positions of Chairman and CEO are held by separate individuals, with Sam Goi Seng Hui as the Executive Chairman, and Gilbert Ee Guan Hui as the CEO. The CEO of the Company is not related to the Chairman of the Board. The CEO is the most senior executive in the Company and his responsibilities, inter alia, include:

- Determining and formulating operational policies and providing overall direction of the company, within policies laid down by the Board;
- Translating the strategic directions stipulated by the Board, into tactical plans for operationalisation; and
- Overseeing operational activities led by the head of functions/divisions, to ensure it aligns with overall organisational objectives.

The responsibilities of the Chairman include those as set out in Guideline 3.2 of the Code together with the following:

- Providing leadership and strategic direction to GSH, so as to build and sustain a leading, reputable and high performing organisation in the industry;
- Formulating GSH's vision and mission, to shape the existence, identity and direction of GSH, with the objective of building a stronger organisation;
- Building relationships with key GSH stakeholders, to garner support for its strategic plans and establish strong partnerships;

CORPORATE GOVERNANCE REPORT

- Providing opportunities to grow senior leadership capabilities, to ensure a strong succession pipeline; and
- Reviewing the strategic initiatives of the organization, to ensure it meets GSH's strategic goals and improves the organisational profitability market value and returns on capital.

The Chairman is assisted in these functions by the Vice Chairman of the Board.

The Independent Directors hold informal meetings on a need to basis without the presence of Management and other directors and the Lead Independent Director provides feedback to the Chairman as appropriate.

The Board has on 27 February 2015 appointed Francis Lee Choon Hui as Lead Independent Director to comply with Guideline 3.3 of the Code. Shareholders of the Company are able to contact the Lead Independent Director if they have concerns and for which contact through the normal channels of the Executive Management has failed to resolve or is inappropriate.

The Board is aware that under the Code if the Chairman of the Board is not an independent Director, at least half of the Board should be independent. The Company is required to comply with the Code no later than by the Annual General Meeting ("AGM") following the end of its financial year commencing on or after 1 May 2016. Therefore, the Board of Directors will endeavor to take the necessary actions to comply with the said requirement of the Code before the AGM to be held in April 2018.

(c) Role of the Board of Directors

The Board is accountable to the shareholders, while the Management is accountable to the Board. The Board has established a framework of prudent and effective controls, which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets. It also oversees the Company's affairs; and provides shareholders with a balanced and understandable assessment of the Company's performance, position and prospects, on quarterly basis. This responsibility extends to interim and other price sensitive public reports, and reports to regulators (if required).

The Board sets the overall business direction, provides guidance on the Company's strategic plans, with particular attention to growth and financial performance, and oversees the management of the Company.

The Board's primary functions include:

- (i) Approving policies, strategies, structure and direction of the Group;
- (ii) Overseeing and monitoring managerial and organisational performance and the achievement of strategic goals and objectives;
- (iii) Ensuring that there are in place appropriate and adequate systems of internal controls, risk management, effective processes for financial reporting and compliance; approving the annual budget, major capital expenditures, funding proposals, and investment and divestment proposals;
- (iv) Assuming responsibilities for good corporate governance practices;
- (v) Approving quarterly announcements and annual announcements and financial statements;
- (vi) Identifying the key stakeholder groups and recognize that their perceptions affect the Group's reputation;
- (vii) Setting the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (viii) Considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

CORPORATE GOVERNANCE REPORT

To discharge its duties effectively and efficiently, and to allow for detailed consideration of issues, the Board has established three committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each committee has its own defined scope of duties and terms of reference, setting out the manner in which it is to operate and the functions for achieving its stated objectives. The compositions of the committees are as follows:

Directors	Audit Committee	Nominating Committee	Remuneration Committee
Francis Lee Choon Hui	Member	Member	Chairman
Gilbert Ee Guan Hui	–	Member	–
Juliette Lee Hwee Khoon	Member	–	Member
Michael Grenville Gray	Chairman	–	Member
Huang Lui	Member	Chairman	Member

The Board meets at least on a quarterly basis and often, as warranted by particular circumstances. The Company's Constitution also provides for telephone conference and video conferencing meetings, which are relied upon when required.

In the course of the year under review, the number of formal meetings held and attended by each member of the Board is as follows:

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Financial Year Ended 31 December 2015

Name of Director	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
	Number Held	Attendance	Number Held	Attendance	Number Held	Attendance	Number Held	Attendance
Sam Goi Seng Hui	5	5	NA	NA	NA	NA	NA	NA
Francis Lee Choon Hui	5	5	4	4	1	1	1	1
Gilbert Ee Guan Hui	5	5	NA	NA	1	1	NA	NA
Juliette Lee Hwee Khoon	5	5	4	4	NA	NA	1	1
Michael Grenville Gray	5	5	4	4	NA	NA	1	1
Huang Lui	5	4	4	3	1	1	1	1
Kenneth Goi Kok Ming	5	5	NA	NA	NA	NA	NA	NA

NA: Not Applicable

Newly appointed Directors, if any, will receive formal letters setting out their duties and obligations and also comprehensive induction briefings and orientations, by the Executive Directors and Management, on the business activities, governance practices of the Group and its strategic decisions. The Directors are furnished with relevant information and updates on changes in laws and regulations relevant to the Group's businesses and operating environment, on a regular basis.

CORPORATE GOVERNANCE REPORT

Internal guidelines and authority limits have been laid down, for Management to administer the Group's day-to-day operations. These guidelines and limits are reviewed by the Board from time to time, and adjusted when necessary. In addition, the Group has in place guidelines and corporate authorisations for approval of major capital and revenue expenditures and investments. The Board's approval is required beyond authorised amounts, specified for transactions, including but not limited to tender participation, financing activities, investments, purchase of fixed assets and disposal/write-off of assets. Other matters that require Board approval include appointments to the Board, business plans and strategies, the annual budget, material transactions, public announcements, and dividends to shareholders.

The Board and Management engage in open and constructive debate for the furtherance and achieving of strategic objectives. All Board members are provided with relevant and sufficient information on a timely basis and Non-Executive Directors may challenge Management's assumptions and also extend guidance to Management, in the best interests of the Group.

(d) Board Committees

To assist the Board in the execution of its duties, the Board has delegated specific functions to the Audit Committee, Nominating Committee and Remuneration Committee, in accordance with the Code of Governance.

Audit Committee

The Audit Committee ("AC") comprises Michael Grenville Gray, Francis Lee Choon Hui, Juliette Lee Hwee Khoon and Huang Lui. Aside from Juliette Lee Hwee Khoon, who is a Non-Executive Non-Independent Director, all the others are Non-Executive Independent Directors. The Chairman of the AC is Michael Grenville Gray.

The Board is of the view that the present members of the AC are appropriately qualified to discharge their responsibilities. The Board reviews the composition and effectiveness of the members of the AC from time to time.

The AC assists the Board in fulfilling its responsibilities to safeguard the Company's assets, to ensure that Management maintains requisite accounting records, and to develop and maintain effective systems of internal control.

The overall objective of the AC is to ensure that Management has put in place and maintains an effective control environment in the Group, and that Management by example encourages respect for the internal control systems among all parties.

The terms of reference of the AC include, inter alia, reviewing the following:

- i. the Company's financial and operating results and accounting policies;
- ii. the Company's internal audit processes and the external / internal auditors' reports;
- iii. the Company's financial statements and consolidated financial statements, as well as the external auditors' reports on those financial statements before submission to the Board;
- iv. the co-operation given by the Management to the auditors;
- v. the Company's audit plans and reports of the external auditors' examination and evaluation on the internal accounting control system;
- vi. the transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- vii. the re-appointment of the external auditors;
- viii. the Company's significant financial reporting issues and judgments; and
- ix. any formal announcements relating to the Company's financial performance.

CORPORATE GOVERNANCE REPORT

The AC has the explicit authority to conduct investigations into any matters within its terms of reference, including having full access to and co-operation of the Management, has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC has in place a whistle-blowing policy by which employees of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC is satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow up action. A set of guidelines was reviewed by the AC and approved by the Board and issued to assist the AC in managing allegations of fraud, or other misconduct, which may be made in line with the whistle-blowing policy. The Whistle-Blowing Committee comprises the AC Chairman and Non-Executive Vice Chairman cum Lead Independent Director.

The AC meets with the external and internal auditors in each case, without the presence of Management, at least once a year. The audit partner of the external auditors is rotated every five years, in accordance with the requirements of the listing manual.

Quarterly financial statements and the accompanying announcements are reviewed by the AC, before presentation to the Board for approval, to ensure the integrity of the information to be released.

For details of the fees paid and/or payable by the Group in respect of audit and non-audit services for FY 2015, please refer to note 23 of the Notes to the Financial Statements.

None of the members nor the Chairman of the AC are former partners or directors of the Group's auditing firm.

Where preparation of audited financial statements are required, all such Company's subsidiaries are audited by KPMG LLP. The Group is in compliance with Rule 712 and Rule 715 of the Listing Manual of SGX in relation to its external auditors.

Changes to accounting standards and issues which have a direct impact on financial statements, will be highlighted to the AC, from time to time, by the external auditors. The external auditors will work with Management to ensure that the Group complies with the new accounting standards, if applicable.

Nominating Committee

The Nominating Committee ("NC") comprises Huang Lui, Francis Lee Choon Hui and Gilbert Ee Guan Hui. Huang Lui and Francis Lee Choon Hui are Non-Executive Independent Directors, whilst Gilbert Ee Guan Hui is an Executive Director. The Chairman of the NC is Huang Lui.

The NC has adopted, in its terms of reference, the criteria for determining the independence of a Director as set out in the Code, and will assess and review the independence of each Director, at least once a year. Each Independent Director is required to complete a Director's Independence Confirmation Form annually, to confirm his/her independence. The NC has ascertained that for the period under review, all Non-Executive Independent Directors are independent and that the Directors have devoted sufficient time and attention to the Group's affairs.

The NC considers an "Independent Director" as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independence and business judgment, with a view to the best interests of the Company.

In the course of the year, the NC assessed the independence of Board members in light of Guideline 2.4 of the Code, which requires that the independence of any Director, who has served on the Board beyond nine years, from the date of first appointment, be subject to particularly rigorous review. Francis Lee Choon Hui has served on the Board for more than nine years since his first appointment as Director on 11 July 2003.

CORPORATE GOVERNANCE REPORT

The NC recognises that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. After particular scrutiny, Francis Lee Choon Hui is determined to be independent. He continues to express his viewpoints, debate issues and objectively scrutinize and challenge Management. He also seeks clarification and amplification as deemed required in discharging his duties as the Lead Independent Director. After careful consideration of the relevant factors and to avoid an abrupt loss of a member with experience and institutional memory, the Board has determined that the tenure of Francis Lee Choon Hui has not affected his independence or ability to bring judgment to bear, in his discharge of his duties as a Board and Committee member. In the determination of the independence of Francis Lee Choon Hui by the NC, Francis Lee Choon Hui had recused himself.

The NC has reviewed the training needs for the Directors and encouraged Directors to attend the relevant training courses that could enhance the knowledge of Directors to perform its duties as Directors of the Company.

The NC's principal functions are:

- i. To make recommendations to the Board, on all Board appointments;
- ii. To be responsible for the re-nomination of Directors, having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candor) including, if applicable, as an Independent Director.
- iii. To determine, at least annually, whether or not a Director is independent;
- iv. To decide whether or not a Director is able to, and has been adequately carrying out his duties as a Director of the Company; and
- v. To assess the effectiveness of the Board as a whole, the contribution by each individual Director to the effectiveness of the Board, and to decide how the Board's performance may be evaluated. The NC takes into consideration the frequency of the Board meetings, the rate at which issues raised are adequately dealt with and the reports from the various Board Committees.

The NC also has at its disposal, professional search firms, personal contacts and recommendations, in its search and nomination process for the right candidates for appointment of new Directors.

All new appointments are subject to the recommendations of the NC based on the following criteria:-

- a) Integrity
- b) Diversity – possess competencies that meet the Company's present needs
- c) Ability to commit time and effort to carry out duties and responsibilities effectively
- d) Independent mind
- e) Experience
- f) Financially literate

CORPORATE GOVERNANCE REPORT

The NC considers that the multiple Board representations held presently by the Directors do not impede their performance in carrying out their duties to the Company, taking into account the results of the assessment of the effectiveness of the individual Director and his/her actual conduct on the Board. The NC has ascertained that for the period under review, the Directors were able to carry out and had been adequately carrying out their duties, as Directors of the Company.

The NC has conducted an evaluation of the Board performance as a whole in respect of FY2015, participated by all Directors. This process involves the completion of a questionnaire by Board members seeking their views on various aspects of Board performance such as Board size and composition, Board information and accountability, Board processes, effectiveness of risk management and internal controls system. A summary of the findings is prepared based on the completed questionnaire and is reviewed and deliberated by the NC and Board members. The Chairman of the NC confers with the Chairman of the Board on the findings and appropriate follow-up actions are taken as necessary.

Having considered the recommendation of the Code, the Board, at the recommendation of the NC, limits the maximum number of outside directorships of listed companies to six.

Pursuant to Article 91 of the Company's Constitution, every Director shall retire from office once every three years, at each AGM, and for this purpose, Sam Goi Seng Hui and Francis Lee Choon Hui shall retire from office by rotation, at the upcoming AGM.

Pursuant to Section 153(6) of the Companies Act, which was still in force before 3 January 2016, no person of or over the age of 70 years, shall be appointed or act as a Director of a public company or of a subsidiary of a public company, subject to re-appointment by an ordinary resolution passed at an AGM of a company; and for this purpose, Huang Lui was re-appointed to hold office from the date of the last AGM until this forthcoming AGM. Upon her re-appointment at the conclusion of this coming AGM, Huang Lui will be subject to retirement by rotation under the Company's Constitution at subsequent annual general meetings.

