Global Strategic Holdings
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Annual Report 2013

BUILDING ASIA

Building Asia

Armed with a fresh mandate from shareholders in FY2013 to diversify its new property development business to ASEAN, GSH Corporation moved quickly to build its pipeline of property projects. Within the year, the Group secured two acquisitions – one in the heart of Kuala Lumpur's uber-prime Jalan Kia Peng area, and more recently, Sutera Harbour Resort in Kota Kinabalu. The Group has also signed an MOU for another strategically-located property in the heart of Kuala Lumpur.

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Corporate Profile

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 a 77.5% stake in 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.

The Group is also an established distributor of IT, photographic, timepiece and healthcare products in the emerging markets of Asia, the Middle East and Central Asia for renowned brands such as Apple, Fujifilm, Tamron, Marumi, Velbon, Metz, Titan, Corum, Wenger, Nixon, Nichiban, Hakazo, and two in-house brands – efiniti and Ecochem.

Mission / Vision

As an investment holding company, our mission is to grow shareholder value by leveraging on our core competency of being a strategic bridge between developed and emerging markets, bringing first world expertise such as product marketing, human resource and financial management best practices to emerging markets. Whilst we continue to focus on our growing our distribution channels for a diversified marketing portfolio in the key markets of Asia, Middle East and Central Asia, the Group seeks to diversify into property development in the PRC and Southeast Asia as well as other inorganic growth opportunities.

Our Property Portfolio

KOTA KINABALU – SABAH

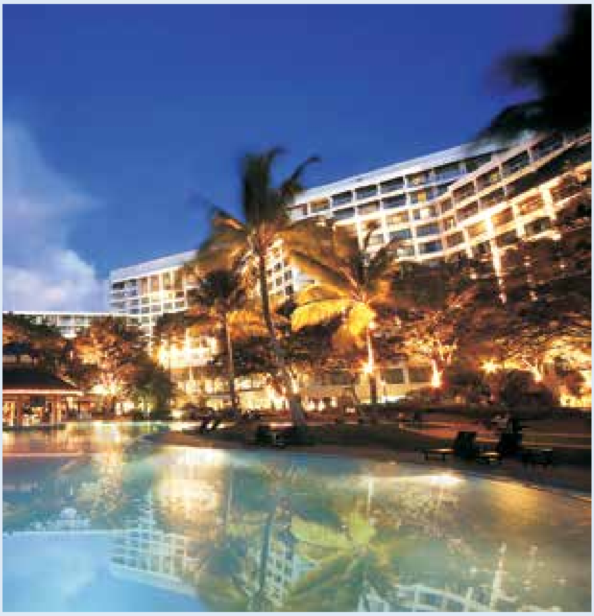
Sutera Harbour Resort

Nestled between the shores of the South China Sea and Mount Kinabalu, East Asia's tallest mountain, the Sutera Harbour Resort comprises two five-star hotels – the 500-room Pacific Sutera and 456-room The Magellan Sutera; the Sutera Harbour Marina, Golf and Country Club which has a 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 conventions, meetings and events.

The Resort is just 10 minutes by boat from the popular scuba diving destination of the Tengku Abdul Rahman Marine National Park. The 5 islands that make up the Marine Park boast crystal clear waters, abundant marine life and 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 Pacific Sutera



Located just 10 minutes from Kota Kinabalu International Airport and minutes to the city centre, The Pacific Sutera Hotel has 500 deluxe rooms and suites offering panoramic views of the South China Sea or the greenery of the championship golf course.

Dining options include the Silk Garden – a Chinese restaurant specializing in Szechuan cuisine; Café Boleh which offers all-day dining, The Lobby Lounge, a pool bar, and JUGs – the premier night spot in Kota Kinabalu.

Its Grand Ballroom can accommodate up to 1000 people in various configurations and is the perfect venue for corporate functions and weddings.

Our Property Portfolio

The Magellan Sutera Resort

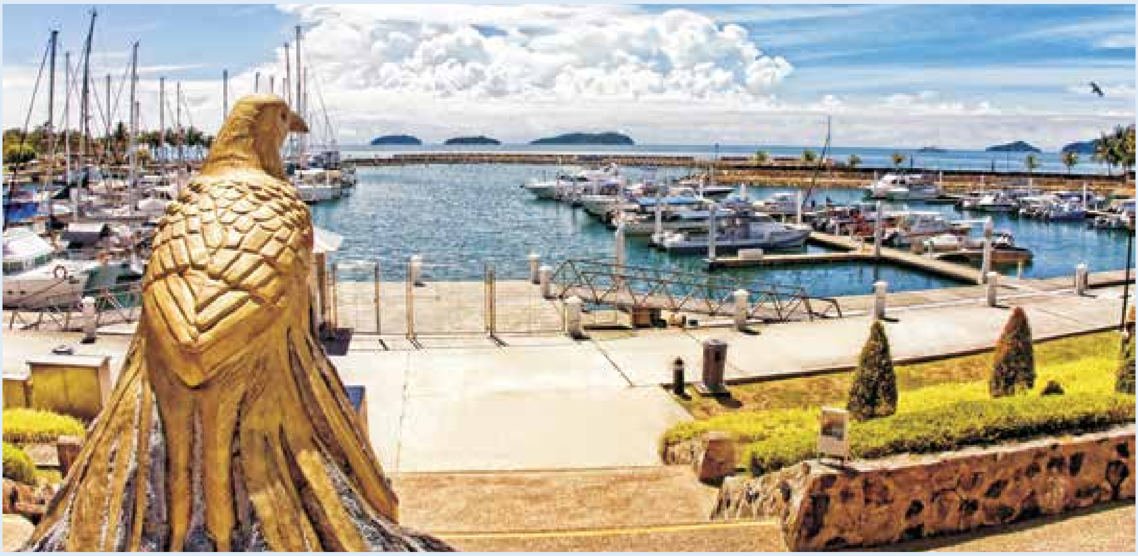
The 456-room Magellan Sutera Resort's unique architecture is inspired by the long houses of Borneo – a tribute to the Rungus natives of Sabah. All of its luxuriously-appointed rooms and suites feature balconies that offer magnificent vistas of its manicured gardens or the azure tranquility of the South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

Its F&B offering includes Five Sails, an all-day dining restaurant serving a wide selection of Malaysian and continental cuisine; world-class Italian fine-dining restaurant Ferdinands and the Al Fresco serving an extensive selection of pasta and wood-fired pizzas. There's also Muffinz for deli favourites and Tarik's Lobby Lounge.

Sutera Harbour Marina, Golf & Country Club

Sutera Harbour Marina, Golf & Country Club features a 27-hole award-winning championship golf course designed by Graham Marsh with three distinct courses of varying difficulty levels, and a 41-bay covered driving range.

The Club also boasts a 104-beth marina that can accommodate 13 mega yachts and 91 smaller vessels.



The Vista @ Sutera

Located next to The Magellan Sutera Resort, The Vista @ Sutera is a high-end ocean-front residential project with full condominium facilities.

Site Area: 12.11 acres
Gross Floor Area – approximately more than 1.3 million sq ft
Net Saleable Area – approximately more than 1.1 million sq ft

The Point @ Sutera

Located at the tip of the Sutera Harbour vicinity, The Point @ Sutera is a high-end residential development offering a 360 degree view of the ocean and full condominium facilities.

Site Area: 13.12 acres
Gross Floor Area – approximately more than 1.4 million sq ft
Net Saleable Area – approximately more than 1.2 million sq ft

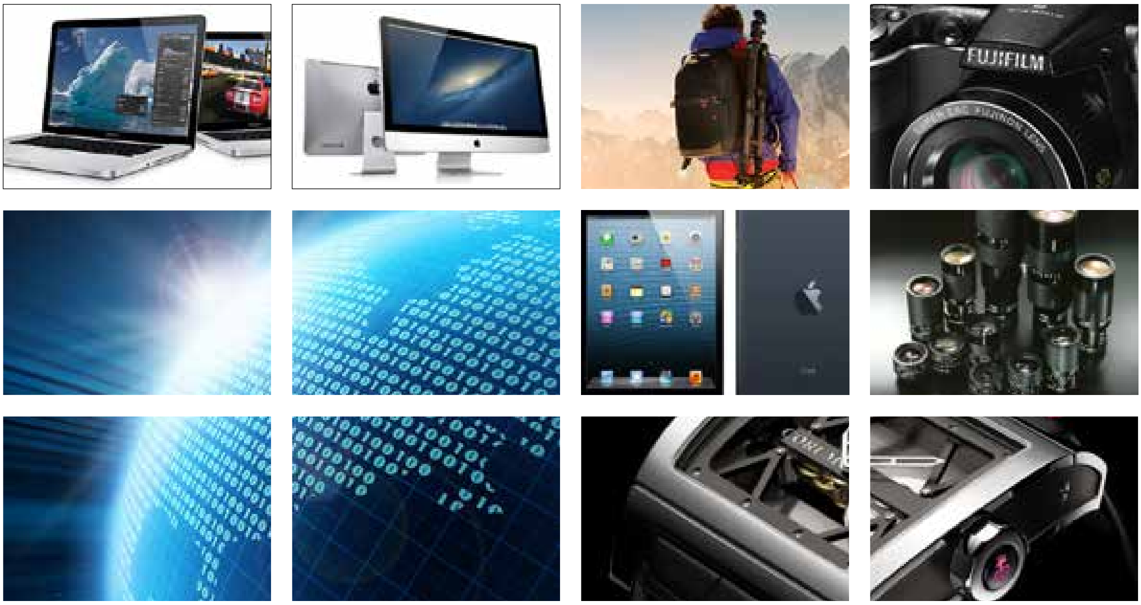
KUALA LUMPUR - MALAYSIA

Jalan Kia Peng project

Site Area: 1.45 acres
Gross Floor Area – approximately more than 0.6 million sq ft
Net Saleable Area – approximately more than 0.4 million sq ft

Located along Embassy's Row in the heart of Kuala Lumpur, and minutes to KLCC, this residential project at Jalan Kia Peng will be developed into high-end service apartments with full condominium facilities.

Global Brands



iCenter
FUJIFILM
TAMRON New eyes for industry
efiniti life's rewards
marumi
Metz
Velbon The Tripod Innovators
TENBA
BENRO
VANGUARD
NORITSU
MITSUBISHI ELECTRIC
eco-chem
TITAN
NIXON
SKAGEN DENMARK
CORUM
BOSS HUGO BOSS
WENGER
TOMMY HILFIGER
LACOSTE
DKNY DONNA KARAN NEW YORK
adidas
DIESEL FOR SUCCESSFUL LIVING
AUTHENTIC FOSSIL
NICHIBAN
HAKUZO
LUXA2 A Division of Thermaltake
SCIENCE DIET

Financial Highlights

Selected Group's Financial Data:

S$'000	FY2013	FY2012	% Variance
Revenue	89,448	102,716	-12.9%
Gross profit*	4,668	6,171	-24.4%
Gross margin*	5.2%	6.0%	
Administrative expenses**	(5,696)	(5,605)	1.6%
EBITDA***	(1,028)	566	Nm
(Loss)/profit before tax	(1,167)	4,313	Nm

* Gross profit/margin after deducting distribution and selling expenses.