The NC having satisfied itself that the above individual Directors, are competent to continue, the NC has recommended to the Board for consideration, the re-appointment of the individual Directors concerned, at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

The dates of first appointment and last re-election of each Director, together with their directorships and past preceding three years' directorship in other listed companies as of 31 December 2015, are set out below:

GSH CORPORATION LIMITED – Further Information on Board of Directors

Sam Goi Seng Hui

Executive Chairman

Date of first appointment as a Director: 23 July 2012

Date of last re-appointment as a Director: 26 April 2013

Board Committee(s) served for the company	Directorship(s) as of 31 December 2015	Directorship(s) ceased over the past 3 years (2013-2015)
Nil	GSH Corporation Limited Acelink Logistics Pte Ltd Advanced Prestige Sdn Bhd Altheim International Limited China World Agents Limited Chinatown Food Corporation Pte Ltd Desaru Property Development Sdn Bhd Eastworth Source Sdn Bhd Envictus International Holdings Limited (Etika) Fujian Guanhui Food Enterprise Co Ltd Fujian Mingwei Food Enterprise Co Ltd Fujian Ryushobo Food Co Ltd Guan Hui Food Enterprise Company Limited Hydrex International Pte Ltd Investasia Sdn.Bhd JB Foods Ltd JSL Foods Inc Junhe Investment Pte Ltd Linyi Properties Sdn Bhd Main On Foods (USA) Corp Mainfield Holdings Limited Director Maker Food Manufacturing Pte Ltd Mewabumi Sdn Bhd MXIM Holdings Pte Ltd New Straits Holdings Pte Ltd Oregold Pte Ltd Plaza Ventures Pte Ltd Ragri Pte Ltd Ryushobo (S) Pte Ltd Singapore University of Technology and Design Sun Resources Holdings Pte Ltd Super Elite Holdings Pte Ltd Super Group Ltd Sutera Harbour Golf & Country Club Berhad Sutera Harbour Travel Sdn Bhd Sutera Yacht Services Sdn Bhd Sutera Harbour Resort Sdn Bhd T&T Gourmet Cuisine Pte Ltd	ACE Speed Group Limited Dominion International Asia Ltd Eduplus Holdings G City Limited JHS Holding Pte Ltd Junhe Real Estate (Jiangsu) Co., Ltd Smart Time Enterprise Limited Super Dragon Enterprises Limited Super Elite Group Limited TYJ Land Ltd Yangzhou Junhe Real Estate (Jiangsu)

CORPORATE GOVERNANCE REPORT

Board Committee(s) served for the company	Directorship(s) as of 31 December 2015	Directorship(s) ceased over the past 3 years (2013-2015)
	Tan Kah Kee Foundation Tee Yih Jia Food Manufacturing Pte Ltd Tee Yih Jia Food Manufacturing Sdn Bhd The Little Shop Sdn Bhd The Sutera Harbour Group Sdn Bhd Tianjin Junhe Industrial Corporation Ltd Tianjin Junhe Investment Co Ltd Tung Lok Restaurants (2000) Ltd Twin Investment Pte Ltd TYJ Group Pte Ltd TYJ Holdings (HK) Ltd TYJ International Pte Ltd Xing Asia Impel Sdn Bhd Yangzhou Junhe Property Development Co Ltd	

Francis Lee Choon Hui

Non-Executive Vice Chairman cum Lead Independent Director

Date of first appointment as a Director: 11 July 2003

Date of last re-appointment as a Director: 21 April 2014

Board Committee(s) served for the company	Directorship(s) as of 31 December 2015	Directorship(s) ceased over the past 3 years (2013-2015)
Remuneration Committee (Chairman) Audit Committee Nominating Committee	GSH Corporation Limited Advanced Prestige Sdn Bhd Altheim International Limited Corporate Ventures Intl Ltd Corporate Ventures Pte Ltd Eastworth Source Sdn Bhd Mainfield Holdings Limited Phillip Enterprise Fund Limited Phillip Ventures Enterprise Fund 5 Limited PT. Hijau Lestari Raya Fibreboard PT. Toshiba Visual Media Network Indonesia Raffles Marina Holdings Ltd Raffles Marina Ltd Sunright Ltd Sutera Harbour Golf & Country Club Berhad Sutera Harbour Resort Sdn Bhd Sutera Harbour Travel Sdn Bhd The Little Shop Sdn Bhd The Sutera Harbour Group Sdn Bhd	Destination Anamas Pte Ltd

CORPORATE GOVERNANCE REPORT

Gilbert Ee Guan Hui

Chief Executive Officer

Date of first appointment as a Director: 1 May 2007

Date of last re-appointment as a Director: 21 April 2014

Board Committee(s) served for the company	Directorship(s) as of 31 December 2015	Directorship(s) ceased over the past 3 years (2013-2015)
Nominating Committee	GSH Corporation Limited Advanced Prestige Sdn Bhd Altheim International Limited Borneo Ventures Pte Ltd City View Ventures Sdn Bhd Eastworth Source Sdn Bhd GSH (Middle East) Pte Ltd GSH (Xiamen) Investments Pte Ltd GSH (Xiamen) Property Development Pte Ltd GSH (Xiamen) Property Holdings Pte Ltd GSH Investments Limited GSH Properties (Malaysia) Pte Ltd GSH Properties Pte Ltd Investasia Sdn.Bhd. Linyi Properties Sdn Bhd Mainfield Holdings Limited Mewabumi Sdn Bhd MXIM Holdings Pte Ltd Ocean View Point Pte Ltd Ocean View Ventures Pte Ltd Oxley JV Pte Ltd Plaza Ventures Pte Ltd S11 Group Co. Limited Solstice Development Pte Ltd Solstice Investments Pte Ltd Sutera Harbour Golf & Country Club Berhad Sutera Harbour Resort Sdn Bhd Sutera Harbour Travel Sdn Bhd Sutera Yacht Services Sdn Bhd The Little Shop Sdn Bhd The Sutera Harbour Group Sdn Bhd Xing Asia Impel Sdn Bhd	Europlastik Sdn Bhd GSH Distribution (Cambodia) Pte Ltd JEL Trading (Bangladesh) Ltd SATCOM iCentre Ltd Serial I-Tech Strategic Holdings Franchising Pte Ltd Serial I-Tech (Far East) Pte Ltd

CORPORATE GOVERNANCE REPORT

Michael Grenville Gray

Independent Director

Date of first appointment as a Director: 17 October 2007

Date of last re-appointment as a Director: 21 April 2014

Board Committee(s) served for the company	Directorship(s) as of 31 December 2015	Directorship(s) ceased over the past 3 years (2013-2015)
Audit Committee (Chairman) Remuneration Committee	GSH Corporation Limited Ascendas Property Fund Trustee Pte Ltd Asian Cruising Pte Ltd Avi-Tech Electronics Limited FSL Trust Management Pte Ltd VinaCapital Vietnam Opportunity Fund Limited Raffles Marina Holdings Ltd UON Singapore Pte Ltd TGY Property Investments Pte Ltd The Masonic Hall Board Ltd Tras Street Property Investment Ltd	Song Hin Sdn Bhd

Kenneth Goi Kok Ming

Executive Director

Date of first appointment as a Director: 23 July 2012

Date of last re-appointment as a Director: 22 April 2015

Board Committee(s) served for the company	Directorship(s) as of 31 December 2015	Directorship(s) ceased over the past 3 years (2013-2015)
Nil	GSH Corporation Limited Acelink Logistics Pte Ltd Advanced Prestige Sdn Bhd Altheim International Limited Borneo Ventures Pte Ltd City View Ventures Sdn Bhd Eastworth Source Sdn Bhd GSH (Xiamen) Investments Pte Ltd GSH (Xiamen) Property Development Pte Ltd GSH (Xiamen) Property Holdings Pte Ltd GSH Properties (Malaysia) Pte Ltd GSH Properties Pte Ltd Hanwell Holdings Limited Investasia Sdn.Bhd. Junhe Investment Pte Ltd Linyi Properties Sdn Bhd Mainfield Holdings Limited Mandarin Food Manufacturing Pte Ltd Mewabumi Sdn Bhd MXIM Holdings Pte Ltd Ocean View Point Pte Ltd Ocean View Ventures Pte Ltd Super Elite Holdings	Serial I-Tech Strategic Holdings Franchising Pte Ltd Serial I-Tech (Far East) Pte Ltd

CORPORATE GOVERNANCE REPORT

Board Committee(s) served for the company	Directorship(s) as of 31 December 2015	Directorship(s) ceased over the past 3 years (2013-2015)
	Sutera Harbour Golf & Country Club Berhad Sutera Harbour Resort Sdn Bhd Sutera Harbour Travel Sdn Bhd Sutera Yacht Services Sdn Bhd Tee Yih Jia Food Manufacturing Pte Ltd The Little Shop Sdn Bhd The Sutera Harbour Group Sdn Bhd Xing Asia Impel Sdn Bhd	

Juliette Lee Hwee Khoon

Non-Executive Non-Independent Director

Date of first appointment as a Director: 23 July 2012

Date of last re-appointment as a Director: 22 April 2015

Board Committee(s) served for the company	Directorship(s) as of 31 December 2015	Directorship(s) ceased over the past 3 years (2013-2015)
Audit Committee Remuneration Committee	GSH Corporation Limited Chinatown Food Corporation Pte Ltd City View Ventures Sdn Bhd Fujian Guanhui Food Enterprise Co Ltd Fujian Mingwei Food Enterprise Co Ltd Fujian Ryushobo Food Co Ltd Guan Hui Food Enterprise Company Limited Junhe Investment Pte Ltd Maker Food Manufacturing Pte Ltd Plaza Ventures Pte Ltd Ragri Pte Ltd Ryushobo (S) Pte Ltd Super Elite Holdings Pte Ltd T&T Gourmet Cuisine Pte Ltd Taste United Pte Ltd Tee Yih Jia Food Manufacturing Pte Ltd Tee Yih Jia Food Manufacturing Sdn Bhd Tianjin Junhe Industrial Corporation Ltd Tianjin Junhe Investment Co Ltd Twin Investment Pte Ltd TYJ International Pte Ltd Ultra Harmony Development Sdn Bhd Yangzhou Junhe Property Development Co Ltd	Hongji Foods (2005) Pte Ltd JHS Holding Pte Ltd G City Limited Yangzhou Junhe Real Estate Co., Ltd

CORPORATE GOVERNANCE REPORT

Huang Lui

Independent Director

Date of first appointment as a Director: 23 August 2012

Date of last re-election as a Director: 22 April 2015

Board Committee(s) served for the company	Directorship(s) as of 31 December 2015	Directorship(s) ceased over the past 3 years (2013-2015)
Nomination Committee (Chairman)	GSH Corporation Limited	
Audit Committee	Dataquest Pte Ltd	
Remuneration Committee	Super Plates Pte Ltd	

Remuneration Committee

The Remuneration Committee ("RC") comprises Francis Lee Choon Hui, Juliette Lee Hwee Khoo, Michael Grenville Gray and Huang Lui. Aside from Juliette Lee Hwee Khoo, who is a Non-Executive Non-Independent Director, all the others are Non-Executive Independent Directors. The Chairman of the RC is Francis Lee Choon Hui.

The primary functions of the RC are to review and recommend the remuneration terms of individual Directors and key managers.

The principal functions of the RC are:

- (i) To recommend to the Board a framework of remuneration (which covers all aspects of remuneration including Independent Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for the Executive Directors and key managers of the Company;
- (ii) To determine specific remuneration terms for each Executive Director, the CEO, and other key managers;
- (iii) To consider and approve salary and bonus recommendations in respect of key managers; and
- (iv) To consider and recommend to the Board all aspects of remuneration for Directors, including but not limited to Directors' fees;

To assist the RC in its work and benchmarking exercises, the RC has again commissioned the HayGroup, as independent advisor, to review the Group's remuneration schemes and practices, and to advice on any changes thereto. There is no existing relationship between the Company and HayGroup that will affect their independence and objectivity.

The salary and other remuneration terms of the Executive Directors and key managers are bench-marked against the remuneration of its industry peers and comparable companies. The remuneration policy of the Group is to provide compensation packages at market rates, which reward successful performance and attract, retain and motivate Directors and employees.

The remuneration packages of each of the Executive Directors and key management comprise a fixed and a variable component. The variable component forms a significant proportion of the remuneration package and is dependent on the performance and profitability of the Company and individual performance. This ensures a close alignment of the interests of the executives with those of the shareholders. In setting remuneration packages, the RC ensures the Directors and key management are adequately but not excessively remunerated, as compared to the industry and in comparable companies. The Executive Directors do not receive directors' fees.

The Non-Executive Independent Directors and Non-Executive Non-Independent Directors receive directors' fees. Directors' fees are set in accordance with a framework comprising basic fees and additional fees, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board committees. These fees are subject to approval by shareholders as a lump sum at this AGM.

No Directors participate in decisions on their own remuneration.

CORPORATE GOVERNANCE REPORT

The Company has entered into Service Agreements with Sam Goi Seng Hui, Executive Chairman and Gilbert Ee Guan Hui, Chief Executive Officer (CEO) for a fixed period of three years, with effect from 1 January 2014, and thereafter renewable for a fixed period of one year; and Kenneth Goi Kok Ming, Executive Director, Business Development for a fixed period of three years, with effect from 1 September 2013, and thereafter renewable for a fixed period of one year.

The Non-Executive Independent Directors and Non-Executive Non-Independent Director have no service agreement contracts. They are appointed pursuant to, and hold office under and in accordance with, the Company's Constitution.

A breakdown showing the percentage mix of each individual Director's remuneration payable for financial year ended 31 December 2015 is as follows:

Between S\$750,000 to S\$1,000,000

Name of Director	Base Salary and Allowances %	Bonus %	Directors' Fee %	Total %
Sam Goi Seng Hui (Executive Chairman)	45.5%	54.5%	0.0%	100.0%

Between S\$500,000 to \$750,000

Name of Director	Base Salary and Allowances %	Bonus %	Directors' Fee %	Total %
Gilbert Ee Guan Hui (Chief Executive Officer)	49.8%	50.2%	0.0%	100.0%

Between S\$250,000 to S\$500,000

Name of Director	Base Salary and Allowances %	Bonus %	Directors' Fee %	Total %
Kenneth Goi Kok Ming (Executive Director)	73.1%	26.9%	0.0%	100.0%

Less than S\$250,000

Name of Director	Base Salary and Allowances %	Bonus %	Directors' Fee %	Total %
Francis Lee Choon Hui (Non-Executive Vice Chairman / Lead Independent Director)	29.2%	0.0%	70.8%	100.0%
Juliette Lee Hwee Khoon (Non-Executive Non-Independent Director)	0.0%	0.0%	100.0%	100.0%
Michael Grenville Gray (Non-Executive Independent Director)	4.9%	0.0%	95.1%	100.0%
Huang Lui (Non-Executive Independent Director)	0.0%	0.0%	100.0%	100.0%

CORPORATE GOVERNANCE REPORT

The remuneration of the Directors has been presented in the manner above taking into consideration the highly competitive industry conditions and the sensitivity and confidentiality of the remuneration matters.

The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top five key managers (who are not Directors) of the Company in this Report due to the sensitive and confidential nature of such information and disadvantages that this might bring.

There is no termination, retirement and post-employment benefits granted to Directors, the Executive Chairman, CEO and the top five key managers.

Except for Sam Goi Seng Hui and Kenneth Goi Kok Ming, there are no employees who are immediate family members of the directors and whose remuneration exceeded S\$50,000 during the financial year ended 2015. The Board accounts to the shareholders through providing timely information relating to the financials and operations of the Group, as well as any issues faced by the Group regularly and as and when required through announcement releases to the SGX-ST.

The Board also reviews the legal and regulatory compliance reports from Management to ensure compliance with the relevant legislative and regulatory requirements. The Management provides the Board with management accounts and such explanation and information on a regular basis and as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

2. Access to Information

Management has an obligation to supply the Board with complete, adequate information in a timely manner. The Company makes available to all Directors, its quarterly and full-year management accounts and where required, other financial statements and other relevant information, as necessary, so that the Directors can make informed decisions. Board papers and related materials, background, or explanatory information relating to matters to be brought before the Board, are sent out to the Directors before the meetings, to facilitate discussions during the meetings.

The Directors have separate and independent access to the Management, including the Company Secretary of the Group, at all times. The appointment and the removal of the Company Secretary should be a matter for the Board as a whole.

The Directors, either individually or as a group, in the furtherance of their duties, can take independent professional advice, if necessary, at Company's expense.

3. Risk Management and Internal Controls

The Company does not have a Risk Management Committee, however oversight for risk management is handled by the Audit Committee. The Board is overall responsible for the governance of risk within the Group. The Board evaluates the level of risk tolerance and the risk appetite of the Group and determines whether acceptable levels of risk are being taken in the pursuit of the strategic business objectives. Management also maintain a sound system of risk management and internal controls, to safeguard shareholders' interests and the company's assets, and recommend the nature and extent of the significant risks for the endorsement of the Board in the pursuit of the Group's strategic business objectives.