** Administrative expenses after adding back rental income and excluding amortisation and depreciation, net foreign exchange gain/loss and real estate division related expenses

*** EBITDA excluding other operating income and other expenses

Distribution Business

The Group's revenue decreased by 12.9%, from US$102.7m in FY2012, to US$89.4m in FY2013. Gross margins decreased from 6.0% to 5.2% and the gross profit decreased by 24.4%, from US$6.2m in FY2012, to US$4.7m in FY2013.

In FY2013, the distribution business saw some consolidation and the markets for the Group's IT and Photo Imaging businesses were highly competitive. In particular, its tablets and digital cameras products, which are characterized by frequent product launches and rapid technological advances, faced severe competition which affected revenues and gross margins.

Real Estate Development Business

The Group's diversification into this business has progressed with the acquisition of various projects and land parcels for development. The FY2013 financials therefore reflect only the acquisition costs incurred in respect of these investments.

The Group expects its Real Estate Development Business to contribute in the current financial year.

Message To Shareholders

Sam Goi

Gilbert Ee

Dear Shareholders,

On behalf of our Board of Directors, we wish to thank you for your unanimous approval of our property business diversification into ASEAN countries, at the EGM on 9 October 2013.

Asean Properties

Armed with your mandate, we have moved swiftly in Asean, starting with projects in Malaysia. We have focused on Kuala Lumpur, the capital city of West Malaysia, and on Kota Kinabalu, the capital city of East Malaysia.

These include:

- In Kota Kinabalu, East Malaysia, the iconic Sutera Harbour Resort, with a total of 384 acres, set against the picturesque landscape presided by Mount Kinabalu (SEA's tallest peak) and framed by the beautiful seascape of the Tengku Abdul Rahman Marine National Park islands and the South China Sea.

  The Resort comprises two fully operating 5-star hotels, the Pacific Sutera and the Magellan Sutera Resort as well as the Sutera Harbour Marina, Golf and Country Club, with a host of lifestyle, dining and recreational amenities.

  Shareholders gave another unanimous vote of approval for this project, at the EGM on 3 March 2014.

- Alongside the Sutera Harbour Resort, two prime absolute waterfront parcels of land, for high-end residential development, with a total area of 25.2 acres. To be known as The Vista @ Sutera and The Point @ Sutera they are targeted to be launched in the second half of 2014 and in 2015, respectively.

- In Kuala Lumpur, Peninsula Malaysia, with 2 projects announced:

  - A 5,800 square metre land parcel in the heart of the Golden Triangle, slated for residential development; and

  - Another 28,000 square metre land parcel, still under negotiation, slated for mixed commercial residential development.

You can see we have wasted no time, to acquire an initial basket of good and promising projects, to fulfil your mandates.

China Update

In October 2013, we announced that we were resuming our negotiations on the Longhai Marine Eco-City project, following the appointment of a new City Governor. We now wish to report that at press time, we are in advance discussions with the Longhai City Government, to secure approximately 550 mu of land parcels (approximately 0.4 million square metres) out of the 8,000 mu (approximately 5.3 million square metres) of land, planned for this potential project. Details will be announced, once it materializes.

We remain positive on China, despite property market cooling measures in recent years. China's long-term fundamentals are strong, fueled by urbanization and domestic consumption.

Distribution

Our traditional distribution business has seen some consolidation, but remains stable. A review of results is included in this Annual Report.

Appreciation

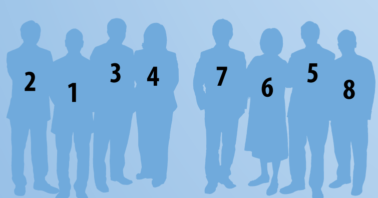
GSH is certainly off to a good start, in its diversification into properties. Your Board, our Management team and staff, with the support of our professional advisors, are united and focused. We are committed to bring growth and deliver even greater value to you, our shareholders.

Thank you for your unwavering support and see you at the upcoming AGM!

Sam Goi Seng Hui
Executive Chairman

Gilbert Ee Guan Hui
Chief Executive Officer

Board of Directors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Board of Directors

1. **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); and Yangzhou Junhe Real Estate Group (a growing property development company in China). Apart from these core businesses, 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 serves on the board of four other Mainboard-listed companies – as Vice Chairman of Super Group Limited, Vice Chairman of Etika International Hldgs Ltd, Vice-Chairman of JB Foods Limited, and Director of Tung Lok Restaurants (2000) Ltd. 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, and a member of the Singapore University of Technology and Design (SUTD) Board of Trustee, and Chairman of Dunman High School Advisory Committee and Ulu Pandan Citizens Consultative Committee.

2. **Lee Choon Hui Francis**
   Vice Chairman and 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 Non-Executive Chairman in 2012, Mr Lee voluntarily stepped down as Non-Executive Chairman and at the request of the new Non-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.

3. **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 will be responsible for the day to day management of the group. He will also be responsible for formulating the strategic and business plans and for their implementation. 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, Europlastik Sdn Bhd and Oxley JV Pte Ltd, Solstice Development Pte Ltd and S11 Group Co. Limited.

4. **Lee Hwee Khoon, Juliette**
   Non-Executive Director

   Lee Hwee Khoon, 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. With more than 30 years in the food industry, Ms Lee spearheaded the turnaround to profitability of Tee Yih Jia's Fuzhou brewery from 2000 – 2001 as its General Manager. Besides the food industry, she also sits on the Board of several property development Companies in the People's Republic of China. She also sat on the Board of Tung Lok Restaurants (2000) Ltd during the period 2007 to 2011. She holds a Masters In Business Administration BA (Strategic Management) from Maastricht School of Management.

5. **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.

6. **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.

7. **Ryo Kobayashi**
Chief Operating Officer and Executive Director

Ryo Kobayashi was appointed our Chief Operating Officer and an Executive Director, on 1st April 2008. Mr Kobayashi had held various senior management positions in multi-national companies such as Timberland, Coca-Cola and Kao Corporation, and was previously based in Japan, the United States, Thailand and Singapore. Mr Kobayashi holds a masters degree in marketing management and a bachelor degree in Economics.

8. **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 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.

Corporate Information

Board of Directors
Mr Sam Goi Seng Hui
Executive Chairman

Mr Francis Lee Choon Hui
Vice Chairman and Independent Director

Mr Gilbert Ee Guan Hui
Chief Executive Officer and Executive Director

Ms Juliette Lee Hwee Khoon
Non-Executive Director

Mr Michael Grenville Gray
Independent Director

Ms Huang Lui
Independent Director

Mr Ryo Kobayashi
Chief Operating Officer and Executive Director

Mr Goi Kok Ming, Kenneth
Executive Director, Business Development

Audit Committee
Mr Michael Grenville Gray (Chairman)
Mr Francis Lee Choon Hui
Ms Juliette Lee Hwee Khoon
Ms Huang Lui

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
Mr Jonathan Lee Tiong Hock

Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
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Tel: 6536 5355 Fax: 6536 1360

Auditors
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Partner-in-Charge: Lim Tze Yuen
(Since financial year ended 31 December 2009)

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Fax: (65) 6881 1000
www.gshcorporation.com

Registeration No:
200106139K

Bankers
Oversea-Chinese Banking Corporation Limited
RHB Bank Berhad
Bank of China Limited, Singapore Branch
Malayan Banking Berhad

Our Footprints

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Fax: (65) 6881 1000

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CAMBODIA

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Fax: (855) 023 424 024

MIDDLE EAST

U.A.E.

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Fax: (971 4) 886 1351

KAZAKHSTAN

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Gornyi Gigant, 8th Gvardeiskaya
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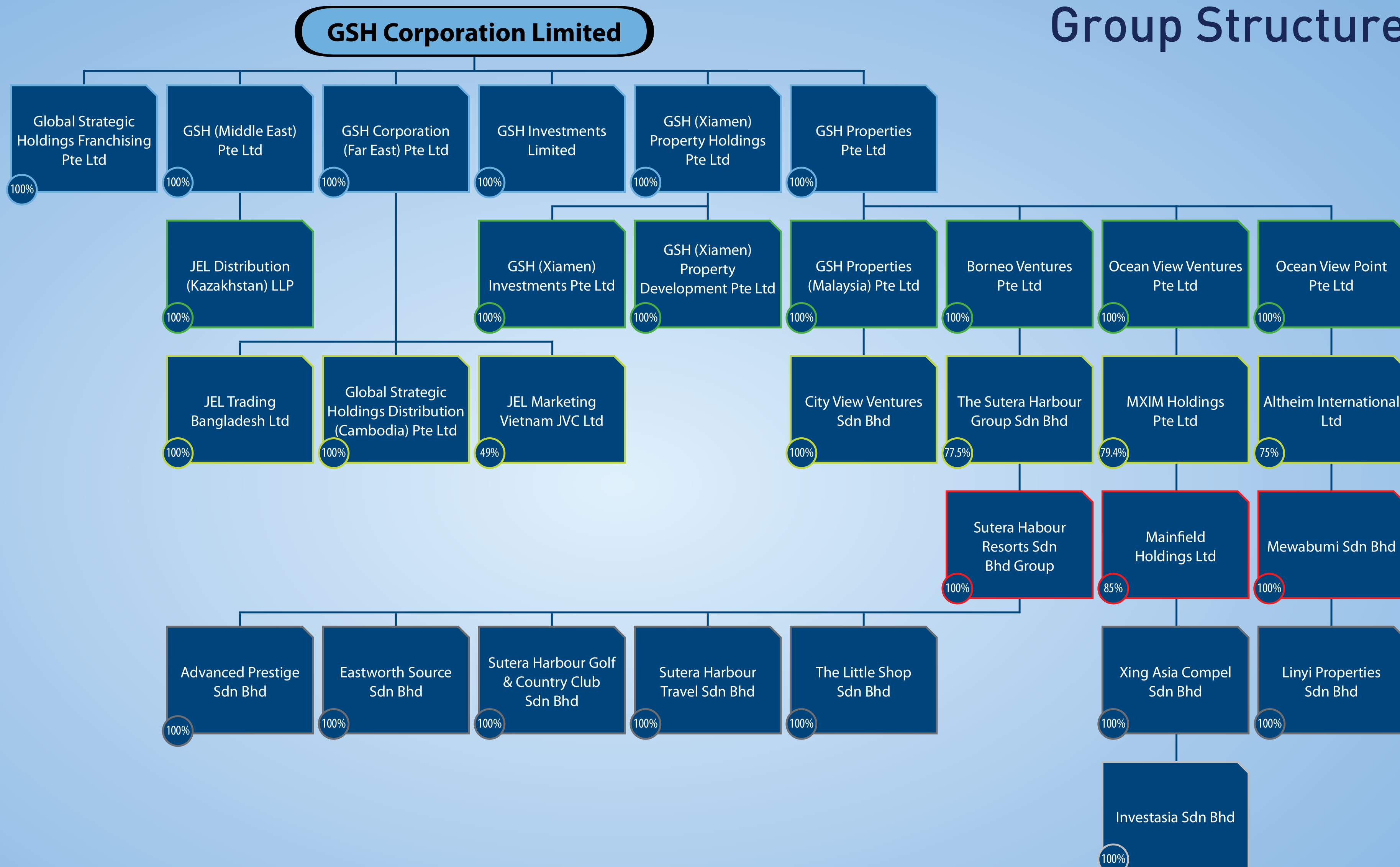
Kazakhstan
Tel: +7(727) 264 2222; 264 3504;
387 1567; 338 4163
Fax: +7(727) 264 6710

Group Structure



Corporate Governance Report and Financial Statements

Corporate Governance

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 4 Executive Directors, namely:

Non-Executive Independent Directors
Francis Lee Choon Hui, Vice Chairman
Michael Grenville Gray
Huang Lui

Non-Executive Non-Independent Director
Juliette Lee Hwee Khoon

Executive Directors
Sam Goi Seng Hui, Executive Chairman (effective from 1 January 2014)
Gilbert Ee Guan Hui, Chief Executive Officer
Ryo Kobayashi, Chief Operating Officer
Kenneth Goi Kok Ming, Executive Director

(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

- Translate the strategic directions stipulated by the Board, into tactical plans for operationalisation

- Overseeing operational activities led by the head of functions/divisions, to ensure it aligns with overall organizational 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

- Providing opportunities to grow senior leadership capabilities, to ensure a strong succession pipeline

- 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.

Shareholders of the Company with serious concerns that could have a material impact on the Group, for which contact through the normal channels of the Chairman or the CEO have failed to resolve, or is inappropriate, are able to contact the Audit Committee Chairman or members.

(c) Role of the Board of Directors

The Board is accountable to the shareholders, while the management is accountable to the Board.

The Board establishes a framework of prudent and effective controls, which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets; oversees the Company's affairs; and provides shareholders with a balanced and understandable assessment of the Company's performance, position and prospects, on a half yearly basis. This responsibility extends to interim and other price sensitive public reports, and reports to regulators (if required). With effect from financial year 2014, the Board has commenced quarterly reporting and will be responsible for the approval of the quarterly results announcements.

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 organizational 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; and

(v) Approving half yearly announcements and annual announcements and financial statements.

Corporate Governance

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 half yearly basis and often, as warranted by particular circumstances. The Company's Articles of Association 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 2013

	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
Name of Director	**Number Held**	**Attendance**	**Number Held**	**Attendance**	**Number Held**	**Attendance**	**Number Held**	**Attendance**
Sam Goi Seng Hui (1)	2	2	NA	NA	NA	NA	2	1
Francis Lee Choon Hui	2	2	2	2	2	2	2	2
Gilbert Ee Guan Hui	2	2	NA	NA	2	2	NA	NA
Juliette Lee Hwee Khoon (2)	2	2	2	2	NA	NA	NA	NA
Michael Grenville Gray	2	2	2	2	NA	NA	2	2
Huang Lui	2	2	2	2	2	2	2	2
Ryo Kobayashi	2	2	NA	NA	NA	NA	NA	NA
Kenneth Goi Kok Ming (3)	2	2	NA	NA	2	1	NA	NA

(1) Following the re-designation of Mr Sam Goi Seng Hui as Executive Chairman, he has resigned as a member of the Remuneration Committee, with effect from 1 January 2014, to comply with the composition mix for the Remuneration Committee, as recommended by the Code of Corporate Governance.

(2) Ms Juliette Lee Hwee Khoon was appointed as a member of the Remuneration Committee, in place of Mr Sam Goi, with effect from 1 January 2014.

(3) Mr Kenneth Goi Kok Ming has resigned as a member of the Nominating Committee, with effect from 1 January 2014, to comply with the composition mix for the Nominating Committee as recommended by the Code of Corporate Governance.

Newly appointed Directors, if any, will receive 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 participate in occasional seminars and 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.

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 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.

(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.

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, the following:

(i) Review of the Company's financial and operating results and accounting policies;

(ii) Review of the Company's internal audit processes and the external / internal auditors' reports;

(iii) Review of 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) Review of the co-operation given by the Management to the auditors;

(v) Review of the Company's audit plans and reports of the external auditors' examination and evaluation on the internal accounting control system;

(vi) Review of transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(vii) Review of the re-appointment of the external auditors;

(viii) Review of the Company's significant financial reporting issues and judgments; and

(ix) Review of any formal announcements relating to the Company's financial performance.

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 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 the two Non-Executive Independent Directors.

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.

Half-yearly 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.

During the year under review, the aggregate amount of fees paid to the external auditors for the audit and non-audit services amounted to US$140,000 and US$20,000 respectively.

The AC confirms that it has undertaken a review of all the non-audit services provided by the external auditors during the year and is satisfied that such services would not, in the AC's opinion, compromise the independence of the external auditors.

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

The AC has recommended to the Board that KPMG LLP be nominated for appointment as the external auditors for the financial year ending 31 December 2014, subject to the approval of shareholders at the forthcoming AGM scheduled to be held on 21 April 2014.

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.

The NC is primarily responsible for implementing a formal, transparent and objective procedure, for appointing Board members and for assessing the effectiveness of the Board as a whole and contributions by each individual Director, to the effectiveness of the Board.

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.

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.

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

Pursuant to Article 91 of the Company's Articles of Association ("AA"), every Director shall retire from office once every three years, at each Annual General Meeting ("AGM"), and for this purpose, Lee Choon Hui Francis, Ee Guan Hui Gilbert and Michael Grenville Gray shall retire from office by rotation, at the upcoming AGM.

Pursuant to Section 153(6) of the Companies Act, 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, Ms Huang Lui has offered to be re-appointed as a Director of the Company to hold office until the next AGM of the company, at the upcoming AGM.

The NC having satisfied itself that the above individual Directors, who are retiring pursuant to Article 91 of the Company's AA and re-appointment pursuant to Section 153(6) of the Companies Act, 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.

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. Mr Francis Lee has served on the Board for more than nine years since his first appointment as Director on 11 July 2003.

The NC recognises that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. After particular scrutiny, Mr Francis Lee 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 an 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 Mr Francis Lee 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 Mr Francis Lee by the NC, Mr Francis Lee had recused himself.

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

Corporate Governance

GSH CORPORATION LIMITED - Further Information on Board of Directors

Goi Seng Hui
Executive Chairman
Date of first appointment as a Director: 23 July 2012
Date of last re-election as a Director: 26 April 2013

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (April 2011 to April 2014)
Nil	Etika International Holdings Limited Super Group Ltd Tung Lok Restaurants (2000) Ltd Super Elite Holdings Pte Ltd ACE Speed Group Limited China World Agents Limited Guan Hui Food Enterprise Company Limited Acelink Logistics Pte Ltd Chinatown Food Corporation Pte Ltd Hydrex International Pte Ltd JHS Holding Pte Ltd Junhe Investment Pte Ltd JB Foods Ltd Maker Food Manufacturing Pte Ltd New Straits Holdings Pte Ltd Oregold Pte Ltd Ryushobo (S) Pte Ltd Singapore University of Technology and Design Sun Resources Holdings Pte Ltd T&T Gourmet Cuisine Pte Ltd Tan Kah Kee Foundation Tee Yih Jia Food Manufacturing Pte Ltd Twin Investment Pte Ltd TYJ Group Pte Ltd TYJ International Pte Ltd Tee Yih Jia Food Manufacturing Sdn Bhd Desaru Property Development Sdn Bhd Fujian Mingwei Food Enterprise Co., Ltd Fujian Guanhui Food Enterprise Co., Ltd Fujian Ryushobo Food Co., Ltd G City Limited Yangzhou Junhe Real Estate (Jiangsu) Co., Ltd Yangzhou Junhe Property Development Co., Ltd Tianjin Junhe Investment Co., Ltd Tianjin Junhe Industrial Corporation Ltd TYJ Holdings (HK) Ltd JSL Foods, Inc. Main on Foods (USA) Corp.	Jiangsu Care THW Real Estate Co., Ltd Jiangsu Hengshun Seasonings & Foods Co., Ltd Zhenjiang Gentle World Real Estate Co., Ltd Dominion International Asia Ltd Super Dragon Enterprises Limited Super Elite Group Limited Bright Films Pte Ltd Eduplus Holdings Pte Ltd Eduplus Language Centre Rediffusion (2012) Pte Ltd Junhe Real Estate (Jiangsu) Co., Ltd Smart Time Enterprise Limited TYJ Land Ltd

Corporate Governance

Francis Lee Choon Hui
Non-Executive Vice Chairman and Independent Director
Date of first appointment as a Director: 11 July 2003
Date of last re-election as a Director: 26 April 2011

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (April 2011 to April 2014)
Remuneration Committee (Chairman) Audit Committee Nominating Committee	Sunright Ltd Raffles Marina Ltd Raffles Marina Holdings Ltd Corporate Ventures Pte Ltd Corporate Ventures Intl Ltd PT. Toshiba Visual Media Network Indonesia PT. Hijau Lestari Raya Fibreboard Destination Anambas Pte Ltd Phillip Enterprise Fund Limited	Singapore Gems & Metals Co. (Pte) Ltd IndoBizInfo Pte Ltd

Gilbert Ee Guan Hui
Chief Executive Officer/Executive Director
Date of first appointment as a Director: 1 May 2007
Date of last re-election as a Director: 26 April 2011

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (April 2011 to April 2014)
Nominating Committee	GSH Corporation (Far East) Pte Ltd Global Strategic Holdings Franchising Pte Ltd GSH (Middle East) Pte Ltd GSH Distribution (Cambodia) Pte Ltd JEL Trading (Bangladesh) Ltd Solstice Investments Pte Ltd Europlastik Sdn Bhd Oxley JV Pte Ltd Solstice Development Pte Ltd S11 Group Co. Limited GSH Investments Limited SATCOM iCentre Ltd Investasia Sdn. Bhd. Xing Asia Impel Sdn Bhd. Mainfield Holdings Limited GSH (Xiamen) Property Holdings Pte Ltd GSH Properties Pte Ltd GSH (Xiamen) Investments Pte Ltd GSH (Xiamen) Property Development Pte Ltd GSH Properties (Malaysia) Pte Ltd Borneo Ventures Pte Ltd Ocean View Ventures Pte Ltd Ocean View Point Pte Ltd City View Ventures Sdn Bhd	JEL Distribution S.Africa (Pty) Ltd JEL Corporation (Africa) Pte Ltd

Michael Grenville Gray
Non-Executive Independent Director
Date of first appointment as a Director: 17 October 2007
Date of last re-election as a Director: 25 April 2012

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (April 2011 to April 2014)
Audit Committee (Chairman) Remuneration Committee	Avi-Tech Electronics Limited Ascendas Property Fund Trustee Pte Ltd VinaCapital Vietnam Opportunity Fund Limited Raffles Marina Holdings Ltd UON Singapore Pte Ltd Tras Street Property Investment Ltd TGY Property Investments Pte Ltd Asian Cruising Pte Ltd	Grand Banks Yachts Limited Song Hin Sdn Bhd

Kenneth Goi Kok Ming
Executive Director
Date of first appointment as a Director: 23 July 2012
Date of last re-election as a Director: 26 April 2013

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (April 2011 to April 2014)
Nil	Hanwell Holdings Ltd Acelink Logistics Pte Ltd Junhe Investment Pte Ltd Mandarin Food Manufacturing Pte Ltd Super Elite Holdings Pte Ltd Tee Yih Jia Food Manufacturing Pte Ltd Investasia Sdn. Bhd. Xing Asia Impel Sdn. Bhd Mainfield Holdings Limited GSH (Xiamen) Property Holdings Pte Ltd GSH Property Pte Ltd GSH (Xiamen) Investments Pte Ltd GSH (Xiamen) Property Development Pte Ltd GSH Properties (Malaysia) Pte Ltd Borneo Ventures Pte Ltd Ocean View Ventures Pte Ltd Ocean View Point Pte Ltd City View Ventures Sdn Bhd	Interchamp F&B Pte Ltd