CORPORATE GOVERNANCE REPORT

Management engaged RSM Risk Advisory Pte Ltd ('RSM'), to independently facilitate the updating of the Group Risk Governance Manual. RSM also facilitated the refreshing of the risk management program which included an enterprise wide risk assessment process. In this risk assessment, RSM facilitated the identification of the key risks for the Group that could impede the achievement of the Group's business objectives. The risk assessment exercise highlighted pertinent risks in strategic, operational, financial, regulatory compliance and information technology areas and the treatment methods for such risks. The Group Risk Governance Manual together with the risk assessment process and risk profile of the Group provides the architecture for managing risk. The risks are required to be managed by the identified risk owners and co-ordinated by the in-house risk management function, on a continuing basis. The foundations of the Group risk management framework and risk assessment process are aligned with ISO:31000, a leading international standard on risk management.

Management are responsible for ensuring that the risk identified are relevant to the business environment and that controls are either in place, or required to be developed, in order to mitigate these risks to the appropriate target risk levels. The Board of Directors reviews and approves policies and procedures for the management of these risks, which are executed by the CEO and the Group Financial Controller ("GFC"). The Audit Committee provides independent oversight to the effectiveness of the risk management process.

In order to arrive at the basis for the opinion on the adequacy and effectiveness of risk management and internal controls, the Board, with the assistance of the Audit Committee have evaluated the level of assurance required in accordance with the nature and complexity of the business. The Board arrives at this level of assurance through a review of the work performed by the external auditors, internal auditors, other assurance mechanisms and the results of the risk governance and risk assessment processes. This has enabled the Board to assess the adequacy and effectiveness of the Group's key internal controls and risk management practices pertaining to financial, operational and compliance controls. The internal controls have also been assessed in accordance with the COSO internal control framework which evaluates the key elements such as control environment, risk assessment, control activities, information and communication and monitoring activities. Any material non-compliance, or lapses in internal controls and recommendations for improvements, are reported to the Audit Committee. All required detective, preventive, or corrective improvement measures are closely monitored.

In compliance with Listing Rule 1207(10), the Board, with the concurrence of the AC, is of the opinion that the Company has a robust and effective internal control system and the system is adequate to address the financial, operational, compliance and information technology risks, based on the reports from the internal auditors, external auditors and the various management controls put in place.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen, as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

The Board had received assurance from the CEO and GFC that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

4. Internal Audit

The internal audit function has been outsourced to an independent professional firm, RSM. They report functionally to the Chairman of the AC and administratively to the CEO. The scope of the internal audit reviews are also risk based. They are prioritized to address adequacy and effectiveness of internal controls regarding areas which are of significant or higher risk to the Group's business activities. The internal audits are performed:

- (i) To determine that internal controls are in place and functioning as intended;
- (ii) To provide assurance that key business and operational risks are identified and managed;
- (iii) To assess whether operations of the business processes under review are conducted efficiently and effectively; and
- (iv) To identify opportunities for improvement of internal controls.

The AC approves the hiring, removal, evaluation and compensation of the outsourced internal audit function. The Internal Auditors had unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The Internal Auditors carry out their function according to the standards set by nationally or internationally recognized professional bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC annually reviews the adequacy and effectiveness of the internal audit function and together with the Board, they are satisfied that the internal auditors have adequate resources and appropriate standing, within the Group and the Company.

5. Shareholder Rights, Communications with Shareholders and Shareholders' Participation

The Company treats all shareholders fairly and equitably and recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update governance arrangements. Shareholders were informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares, via disclosures through SGXNET.

Shareholders had the opportunity to participate effectively in and vote at the general meetings of shareholders. Shareholders were informed of the rules, including voting procedures that govern general meetings of shareholders.

To facilitate participation by the shareholders, the Company's Constitution allows all shareholders to appoint not more than two proxies to attend and vote at general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in several meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodian services. Currently, the Company's Constitution do not allow a shareholder to vote in absentia as the authentication of a shareholder identity information and other related security issues still remain a concern.

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

CORPORATE GOVERNANCE REPORT

Information is communicated to shareholders on a timely basis through:

- (i) annual reports that are prepared and issued to all shareholders;
- (ii) a summary of the financial information and affairs of the Group for each quarter and full year, that are published through the SGXNET; and
- (iii) notices and explanatory memoranda for annual general meetings and extraordinary general meetings.

In addition, shareholders are encouraged to attend the general meetings, to ensure a high level of participation and accountability, and to stay informed of the Group's strategy and plans. The AGM is the principal forum for any dialogue the shareholders may have, with the Directors and Management of the Company.

The Board welcomes questions from shareholders, who have an opportunity to raise issues either informally or formally, before or at the general meetings. All Directors, including the chairpersons of the AC, NC, RC, as well as the external auditors, are present at the general meetings, to address any shareholders' queries.

Resolutions are, as far as possible, structured separately and may be voted on independently. Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution.

All minutes of general meetings are available to shareholders upon request. Resolutions are passed at the general meetings by hand and by poll, if required. The Company will implement poll voting at the forthcoming AGM. Detailed results of the outcome are announced after the meeting via SGXNet.

Shareholders can submit their feedback and raise any question to the Company's investor relation contact as provided in the Company's website.

The Board of directors has declared a final dividend of 0.05 Singapore cents per ordinary share for the financial year ended 31 December 2015 which is subject to the approval by the shareholders at the forthcoming AGM of the Company.

6. Dealings in Securities

The Group has adopted a code of conduct which provides guidance to its officers with regard to dealings in the Company's securities, in compliance with Rule 1207(19) of the Listing Manual of the SGX-ST.

Directors and key employees within the Group, are not allowed to deal in the Company's securities while in possession of price-sensitive information and during the periods commencing two weeks before the announcement of the Group's financial results for the first three quarters or one month before the announcement of the Group's full year financial results. Directors and key employees within the Group, are not allowed to share non-public material information about the Company with family members, friends, associates, or anyone else, who may subsequently buy or sell in the Company's securities.

In addition, Directors and key employees are advised not to deal in the Company's securities for short term consideration and are expected to observe the insider trading law at all times, even when dealing in securities within permitted trading periods.

CORPORATE GOVERNANCE REPORT

7. Interested Person Transactions ("IPT")

The Group has established procedures for recording, reporting and reviewing and approving, interested person transactions. Below are the IPT entered by the Group for the financial year ended 2015:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review	Aggregate value of all IPTs conducted during the financial year under review under the shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)
Vega Assets Corp Pte Ltd (please see Note (i) for further details)	S\$1,205,840*	Not applicable – the Group does not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual

* The value of the transaction is based on the Company's 51% equity interest in PVPL.

Notes:

(i) Sale of Property to an Interested Person

On 29 July 2015, the Company's 51% owned subsidiary, Plaza Ventures Pte Ltd ("PVPL"), granted an option to purchase for one unit in its commercial property development known as "GSH Plaza" to Vega Assets Corp Pte Ltd ("VACP"), an entity owned by the immediate family members of the CEO.

8. Material Contracts

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries, involving the interest of the Executive Chairman, the CEO or any Director or controlling shareholders, subsisting at the end of the financial year ended 2015.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages 42 to 118 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Sam Goi Seng Hui
Francis Lee Choon Hui
Gilbert Ee Guan Hui
Huang Lui
Juliette Lee Hwee Khoon
Kenneth Goi Kok Ming
Michael Grenville Gray

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or debentures in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	At beginning of the year	At end of the year ¹	At 21 January 2016 ¹
The Company			
Ordinary shares			
Sam Goi Seng Hui			
– Direct Interest	4,677,799,976	951,440,775	957,389,875
Gilbert Ee Guan Hui			
– Direct Interest	488,147,392	97,629,478	97,629,478
– Deemed Interest	300,000,000	60,000,000	60,217,700

¹ On 1 September 2015, the Company has completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share. The directors' holdings at the end of the year and at 21 January 2016 refer to the outstanding share held after the share consolidation.

DIRECTORS' STATEMENT

Directors' interests (cont'd)

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year end and 21 January 2016, except as disclosed above.

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

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of options to take up unissued share of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

Michael Grenville Gray (Chairman), non-executive independent director
 Francis Lee Choon Hui, non-executive lead independent director
 Juliette Lee Hwee Khoon, non-executive non-independent director
 Huang Lui, non-executive independent director

The Audit Committee performed the functions specified in Section 201B of the Companies Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

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

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

DIRECTORS' STATEMENT

Audit Committee (cont'd)

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors of the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

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

On behalf of the Board of Directors

Gilbert Ee Guan Hui

Director

Kenneth Goi Kok Ming

Director

30 March 2016

INDEPENDENT AUDITORS' REPORT

Report on the financial statements

We have audited the accompanying financial statements of GSH Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 118.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
GSH Corporation Limited

Opinion

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

Report on other legal and regulatory requirements

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

30 March 2016

STATEMENTS OF
FINANCIAL POSITION

		Group		Company	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
ASSETS					
Property, plant and equipment	4	387,064	449,685	782	157
Investment property	5	8,089	5,370	–	–
Subsidiaries	6	–	–	193	193
Non-current assets		395,153	455,055	975	350
Development properties	7	757,700	767,827	–	–
Inventories	8	1,055	1,051	–	–
Trade and other receivables	9	29,536	17,931	2,317	11,590
Amounts due from related parties	10	–	–	292,300	262,978
Cash and cash equivalents	11	366,723	385,887	326,180	312,442
Current assets		1,155,014	1,172,696	620,797	587,010
Total assets		1,550,167	1,627,751	621,772	587,360
EQUITY					
Share capital	12	343,458	343,458	343,458	343,458
Reserves	13	(32,575)	(4,462)	–	–
Accumulated profits/(losses)		48,861	37,439	(25,678)	(21,894)
Equity attributable to owners of the Company		359,744	376,435	317,780	321,564
Non-controlling interests		93,369	90,384	–	–
Total equity		453,113	466,819	317,780	321,564

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

		Group		Company	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
LIABILITIES					
Trade and other payables	14	871	–	–	–
Loans and borrowings	15	587,419	688,099	–	6
Amounts due to related parties	10	–	19,787	–	–
Deferred tax liabilities	16	62,630	67,508	–	–
Non-current liabilities		650,920	775,394	–	6
Trade and other payables	14	49,158	28,623	20,830	4,195
Loans and borrowings	15	312,237	270,882	256,900	254,025
Amounts due to related parties	10	71,867	84,712	13,472	7,136
Derivative financial liabilities	17	12,790	434	12,790	434
Current tax liabilities		82	887	–	–
Current liabilities		446,134	385,538	303,992	265,790
Total liabilities		1,097,054	1,160,932	303,992	265,796
Total equity and liabilities		1,550,167	1,627,751	621,772	587,360

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Continuing operations			
Revenue	18	161,952	42,677
Cost of sales		(109,656)	(26,223)
Gross profit		52,296	16,454
Other income	19	9,035	78,153
Selling and marketing expenses		(3,209)	(1,844)
Administrative expenses		(21,573)	(22,529)
Other expenses		(423)	(1,078)
Results from operating activities		36,126	69,156
Finance income		24,364	2,449
Finance expenses		(28,561)	(16,756)
Net finance costs	20	(4,197)	(14,307)
Profit before tax		31,929	54,849
Tax expense	21	(4,477)	(2,054)
Profit from continuing operations		27,452	52,795
Discontinued operation			
Profit from discontinued operation (net of tax)	22	–	4,754
Profit for the year	23	27,452	57,549
Other comprehensive income, net of tax*			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences relating to foreign operations		(34,348)	(9,952)
Exchange differences on monetary items forming part of net investments in a foreign operation		(1,942)	–
Foreign currency translation differences realised on disposal of subsidiaries		–	136
Capital reserve realised on disposal of subsidiaries		–	(784)
Other comprehensive income, net of tax*		(36,290)	(10,600)
Total comprehensive income for the year		(8,838)	46,949
Profit attributable to:			
Owners of the Company		16,365	58,396
Non-controlling interests		11,087	(847)
Profit for the year		27,452	57,549
Total comprehensive income attributable to:			
Owners of the Company		(11,748)	49,154
Non-controlling interests		2,910	(2,205)
Total comprehensive income for the year		(8,838)	46,949
Earnings per share			
Basic and diluted earnings per share (cents)	24	0.83	2.95
Earnings per share – continuing operations			
Basic and diluted earnings per share (cents)	24	0.83	2.67

* There was no tax effect on the components included in other comprehensive income.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Note	Attributable to owners of the Company					Non- controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Capital reserves \$'000	Asset revaluation reserve \$'000	Translation reserve \$'000	Accumulated (losses)/ profits \$'000		
At 1 January 2014		343,458	784	4,132	(136)	(20,957)	-	327,281
Total comprehensive income for the year								
Profit for the year		-	-	-	-	58,396	(847)	57,549
Other comprehensive income								
Foreign currency translation differences relating to foreign operations		-	-	-	(8,594)	-	(1,358)	(9,952)
Foreign currency translation differences realised on disposal of subsidiaries	22	-	-	-	136	-	-	136
Capital reserve realised on disposal of subsidiaries	22	-	(784)	-	-	-	-	(784)
Total other comprehensive income, net of tax		-	(784)	-	(8,458)	-	(1,358)	(10,600)
Total comprehensive income for the year		-	(784)	-	(8,458)	58,396	(2,205)	46,949
Balances carried forward		343,458	-	4,132	(8,594)	37,439	(2,205)	374,230

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

Year ended 31 December 2015

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Capital reserves	Asset revaluation reserve	Translation reserve	Accumulated (losses)/ profits	Total		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances brought forward		343,458	-	4,132	(8,594)	37,439	376,435	(2,205)	374,230
Transactions with owners, recognised directly in equity									
<i>Changes in ownership interests in subsidiaries</i>									
Capital contribution by non-controlling interests		-	-	-	-	-	-	22,540	22,540
Acquisition of subsidiaries with non-controlling interests	26,27	-	-	-	-	-	-	70,049	70,049
Total transactions with owners		-	-	-	-	-	-	92,589	92,589
At 31 December 2014		343,458	-	4,132	(8,594)	37,439	376,435	90,384	466,819

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to owners of the Company				
	Share capital \$'000	Asset revaluation reserve \$'000	Translation reserve \$'000	Accumulated (losses)/ profits \$'000	Non-controlling interests \$'000
					Total equity \$'000
At 1 January 2015	343,458	4,132	(8,594)	37,439	90,384
					466,819
Total comprehensive income for the year					
Profit for the year	-	-	-	16,365	11,087
					27,452
Other comprehensive income					
Foreign currency translation differences relating to foreign operations	-	-	(26,171)	-	(8,177)
Exchange differences on monetary items forming part of net investment in a foreign operation			(1,942)	-	-
					(1,942)
Total other comprehensive income, net of tax	-	-	(28,113)	-	(8,177)
					(36,290)
Total comprehensive income for the year	-	-	(28,113)	16,365	2,910
					(8,838)
Balances carried forward	343,458	4,132	(36,707)	53,804	93,294
					457,981

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Note	Attributable to owners of the Company					Non-controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Asset revaluation reserve \$'000	Translation reserve \$'000	Accumulated (losses)/ profits \$'000	Total \$'000		
Balances brought forward		343,458	4,132	(36,707)	53,804	364,687	93,294	457,981
Transaction with owners, recognised directly in equity								
<i>Contributions by and distribution to owners</i>								
Dividends paid	12	-	-	-	(4,943)	(4,943)	-	(4,943)
Total contributions by and distributions to owners		-	-	-	(4,943)	(4,943)	-	(4,943)
Changes in ownership interests in subsidiaries								
Capital contribution by non-controlling interest		-	-	-	-	-	75	75
Total changes in ownership interests in subsidiaries		-	-	-	-	-	75	75
Total transactions with owners		-	-	-	(4,943)	(4,943)	75	(4,868)
As at 31 December 2015		343,458	4,132	(36,707)	48,861	359,744	93,369	453,113

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Profit for the year		27,452	57,549
Adjustments for:			
Change in fair value of investment property	19	(2,292)	(472)
Depreciation of property, plant and equipment	4	10,921	8,933
Interest expense	20	16,205	11,289
Interest income	20	(4,506)	(2,381)
Gain on sale of discontinued operation, net of tax	22	-	(4,657)
Gain on bargain purchase arising from acquisition of subsidiaries	26	-	(65,937)
Reversal of allowance on inventories	19	(27)	-
Net (gain)/loss on disposal of property, plant and equipment	23	(84)	75
Reversal of allowance on trade receivables	19	(44)	(794)
Unrealised foreign exchange gain arising from revaluation of fixed deposit pledged	20	(11,380)	-
Net change in fair value of financial derivatives	20	12,356	(68)
Tax expense		4,477	2,054
		<u>53,078</u>	<u>5,591</u>
Changes in:			
Development property		(1,106)	(625,920)
Inventories		23	420
Trade and other receivables		(20,249)	17,399
Trade and other payables		18,702	(55,658)
Balances with related parties		(10,282)	67,068
Cash generated from/(used in) operations		<u>40,166</u>	<u>(591,100)</u>
Tax paid		(1,424)	(823)
Net cash from/(used in) operating activities		<u>38,742</u>	<u>(591,923)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(4,781)	(6,242)
Net cash outflow on business combination	26	-	(194,491)
Receipt of remaining consideration on the disposal of trading and distribution business		9,104	-
Net cash outflow on acquisition of subsidiaries	27	-	(18,149)
Payment of consideration on acquisition of subsidiaries		(18,768)	(4,336)
Deposits pledged		(7,418)	(7,056)
Disposal of discontinued operation, net of cash disposed of	22	-	6,511
Interest received		3,580	2,685
Proceeds from sale of property, plant and equipment		95	97
Net cash used in investing activities		<u>(18,188)</u>	<u>(220,981)</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from financing activities			
Capital contribution by non-controlling interests		75	22,540
Finance expense paid (including amounts capitalised in development property)		(27,621)	(16,206)
Payment of finance lease obligations		(283)	(26)
Repayment of borrowings		(80,970)	(232,619)
Proceeds from borrowings		56,154	931,386
Dividend paid		(4,943)	–
Net cash (used in)/from financing activities		(57,588)	705,075
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		117,742	225,824
Effect of exchange rate fluctuations on cash held		(928)	(253)
Cash and cash equivalents at 31 December	11	79,780	117,742

Significant non-cash transactions

During the financial year, the Group purchased property, plant and equipment amounting to \$5,740,000 (2014: \$6,674,000), of which \$959,000 (2014: \$432,000) was acquired under finance lease arrangements.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 March 2016.

1 Domicile and activities

GSH Corporation Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is GSH Centre, 11 Changi North Way, Singapore 498796.

The principal activity of the Company is investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries are set out in note 6 to the financial statements.

The financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.12 – revenue recognition
- Note 15 – loans and borrowings (classification of redeemable preference shares)

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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

- Note 4 – measurement of recoverable amounts of property, plant and equipment
- Note 5 – fair value determination of investment properties
- Note 7 – estimation of allowance for foreseeable losses for development properties
- Note 21 – estimation of current and deferred tax liabilities/(asset)

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. This includes the finance team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuations. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation and valuation methodologies.

Significant valuation issues are reported to the Chief Financial Officer and the Group's Audit Committee.

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

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

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

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

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

- Note 5 – investment property; and
- Note 31 – financial instruments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

2 Basis of preparation (cont'd)

2.5 Adoption of new financial reporting standard

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group early adopted FRS 115 *Revenue from Contracts with Customers* with a date of initial application of 1 January 2015. As a result, the Group has changed its accounting policy for revenue recognition as detailed below.

Sales of golf club membership

For sale of golf club memberships, the Group previously recognised revenue in full when the member is accepted. Under FRS 115, the Group has accounted for the fees received as an advance payment for future services and recognises revenue over the membership term.

The sale of golf club memberships only commenced subsequent to the acquisition of Sutera Harbour Group Sdn Bhd and its subsidiaries on 26 March 2014, and there was no material revenue contribution from the sales of golf club memberships in 2014. Revenue arising from the sale of golf club memberships in 2014 was immaterial to the Group and the Group has applied the new policy to sale of golf club memberships concluded on or after 1 January 2015. Consequently, there is no impact to the Group's statement of financial position and profit or loss arising from the adoption of FRS 115 for prior periods.

Sale of development properties

The Group commenced the sale of development properties during the year ended 31 December 2015. The adoption of FRS 115 has no impact to the Group's statement of financial position and profit or loss for prior periods.

3 Significant accounting policies

The Group adopted new or new revised financial reporting standards and interpretations which became effective during the year. The initial adoption of these standards and interpretations did not have a material impact on the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses the adoption of new financial reporting standards.

3.1 Basis of consolidation

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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

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

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

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

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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

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

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

(ii) Subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

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

(v) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at average exchange rates. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

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

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

3.3 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

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

Leasehold land and building are measured at fair value less accumulated depreciation on building and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and building at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under asset revaluation reserve, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss. When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

(iii) Subsequent costs

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

(iv) Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Assets under construction are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(iv) Depreciation (cont'd)

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

• Leasehold building	Over the remaining lease period ending 30 April 2019
• Leasehold land	Over the remaining lease period ending 31 December 2091
• Golf club and hotel buildings, improvements and renovation	50 years
• Golf course renovation and operating equipment	5 to 15 years
• Hotel and other operating equipment, office equipment and furniture and fittings	3 to 15 years
• Motor vehicles and vessels	5 to 15 years

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

3.4 Investment property

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

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

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.5 Financial instruments

(i) Non-derivative financial assets

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

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

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decision based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprises equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, trade and other receivables, and amounts due from related parties.

Cash and cash equivalents comprise cash balances and short-term deposits. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the date of acquisition. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

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

Other financial liabilities comprise loans and borrowings, trade and other payables, and amounts due to related parties.

(iii) Share capital

Ordinary shares

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

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

(iv) Derivative financial instruments

The Group holds derivative financial instruments mainly forward exchange contracts to hedge its risks associated with fluctuations in foreign currency rates. Derivative financial instruments are not used for trading purposes.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and all changes in its fair value are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(v) Intra-group financial guarantees in the separate financial statements

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

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

3.6 Impairment

(i) Non-derivative financial assets

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

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

Loans and receivables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

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

Investment in subsidiary

The carrying amounts of the Company's investment in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss in respect of a subsidiary is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.6(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment property, development properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.7 Development properties

Properties in the course of development (unsold units)/ Properties for development

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities.

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-downs to net realisable value are presented as allowance for foreseeable losses.

Contract costs

Commission costs are capitalised if they are incurred to obtain a contract with a customer that the Group would not have incurred if the contract had not been obtained, and the costs are expected to be recoverable.

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered.

Subsequent measurement

Subsequent to initial measurement, contract costs are amortised to profit or loss using the same measure of progress as the related contract revenue.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of the contract costs exceeds:

- the remaining amount of consideration that the Group expects to receive for the sold units; less
- the estimated costs of completion that have not been recognised as expenses.

An impairment loss is reversed if the conditions no longer exist or have improved.

Sold units

The amount represents the gross unbilled amount expected to be collected from customers for work performed to date. The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position.

If progress billings exceed costs incurred plus recognised profits, the balance is presented in trade and other payables. Customer advances in excess of progress billings are presented in trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.8 Inventories

Inventories comprise principally food and beverages and other hotel related consumable supplies. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method and includes expenditures incurred in acquiring the inventories, or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

3.9 Leases

When entities within the Group are lessor of an operating lease

The Group leases out certain investment properties to third parties.

Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

When entities within the Group are lessees of an operating lease

The Group leases certain property, plant and equipment from third parties.

Leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

3.10 Employment benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.11 Provisions

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

3.12 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product of service to a customer.

The following is a description of principal activities separated by reportable segments from which the Group generates its revenue. For more detailed information about reportable segments, see note 25.

Property segment

(i) Sale of development properties

Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions.

For development properties whereby the Group has an enforceable right to payment for performance completed to date, revenue is recognised based on the percentage of completion of construction. The percentage of completion is measured by reference to the quantity surveyor/architect's certification of the estimated construction costs incurred to-date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

For development properties whereby the Group has no enforceable right to payment until legal title has passed to the customer, revenue is recognised when the legal title has been transferred to the customer.

The revenue is measured at the transaction price agreed under the contract. Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. When the period between the recognition of revenue and payment by the customer exceeds one year, an adjustment is made to the transaction price for the time value of money.

Critical judgements in identifying performance obligations and measuring progress

Under the terms of the contract, the Group contracted with the customer to deliver a specified building unit to the customer in accordance with the plans and specifications set out in the contract. The contract includes the specified building unit and an undivided share in the land and the common property. The analysis of whether the contract comprises one or more performance obligations, the method used to measure progress for revenue recognition and the amounts to be included as fulfilment cost for calculating the percentage of completion represent areas requiring critical judgement by the Group.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.12 Revenue recognition (cont'd)

Hospitality segment

(ii) Rendering of services – hotel income

Revenue from operations of a hotel is recognised in the accounting period in which the accommodation and the related services are rendered.

The Group sells hotel packages to customers which include hotel stay, breakfast, spa services, golf club services, amongst others. The hotel packages offered considered distinct goods and services and are therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Payment of the transaction price is due immediately when the customer purchases the hotel package.

(iii) Rendering of services – golf club related income

The Group provides annual golf club membership and golf club membership for a term until 2055. Customers are required to pay an up-front cash payment upon signing of the contracts. Golf club membership fees are recognised on a straight-line basis over the membership term. Deferred income is recognised for the fees relating to the unexpired terms of the memberships.

For the golf club membership for a term until 2055, there is an element of financing as the term of the membership exceeds one year. Consequently, the Group adjusts the transaction prices for the time value of money. The financing component is recognised as interest expense and is presented separately from revenue from customers.

Monthly subscription fees are recognised when the services are rendered. The monthly subscription fees are billed and paid on a monthly basis.

Fees charged for the use of the marina club and golf course facilities are recognised in the accounting period in which the services are rendered. Payment of the transaction price is due immediately when the customer purchases the services.

(iv) Sale of goods

The Group sells food and beverages, souvenirs and other products as part of its hospitality business. Revenue from the sale of goods is recognised at the point of sale which coincides with when the Group transfers the product to the customer. Payment of the transaction price is due immediately when the customer purchases the goods.

3.13 Finance income and finance costs

Finance income comprises interest income and changes in the fair value of financial derivatives. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and changes in the fair value of financial derivatives.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.13 Finance income and finance costs (cont'd)

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

3.14 Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.15 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3.16 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.17 Segment reporting

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

Segment results that are reported to the management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.18 New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements, except as explained in note 2.5, which addresses the adoption of a new financial reporting standard. The Group is currently assessing the potential impact of adopting these new standards and interpretations on the financial statements of the Group and the Company.

These new standards include, among others, FRS 109 *Financial Instruments* which is mandatory for the adoption by the Group on 1 January 2018. FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for financial instruments. This standard is expected to be relevant to the Group and the Company. The Group does not plan to adopt this standard early.

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial years ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: *First-time adoption of IFRS* when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 31 December 2015

4 Property, plant and equipment

	At valuation	At cost						Total \$'000
		Leasehold building \$'000	Leasehold land \$'000	Golf club and hotel buildings, improvements and renovation \$'000	Golf course renovation and operating equipment \$'000	Hotel and other operating equipment, office equipment and furniture and fittings \$'000	Motor vehicles and vessels construction \$'000	
Group								
Cost and valuation								
At 1 January 2014		4,831	-	-	-	1,004	788	6,623
Additions		-	-	3,703	1,020	1,948	3	6,674
Disposals/Write-off		-	-	-	(150)	(555)	(57)	(762)
Disposal – Discontinued operation	22	-	-	-	-	(629)	(438)	(1,067)
Acquisition through business combinations	26	-	215,759	236,504	1,697	41,196	931	496,087
Reclassifications to investment property	5	(4,905)	-	-	-	-	-	(4,905)
Effect of movements in exchange rates		74	(4,082)	(4,495)	(54)	(790)	(18)	(9,365)
At 31 December 2014		-	211,677	235,712	2,513	42,174	1,209	493,285
Additions		-	-	2,592	468	1,265	748	5,740
Disposals/Write-off		-	-	-	-	(58)	(382)	(440)
Effect of movements in exchange rates		-	(27,395)	(30,230)	(351)	(5,663)	(2)	(63,682)
At 31 December 2015		-	184,282	208,074	2,630	37,718	1,573	434,903

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

4 Property, plant and equipment (cont'd)

	At valuation	At cost						Total \$'000
		Leasehold building \$'000	Leasehold land \$'000	Golf club and hotel buildings, improvements and renovation \$'000	Golf course renovation and operating equipment \$'000	Hotel and other operating equipment, office equipment and fittings \$'000	Motor vehicles and vessels construction \$'000	
Group								
Accumulated depreciation and impairment losses								
At 1 January 2014	-	-	-	-	-	779	615	1,394
Acquisition through business combination								
Depreciation charge	26	-	614	1,260	58	33,114	574	35,620
Disposals/Write-off		27	2,158	4,427	239	1,920	162	8,933
Disposal – discontinued operation	22	-	-	-	(150)	(406)	(34)	(590)
Reclassifications to investment property		-	-	-	-	(514)	(366)	(880)
Effect of movements in exchange rates	5	(27)	-	-	-	-	-	(27)
		-	(59)	(125)	(4)	(650)	(12)	(850)
At 31 December 2014		-	2,713	5,562	143	34,243	939	43,600
Depreciation charge		-	2,516	5,657	443	2,089	216	10,921
Disposals/Write-off		-	-	-	-	(47)	(382)	(429)
Effect of movements in exchange rates		-	(505)	(854)	(42)	(4,768)	(84)	(6,253)
At 31 December 2015		-	4,724	10,365	544	31,517	689	47,839
Carrying amounts								
At 1 January 2014	4,831	-	-	-	-	225	173	5,229
At 31 December 2014	-	208,964	230,150	230,150	2,370	7,931	270	449,685
At 31 December 2015	-	179,558	197,709	197,709	2,086	6,201	884	387,064

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (cont'd)

	At cost		
	Office equipment and furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
Company			
Cost			
At 1 January 2014	–	–	–
Additions	167	29	196
At 31 December 2014	167	29	196
Additions	110	653	763
Disposals	–	(29)	(29)
At 31 December 2015	277	653	930
Accumulated depreciation			
At 1 January 2014	–	–	–
Depreciation charge	20	19	39
At 31 December 2014	20	19	39
Depreciation charge	52	86	138
Disposals	–	(29)	(29)
At 31 December 2015	72	76	148
Carrying amounts			
At 1 January 2014	–	–	–
At 31 December 2014	147	10	157
At 31 December 2015	205	577	782

Impairment losses

The Group reviews the carrying amounts of the assets as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount or value in use is estimated. Determining the value in use of property, plant and equipment and other long-lived assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, require the Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations.

Assets held under finance lease

The carrying amounts of property, plant and equipment under finance lease is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Motor vehicles	54	10	–	10
Office equipment	941	381	–	–
	995	391	–	10

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

4 Property, plant and equipment (cont'd)

Security

At 31 December 2015, properties of the Group with carrying amounts of \$167,874,000 (2014: \$195,349,000) are pledged as security to secure bank loans (see note 15).