Ryo Kobayashi
Chief Operating Officer/Executive Director
Date of first appointment as a director: 1 April 2009
Date of last re-election as a director: 26 April 2013

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (April 2011 to April 2014)
Nil	GSH Corporation (Far East) Pte Ltd Global Strategic Holdings Franchising Pte Ltd GSH (Middle East) Pte Ltd GSH Distribution (Cambodia) Pte Ltd JEL Trading (Bangladesh) Ltd GSH Investments Limited	Nil

Huang Lui
Non-Executive Independent Director
Date of first appointment as a Director: 23 August 2012
Date of last re-election as a Director: 26 April 2013

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (April 2011 to April 2014)
Nominating Committee (Chairman) Audit Committee Remuneration Committee	Dataquest Pte Ltd Superplates Pte Ltd	Nil

Lee Hwee Khoon Juliette
Non-Executive Non-Independent Director
Date of first appointment as a Director: 23 July 2012
Date of last re-election as a Director: 26 April 2013

Board Committee(s) served	Current Directorship(s)	Directorship(s) over the past 3 years (April 2011 to April 2014)
Audit Committee Remuneration Committee	Chinatown Food Corporation Pte Ltd Hongji Foods (2005) Pte Ltd JHS Holding Pte Ltd Junhe Investment Pte Ltd Maker Food Manufacturing 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 Twin Investment Pte Ltd TYJ International Pte Ltd Tee Yih Jia Food Manufacturing Sdn Bhd Fujian Mingwei Food Enterprise Co., Ltd G City Limited Fujian Guanhui Food Enterprise Co., Ltd Fujian Ryushobo Food Co., Ltd Yangzhou Junhe Real Estate Co., Ltd Yangzhou Junhe Property Development Co., Ltd Guan Hui Food Enterprise Company Limited Tianjin Junhe Industrial Corporation Ltd	Eduplus Holdings Pte Ltd Tung Lok Restaurants (2000) Ltd Xiamen I-Star Co., Ltd Dominion International Asia Ltd Super Elite Group Limited Oregold Pte Ltd Super Group Ltd Junhe Real Estate (Jiangsu) Co., Ltd

Remuneration Committee

The Remuneration Committee ("RC") comprises Francis Lee Choon Hui, Juliette Lee Hwee Khoon, Michael Grenville Gray 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 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.

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.

The Company has entered into Service Agreements with Gilbert Ee Guan Hui, Chief Executive Officer (CEO) for a fixed period of three years, with effect from 1 May 2007; Ryo Kobayashi, Chief Operating Officer for a fixed period of three years, with effect from 15 February 2008; and thereafter each renewable for fixed period of one year; Kenneth Goi Kok Ming, Executive Director, Business Development for a fixed period of three years, with effect from 1 September 2012, and thereafter renewable for a fixed period of one year, and Sam Goi Seng Hui, Executive Chairman for a fixed period of three years, with effect from 1 January 2014, 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 AA.

A breakdown showing the percentage mix of each individual Director's remuneration payable for financial year ended 31 December 2013 is as follows:

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

Name of Director	Base Salary and Allowances %	Bonus %	Directors' Fee %	Total %
Mr. Gilbert Ee Guan Hui (Chief Executive Officer)	77.8%	22.2%	0.0%	100.0%
Mr. Ryo Kobayashi (Chief Operating Officer)	93.2%	6.8%	0.0%	100.0%
Mr. Kenneth Goi Kok Ming (Executive Director, Business Development)	86.3%	13.7%	0.0%	100.0%

Less than S$250,000

Name of Director	Base Salary and Allowances %	Bonus %	Directors' Fee %	Total %
Mr. Sam Goi Seng Hui (Non-Executive Chairman, Redesignated as Executive Chairman on 1 January 2014)	0.0%	0.0%	100.0%	100.0%
Mr. Lee Choon Hui, Francis (Non-Executive Vice Chairman / Independent Director)	0.0%	0.0%	100.0%	100.0%
Ms. Juliette Lee Hwee Khoon (Non-Executive Director)	0.0%	0.0%	100.0%	100.0%
Mr. Michael Grenville Gray (Independent Director)	0.0%	0.0%	100.0%	100.0%
Ms. Huang Lui (Independent Director)	0.0%	0.0%	100.0%	100.0%

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 management personnel.

No key manager during the financial year ended 2013 was an immediate family member (as defined in the Listing Manual of the SGX-ST) of any Director of the Company.

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 the Company's expense.

3. **Risk Management and Internal Controls**

The Company does not have a Risk Management Committee. The Board is overall responsible for the governance of risk within the Group. It ensures that Management maintains a sound system of risk management and internal controls, to safeguard shareholders' interests and the company's assets, and determines the nature and extent of the significant risks which the Board is willing to take, in achieving its strategic business objectives.

Management had engaged RSM Ethos Pte Ltd ('RSM Ethos'), to perform an independent facilitator role in the risk assessment process. RSM Ethos had facilitated an Enterprise Risk Assessment to identify with Management, key risks for the Group that would impact the achievement of the Group's business objectives. The purpose of the risk assessment exercise was to highlight pertinent risks in strategic, operational, financial, regulatory compliance and IT areas, which would form the subsequent basis of the Group's risk management framework and manual. The risk management framework and manual will provide the architecture for managing risk across the Group and the guidelines for the risk management process, which would involve identifying, analyzing, evaluating, monitoring, treating and reporting risks, which are activities to be conducted as an in-house risk management function, on a continuing basis.

Management is responsible for ensuring that the risk identified across the aforementioned five areas, 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 Chief Executive Officer and the Group Financial Controller. The AC provides independent oversight to the effectiveness of the risk management process.

The external auditors, together with the internal auditors, conducted annual review of the effectiveness of the Group's key internal controls, including financial, operational and compliance controls and risk management. Any material non-compliance, or lapses in internal controls and recommendations for improvements, are reported to the AC. All required corrective, preventive, or measures for improvement, are closely monitored.

The effectiveness of the Group's system of internal controls, put in place to address the key financial, operational and compliance risks affecting the operations, are reviewed by the AC, together with the Board.

In compliance with 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 and compliance 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 Group Financial Controller 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 effectiveness of the Company's risk management and internal control systems.

4. Internal Audit

The internal audit function has been outsourced to an independent professional firm, RSM Ethos. They report functionally to the Chairman of the AC and administratively to the CEO. The scope of the internal audit reviews is:

(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;

(iv) To identify opportunities for improvement of internal controls.

The AC approves the hiring, removal, evaluation and compensation of the accounting/audit firm or corporation to which the internal audit function is outsourced. 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 its 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 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.

The Company's AA allows a shareholder to appoint one or two proxies, to attend and vote instead of the shareholder. The Company's AA currently does allow a shareholder to vote in absentia. Shareholders who put shares through nominees are allowed upon prior request through their nominees, to attend the general meeting of shareholders as observers, without being constrained by the two-proxy rule.

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.

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 the half year 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. As the number of shareholders who attend the meetings are not large, it is not cost effective to have all voting by poll, or by electronic polling. The results of all general meetings, are also announced through SGXNET on the same day.

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 a 30-day period, prior to the announcement of half-year, or annual 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.

7. Interested Person Transactions ("IPT")

The Group has established procedures for recording, reporting and reviewing and approving, interested person transactions. For financial year ended 2013, there was no material IPT.

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 Chief Executive Officer or any Director or controlling shareholders, subsisting at the end of the financial year ended 2013.

9. Cash Raised By The Company From The Issue Of Securities In The Past Two Years

On 7 March 2013, the Company issued 395,179,985 Subscription Shares to Skyven Growth Opportunities Fund Pte. Ltd. and Golden Super Holdings Limited and raised a net amount of US$30.1million (S$37.5million).

On 3 June 2013, the Company issued 4,942,590,125 Rights Shares and raised a net amount of US$194.6million (S$246.8million).

Status on the use of proceeds raised from the issue of securities in the past two years

Date	Type of Securities Issued	Net Proceeds Raised (S$ 'million)	Intended Use		Proceeds Used (S$ 'million)
			Description	(S$ 'million)	
17-Feb-12	Rights Issue	5.3	Discharge of debts	5.3	5.3
10-Jul-12	Issue of Subscription	13.8	Working Capital	5.8	5.8*
07-Mar-13	Issue of Subscription	37.5	Property and Construction Businesses	292.3	223.4**
03-Jun-13	Rights Issue	246.8			
		298.1		**298.1**	**10.0**

* - Proceeds were used entirely for the purchase of inventories

** - S$4.2m was used as deposits for land purchase, S$219.2m was used for the Sutera Harbour Resorts Group and Sutera Harbour land parcels acquisition/investment.

The proceeds which have been used were used for the intended purposes.

Directors' Report

The directors present their report to the members together with the audited consolidated financial statements of GSH Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 December 2013.

Directors

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

Sam Goi Seng Hui	-	Executive Chairman
Francis Lee Choon Hui	-	Non-Executive Vice Chairman and Independent Director
Ee Guan Hui, Gilbert	-	Chief Executive Officer
Lee Hwee Khoon, Juliette	-	Non-Executive Director
Michael Grenville Gray	-	Independent Director
Huang Lui	-	Independent Director
Ryo Kobayashi	-	Chief Operating Officer
Goi Kok Ming, Kenneth	-	Executive Director

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Direct interest		Deemed interest	
Name of director	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
The Company				
Ordinary shares				
Sam Goi Seng Hui	2,296,384,988	4,592,779,976	–	–
Ee Guan Hui, Gilbert	344,073,696	788,147,392	300,000,000	–

There was no change in the above mentioned interests between the end of the financial year and 21 January 2014.

Except as disclosed in this report, no other director who held office at the end of the financial year had an interest in shares or debentures of the Company, or of related corporations at the beginning or end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

On 11 July 2003, the shareholders approved a share option scheme, known as the GSH share option scheme (the "ESOS"). The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS will be administrated by the Remuneration Committee.

As at 31 December 2013, no options have been granted under the ESOS. The ESOS has also expired during the financial year.

Audit committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the half yearly results announcement and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual.

Directors' Report

Audit committee (cont'd)

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

On behalf of the Board of Directors,

Ee Guan Hui, Gilbert
Director

Ryo Kobayashi
Director

Singapore

14 March 2014

Statement by Directors

We, Ee Guan Hui, Gilbert and Ryo Kobayashi, being two of the directors of GSH Corporation Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying statements of financial position, statements of comprehensive income, statements of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results of the business, changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date, and

(ii) 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.

On behalf of the Board of Directors,

Ee Guan Hui, Gilbert
Director

Ryo Kobayashi
Director

Singapore

14 March 2014

Independent Auditor's Report

For the financial year ended 31 December 2013

Independent Auditor's Report to the Members of GSH Corporation Limited

Report on the financial statements

We have audited the accompanying financial statements of GSH Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 42 to 104, which comprise the statements of financial position of the Group and the Company as at 31 December 2013, and the statements of comprehensive income, statements of changes in equity of the Group and the Company and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity 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 state of affairs of the Group and of the Company as at 31 December 2013, and the results and changes in equity of the Group and of the Company, and cash flows of the Group for the year ended on that date.