Leasehold building

In 2014, the carrying amount of the leasehold building amounting to \$4,878,000 was transferred to investment property, because it was no longer used by the Group and it was decided that the building would be leased to a third party.

5 Investment property

	Note	Group	
		2015 \$'000	2014 \$'000
At 1 January		5,370	–
Reclassification from property, plant and equipment	4	–	4,878
Change in fair value	19	2,292	472
Effect of movements in exchange rates		427	20
At 31 December		8,089	5,370

Investment property comprise commercial property leased to external customers, held for capital appreciation and rental income. The property is situated in Jebel Ali Free Zone Area, Dubai.

Changes in fair values are recognised as gains in profit or loss and included in 'other income'.

Fair value hierarchy

The fair value of investment property was determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for investment property of \$8,089,000 (2014: \$5,370,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (note 2.4).

Level 3 fair value

The following table shows the reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Group	
	2015 \$'000	2014 \$'000
At 1 January	5,370	–
Reclassification from property, plant and equipment	–	4,878
Changes in fair value	2,292	472
Translation differences on consolidation	427	20
At 31 December	8,089	5,370

NOTES TO THE FINANCIAL STATEMENTS

5 Investment property (cont'd)

Valuation technique and significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation techniques	Significant unobservable inputs	Inter-relationship between unobservable input and fair value measurement
<i>Direct income capitalisation:</i> The valuation model is a method used to convert an estimate of a single year's income expectancy into an indication of value. The value of the property is derived by dividing a property's net operating income ("NOI") by the market capitalisation rate. NOI is equal to a property's yearly gross income less operating expenses.	- Capitalisation rate: 11%-12% (2014: 11%-12%) - Expected gross rental income: \$14-\$15 per sq feet (2014: \$11-\$12 per sq feet) - Expected operating expenses: \$3-\$6 per sq feet (2014: \$3-\$6 per sq feet)	The estimated fair value would increase (decrease) if the: - capitalisation rate is lower (higher); - expected gross rental income is higher (lower); or - expected operating expenses is lower (higher).

6 Subsidiaries

	Company	
	2015	2014
	\$'000	\$'000
<i>Investments in subsidiaries</i>		
Equity investment at cost	193	193
Less: Allowance for impairment for investments	–	–
	193	193

The movement in the allowance for impairment of investments in subsidiaries are as follows:

	Company	
	2015	2014
	\$'000	\$'000
At beginning of the year	–	4,682
Amount reversed	–	(4,682)
At end of the year	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

6 Subsidiaries (cont'd)

Details of subsidiaries are as follows:

Name of Subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2015 %	2014 %
Subsidiaries				
GSH (Xiamen) Property Development Pte Ltd ¹	Investment holding	Singapore	100	100
GSH (Xiamen) Investments Pte Ltd ¹	Investment holding	Singapore	100	100
GSH Properties Pte Ltd ¹	Investment holding	Singapore	100	100
GSH Properties (Malaysia) Pte Ltd ¹	Investment holding	Singapore	100	100
GSH (Xiamen) Property Holdings Pte Ltd ¹	Investment holding	Singapore	100	100
Borneo Ventures Pte Ltd ¹	Investment holding	Singapore	100	100
Ocean View Ventures Pte Ltd ¹	Investment holding	Singapore	100	100
Ocean View Point Pte Ltd ¹	Investment holding	Singapore	100	100
Plaza Ventures Pte Ltd ¹	Property development	Singapore	51.0	51.0
MXIM Holding Pte Ltd ¹	Investment holding	Singapore	79.4	79.4
City View Ventures Sdn Bhd ²	Property development	Malaysia	100	100
Mewabumi Sdn Bhd ²	Investment holding	Malaysia	75.0	75.0
Linyi Properties Sdn Bhd ²	Property development	Malaysia	75.0	75.0
Xing Asia Compel Sdn Bhd ²	Investment holding	Malaysia	67.5	67.5
Investasia Sdn Bhd ²	Property development	Malaysia	67.5	67.5
The Sutera Harbour Group Sdn Bhd ²	Investment holding	Malaysia	77.5	77.5
Sutera Harbour Resort Sdn Bhd ²	Investment holding	Malaysia	77.5	77.5
The Little Shop Sdn Bhd ²	Retailing of clothing, souvenirs and convenience items	Malaysia	77.5	77.5
Sutera Harbour Travel Sdn Bhd ²	Upmarket train services	Malaysia	77.5	77.5

NOTES TO THE FINANCIAL STATEMENTS

6 Subsidiaries (cont'd)

Name of Subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2015 %	2014 %
Subsidiaries				
Sutera Harbour Golf & Country Club Berhad ²	Operation of a 27-hole golf course and a marina together with clubhouse and other facilities	Malaysia	77.5	77.5
Eastworth Source Sdn Bhd ²	Hotel operation	Malaysia	77.5	77.5
Advanced Prestige Sdn Bhd ²	Hotel operation	Malaysia	77.5	77.5
Sutera Yacht Services Sdn Bhd ^{2,4}	Sale of fuel and other related bunkering services	Malaysia	23.2	–
GSH (Middle East) Pte Ltd ³	Investment holding	British Virgin Islands	100	100
GSH Investment Limited ³	Investment holding	Hong Kong	100	100
Altheim International Ltd ³	Investment holding	British Virgin Island	75.0	75.0
Mainfield Holding Ltd ³	Investment holding	British Virgin Island	67.5	67.5

1 Audited by KPMG LLP, Singapore

2 Audited by KPMG, Malaysia

3 Not required to be audited in accordance with the laws of country of incorporation

4 The Company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

7 Development properties

Development properties comprise the following:

	Group	
	2015 \$'000	2014 \$'000
Properties in the course of development		
Unsold units	517,857	–
Contract costs		
– Capitalised commission	274	–
– Fulfilment cost	9,712	–
	9,986	–
Sold units		
– Cost	78,726	–
– Attributable profit	29,510	–
	108,236	–
Less: Progress billing	(65,352)	–
	42,884	–
Total properties in the course of development	570,727	–
Properties for development representing mainly land, at cost	186,973	767,827
Total	757,700	767,827

Securities

Certain development properties of the Group are mortgaged to the banks as collateral for credit facilities provided to the Group as disclosed in note 15.

Properties in the course of development and property for development

(i) Unsold units

The amount relates primarily to cost attributable to the unsold units. Borrowing costs of the Group have been capitalised at rates ranging from 2.9% to 5.7% (2014: 2.2% to 5.7%) per annum.

The Group assesses at every reporting whether any allowance for foreseeable losses is required. The allowance for foreseeable losses is estimated after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. As at the reporting date, no allowance for foreseeable losses is recognised.

NOTES TO THE FINANCIAL STATEMENTS

7 Development property (cont'd)

(ii) Capitalised commission

Management expects the incremental commission fees paid to property agents as a result of securing sale contracts to be recoverable. The Group has therefore capitalised them in the amount of \$1,590,000 at 31 December 2015.

Capitalised commission fees are amortised when the related revenue is recognised. In 2015, an amount of \$1,316,000 of the capitalised commission fees was amortised and no impairment was recorded.

(iii) Fulfilment cost

Land related costs that are attributable to the sold units amounting to \$56,496,000 are capitalised as fulfilment cost as at 31 December 2015. These costs are expected to be recoverable and are amortised to the profit or loss when the related revenue are recognised. In 2015, \$46,784,000 was amortised and no impairment was recorded.

(iv) Sold units

The amount represents the gross unbilled amount for work completed to date. The amount is transferred to receivable when the right to bill becomes unconditional. This typically occurs when the construction milestones are achieved.

Significant changes in the balance during the period are as follows:

	Contract assets		
	Cost \$'000	Attributable profit \$'000	Cumulative progress billing \$'000
2015			
Balance at 1 January 2015	–	–	–
Revenue recognised during the year	78,726	29,510	–
Progress billings during the year	–	–	(65,352)
Balance at 31 December 2015	78,726	29,510	(65,352)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

7 Development property (cont'd)

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	Note	Group	
		2015 \$'000	2014 \$'000
Aggregate amount of the transaction price allocated to golf club membership contracts that are partially or fully unsatisfied as at 31 December	a	321	–
Aggregate amount of the transaction price allocated to sale of development properties for contracts that are partially or fully unsatisfied as at 31 December	b	22,468	–
		22,789	–

a) The Group expects that 2.5% of the transaction price allocated to the unsatisfied contracts as at 31 December 2015 will be recognised as revenue for each financial year until 2055.

b) The Group expects the full transaction price allocated to the unsatisfied contracts as at 31 December 2015 to be recognised as revenue during the next reporting period.

8 Inventories

	Group	
	2015 \$'000	2014 \$'000
Food and beverage	445	563
Spare parts and consumables	531	374
Merchandise	79	114
	1,055	1,051

The cost of inventories is recognised as expense and included in “cost of sales” amounted to \$6,305,000 (2014: \$5,018,000). In 2015, the Group has reversed an allowance of \$27,000 (2014: recognised an allowance of \$159,000) which it is included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

9 Trade and other receivables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	23,605	2,560	–	–
Less: Allowance for doubtful receivables	(69)	(139)	–	–
	23,536	2,421	–	–
Deposits	732	1,905	14	1,071
Interest receivables	2,404	1,478	2,247	1,478
Other receivables	1,577	10,315	–	9,006
	28,249	16,119	2,261	11,555
Advances to suppliers	680	962	–	–
Prepayments	607	850	56	35
	29,536	17,931	2,317	11,590

Included in other receivables are the consideration receivables of \$9,003,000 as at 31 December 2014 from a third party arising from the disposal of subsidiaries during the financial year ended 31 December 2014. The balance was fully received on 2 March 2015.

Exposure to credit risk

The maximum exposure to credit risk for loans and receivables at the reporting date by business segment is set out below:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Hotel operations	4,060	4,037	–	–
Rental properties	30	527	–	–
Trading and distribution	–	9,003	–	9,003
Property development	21,898	–	–	–
Others	2,261	2,552	2,261	2,552
	28,249	16,119	2,261	11,555

Impairment losses

The ageing of loans and receivables that were past due at the reporting date is as follows:

	2015		2014	
	Gross \$'000	Individual impairment \$'000	Gross \$'000	Individual impairment \$'000
Group				
Past due less than 30 days	309	(13)	567	–
Past due 31 to 60 days	76	(3)	96	(18)
Past due over 60 days	250	(39)	122	(121)
	635	(55)	785	(139)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

9 Trade and other receivables (cont'd)

The change in impairment losses in respect of trade receivable during the year is as follows:

	Group	
	2015 \$'000	2014 \$'000
At 1 January	139	259
Acquired in business combination	–	933
Disposal – discontinued operation	–	(259)
Impairment loss reversed	(44)	(794)
Effect of movements in exchange rates	(26)	–
At 31 December	69	139

The Group's historical experience in the collection of trade and other receivables falls within the recorded allowances. Due to this factor, management believes that no additional credit risks beyond the amounts provided for collection losses is inherent in the Group's trade and other receivables.

Trade receivables that were not past due relate to a wide range of customers for whom there has not been a significant change in the credit quality.

10 Amounts due from/(to) related parties

Amounts due from related parties

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-trade amounts due from subsidiaries	–	–	292,300	262,978

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Amounts due to related parties

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current				
Non-trade amounts due to non-controlling interests	–	19,787	–	–
Current				
Non-trade amounts due to:				
– subsidiaries	–	–	13,472	7,136
– non-controlling interests	71,867	84,712	–	–
	71,867	84,712	13,472	7,136
	71,867	104,499	13,472	7,136

NOTES TO THE FINANCIAL STATEMENTS

10 Amounts due from/(to) related parties (cont'd)

The non-trade amounts due to non-controlling interests comprised the following:

- (a) consideration payable of \$17,224,000 (2014: \$39,574,000) as at 31 December 2015 to a non-controlling shareholder for the acquisition of subsidiaries.
- (b) non-trade amounts due to non-controlling interest amounting to \$54,643,000 (2014: \$64,925,000) relate to purchase and construction of development property.

Non-trade amounts due to subsidiaries and non-controlling interests are unsecured, interest-free and repayable on demand.

11 Cash and cash equivalents

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank and on hand	22,786	23,601	2,854	9,263
Fixed deposits with financial institutions	343,937	362,286	323,326	303,179
Cash and cash equivalents in the statements of financial position	366,723	385,887	326,180	312,442
Deposits pledged	(286,943)	(268,145)	(269,224)	(254,679)
Cash and cash equivalents in the statement of cash flows	79,780	117,742	56,956	57,763

The Group had entered into a United States Dollars ("USD") deposit arrangement with a bank. The foreign exchange exposure was fully hedged with a financial derivative. Consequently, the Group recorded an unrealised exchange gain of \$12,265,000 from the fixed deposit and changes in fair value of financial derivative of \$12,356,000.

Interest rates are repriced as and when notified by the banks. The weighted average effective interest rates relating to cash and cash equivalents as at the reporting date for the Group is 0.19% to 4.03% (2014: 0.59% to 3.95%) per annum.

Deposits pledged represent bank balances of the Company pledged as security to obtain credit facilities (see note 15).

Included in the deposits pledged are fixed deposits of \$42,000 (2014: \$140,000) which are pledged to banks for security against non-payment of custom duties and staff salaries of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

12 Share capital

	Group and Company			
	2015		2014	
	No. of shares	\$'000	No. of shares	\$'000
Issued and fully paid ordinary shares:				
At 1 January	9,885,180,250	343,458	9,885,180,250	343,458
Effect of shares consolidation*	(7,908,144,200)	–	–	–
At 31 December	1,977,036,050	343,458	9,885,180,250	343,458

* On 1 September 2015, the Company has completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share.

All issued ordinary shares are fully paid, with no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Group's primary objective in capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence, to continue to maintain the future development and growth of the business.

The Group monitors capital using a net debt equity ratio, which is adjusted net debt divided by total equity. For this purpose, adjusted net debt is defined as total loans and borrowings less cash and cash equivalents. Total equity includes equity attributable to equity holders of the Company and reserves.

	Group	
	2015 \$'000	2014 \$'000
Total loans and borrowings	899,656	958,981
Attributable to owners of the Company	648,568	686,104
Attributable to non-controlling interests	250,088	272,877
Less: Cash and cash equivalents	(366,723)	(385,887)
Attributable to owners of the Company	(351,246)	(354,628)
Attributable to non-controlling interests	(15,477)	(31,259)
Net debt	532,933	573,094
Total equity	453,113	466,819
Net debt equity ratio	1.18	1.23
Net debt equity ratio (excluding non-controlling interest)	0.83	0.88

No changes were made to the above objectives, policies and processes during the year ended 31 December 2015 and 2014.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

12 Share capital (cont'd)

Dividends

The following exempt (one-tier) dividends in respect of the previous financial year was paid by the Group and Company:

For the year ended 31 December

	Group and Company	
	2015	2014
	\$'000	\$'000

Paid by the Company to owners of the Company

0.05 cents per qualifying ordinary share before share consolidation
(2014: Nil cents)

4,943	–
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Subsequent to the reporting date, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2015	2014
	\$'000	\$'000

0.05 cents per qualifying ordinary share after share consolidation (2014: 0.05 cents per qualifying ordinary share before share consolidation)

989	4,943
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13 Reserves

	Group	
	2015	2014
	\$'000	\$'000
Asset revaluation reserve	4,132	4,132
Translation reserve	(36,707)	(8,594)
	(32,575)	(4,462)

Asset revaluation reserve

Asset revaluation reserve represents increases in the fair value of leasehold building, net of tax, and decreases to the extent that such decrease relates to an increase in the same asset previously recognised in other comprehensive income. In 2014, the leasehold building was transferred to investment property. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Translation reserve

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

14 Trade and other payables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables	7,613	2,732	–	–
Accrued operating expenses	15,931	10,071	3,462	3,854
Rental and other deposits	968	5,574	5	–
Other payables	3,938	4,638	439	341
Advance payments from customers	21,258	5,608	16,924	–
Deferred income	321	–	–	–
	50,029	28,623	20,830	4,195
Non-current	871	–	–	–
Current	49,158	28,623	20,830	4,195
	50,029	28,623	20,830	4,195

The Group and the Company's exposures to liquidity risk related to trade and other payables are disclosed in note 31.

In 2015, the Company received an amount of \$16,924,000, relating to the advance consideration received for the sale of properties. The Company received the consideration on behalf of a subsidiary.

The deferred income relates to the upfront golf membership fees received from customers for which revenue is recognised over the membership term.

Significant changes in the contract liabilities balances during the period are as follows:

	Group	
	2015 \$'000	2014 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	(1,889)	(393)
Increases due to cash received, excluding amounts recognised as revenue during the year	18,551	1,117
Business combination	–	4,771
Exchange differences	(691)	(157)
	15,971	5,338

NOTES TO THE FINANCIAL STATEMENTS

15 Loans and borrowings

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current liabilities				
Secured bank loans	587,931	689,467	–	–
Finance lease liabilities	715	292	–	6
Unamortised transaction cost	(1,652)	(2,148)	–	–
Redeemable preference shares	425	488	–	–
	587,419	688,099	–	6
Current liabilities				
Secured bank loans	312,860	270,766	256,900	254,000
Finance lease liabilities	277	116	–	25
Unamortised transaction cost	(900)	–	–	–
	312,237	270,882	256,900	254,025
Total loans and borrowings	899,656	958,981	256,900	254,031
<i>Maturities of liabilities (excluding finance lease liabilities and redeemable preference shares)</i>				
Within 1 year	311,712	270,766	256,900	254,000
After 1 year but within 5 years	495,572	565,271	–	–
After 5 years	90,955	122,048	–	–
	898,239	958,085	256,900	254,000

Classification of redeemable preference shares

Redeemable preference shares do not carry the right to vote and rank equally with other shares with regard to the Sutera Harbour Golf & Country Club Berhad's residual assets.

The redeemable preference shares are mandatorily redeemable at par on 31 December 2091 by a subsidiary, Sutera Harbour Golf & Country Club Berhad. The Group has the obligation to pay at par value to preference shareholders at the redemption date. As such, the Group has determined that the redeemable preference shares are classified as liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

15 Loans and borrowings (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount \$'000
At 31 December 2015				
Secured bank loans ¹	SGD	1.37 – 3.53	2016 – 2017	666,000
Secured bank loans ¹	MYR	5.55 – 6.01	2017 – 2024	232,239
Finance lease liabilities	MYR	1.76 – 4.0	2020 – 2021	992
Redeemable preference shares	MYR	NIL	2091	425
Total loans and borrowings				<u>899,656</u>
At 31 December 2014				
Secured bank loans ¹	SGD	0.4 – 3.7	2015 – 2017	694,000
Secured bank loans ¹	MYR	5.5 – 8.9	2017 – 2024	264,085
Finance lease liabilities	MYR	3.73	2018	377
Finance lease liabilities	SGD	2.3	2016	31
Redeemable preference shares	MYR	Nil	2091	488
Total loans and borrowings				<u>958,981</u>
Company				
At 31 December 2015				
Secured bank loans ²	SGD	1.37	2016	<u>256,900</u>
Total loans and borrowings				<u>256,900</u>
At 31 December 2014				
Secured bank loans ²	SGD	0.4 – 0.7	2015	254,000
Finance lease liabilities	SGD	2.3	2016	<u>31</u>
Total loans and borrowings				<u>254,031</u>

1 The loans are secured by:

- (a) pledged fixed deposit of \$286,943,000 (2014: \$268,145,000) by the Group;
- (b) a first legal mortgage over the Group's certain subsidiaries' development property with a carrying amount of \$696,380,000 (2014: \$698,708,000);
- (c) an assignment of all rights, titles and interest in connection with tenancy agreement and sales and purchase agreement entered by a subsidiary;
- (d) claim over repayment of existing and future loan and advances made to a subsidiary by the subsidiary's shareholders or related parties;
- (e) guarantees executed by directors of a subsidiary;

NOTES TO THE FINANCIAL STATEMENTS

15 Loans and borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

1 The loans are secured by: (cont'd)

- (f) corporate guarantees executed by the Company;
- (g) the Group's shares in Sutera Harbour Resort Sdn Bhd, Advanced Prestige Sdn Bhd, Eastworth Source Sdn Bhd, Sutera Harbour Travel Sdn Bhd and The Little Shop Sdn Bhd;
- (h) debenture incorporating a fixed and floating charge over generally all its present and future assets of the Sutera Harbour Resort Sdn Bhd; Advanced Prestige Sdn Bhd, Eastworth Source Sdn Bhd, Sutera Harbour Travel Sdn Bhd, The Little Shop Sdn Bhd and Sutera Harbour Golf and Country Club Berhad;
- (i) a first legal mortgage over the Group's hotel land with a carrying amount of \$167,874,000 (2014: \$195,349,000);
- (j) assignment of revenues or sales proceeds from the assets and properties of Sutera Harbour Resort Sdn Bhd and its subsidiaries;
- (k) a debenture incorporating a fixed and floating charge over generally all its present and future assets in connection with the Group's certain subsidiaries' development property;
- (l) a first legal charge over certain debt service reserve account; and
- (m) an undertaking from the Company to provide additional funds/advances required to meet any cashflow shortfalls in the Group's certain subsidiaries debt service obligations.

2 Pledged fixed deposit of \$269,224,000 (2014: \$254,679,000) by the Company.

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal \$'000	Interest \$'000	Payments \$'000
Group			
At 31 December 2015			
Within 1 year	277	55	332
After 1 year but within 5 years	715	83	798
	992	138	1,130
At 31 December 2014			
Within 1 year	116	33	149
After 1 year but within 5 years	292	75	367
	408	108	516
Company			
At 31 December 2014			
Within 1 year	25	3	28
After 1 year but within 5 years	6	1	7
	31	4	35

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

16 Deferred tax assets and liabilities

Movements in the deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

Group	At 1 January 2014 \$'000	Recognised in profit or loss (note 21) \$'000	Acquired in business combinations \$'000	Discontinued operation \$'000	Effect of movements in exchange rates \$'000	At 31 December 2014 \$'000	Recognised in profit or loss (note 21) \$'000	Effect of movements in exchange rates \$'000	At 31 December 2015 \$'000
Deferred tax assets									
Unutilised tax losses	48	-	787	(48)	(15)	772	228	(14)	986
Unutilised deductible temporary differences	81	(3,616)	9,609	(81)	(63)	5,930	(1,778)	(580)	3,572
Inventories	51	-	-	(51)	-	-	-	-	-
Trade and other receivables	2	-	-	(2)	-	-	-	-	-
	182	(3,616)	10,396	(182)	(78)	6,702	(1,550)	(594)	4,558
Deferred tax liabilities									
Property, plant and equipment	-	3,379	(78,994)	-	1,405	(74,210)	2,698	9,341	(62,171)
Development properties	-	-	-	-	-	-	(5,017)	-	(5,017)
	-	3,379	(78,994)	-	1,405	(74,210)	(2,319)	9,341	(67,188)

NOTES TO THE FINANCIAL STATEMENTS

16 Deferred tax assets and liabilities (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are included in the statement of financial position as follows:

	Group	
	2015	2014
	\$'000	\$'000
Deferred tax liabilities	62,630	67,508

Unrecognised deferred tax assets

The Group has certain unutilised tax losses of \$15,899,000 (2014: \$13,634,000) as at 31 December 2015 for which related tax benefits have not been included in the financial statements. The tax losses are available for offset against future taxable profits of the companies in which the losses arose but for which no deferred tax asset has been recognised due to uncertainty of their recoverability. The use of tax losses is subject to the agreement by the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group operates.

17 Derivatives financial liabilities

	2015		2014	
	Contract/ notional amount \$'000	Assets/ (Liabilities) \$'000	Contract/ notional amount \$'000	Assets/ (Liabilities) \$'000
Group and Company				
<i>Non-hedging instruments</i>				
– Forward exchange contracts	269,224	(12,790)	37,837	(434)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

18 Revenue

In the following table, revenue is disaggregated by primary geographical market, major product and services lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with Group's reportable segments (see note 25).

	Hospitality		Property		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets						
Malaysia	53,716	42,677	–	–	53,716	42,677
Singapore	–	–	108,236	–	108,236	–
	53,716	42,677	108,236	–	161,952	42,677
Major products and services lines						
Hotel income	27,865	20,959	–	–	27,865	20,959
Golf club related income	6,261	5,171	–	–	6,261	5,171
Sale of goods	18,938	15,868	–	–	18,938	15,868
Sale of development properties	–	–	108,236	–	108,236	–
Others	652	679	–	–	652	679
	53,716	42,677	108,236	–	161,952	42,677
Timing of revenue recognition						
Products transferred at a point in time	18,938	15,868	–	–	18,938	15,868
Products and services transferred over time	34,778	26,809	108,236	–	143,014	26,809
	53,716	42,677	108,236	–	161,952	42,677

19 Other income

	Note	Group	
		2015	2014
		\$'000	\$'000
Rental income		5,993	9,745
Gain on bargain purchase arising from business combination	26	–	65,937
Change in fair value of investment property		2,292	472
Recovery of expenses from non-controlling interests		99	940
Reversal of allowance on:			
– trade receivables		44	794
– inventories		27	–
Gain on disposal of property, plant and equipment		84	–
Others		496	265
		9,035	78,153

NOTES TO THE FINANCIAL STATEMENTS

20 Finance costs

	Note	2015 \$'000	2014 \$'000
Interest income		4,506	2,381
Net change in fair value of financial derivatives		–	68
Net foreign exchange gain arising from:			
– fixed deposit pledged	11	11,380	–
– others		8,478	–
Finance income		<u>24,364</u>	<u>2,449</u>
Interest expenses on:			
– loan from an affiliated corporation		–	(3,505)
– bank loans		(15,914)	(7,380)
– finance leases		(59)	(14)
Amortisation of transaction costs previously capitalised		<u>(232)</u>	<u>(390)</u>
		(16,205)	(11,289)
Net change in fair value of financial derivatives		(12,356)	–
Net foreign exchange loss		–	(5,467)
Finance costs		<u>(28,561)</u>	<u>(16,756)</u>
Net finance costs recognised in profit or loss		<u>(4,197)</u>	<u>(14,307)</u>

An affiliated corporation is defined as one:

- (a) in which a director of the Group has substantial financial interests or who is in a position to exercise significant influence; and/or
- (b) which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

21 Tax expense

	Group	
	2015 \$'000	2014 \$'000
Current tax expense		
Current year	1,043	1,473
Adjustment for prior years	(435)	344
	608	1,817
Deferred tax expense		
Current year	5,928	465
Adjustment for prior years	(2,059)	(228)
	3,869	237
Tax expense on continuing operations	4,477	2,054
<i>Reconciliation of effective tax rate</i>		
Profit before tax from continuing operations	31,929	54,849
Tax using the Singapore tax rate of 17% (2014: 17%)	5,428	9,324
Effect of tax rates in foreign jurisdictions	(1,555)	(480)
Non-deductible expenses	3,782	4,639
Income not subject to tax	(1,050)	(11,522)
Utilisation of deferred tax assets previously not recognised	(203)	(1,012)
Deferred tax asset not recognised	597	987
Adjustment in prior years:		
– current tax	(435)	344
– deferred tax	(2,059)	(228)
Others	(28)	2
	4,477	2,054

Judgement is required in determining the deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for income tax and deferred income tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

22 Discontinued operation

On 31 December 2014, the Group disposed its entire trading and distribution segment to a third party.

	Note	Group 2014 \$'000
Results of discontinued operation		
Revenue		87,100
Expenses		(87,003)
Results from operating activities		97
Tax	21	–
Results from operating activities, net of tax		97
Gain on sale of discontinued operation		4,657
Tax on gain on sale of discontinued operation	21	–
Profit for the year		4,754
Basic and diluted earnings (loss) per share (cents)*	24	0.24

* The weighted average number of shares used in the calculation of earnings per share for the comparative period has been adjusted for the effects of the share consolidation.

For the financial year ended 31 December 2014, the profit from discontinued operation of \$4,754,000 was attributable entirely to the owners of the Company.

Out of the profit from continuing operations of \$52,795,000 in 2014, an amount of \$53,642,000 was attributable to the owners of the Company for the financial year ended 31 December 2014.

	Group 2014 \$'000
Cash flows from discontinued operations	
Net cash used in operating activities	(396)
Net cash from investing activities	660
Net cash used in financing activities	(963)
Net cash flows for the year	(699)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

22 Discontinued operation (cont'd)

	Group 2014 \$'000
Effect of disposal on the financial position of the Group	
Property, plant and equipment	187
Other investment	8
Associate	8
Inventories	7,958
Trade and other receivables	9,187
Cash and cash equivalents	2,461
Deferred tax assets	182
Trade and other payables	(20,037)
Identified net liabilities	(46)
Transfer from capital reserve	(784)
Transfer from translation reserve	136
Gain on sale of discontinued operation	4,657
Total consideration	3,963
Repayment of amounts due to the Group	14,012
Portion of consideration for which payment is deferred	(9,003)
Cash and cash equivalents disposed of	(2,461)
Net cash inflow	6,511

23 Profit for the year

The following items have been included in arriving at profit for the year:

	2015 \$'000	2014 \$'000
Audit fees paid to:		
– auditors of the Company	146	176
– other member firms of KPMG International	86	91
Non-audit fees paid to:		
– auditors of the Company	5	–
– other auditors	82	50
Net (gain)/loss on disposal of property, plant and equipment	(84)	75
Employee benefits expenses (see below)	16,820	19,429
Operating lease expense	1,517	1,968
Operating expenses arising from rental of investment properties	4	13
Employee benefits expense		
Staff costs	15,392	18,118
Contribution to defined contribution plans included in staff costs	1,428	1,311
	16,820	19,429

NOTES TO THE FINANCIAL STATEMENTS

24 Earnings per share

The calculation of basic and diluted earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders of \$16,365,000 (2014: \$58,396,000), and a weighted-average number of ordinary shares outstanding of 1,977,036,050 (2014: 1,977,036,050), calculated as follows:

Profit attributable to ordinary shareholders

	Group					
	2015			2014		
	Continuing operations \$'000	Discontinued operations \$'000	Total \$'000	Continuing operations \$'000	Discontinued operations \$'000	Total \$'000
Earnings per share is based on: Profit attributable to ordinary shares	16,365	–	16,365	53,642	4,754	58,396

Weighted-average number of ordinary shares

	Note	Group Number of shares	
		2015	2014
		'000	'000
Issued ordinary shares at 1 January		9,885,180	9,885,180
Effect of shares consolidation	12	(7,908,144)	(7,908,144)
Weighted-average number of ordinary shares during the year		1,977,036	1,977,036

On 1 September 2015, the Company has completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share.

The weighted average number of shares used in the calculation of earnings per share for the comparative period has been adjusted for the effects of the share consolidation.