Independent Auditor's Report

For the financial year ended 31 December 2013

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

14 March 2014

Statements of Comprehensive Income

For the financial year ended 31 December 2013

(Amounts in United States dollars)

	Note	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
Revenue	4	89,448	102,716	2,560	2,123
Cost of sales		(85,219)	(97,264)	–	–
Gross profit		4,229	5,452	2,560	2,123
Other operating income	5	1,006	4,775	1,233	1,378
Distribution and selling income/(expenses), net		439	719	(32)	(18)
Administrative expenses		(8,607)	(6,541)	(4,653)	(3,161)
Other expenses		(91)	(24)	(59)	–
(Loss)/profit from operations	6	(3,024)	4,381	(951)	322
Finance expenses	7	(316)	(101)	–	–
Finance income	7	2,173	33	1,367	–
(Loss)/profit before tax		(1,167)	4,313	416	322
Taxation	9	(7)	(14)	(7)	(2)
(Loss)/profit for the year attributable to owners of the Company		(1,174)	4,299	409	320
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation		(1)	2	–	–
Item that will not be reclassified to profit or loss					
Net surplus on revaluation of leasehold office building		773	–	–	–
Total other comprehensive income for the year		772	2	–	–
Total comprehensive income attributable to owners of the Company		(402)	4,301	409	320
(Loss)/profit per share (cents per share)					
Basic	28	(0.01)	0.09		
Diluted	10	(0.02)	0.14		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2013

(Amounts in United States dollars)

	Note	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	4,011	3,299	–	–
Subsidiaries	12	–	–	148	148
Associates	13	6	6	–	–
Trademarks	14	–	–	–	–
Deferred tax assets	15	140	140	–	–
		4,157	3,445	148	148
Current assets					
Investment securities	16	6	442	–	436
Inventories	17	6,337	8,387	–	–
Trade receivables	18	5,422	3,479	–	–
Other receivables	19	28,102	2,216	2,001	840
Other current assets	20	868	771	52	86
Due from subsidiaries (trade)	21	–	–	12,260	12,478
Due from subsidiaries (non-trade)	21	–	–	188,422	1,282
Cash and fixed deposits	22	373,486	11,775	200,166	21
		414,221	27,070	402,901	15,143
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	23	321	41	–	–
Other payables and accruals	24	2,141	2,217	773	582
Provision for taxation		134	136	–	–
Loans and borrowings	25	164,316	1,293	162,100	–
Finance lease obligations	26	18	18	–	–
Derivative financial liabilities	27	385	–	385	–
		167,315	3,705	163,258	582
Net current assets		246,906	23,365	239,643	14,561
Non-current liability					
Finance lease obligations	26	22	40	–	–
Net assets		251,041	26,770	239,791	14,709
Equity attributable to owners of the Company					
Share capital	28	263,449	38,776	263,449	38,776
Accumulated losses		(16,075)	(14,901)	(23,658)	(24,067)
Other reserves	29	3,667	2,895	–	–
Total equity		251,041	26,770	239,791	14,709

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2013

(Amounts in United States dollars)

	Attributable to owners of the Company						
	Share capital (Note 28) US$'000	Accumulated losses US$'000	Capital reserve (Note 29) US$'000	Asset revaluation reserve (Note 29) US$'000	Translation reserve (Note 29) US$'000	Other reserves, total US$'000	Total US$'000
Group							
At 1 January 2012	20,531	(18,170)	601	2,771	(1,326)	2,046	4,407
Profit for the year	–	4,299	–	–	–	–	4,299
Issuance of new shares	18,017	–	–	–	–	–	18,017
Transfer due to change in functional and presentation currency	228	(1,030)	–	(374)	1,221	847	45
<u>Other comprehensive income:</u>							
Foreign currency translation	–	–	–	–	2	2	2
Other comprehensive income for the year, net of tax	–	–	–	–	2	2	2
Total comprehensive income for the year	228	3,269	–	(374)	1,223	849	4,346
At 31 December 2012	38,776	(14,901)	601	2,397	(103)	2,895	26,770
Issuance of new shares	224,673	–	–	–	–	–	224,673
Loss for the year	–	(1,174)	–	–	–	–	(1,174)
<u>Other comprehensive income:</u>							
Foreign currency translation	–	–	–	–	(1)	(1)	(1)
Net surplus on revaluation of leasehold office building	–	–	–	773	–	773	773
Other comprehensive income for the year, net of tax	–	–	–	773	(1)	772	772
Total comprehensive income for the year	–	(1,174)	–	773	(1)	772	(402)
At 31 December 2013	263,449	(16,075)	601	3,170	(104)	3,667	251,041

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2013

(Amounts in United States dollars)

	Share capital (Note 28)	Accumulated losses	Translation reserve	Total
	US$'000	US$'000	US$'000	US$'000
Company				
At 1 January 2012	20,531	(24,184)	78	(3,575)
Issuance of new shares	18,017	–	–	18,017
Profit for the year, representing total comprehensive income for the year	–	320	–	320
Transfer due to change in functional and presentation currency	228	(203)	(78)	(53)
At 31 December 2012	38,776	(24,067)	–	14,709
Issuance of new shares	224,673	–	–	224,673
Profit for the year, representing total comprehensive income for the year	–	409	–	409
At 31 December 2013	263,449	(23,658)	–	239,791

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2013

(Amounts in United States dollars)

	Note	2013	2012
		US$'000	US$'000
Cash flows from operating activities			
(Loss)/profit before tax		(1,167)	4,313
Adjustments:			
Depreciation of property, plant and equipment	11	224	313
Allowance for doubtful trade receivables	18	4	2
Allowance for inventory obsolescence	17	28	22
Net fair value gain on quoted investments	6	–	(163)
Loss/(gain) on disposal of quoted investments	6	60	(10)
(Gain)/loss on disposal of property, plant and equipment	6	(38)	14
Net gain on extinguishment of debts	5	–	(3,610)
Finance expenses	7	316	101
Finance income	7	(2,173)	(33)
Unrealised fair value loss on derivative financial liabilities	27	385	–
		(2,361)	949
Operating cash flows before changes in working capital			
Decrease/(increase) in current assets:			
Inventories		2,022	(2,550)
Trade receivables		(1,947)	(835)
Other receivables, deposits and prepayments		(24,615)	(353)
Increase/(decrease) in current liabilities:			
Trade payables		280	6
Other payables and accruals		(76)	(726)
		(26,697)	(3,509)
Cash used in operations			
Tax paid		(9)	(23)
Finance expenses paid		(316)	(101)
Exchange differences		(1)	64
Net cash used in operating activities		(27,023)	(3,569)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(182)	(119)
Finance income received		805	33
Proceeds from disposal of property, plant and equipment		57	4
Proceeds from disposal of quoted investments		376	16
Net cash generated from/(used in) investing activities		1,056	(66)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2013

	Note	2013	2012
		US$'000	US$'000
Cash flows from financing activities			
Increase in fixed deposits pledged		(200,027)	–
Proceeds from rights shares and issue of new shares		224,673	14,965
Proceeds from loan		162,100	3,834
Repayment of finance lease obligations		(18)	(18)
Proceeds from trust receipts		923	1,293
Repayment of loans and borrowings		–	(7,259)
Net cash generated from financing activities		187,651	12,815
Net increase in cash and cash equivalents		161,684	9,180
Cash and cash equivalents at beginning of the year		11,534	2,354
Cash and cash equivalents at end of the year	22	173,218	11,534

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a limited liability company which is domiciled and incorporated in the Republic of Singapore with its registered office and business office located at GSH Centre, 11 Changi North Way, Singapore 498796. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries and associates are disclosed in Notes 12 and 13 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (USD or US$) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Accordingly to the transition provisions of FRS 113 Fair Value Measurement, FRS 113 has been applied prospectively by the Group on 1 January 2013.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Revised FRS 27 Separate Financial Statements	1 January 2014
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2014
FRS 110 Consolidated Financial Statements	1 January 2014
FRS 111 Joint Arrangements	1 January 2014
FRS 112 Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
INT FRS 121 Levies	1 January 2014
Amendments to FRS 19: Defined Benefit Plans: Employee Contributions	1 July 2014

Except for FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 112 is described below.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in 2014.

2. Summary of significant accounting policies (cont'd)

2.4 Foreign currency

The financial statements are presented in US Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations

(a) *Basis of consolidation*

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations (cont'd)

(a) *Basis of consolidation (cont'd)*

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

(b) *Business combinations*

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations (cont'd)

(b) *Business combinations (cont'd)*

Business combinations from 1 January 2010 (cont'd)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.9(b). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 January 2010

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.6 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2. Summary of significant accounting policies (cont'd)

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in statement of comprehensive income.

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Leasehold office buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold office buildings at the end of the reporting period.

Any revaluation surplus is recognised directly in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that 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 the statement of changes in equity on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture, equipment and fittings	5 years
Motor vehicles	5 years
Machinery	5 years
Computers	5 years

Leasehold office building is depreciated over the remaining lease period ending 30 April 2019.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets

(a) *Trademarks*

Cost relating to trademarks, which are acquired, are stated at cost less accumulated amortisation and impairment loss, if any. Trademarks are amortised through profit or loss on a straight line basis over 5 years. They are assessed for impairment whenever there is indication that the trademarks may be impaired.

The amortisation period and the amortisation method for trademarks are reviewed at least at each financial year-end. The amortisation expense on trademarks is recognised in profit or loss through the 'administrative expenses' line item.

(b) *Goodwill*

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

<u>Subsequent measurement</u>

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(iv) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(b) *Financial liabilities (cont'd)*

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise unpledged fixed deposits and cash and bank balances. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Fixed deposits and cash and bank balances carried in the statement of financial position are classified and accounted for as loans and receivables. The accounting policies for this category of financial instruments are stated in Note 2.11.

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Summary of significant accounting policies (cont'd)

2.14 Inventories

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost includes costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.15 Loans and borrowings

Loans and borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

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

2.16 Borrowing costs

Borrowing costs are capitalised as part of a qualifying asset if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related services is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21 (d).

2. Summary of significant accounting policies (cont'd)

2.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Rental income*

Rental income derived from the sublet of property is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2.22 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (cont'd)

2.25 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3. Significant accounting judgments and estimates (cont'd)

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's deferred tax assets and unrecognised tax losses carried forward is disclosed in Note 15 to the financial statements.

3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(b) *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) *Revaluation of property, plant and equipment*

The Group carries its leasehold building at fair value, with changes in fair values being recognised in other comprehensive income respectively.

The fair value of the leasehold building is determined by independent real estate valuation experts using an income capitalisation approach with the market comparable approach used as a cross check.

The determination of the fair value of leasehold office building require the use of estimates such as future cash flows from assets (such as lettings, future revenue streams, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date.

The carrying amount and key assumptions used to determine the fair value of the leasehold building is further explained in Note 32.

(d) *Useful lives of property, plant and equipment*

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of furniture, equipment and fittings, motor vehicles, machinery and computers to be 5 years. Leasehold office building is depreciated over the remaining lease period ending 30 April 2019.