25 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they are located in different geographical areas and require different marketing strategies. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- (i) Hospitality – operation of hotels, golf and marina club.
- (ii) Property – sale of properties and rental income from investment properties owned by the Group.
- (iii) Trading and distribution (discontinued) – trading and distribution of computers, photographic equipment, consumer products, timepieces, telecommunication products and peripherals for sub-distributors, wholesalers and retailers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

25 Operating segments (cont'd)

Other operations include mainly investment holding.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Hospitality \$'000	Property \$'000	Others* \$'000	Total \$'000
31 December 2015				
Segment revenue	53,719	108,236	2,231	164,186
Elimination of inter-segment revenue	(3)	–	(2,231)	(2,234)
External revenue	53,716	108,236	–	161,952
Interest income	332	469	3,705 ¹	4,506
Interest expense	(9,609)	(3,779)	(2,817)	(16,205)
Other material non-cash items:				
– Unrealised foreign exchange gain arising from revaluation of fixed deposit pledged	(869)	(16)	12,265	11,380
– Net change in fair value of financial derivatives	–	–	(12,356)	(12,356)
– Depreciation	(10,780)	(3)	(138)	(10,921)
Reportable segment (loss)/profit before tax	(392)	33,493	(1,172)	31,929
Tax credit/(expense)	306	(4,889)	106	(4,477)
Reportable segment (loss)/profit after tax	(86)	28,604	(1,066)	27,452
Reportable segment assets	404,686	816,009	329,472	1,550,167
Reportable segment liabilities	(226,469)	(580,065)	(290,520)	(1,097,054)
Capital expenditure	4,307	670	763	5,740

* General corporate activities

¹ Included in interest income is the interest earned on fixed deposit of \$3,705,000

NOTES TO THE FINANCIAL STATEMENTS

25 Operating segments (cont'd)

	Hospitality \$'000	Property \$'000	Trading and distribution (discontinued) \$'000	Others* \$'000	Total \$'000
31 December 2014					
Segment revenue	42,716	–	96,862	3,304	142,882
Elimination of inter-segment revenue	(39)	–	(9,762)	(3,304)	(13,105)
Elimination of discontinued operation	–	–	(87,100)	–	(87,100)
External revenue	42,677	–	–	–	42,677
Interest income	117	98	523	2,166 ¹	2,904
Elimination of discontinued operation	–	–	(523)	–	(523)
	117	98	–	2,166	2,381
Interest expense	(5,933)	(3,522)	(41)	(1,834)	(11,330)
Elimination of discontinued operation	–	–	41	–	41
	(5,933)	(3,522)	–	(1,834)	(11,289)
Depreciation	(8,758)	(35)	(101)	(39)	(8,933)
Reportable segment (loss)/ profit before tax	(594)	(254)	97	60,354 ²	59,603
Tax expense	(826)	(955)	–	(273)	(2,054)
Reportable segment (loss)/ profit after tax	(1,420)	(1,209)	97	60,081	57,549
Reportable segment assets	468,759	834,803	–	324,189	1,627,751
Reportable segment liabilities	(257,701)	(644,571)	–	(258,660)	(1,160,932)
Capital expenditure	6,519	24	102	29	6,674

* General corporate activities

¹ Included in interest income is the interest earned on fixed deposits of \$2,146,000

² Included in profit before tax is the gain on bargain purchase arising from business combination and gain on sale of discontinued operation of \$65,937,000 and \$4,657,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

25 Operating segments (cont'd)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue		Non-current assets *	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Malaysia	53,716	42,677	386,280	449,524
Central Asia	–	21,608	8,091	5,374
Singapore	108,236	17,200	782	157
Vietnam	–	20,655	–	–
Others	–	27,637	–	–
Trading and distribution (discontinued)	–	(87,100)	–	–
	161,952	42,677	395,153	455,055

* Non-current assets relate to the carrying amounts of investment properties and property, plant and equipment.

Major customers

Revenue from two (2014: \$nil) customers of the property segment represent approximately \$63,160,000 (2014: \$nil) of the Group's total revenue.

26 Significant business combination

On 26 March 2014, the Group acquired a 77.5% equity interest in Sutera Harbour Group Sdn Bhd and its subsidiaries.

From 1 April 2014 to 31 December 2014, Sutera Harbour Group Sdn Bhd and its subsidiaries ("Sutera Harbour Group") contributed revenue of \$42,677,000 and a loss of \$1,420,000 to the Group's results. If the acquisition had occurred on 1 January 2014, management estimates that consolidated revenue would have been approximately \$59,594,000, and consolidated profit for the year would have been approximately \$3,788,000. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

Purchase consideration

The consideration for the acquisition was \$195,704,000, which included the assignment of secured loans due from Sutera Harbour Group to its previous shareholder, and was settled in cash. No contingent consideration or indemnification asset was recognised at the acquisition date. Both the Group and the acquired entities did not have a relationship before this acquisition. Therefore, there was no settlement of pre-existing relationships.

The gain on bargain purchase arising from business combination of \$65,937,000 was recognised as a result of the difference between consideration transferred and the fair value of the identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

26 Significant business combination (cont'd)

Effects of cash flows of the Group

	2014 \$'000
Cash consideration paid	95,427
Assumption of secured creditors' loans	100,277
Purchase consideration	195,704
Less: cash and cash equivalents in subsidiary acquired	(1,213)
Net cash outflow on acquisition	194,491

Identifiable assets acquired and liabilities assumed

	2014 \$'000
Property, plant and equipment	460,467
Inventories	1,193
Trade and other receivables	8,791
Cash and cash equivalents	1,213
Deferred tax liabilities	(68,598)
Redeemable preference shares	(488)
Trade and other payables	(194,367)
Net identifiable assets and liabilities acquired	208,211
Non-controlling interests, based on proportionate interests in the recognised amounts of the assets and liabilities	(46,847)
Assumption of secured creditors' loans	100,277
Gain on bargain purchase arising from business combination	(65,937)
Purchase consideration	195,704

The trade receivables comprise gross contractual amounts due of \$3,493,000, of which \$933,000 was expected to be uncollectible at the acquisition date.

Acquisition-related costs

The Group incurred acquisition related costs of \$607,000 on legal fees and due diligence costs. These costs have been included in "administrative expenses".

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

27 Acquisition of subsidiaries

On 28 March 2014, the Group acquired the following subsidiaries for a total consideration of \$64,173,000. The Group's intention was to acquire the land and the Group did not take over any management or operational process from the vendors as it intends to develop and sell the land. The acquisition was accounted for as an acquisition of assets and was out of scope of FRS 103.

Name of subsidiary	Date acquired	Effective interest acquired
Altheim International Ltd	28 March 2014	75.0%
Mewabumi Sdn Bhd	28 March 2014	75.0%
Linyi Properties Sdn Bhd	28 March 2014	75.0%
Mainfield Holding Ltd	28 March 2014	67.5%
Xing Asia Compel Sdn Bhd	28 March 2014	67.5%
Investasia Sdn Bhd	28 March 2014	67.5%

Effects of acquisition

The cash flows and net assets of the subsidiaries acquired are provided below:

	Recognised value 2014 \$'000
Development property	141,402
Trade and other payables	(5,392)
Borrowings	(48,635)
Net identifiable assets and liabilities acquired	87,375
Non-controlling interests, based on proportionate interests in the recognised amounts of the assets and liabilities	(23,202)
Purchase consideration	64,173
Portion of consideration for which payment is deferred	(46,024)
Net cash outflow	18,149

NOTES TO THE FINANCIAL STATEMENTS

28 Commitments

Operating lease commitments – where the Group and the Company are lessees

The Group leases office, warehouse and staff accommodation space under non-cancellable operating lease agreements. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not later than one year	560	1,391	109	1,099
Between two and five years	416	4	20	2
	976	1,395	129	1,101

Operating lease commitments – where the Group and the Company are lessors

The lessees are required to pay absolute fixed annual increases to the lease payments. The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not later than one year	1,176	4,831	–	1,219
Between two and five years	1,709	4,558	–	4,558
	2,885	9,389	–	5,777

29 Financial guarantee contracts

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities granted to subsidiaries. The maximum exposure of the Company is \$592,594,000 (2014: \$649,125,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees. The period in which the financial guarantees will expire are as follows:

	Company	
	2015 \$'000	2014 \$'000
Within one year	46,578	–
After one year but within five years	455,061	527,077
More than five years	90,955	122,048
	592,594	649,125

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

30 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties during the financial year on terms agreed between the parties concerned:

	Group	
	2015 \$'000	2014 \$'000
Professional fees paid to a firm in which a director is a member *	–	186
Recovery of expenses from non-controlling interests	(99)	(940)

* Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

Key management personnel remuneration

Key management personnel remuneration is as follows:

	Group	
	2015 \$'000	2014 \$'000
Short-term employee benefits	3,083	4,621
Post-employment benefits (including Central Provident Fund)	66	56
	3,149	4,677

31 Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments (cont'd)

Credit risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of these financial assets.

The Group establishes an allowance for impairment that represents its estimate of the specific loss component in respect of trade and other receivables. The allowance account in respect of trade receivables and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset. At the reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of \$366,723,000 at 31 December 2015 (2014: \$385,887,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks, which are regulated.

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee at the end of the reporting period is \$592,594,000 (2014: \$649,125,000). At the reporting date the Company does not consider it probable that a claim will be made against the Company under the financial guarantees.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

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Year ended 31 December 2015

31 Financial instruments (cont'd)

Liquidity risk (cont'd)

			Cash flows		
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000
Group					
At 31 December 2015					
Non-derivative financial liabilities					
Trade and other payables*	28,450	(29,321)	(28,450)	(871)	-
Amounts due to related parties	71,867	(71,867)	(71,867)	-	-
Secured bank loans	898,239	(995,526)	(341,337)	(542,941)	(111,248)
Finance lease liabilities	992	(1,130)	(332)	(798)	-
Redeemable preference shares	425	(425)	-	-	(425)
	999,973	(1,098,269)	(441,986)	(544,610)	(111,673)
Derivative financial instruments					
Forward exchange contracts (net-settled)	12,790	(12,790)	(12,790)	-	-
	12,790	(12,790)	(12,790)	-	-
	1,012,763	(1,111,059)	(454,776)	(544,610)	(111,673)
At 31 December 2014					
Non-derivative financial liabilities					
Trade and other payables*	23,015	(23,015)	(23,015)	-	-
Amounts due to related parties	104,499	(104,499)	(84,712)	(19,787)	-
Secured bank loans	958,085	(1,110,205)	(284,209)	(653,840)	(172,156)
Finance lease liabilities	408	(516)	(149)	(367)	-
Redeemable preference shares	488	(488)	-	-	(488)
	1,086,495	(1,238,723)	(392,085)	(673,994)	(172,644)
Derivative financial instruments					
Forward exchange contracts (net-settled)	434	(434)	(434)	-	-
	434	(434)	(434)	-	-
	1,086,929	(1,239,157)	(392,519)	(673,994)	(172,644)

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments (cont'd)

Liquidity risk (cont'd)

			Cash flows		
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000
Company					
At 31 December 2015					
Non-derivative financial liabilities					
Trade and other payables	20,830	(20,830)	(20,830)	–	–
Secured bank loans	256,900	(258,317)	(258,317)	–	–
Recognised financial liabilities	277,730	(279,147)	(279,147)	–	–
Intra-group financial guarantees	–	(592,594)	(46,578)	(455,061)	(90,955)
	277,730	(871,741)	(325,725)	(455,061)	(90,955)
Derivative financial instruments					
Forward exchange contracts (net-settled)	12,790	(12,790)	(12,790)	–	–
	12,790	(12,790)	(12,790)	–	–
	290,520	(884,531)	(338,515)	(455,061)	(90,955)
At 31 December 2014					
Non-derivative financial liabilities					
Trade and other payables	4,195	(4,195)	(4,195)	–	–
Amounts due to related parties	7,136	(7,136)	(7,136)	–	–
Secured bank loans	254,000	(254,716)	(254,716)	–	–
Finance lease liabilities	31	(35)	(28)	(7)	–
Recognised financial liabilities	265,362	(266,082)	(266,075)	(7)	–
Intra-group financial guarantees	–	(649,125)	–	(527,077)	(122,048)
	265,362	(915,207)	(266,075)	(527,084)	(122,048)
Derivative financial instruments					
Forward exchange contracts (net-settled)	434	(434)	(434)	–	–
	434	(434)	(434)	–	–
	265,796	(915,641)	(266,509)	(527,084)	(122,048)

* Excludes advance payments from customers and deferred income

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities based on their earliest possible contractual maturity. Except for the cash flows arising from the intra-group financial guarantees, it is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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Year ended 31 December 2015

31 Financial instruments (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's interest-bearing loan obligations and fixed deposits placed with financial institutions. The Group is not exposed to significant interest rate fluctuation. The Group does not use derivative financial instruments to hedge its interest rate risk.

At the reporting date, the interest rate profile of the Group and the Company's interest-bearing financial instruments is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Variable rate instrument				
Secured bank loans	898,239	958,085	256,900	254,000

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 bp in interest rates at the reporting dates would have increased/(decreased) profit before tax by the amounts shown below. There is no effect to the equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

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31 Financial instruments (cont'd)

Cash flow sensitivity analysis for variable rate instruments (cont'd)

	Profit before tax	
	50 bp Increase \$'000	50 bp Decrease \$'000
Group		
2015		
Variable rate instruments	(4,491)	4,491
2014		
Variable rate instruments	(4,790)	4,790
Company		
2015		
Variable rate instruments	(1,285)	1,285
2014		
Variable rate instruments	(1,270)	1,270

The sensitivity analysis is illustrative only and is based on simplified scenarios. The table shows interest rate risk exposures arising in interest-bearing liabilities. These particular exposures form only part of the Group's overall interest rate exposures.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings, including intercompany sales, purchases and intercompany balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which those transactions primarily are denominated are United States Dollars ("USD") and United Arab Emirates Dirham ("AED").