The carrying amount of the Group's property, plant and equipment at 31 December 2013 is US$4,011,000 (2012: US$3,299,000). Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. Revenue

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Sale of goods	89,448	102,716	–	–
Management fee from subsidiaries	–	–	2,560	2,123
	89,448	102,716	2,560	2,123

5. Other operating income

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Rental income	913	840	1,219	1,158
Net fair value gain on quoted investment	–	163	–	163
Gain on disposal on quoted investment	–	10	–	10
Net gain on extinguishment of debts *	–	3,610	–	–
Other miscellaneous income	93	152	14	47
	1,006	4,775	1,233	1,378

* On 24 July 2009, the Company and its subsidiary, GSH Corporation (Far East) Pte Ltd "GCFE" entered into a Debt Restructuring Agreement ("DRA") with its Lenders to restructure all bills payable into a Convertible Restructured Term Loan ("RTL") and a Convertible Revolving Credit Facility ("RCF"). The DRA was subject to annual renewal and was not renewed.

The Company had, on 24 September 2010, filed an application to the Singapore High Court to propose a Scheme of Arrangement ("Scheme") between GCFE and its Lenders to restructure its liabilities, which included a discharge of a certain amount of the Group's debts. On 25 April 2011, the Company met with the Scheme Lenders, where the Lenders unanimously approved the Scheme. On 24 May 2011, the Singapore High Court sanctioned and approved the Scheme under Section 210(3) of the Companies Act.

In 2012, the Group repaid the Scheme Lenders an amount of US$6.5 million, and consequently the Scheme Lenders discharged all remaining contractual debts owing by the Group. As a result of the discharge of all the remaining contractual debts, a net gain on extinguishment of debts of US$3.6 million was recognised in the statements of comprehensive income.

6. (Loss)/profit from operations

This is determined after charging/(crediting) the following:

		Group		Company	
	Note	2013	2012	2013	2012
		US$'000	US$'000	US$'000	US$'000
Audit fees:					
- Auditors of the Company					
- Current year		140	128	48	46
- Under accruals in prior year		5	5	3	–
Non-audit fees:					
- Auditors of the Company					
- Current year		20	17	3	5
- Other auditors					
- Current year		22	21	8	21
- Over accruals in prior year		(14)	–	–	–
Amortisation and depreciation		224	313	–	–
Directors' fees		208	173	208	173
Directors' remuneration		795	646	795	646
(Gain)/loss on disposal of property, plant and equipment		(38)	14	–	–
Net foreign exchange loss/(gain)		389	(450)	55	(320)
Personnel expenses *	8	4,211	3,436	2,179	1,597
Allowance for doubtful debts		4	2	–	–
Net fair value gain on quoted investments		–	(163)	–	(163)
Loss/(gain) on disposal of quoted investments		60	(10)	60	(10)
Allowance for inventory obsolescence		28	22	–	–
Rental expenses		1,232	1,197	943	903
Unrealised fair value loss on derivative financial liabilities	27	385	–	385	–

* Personnel expenses include directors' remuneration

7. (Finance expenses)/finance income

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Finance expenses				
- finance lease obligations	(3)	(3)	–	–
- loans and borrowings	(309)	(98)	–	–
- trust receipts	(4)	–	–	–
	(316)	(101)	–	–
Finance income				
- fixed deposits	2,170	33	1,367	–
- current accounts	3	–	–	–
	2,173	33	1,367	–

8. Personnel expenses

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Personnel expenses (including directors' remuneration):				
Wages, salaries and bonuses	3,296	2,759	1,721	1,294
Defined contribution plans	211	154	92	72
Other personnel expenses	704	523	366	231
	4,211	3,436	2,179	1,597

9. Taxation

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Current income tax				
- current year	7	–	7	–
- under provision in respect of prior years	–	14	–	2
Income tax expense	7	14	7	2

9. Taxation (cont'd)

A reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 is as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
(Loss)/profit before tax	(1,167)	4,313	416	322
Tax at the domestic rates applicable to profits in the countries where the Group operates [1]	(91)	844	71	55
Adjustments:				
Non-deductible expenses	156	31	–	14
Income not subject to tax	(65)	(625)	(64)	–
Benefits from previously unrecognised tax losses	(88)	(213)	–	–
Deferred tax assets not recognised	95	8	–	–
Under provision in respect of prior years	–	14	–	2
Others	–	(45)	–	(69)
Income tax expense recognised in profit or loss	7	14	7	2

1 The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2013	**2012**
	US$'000	US$'000
(Loss)/profit net of tax attributable to owners of the Company used in the computation of diluted earnings per share	(1,174)	4,299
	No. of shares	**No. of shares**
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation	7,742,980	3,000,897

11. Property, plant and equipment

	At fair value	At cost				
	Leasehold office building	Furniture, equipment and fittings	Motor vehicles	Machinery	Computers	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost or fair value						
At 1 January 2012	4,727	1,088	620	84	170	6,689
Additions	–	68	35	1	15	119
Disposals	–	(24)	(40)	–	(70)	(134)
Translation difference	(1)	–	1	–	–	–
At 31 December 2012	4,726	1,132	616	85	115	6,674
Additions	–	93	84	–	5	182
Disposals	–	(16)	(92)	–	(13)	(121)
Write off	–	(630)	(4)	–	–	(634)
Revaluation surplus	773	–	–	–	–	773
Adjustment on revaluation of leasehold office building	(1,793)	–	–	–	–	(1,793)
At 31 December 2013	3,706	579	604	85	107	5,081
Accumulated depreciation						
At 1 January 2012	1,471	1,014	474	84	135	3,178
Charge for the year	215	37	48	–	13	313
Disposals	–	(19)	(40)	–	(57)	(116)
Translation difference	(1)	(1)	9	–	(7)	–
At 31 December 2012	1,685	1,031	491	84	84	3,375
Charge for the year	108	44	59	–	13	224
Disposals	–	(15)	(75)	–	(12)	(102)
Write off	–	(630)	(4)	–	–	(634)
Elimination of accumulated depreciation on revaluation	(1,793)	–	–	–	–	(1,793)
As at 31 December 2013	–	430	471	84	85	1,070
Net carrying amount						
As at 31 December 2013	3,706	149	133	1	22	4,011
As at 31 December 2012	3,041	101	125	1	31	3,299

11. Property, plant and equipment (cont'd)

Revaluation of leasehold office building

The Group engaged Cluttons LLC, an accredited independent valuer to determine the fair value of the leasehold office building. The date of the valuation was 31 December 2013 (2012: 31 December 2012).

Fair value of the leasehold office building was determined by using the income capitalisation approach with the market comparable approach used as a cross check.

The income capitalisation approach used by the valuer is based on dividing projected rental income streams based on market and transactional evidence, adjusted for difference in the nature, location or condition of the property, by a capitalisation rate.

The valuation is based on the asset's highest and best use, which is in line with their actual use.

Details of the significant inputs used are disclosed in Note 32 of the financial statements.

The leasehold office building has been valued at AED13.6 million (2012: AED12.0 million) (2013: US$3.71 million, 2012: US$3.27 million equivalent).

The Group had not revalued the leasehold office building as at 31 December 2012 as the fair value of the leasehold office building did not differ materially from the net carrying amount of the leasehold office building.

The leasehold office building was revalued to US$3.71 million as at 31 December 2013 and a surplus of US$773,000 was recorded in other comprehensive income for the year ended 31 December 2013.

Had the leasehold office building been measured using the cost model, the carrying amounts would be as follows:

	Group	
	2013	**2012**
	US$'000	US$'000
Cost	2,320	2,320
Accumulated depreciation	(281)	(252)
Net carrying value	2,039	2,068

Assets held under finance leases

The net book value of motor vehicles of the Group acquired under finance leases amounted to approximately US$37,000 (2012: US$67,000) as at 31 December 2013.

Leased assets are pledged as security for the related finance lease liabilities.

12. Subsidiaries

		Company	
		2013	2012
		US$'000	US$'000
(a)	Unquoted equity shares, at cost		
	At beginning of the year	3,739	3,722
	Investment in subsidiaries	– *	17
		3,739	3,739
	Impairment loss	(3,591)	(3,591)
	At end of the year	148	148

* Investment in subsidiaries made in the year amounted to less than US$1,000

(b) Details of the subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation	Equity held by the Group 2013 %	Equity held by the Group 2012 %
*	GSH Corporation (Far East) Pte Ltd	Trading and distribution of fast moving consumer goods, IT, photographic and timepiece products	Singapore	100	100
*	GSH (Middle East) Pte Ltd	Trading and distribution of fast moving consumer goods, consumer electronic, IT and photographic products	British Virgin Islands	100	100
*	Global Strategic Holdings Franchising Pte Ltd	Investment and intellectual property holding	Singapore	100	100
**	GSH Investments Limited	Investment holding (dormant)	Hong Kong	100	100
**	GSH Distribution (Cambodia) Pte Ltd	Trading and distribution of fast moving consumer goods, consumer electronic, IT and photographic products	Cambodia	100	100
**	JEL Distribution (Kazakhstan) LLP	Trading and distribution of fast moving consumer goods, IT and photographic products	Kazakhstan	100	100

12. Subsidiaries (cont'd)

(b) Details of the subsidiaries are as follows: (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Equity held by the Group 2013 %	Equity held by the Group 2012 %
**	JEL Trading Bangladesh Ltd	Distribution of IT products (dormant)	Bangladesh	100	100
**	JEL Marketing Asia Pte Ltd	Investment holding (dormant)	British Virgin Islands	100	100
**	JEL Marketing Central Asia Pte Ltd	Investment holding (dormant)	British Virgin Islands	100	100
(1) #	GSH (Xiamen) Property Holdings Pte Ltd	Investment holding (dormant)	Singapore	100	–
(1) #	GSH (Xiamen) Property Development Pte Ltd	Investment holding (dormant)	Singapore	100	–
(1) #	GSH (Xiamen) Investments Pte Ltd (formerly known as GSH (Xiamen) Hotel Development Pte Ltd	Investment holding (dormant)	Singapore	100	–
(1) *	GSH Properties Pte Ltd (formerly known as GSH (Longhai) Property Holdings Pte Ltd	Investment holding	Singapore	100	–
(1) *	GSH Properties (Malaysia) Pte Ltd (formerly known as GSH (Longhai) Property Development Pte Ltd	Investment holding	Singapore	100	–
(1)#	City View Ventures Sdn Bhd	Investment holding	Malaysia	100	–
(1)#	Borneo Ventures Pte Ltd	Investment holding	Singapore	100	–

12. Subsidiaries (cont'd)

(b) Details of the subsidiaries are as follows: (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Equity held by the Group 2013 %	Equity held by the Group 2012 %
(1)#	Ocean View Ventures Pte Ltd	Investment holding	Singapore	100	–
(1)#	Ocean View Point Pte Ltd	Investment holding	Singapore	100	–

* Audited by Ernst & Young LLP, Singapore

** Exempt from preparing audited financial statements by the laws of country of incorporation

(1) Incorporated during the year

\# Exempt from preparing audited financial statements as the company is in its first year of incorporation

13. Associates

	Group 2013 US$'000	Group 2012 US$'000
Unquoted shares, at cost	23	23
Share of post-acquisition reserves	(17)	(17)
	6	6

Name of associate	Country of incorporation	Principal activities	Equity held by the Group 2013 %	Equity held by the Group 2012 %
JEL Marketing Vietnam JVC Ltd *	Vietnam	Distribution of photographic and IT products	49	49

* Exempt from preparing audited financial statements by the laws of country of incorporation

13. Associates (cont'd)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group is as follows:

	Group	
	2013	**2012**
	US$'000	US$'000
Assets and liabilities:		
Total assets	11	11
Total liabilities	(8)	(8)
Results:		
Revenue	–	–
Loss for the year	–	–

14. Trademarks

	Group	**Company**
	US$'000	US$'000
Cost		
As at 1 January 2012, 31 December 2012 and 31 December 2013	45	8
Accumulated amortisation		
As at 1 January 2012	45	8
Amortisation for the year	–	–
As at 31 December 2012 and 1 January 2013	45	8
Amortisation for the year	–	–
As at 31 December 2013	45	8
Net carrying value		
As at 31 December 2013	–	–
As at 31 December 2012	–	–

15. Deferred tax assets

	Group	
	2013	**2012**
	US$'000	US$'000
At 1 January and 31 December	140	140
Deferred tax assets		
- allowance for doubtful trade receivables	2	2
- allowance for inventory obsolescence	39	39
- excess of tax written down value over net book value of property, plant and equipment	62	30
- unabsorbed tax losses	37	69
	140	140

Unrecognised tax losses

At 31 December 2013, the Group has unrecognised tax losses of approximately US$14,982,000 (2012: US$15,498,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets have been recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

As at the end of the reporting period, no deferred tax liability (2012: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries of the Group as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future.