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Year ended 31 December 2015

31 Financial instruments (cont'd)

Foreign currency risk (cont'd)

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	USD \$'000	AED \$'000
Group		
As at 31 December 2015		
Cash and cash equivalents	269,675	1,045
Forward exchange contracts	(269,224)	-
Net exposure	451	1,045
As at 31 December 2014		
Cash and cash equivalents	8,717	572
Trade and other receivables	9,003	-
Net exposure	17,720	572
Company		
As at 31 December 2015		
Cash and cash equivalents	269,646	-
Forward exchange contracts	(269,224)	-
Net exposure	422	-
As at 31 December 2014		
Cash and cash equivalents	8,690	-
Trade and other receivables	9,003	-
Net exposure	17,693	-

Sensitivity analysis

A 5% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting dates held by the Group would increase/(decrease) profit, and accumulated profits, before any tax effect by the amounts shown below. Similarly, a 5% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2015 \$'000	2014 \$'000
Group		
USD	23	886
AED	52	29
	75	915
Company		
USD	21	885

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Year ended 31 December 2015

31 Financial instruments (cont'd)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group		Note	Carrying amounts				Fair value			
			Loans and receivables \$'000	Asset at fair value through profit or loss \$'000	Available-for-sale financial assets \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
31 December 2015										
Financial assets not measured at fair value										
	Trade and other receivables *	9	28,249	-	-	-	-	-	-	28,249
	Cash and cash equivalents	11	366,723	-	-	-	-	-	-	366,723
			394,972	-	-	-	-	-	-	394,972
Financial liabilities measured at fair value										
	Derivative financial liabilities	17	-	(12,790)	-	-	-	(12,790)	-	(12,790)
Financial liabilities not measured at fair value										
	Trade and other payables **	14	-	-	-	(28,450)	(28,450)	-	-	(28,450)
	Loans and borrowings	15	-	-	-	(899,656)	(899,656)	(881,145)	-	(881,145)
	Amounts due to related parties	10	-	-	-	(71,867)	(71,867)	-	-	(71,867)
			-	-	-	(999,973)	(999,973)	-	-	(999,973)

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Year ended 31 December 2015

31 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

	Carrying amounts					Fair value			
	Loans and receivables \$'000	Asset at fair value through profit or loss \$'000	Available-for-sale financial assets \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group									
31 December 2014									
Financial assets not measured at fair value									
Trade and other receivables *	9	16,119	-	-	-	16,119			
Cash and cash equivalents	11	385,887	-	-	-	385,887			
		402,006	-	-	-	402,006			
Financial liabilities measured at fair value									
Derivative financial liabilities	17	-	(434)	-	-	(434)	-	(434)	(434)
Financial liabilities not measured at fair value									
Trade and other payables **	14	-	-	-	(23,015)	(23,015)			
Loans and borrowings	15	-	-	-	(958,981)	(958,981)	-	(941,494)	(941,494)
Amounts due to related parties	10	-	-	-	(104,499)	(104,499)			
		-	-	-	(1,086,495)	(1,086,495)			

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Year ended 31 December 2015

31 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amounts				Fair value			
		Loans and receivables	Asset at fair value through profit or loss	Available-for-sale financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Note								
Company									
31 December 2015									
Financial assets not measured at fair value									
Trade and other receivables *	9	2,261	-	-	-	2,261			
Amounts due from related parties	10	292,300	-	-	-	292,300			
Cash and cash equivalents	11	326,180	-	-	-	326,180			
		620,741	-	-	-	620,741			
Financial liabilities measured at fair value									
Derivative financial liabilities	17	-	(12,790)	-	-	(12,790)	-	(12,790)	(12,790)
Financial liabilities not measured at fair value									
Trade and other payables **	14	-	-	-	(20,830)	(20,830)			
Loans and borrowings	15	-	-	-	(256,900)	(256,900)	-	(245,199)	(245,199)
Amounts due to related parties	10	-	-	-	(13,472)	(13,472)			
		-	-	-	(291,202)	(291,202)			

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Year ended 31 December 2015

31 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amounts					Fair value			
		Loans and receivables \$'000	Asset at fair value through profit or loss \$'000	Available-for-sale financial assets \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company										
31 December 2014										
Financial assets not measured at fair value										
Trade and other receivables *	9	11,555	-	-	-	11,555				
Amounts due from related parties	10	262,978	-	-	-	262,978				
Cash and cash equivalents	11	312,442	-	-	-	312,442				
		586,975	-	-	-	586,975				
Financial liabilities measured at fair value										
Derivative financial liabilities	17	-	(434)	-	-	(434)	-	(434)	-	(434)
Financial liabilities not measured at fair value										
Trade and other payables	14	-	-	-	(4,195)	(4,195)				
Loans and borrowings	15	-	-	-	(254,031)	(254,031)	-	(241,812)	-	(241,812)
Amounts due to related parties	10	-	-	-	(7,136)	(7,136)				
		-	-	-	(265,362)	(265,362)				

* Excludes advances to suppliers and prepayments

** Excludes advance payments from customers and deferred income

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments (cont'd)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between unobservable input and fair value measurement
Group and company			
Forward exchange contracts	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

Financial instruments not measured at fair value

Type	Valuation techniques	Significant unobservable inputs
Group and Company		
Other financial liabilities *	<i>Discounted cash flows.**</i>	Not applicable

* Other financial liabilities include secured bank loans, redeemable preference shares and finance lease liabilities.

** It is assumed that inputs considered observable used in the valuation technique are significant to the fair value measurement.

Transfer between Level 1 and 2

There were no transfer between Level 1 and 2 in 2015 and 2014.

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32 Non-controlling interest

The following subsidiaries have material non-controlling interest ("NCI").

Name	Principal places of business/ Country of incorporation	Operating segment	Ownership interests held by NCI	
			2015 %	2014 %
Eastworth Source Sdn Bhd ("Eastworth Source")	Malaysia	Hotel operation	22.5	22.5
Sutera Harbour Golf and Country Club Berhad ("Sutera Harbour Golf and Country Club")	Malaysia	Golf club operation	22.5	22.5
Advanced Prestige Sdn Bhd ("Advanced Prestige")	Malaysia	Hotel operation	22.5	22.5
Investasia Sdn Bhd ("Investasia")	Malaysia	Property development	32.5	32.5
Linyi Properties Sdn Bhd ("Linyi Properties")	Malaysia	Property development	25.0	25.0
Plaza Ventures Pte Ltd ("Plaza Ventures")	Singapore	Property development	49.0	49.0

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

32 Non-controlling interest (cont'd)

The following summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with FRS.

	Eastworth Source \$'000	Sutera Harbour Golf and Country Club \$'000	Advanced Prestige \$'000	Investasia \$'000	Linyi Properties \$'000	Plaza Ventures \$'000
2015						
Revenue	20,329	7,804	24,671	-	-	108,236
Profit/(Loss)	3,755	(2,452)	5,408	(919)	(13)	25,221
Total comprehensive income	3,755	(2,452)	5,408	(919)	(13)	25,221
Attributable to NCI:						
- Profit/(Loss)	845	(552)	1,217	(299)	(3)	12,358
- Total comprehensive income	845	(552)	1,217	(299)	(3)	12,358
Non-current assets	128,980	105,441	147,727	2	-	-
Current assets	3,965	1,687	7,786	17,410	21,427	617,324
Non-current liabilities	(17,908)	(14,838)	(26,816)	-	-	(390,888)
Current liabilities	(4,383)	(8,327)	(5,074)	(17,393)	(858)	(150,554)
Net assets	110,654	83,963	123,623	19	20,569	75,882
Net assets attributable to NCI	24,897	18,892	27,815	6	5,142	37,182
Cash flows from/(used in) operating activities	1,986	548	6,841	(205)	10	17,577
Cash flows (used in)/from investing activities	(828)	(425)	(2,525)	-	-	376
Cash flows from/(used in) financing activities (dividends to NCI: nil)	-	128	(174)	-	-	(55,631)
Net increase/(decrease) in cash and cash equivalents	1,158	251	4,142	(205)	10	(37,678)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

32 Non-controlling interest (cont'd)

	Eastworth Source \$'000	Sutera Harbour Golf and Country Club \$'000	Advanced Prestige \$'000	Investasia \$'000	Linyi Properties \$'000	Plaza Ventures \$'000
2014						
Revenue	23,526	9,258	24,412	-	-	-
Profit/(Loss)	6,149	(14,649)	6,622	(1,413)	13	4,661
Total comprehensive income	6,149	(14,649)	6,622	(1,413)	13	4,661
Attributable to NCI:						
- Profit/(Loss)	1,383	(3,296)	1,490	(460)	3	2,284
- Total comprehensive income	1,383	(3,296)	1,490	(460)	3	2,284
Non-current assets	151,130	123,200	171,616	3	-	-
Current assets	3,238	1,346	4,731	14,262	19,131	631,673
Non-current liabilities	(20,872)	(8,348)	(31,227)	-	-	(440,000)
Current liabilities	(3,921)	(9,485)	(4,947)	(18,723)	(958)	(141,012)
Net assets/(liabilities)	129,575	106,713	140,173	(4,458)	18,173	50,661
Net assets attributable to NCI	29,154	24,010	31,539	(1,449)	4,543	24,824
Cash flows from/(used in) operating activities	1,240	771	3,731	244	2	(560,594)
Cash flows (used in)/from investing activities	(657)	(1,789)	(3,354)	(4)	-	40
Cash flows from/(used in) financing activities (dividends to NCI: nil)	-	1,049	(47)	-	-	618,500
Net increase in cash and cash equivalents	583	31	330	240	2	57,946

NOTES TO THE FINANCIAL STATEMENTS

33 Comparative information

The following reclassifications were made to the comparative figures as at and for the year ended 31 December 2015, to better reflect the substance of the balances and transactions as set out below:

In respect of the statement of comprehensive income, the Company has made the following reclassifications:

- (i) Net foreign exchange gain or loss presented as administrative expenses to finance income or costs; and
- (ii) Net change in fair value of financial derivatives presented as administrative expenses to finance income or costs

Arising therefrom, certain comparative in the Group's financial statements have been reclassified to be consistent with the current year's presentation, as set out below:

	As previously reported \$'000	Reclassification \$'000	As restated \$'000
Statement of comprehensive income			
Year ended 31 December 2014			
Administrative expenses	(27,928)	5,399	(22,529)
Finance income	2,381	68	2,449
Finance expenses	(11,289)	(5,467)	(16,756)

These amounts are reclassification within statement of comprehensive income, and do not have any material effect on the information for the year ended 31 December 2015.

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL

Number of Shares	:	1,977,036,050
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Share
Ordinary Shares held as Treasury Shares	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	85	2.14	3,531	0.00
100 – 1,000	317	7.98	120,955	0.01
1,001 – 10,000	1,304	32.81	7,278,982	0.37
10,001 – 1,000,000	2,212	55.66	169,716,629	8.58
1,000,001 AND ABOVE	56	1.41	1,799,915,953	91.04
TOTAL	3,974	100.00	1,977,036,050	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	GOI SENG HUI	958,389,875	48.48
2	CITIBANK NOMINEES SINGAPORE PTE LTD	130,055,387	6.58
3	GOODVIEW PROPERTIES PTE LTD	100,000,000	5.06
4	EE GUAN HUI GILBERT	97,629,478	4.94
5	SKYVEN GROWTH OPPORTUNITIES FUND PTE LTD	85,878,733	4.34
6	BANK OF SINGAPORE NOMINEES PTE. LTD.	67,618,100	3.42
7	RAFFLES NOMINEES (PTE) LIMITED	53,673,899	2.71
8	OCBC SECURITIES PRIVATE LIMITED	47,493,608	2.40
9	MAH BOW TAN	40,800,000	2.06
10	CIMB SECURITIES (SINGAPORE) PTE. LTD.	25,289,349	1.28
11	DB NOMINEES (SINGAPORE) PTE LTD	15,810,180	0.80
12	DBS NOMINEES (PRIVATE) LIMITED	15,232,502	0.77
13	ABN AMRO NOMINEES SINGAPORE PTE LTD	15,000,000	0.76
14	UOB KAY HIAN PRIVATE LIMITED	12,601,480	0.64
15	CHEW GHIM BOK	11,482,700	0.58
16	CHENG CHIH LI @ THIE TJIE LIEP	11,154,220	0.56
17	HONG LEONG FINANCE NOMINEES PTE LTD	9,310,480	0.47
18	NS TRADING PTE LTD	7,784,920	0.39
19	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,593,010	0.33
20	CHANDRA DAS NARESHKUMAR	6,000,000	0.30
TOTAL		1,717,797,921	86.87

STATISTICS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2016

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Goi Seng Hui	958,389,875	48.48	–	–
Ee Guan Hui Gilbert	97,629,478	4.94	60,913,600	3.08
Goodview Properties Pte Ltd	100,000,000	5.06		
Far East Organization Centre Pte Ltd	–	–	100,000,000 (a)	5.06
Lippo Capital Limited	–	–	99,021,467 (b)	5.01
Lanius Limited	–	–	99,021,467 (c)	5.01

Notes:

- (a) Far East Organization Centre Pte Ltd has a controlling interest in Goodview Properties Pte Ltd and is therefore deemed to be interested in the 100,000,000 shares held by Goodview Properties Pte Ltd in the Company.
- (b) Lippo Capital Limited is the holding company of an entity which has joint control of Lippo ASM Asia Property Limited, which is a holding company of OUE Limited. OUE Limited has a direct interest in 19,260,000 shares. In addition, Lippo Capital Limited is the holding company of Golden Super Holdings Limited and Lippo Assets (International Limited). Golden Super Holdings Limited and Lippo Assets (International Limited) has a direct interest in 77,761,467 and 2,000,000 shares respectively. Lippo Capital Limited is therefore deemed to be interested in 99,021,467 shares.
- (c) Lanius Limited holds the entire issued share capital of Lippo Capital Limited, and is therefore deemed to be interested in 99,021,467 shares.

PUBLIC FLOAT

As at 18 March 2016, approximately 33.43% of the issued ordinary capital shares of the Company are held by public. Rule 723 of the SGX Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of GSH Corporation Limited ("the Company") will be held at 11 Changi North Way, GSH Centre Singapore 498796 on Friday, 29 April 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final dividend of 0.05 Singapore cent per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2015. (2014: 0.05 Singapore cent per ordinary share) **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Constitution of the Company:

Mr Sam Goi Seng Hui	(Resolution 3)
Mr Francis Lee Choon Hui [See Explanatory Note (i)]	(Resolution 4)
4. To re-appoint Ms Huang Lui as a Director of the Company under Article 97, who was previously re-appointed to hold office until this Annual General Meeting pursuant to Section 153(6) of the Singapore Companies Act (Cap 50), which was in force immediately before 3 January 2016. [See Explanatory Note (ii)] **(Resolution 5)**
5. To approve the payment of Directors' fees amounting to S\$302,800 for the financial year ending 31 December 2016, to be paid quarterly in arrears. (2015: S\$287,800) **(Resolution 6)**
6. To re-appoint KPMG LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (**excluding treasury shares**) shall be based on the total number of issued shares (**excluding treasury shares**) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

- (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and
 - (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 8)

By Order of the Board

Lee Tiong Hock
Company Secretary
7 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Francis Lee Choon Hui will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and as a member of the Audit Committee and Nominating Committee and will be considered independent. There are no material relationships (including immediate family relationships) between Mr Francis Lee Choon Hui and the other directors or the Company.
- (ii) Ms Huang Lui will, upon re-appointment as a Director of the Company, remain as Chairman of the Nominating Committee and as a member of the Audit Committee and Remuneration Committee, and will be considered independent. There are no material relationships (including immediate family relationships) between Ms Huang Lui and the other directors or the Company.
- (iii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (**excluding treasury shares**) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (**excluding treasury shares**) will be calculated based on the total number of issued shares (**excluding treasury shares**) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

- 1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").
(b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Singapore Companies Act, Cap. 50.

- 2. A proxy need not be a member of the Company.
- 3. Each of the resolutions to be put to the vote of members at the Meeting (and at any adjournment thereof) will be voted on by way of a poll.
- 4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 11 Changi North Way, GSH Centre Singapore 498796 not less than forty-eight (48) hours appointed for holding the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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GSH CORPORATION LIMITED
[Company Registration No. 200106139K]
(Incorporated In The Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____

of _____

being a member/members of GSH Corporation Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 11 Changi North Way, GSH Centre, Singapore 498796 on Friday, 29 April 2016 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof. The resolution put to vote at the meeting shall be decided by poll.

No.	Resolutions relating to:	Number of Votes For*	Number of Votes Against*
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2015		
2	Approval of one-tier tax exempt dividend		
3	Re-election of Mr Sam Goi Seng Hui as a Director		
4	Re-election of Mr Francis Lee Choon Hui as a Director		
5	Re-appointment of Ms Huang Lui as a Director		
6	Approval of Directors' fees amounting to S\$302,800 for the financial year ending 31 December 2016, to be paid quarterly in arrears		
7	Re-appointment of KPMG LLP as Auditor		
8	Authority to issue shares		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____, 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 11 Changi North Way, GSH Centre, Singapore 498796 not less than forty-eight (48) hours before the time appointed for the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 April 2016.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.



GSH CORPORATION LIMITED

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