16. Investment securities

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Financial assets at fair value through profit or loss				
Quoted equity investment, at fair value	–	436	–	436
Available-for-sale financial assets				
Unquoted equity investment, at cost	6	6	–	–
	6	442	–	436

The fair values of available-for-sale investment in unquoted shares cannot be reliably measured and that the net assets approximate the recoverable amounts. Accordingly, such investment is stated at cost less impairment in recoverable value.

17. Inventories

	Group 2013 US$'000	Group 2012 US$'000
Finished goods	6,337	8,387
Finished goods at net realisable value is stated after deducting allowance for inventory obsolescence	462	521
Movements in allowance for inventory obsolescence:		
At 1 January	521	616
Charged during the year	28	22
Write-off against allowance	(87)	(117)
At 31 December	462	521

18. Trade receivables

	Group 2013 US$'000	Group 2012 US$'000
Trade receivables – nominal amounts	2,355	2,509
Amount due from a related party	3,265	1,164
Less: allowance for doubtful receivables	(198)	(194)
	5,422	3,479

Trade receivables are non-interest bearing and are generally on 30 to 120 days' (2012: 30 to 120 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group has trade receivables amounting to US$1,714,000 (2012: US$1,482,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group 2013 US$'000	Group 2012 US$'000
Trade receivables past due:		
Less than 6 months	1,621	1,385
6 to 18 months	51	18
Above 18 months	42	79
	1,714	1,482

18. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2013	**2012**
	US$'000	US$'000
Movement in allowance for doubtful receivables:		
At 1 January	194	268
Charged during the year	4	2
Write-off against allowance	–	(76)
At 31 December	198	194

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade receivables denominated in foreign currency as at 31 December is as follows:

	Group	
	2013	**2012**
	US$'000	US$'000
Singapore Dollars	159	109

19. Other receivables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Other receivables	3,271	1,352	2,000	27
Deposits	24,831	864	1	813
	28,102	2,216	2,001	840

Deposits

The Group has paid US$24,787,000 (2012: nil) as deposits as part of the terms for the investments in the property development business that are pending completion as at 31 December 2013.

20. Other current assets

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Advances to suppliers	649	501	–	–
Prepayment	219	270	52	86
	868	771	52	86

21. Due from subsidiaries

	Company	
	2013	**2012**
	US$'000	US$'000
Amounts due from subsidiaries (trade)	20,393	20,611
Less: Allowance for doubtful receivables	(8,133)	(8,133)
	12,260	12,478
Amounts due from subsidiaries (non-trade)	188,432	1,292
Less: Allowance for doubtful receivables	(10)	(10)
	188,422	1,282

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

22. Cash and fixed deposits

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand	4,536	5,028	139	21
Fixed deposits	368,950	6,747	200,027	–
Cash and fixed deposits	373,486	11,775	200,166	21

(a) *Cash at banks and on hand*

Cash at banks earns interest at floating rates based on daily deposit rates.

22. Cash and fixed deposits (cont'd)

(b) *Fixed deposits*

The Company entered into an investment structure with a one year maturity with one of its bankers during the year, in which the Company placed Singapore Dollars denominated funds with the bank and was converted into US Dollars denominated funds to be placed into fixed deposit amounting to US$200,027,000 (2012: nil). As part of the investment structure, the Company entered into forward exchange contracts to convert the US Dollars denominated fixed deposit with its interest element earned, back into Singapore Dollars denominated funds upon maturity of the fixed deposit with the bank.

The investment structure also involved the Company taking up short term borrowings from the bank with an outstanding balance amounting to US$162,100,000 (2012: nil) as at 31 December 2013.

Details of bank borrowings and forward foreign exchange contracts taken up by the Company are disclosed in Note 25 and Note 27 of the financial statements respectively.

The maturity of the fixed deposits held by the Group vary between three months and one year and earn interest ranging from 0.55% - 1.2% (2012: 2%) per annum.

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period.

	Group	
	2013	**2012**
	US$'000	US$'000
Fixed deposits	368,950	6,747
Cash at banks and on hand	4,536	5,028
	373,486	11,775
Less: Fixed deposits pledged	(200,268)	(241)
	173,218	11,534

As at 31 December 2013, fixed deposits includes bank deposits amounting to approximately US$241,000 (2012: US$241,000) which are pledged to banks for security against non-payment of custom duties and staff salaries of the subsidiary and US$200,027,000 (2012: nil) which are pledged to banks as security for credit facilities obtained from the bank.

Cash and fixed deposits denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Singapore Dollars	33,356	7,097	31	20
UAE Dirhams	504	309	–	–
Others	38	55	–	–
	33,898	7,461	31	20

23. Trade payables

Trade payables are non-interest bearing and normally settled on 60 to 90 days (2012: 60 to 90 days) terms.

Trade payables denominated in foreign currencies as at 31 December is as follows:

	Group	
	2013	2012
	US$'000	US$'000
Singapore Dollars	27	25
Japanese Yen	17	–
	44	25

24. Other payables and accruals

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Other payables	443	318	346	190
Accrued operating expenses	1,491	1,644	427	392
Advances from customers	207	255	–	–
	2,141	2,217	773	582

25. Loans and borrowings

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Current				
Trust receipts	2,216	1,293	–	–
Bank borrowings	162,100	–	162,100	–
	164,316	1,293	162,100	–

(a) *Trust receipts*

As at the balance sheet date, the unsecured trust receipts of a subsidiary amounting to US$2,216,000 (2012: US$1,293,000) are supported by corporate guarantees given by the Company.

The effective interest rate of the trust receipts is 2.15% (2012: 2.5%).

25. Loans and borrowings (cont'd)

(b) *Bank borrowings*

Bank borrowings have been taken up by the Company as part of an investment structure with one of its bankers. The loan is denominated in USD, bears interest at 0.4% – 0.5% (2012: nil) per annum, repayable within the next 12 months and is secured by a charge over fixed deposit placed with the bank.

Details of the investment structure are disclosed in Note 22 of the financial statements.

26. Finance lease obligations

The Group has finance leases for certain motor vehicles (Note 11). The lease periods range from 1 to 5 years with options to purchase at the end of the lease term. The average discount rate implicit in the leases is approximately 2.28% (2012: 2.28%) per annum. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	Total minimum lease payments	**Present value of payments**	**Total minimum lease payments**	**Present value of payments**
	2013	**2013**	**2012**	**2012**
	US$'000	US$'000	US$'000	US$'000
Not later than one year	20	18	20	18
Later than one year but not later than five years	25	22	46	40
Total minimum lease payments	45	40	66	58
Less: Amounts representing finance charges	(5)	–	(8)	–
Present value of minimum lease payments	40	40	58	58

The finance lease obligation is denominated in Singapore Dollars.

27. Derivative financial liabilities

	Group and Company	
	2013	**2012**
	US$'000	US$'000
Forward foreign exchange contracts	385	–

The Company has entered into forward foreign exchange contracts with one of its bankers during the year as part of an investment structure.

27. Derivative financial liabilities (cont'd)

Details of the investment structure are disclosed in Note 22 of the financial statements.

As at 31 December 2013, the fair value of the Company's forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturity of the contracts. Changes in fair value of the currency derivatives amounting to a loss of US$385,000 (2012: nil) have been included in the statements of comprehensive income during the year.

As at 31 December, the contractual amount of outstanding forward foreign exchange contracts to the Company is committed are as follows:

	Group and Company	
	2013	**2012**
	$	$
Forward foreign exchange contracts		
- Singapore Dollar	254,679,424	–

28. Share capital

	Group and Company			
	2013		**2012**	
	No. of shares	US$'000	No. of shares	US$'000
Issued and fully paid ordinary shares:				
At 1 January	4,547,410,140	38,776	395,179,985	20,531
Issuance of shares arising from:				
- Rights issue	4,942,590,125	194,591	1,580,719,940	4,132
- New shares issue	395,179,985	30,082	2,000,000,000	10,833
- Conversion from term loan	–	–	571,510,215	3,052
Transfer due to change in functional and reporting currency	–	–	–	228
At 31 December	9,885,180,250	263,449	4,547,410,140	38,776

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Rights Issue

On 3 June 2013, the Company has issued 4,942,590,125 Right Shares and raised a net amount of US$194,591,000.

New Shares Issue

On 7 March 2013, the Company issued 210,526,216 new ordinary shares to Skyven Growth Opportunities Fund Pte Ltd and 184,653,669 new ordinary shares to Golden Super Holdings Limited and raised a net amount of US$30,082,000.

29. Other reserves

(a) Capital reserve

The capital reserve arose from acquisition of subsidiaries in prior years.

(b) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of leasehold office building, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(c) Translation reserve

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

30. Commitments and contingencies

(a) Non-cancellable operating lease commitments – As lessor

The Group has entered into commercial property sub-leases on its leased property. These non-cancellable leases have remaining non-cancellable lease terms of between 1 to 7 years (2012: 1 to 3 years).

Future minimum lease receivables under non-cancellable leases as of 31 December are as follows:

	Group	
	2013	**2012**
	US$'000	US$'000
Not later than one year	782	723
Later than one year but not later than five years	3,779	123
Later than five years	679	–
	5,240	846

(b) Non-cancellable operating lease commitments – As lessee

The Group has various operating lease agreements in respect of offices, warehouse and staff accommodation. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 7 years (2012: 1 and 6 years). Most leases contain renewable options. Lease terms do not contain restrictions on the Company's activities concerning dividends, additional debt or further leasing. Minimum lease payments recognised as an expense in statement of comprehensive income for the financial year ended 31 December 2013 amounted to US$1,232,000 (2012: US$1,197,000).

30. Commitments and contingencies (cont'd)

(b) Non-cancellable operating lease commitments – As lessee (cont'd)

Future minimum lease payments under non-cancellable leases as of 31 December are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Not later than one year	1,321	1,319	928	963
Later than one year but not later than five years	4,585	1,965	837	1,805
Later than five years	858	36	–	–
	6,764	3,320	1,765	2,768

(c) Guarantees

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Bankers' guarantees	3,816	–	816	–

The bankers' guarantees are in respect of guarantee for rental deposit and credit terms granted by one of the Group's trade suppliers.

31. Related party disclosures

(a) Sale and purchase of goods and services

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Rental income from subsidiaries	–	–	325	325
Sales to a related party	6,919	2,256	–	–

31. Related party disclosures (cont'd)

(b) Compensation of key management personnel

	Group	
	2013	**2012**
	US$'000	US$'000
Short-term employee benefits	1,558	1,230
Central Provident Fund contributions and other long-term benefits	60	47
Total compensation paid to key management personnel	1,618	1,277
Comprise amounts paid to:		
- Directors of the Company	851	645
- Other key management personnel	767	632
	1,618	1,277

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

32. Fair value of assets and liabilities

(a) Fair value hierarchy

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

- 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), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are 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.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

32. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

		Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments	**Significant observable inputs other than quoted prices**	**Significant un-observable inputs**	**Total**
		(Level 1)	(Level 2)	(Level 3)	
	Note	US$'000	US$'000	US$'000	US$'000
Group					
2013					
Non-recurring fair value measurements					
Non-financial asset:					
Property, plant and equipment					
Leasehold office building	11	–	–	3,706	3,706
Non-financial assets as at 31 December 2013		–	–	3,706	3,706
Recurring fair value measurements					
Financial liabilities					
Derivatives					
Forward foreign exchange contracts	27	–	(385)	–	(385)
Financial liabilities as at 31 December 2013		–	(385)	–	(385)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

The fair value of forward currency contracts is determined by reference to current forward prices for contracts with similar maturity profiles quoted by counter parties.

32. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair Value at 31 December 2013	Valuation technique	Significant unobservable inputs	Rate
Non-recurring fair value measurements				
Non-financial asset				
Property, plant and equipment:				
Leasehold office building (Note 11)	3,706	Income capitalisation approach	Capitalisation rate	12.5%
			Terminal yield	12.5%
			Rental growth rate	3% to 5%

The following table shows the effect on fair value on the Level 3 fair value measurement of the leasehold office building that are sensitive to changes in unobservable inputs.

Significant unobservable inputs	Change in significant unobservable input	Effect on fair value as at 31 December 2013
Capitalisation rate	Increase/(decrease)	(Decrease)/increase
Terminal yield	Increase/(decrease)	(Decrease)/increase
Rental growth rate	Increase/(decrease)	Increase/(decrease)

32. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(ii) *Valuation policies and procedures*

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 valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, management reviews the appropriateness of the valuation methodologies and assumptions adopted. Management also evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current trade and other receivables and payables (including amounts due to/from subsidiaries), cash and cash equivalents and loans and borrowings

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature.

Unquoted equity investment

The fair value of available-for-sale investment is disclosed in Note 16 to the financial statements. Available-for-sale investment is stated at cost less impairment in recoverable value as there is no reliable measures of fair value.

Finance lease obligations

The carrying amounts of these financial liabilities are reasonable approximation of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

32. Fair value of assets and liabilities (cont'd)

(f) Classification of financial instruments

	Group		Company	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Available-for-sale financial assets				
Unquoted equity investment	6	6	–	–
Financial assets at fair value through profit or loss				
Quoted equity investment	–	436	–	436
Loans and receivables				
Trade receivables	5,422	3,479	–	–
Other receivables	28,102	2,216	2,001	840
Due from subsidiaries	–	–	200,682	13,760
Cash and fixed deposits	373,486	11,775	200,166	21
	407,010	17,470	402,849	14,621
Total financial assets	407,016	17,912	402,849	15,057
Financial liabilities carried at amortised cost				
Trade payables	321	41	–	–
Other payables and accruals	1,934	1,962	773	582
Due to subsidiaries	–	–	–	–
Loans and borrowings	164,316	1,293	162,100	–
Finance lease obligations	40	58	–	–
	166,611	3,354	162,873	582
Financial liabilities at fair value through profit and loss				
Derivative financial liability	385	–	385	–
Total financial liabilities	166,996	–	163,258	582

33. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) The IT segment is in the business of trading and distribution of computers and peripherals for sub-distributors, wholesalers and retailers.

(ii) The photo segment is in the business of trading and distribution of photographic equipment and peripherals for sub-distributors, wholesalers and retailers.

(iii) The corporate segment is involved in Group-level corporate services and investments in marketable securities.

(iv) The other segment pertains to the business of trading and distribution of fast-moving consumer products, timepieces and telecommunication products.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

33. Segment information (cont'd)

	IT		Photo		Corporate		Others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		2013	2012
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000		US$'000	US$'000
Revenue:													
External customers	55,907	69,196	37,850	47,577	–	–	5,226	3,618	(9,535)	(17,675)	A	89,448	102,716
Inter-segment sales	–	–	–	–	2,560	2,123	–	–	(2,560)	(2,123)	B	–	–
Total revenue	55,907	69,196	37,850	47,577	2,560	2,123	5,226	3,618	(12,095)	(19,798)		89,448	102,716
Results:													
Finance income	–	–	–	–	–	–	–	–	2,173	33		2,173	33
Finance expenses	–	–	–	–	–	–	–	–	(316)	(101)		(316)	(101)
Other operating income	(128)	(121)	(86)	(84)	1,233	1,378	(13)	(6)	–	–		1,006	1,165
Non-cash (expenses)/ income:													
Fair value gain on derecognition of financial liabilities	–	–	–	–	–	–	–	–	–	–		–	–
Net gain on extinguishment of debts	–	–	–	–	–	–	–	–	–	3,610		–	3,610
Depreciation and amortisation	(52)	(45)	(168)	(266)	–	–	(4)	(2)	–	–		(224)	(313)
Other non-cash expenses	–	–	(31)	(24)	–	–	–	–	–	–	C	(31)	(24)
Segment (loss)/profit	(770)	1,637	(752)	2,196	409	320	(150)	160	89	(14)		(1,174)	4,299
Assets:													
Trade receivables	3,921	1,789	1,463	1,674	–	–	38	16	–	–		5,422	3,479
Inventories	977	494	4,784	7,491	–	–	578	499	(2)	(97)		6,337	8,387
Segment assets	–		–	–	–	–	–	–	406,619	18,649		406,619	18,649
												418,378	30,515

33. Segment information (cont'd)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

Notes:

A. Inter-segment revenues are eliminated on consolidation.

B. Inter-segment revenues are eliminated on consolidation.

C. Other non-cash expenses consist of allowance for inventory obsolescence, impairment and write-back of allowance for doubtful receivables as presented in the respective notes to the financial statements.

Geographical segments

Revenue and assets based on the geographical location of customers and assets respectively are as follows:

	Revenue		Assets	
	2013	**2012**	**2013**	**2012**
	US$'000	US$'000	US$'000	US$'000
Africa	287	875	–	–
Middle East/Central Asia	21,855	29,050	9,025	8,360
Asia	66,452	72,398	409,353	22,155
United States of America	854	393	–	–
	89,448	102,716	418,378	30,515

34. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

34. Financial risk management objectives and policies (cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continued revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and proper authorisation levels and established for various levels of credit allowed to customers. Credit reviews are conducted periodically to review existing credit limits and terms. In addition, receivable balances are monitored on an ongoing basis.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2013		**2012**	
	US$'000	% of total	US$'000	% of total
By country:				
Vietnam	4,206	77.6	2,079	59.8
Kazakhstan	313	5.8	589	16.9
Singapore	396	7.3	373	10.7
Myanmar	75	1.4	126	3.6
Uzbekistan	228	4.2	90	2.6
Turkmenistan	7	0.1	44	1.3
Other countries	197	3.6	178	5.1
	5,422	100.0	3,479	100.0

At the end of the reporting period, approximately 78% (2012: 71%) of the Group's trade receivables were due from 4 (2012: 8) major customers who are located in Vietnam and Uzbekistan (2012: Vietnam, Kazakhstan, Myanmar and Uzbekistan).

34. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit risk concentration profile (cont'd)

	Group			
	2013		**2012**	
	US$'000	% of total	US$'000	% of total
By industry sectors:				
IT	3,921	72.3	1,789	51.4
Photo	1,463	27.0	1,674	48.1
Others	38	0.7	16	0.5
	5,422	100.0	3,479	100.0

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 18 and 19 (Trade and other receivables).

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and explore divestment of long-term non-core assets subject to approval of shareholders. At the end of the reporting period, the loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

34. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

	1 year or less	1 to 5 years	Total
	US$'000	US$'000	US$'000
Group			
2013			
Trade and other payables	2,255	–	2,255
Loans and borrowings	164,316	–	164,316
Finance lease obligations	18	22	40
	166,589	22	166,611
2012			
Trade and other payables	2,003	–	2,003
Loans and borrowings	1,293	–	1,293
Finance lease obligations	20	46	66
	3,316	46	3,362
Company			
2013			
Trade and other payables	773	–	773
2012			
Trade and other payables	582	–	582

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings. Surplus funds are placed with reputable banks.

34. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

The following tables sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Within 1 year	1 to 2 years	Total
	US$'000	US$'000	US$'000
2013			
Group			
Floating rate			
Cash and fixed deposits	373,486	–	373,486
Loans and borrowings	164,316	–	164,316
Finance lease obligations	18	22	40
Company			
Floating rate			
Cash and fixed deposits	200,166	–	200,166
2012			
Group			
Floating rate			
Cash and fixed deposits	11,775	–	11,775
Loans and borrowings	1,293	–	1,293
Finance lease obligations	18	40	58
Company			
Floating rate			
Cash and fixed deposits	21	–	21

Interest on financial instruments subject to floating interest rates is contractually repriced regularly. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 50 basis points lower/higher with all other variables held constant, the Group's profit for the year would have been US$93,000 (2012: US$3,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing borrowings and lower/higher interest income from bank balances. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

34. Financial risk management objectives and policies (cont'd)

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollars. Approximately 3% (2012: 2%) of the Group's sales are denominated in foreign currencies whilst almost 76% (2012: 73%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD and Ringgit exchange rates against USD, with all other variables held constant.

			Group	
			2013	**2012**
			US$'000	US$'000
SGD	-	strengthened 5% (2012: 5%)	1,703	(375)
	-	weakened 5% (2012: 5%)	(1,703)	375
Ringgit	-	strengthened 5% (2012: 5%)	232	–
	-	weakened 5% (2012: 5%)	(232)	–

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

35. Capital management (cont'd)

		Group	
	Note	2013	2012
		US$'000	US$'000
Trade and other payables	23, 24	2,462	2,258
Finance lease obligations	26	40	58
Loans and borrowings	25	164,316	1,293
Less: Cash and cash equivalents	22	(173,218)	(11,534)
Net debt		(6,400)	(7,925)
Equity attributable to the owners of the Company			
Total capital		251,041	26,770
Capital and net debt		244,641	18,845
Gearing ratio		N/A	N/A

36. Subsequent events

Proposed acquisition of Sutera Harbour Resort Sdn Bhd and its group of companies and development land transactions

On 30 December 2013, the Company's wholly-owned subsidiary, Borneo Ventures Pte Ltd ("BVPL"), had entered into a joint investment of RM700 million for a 77.5% stake in the Sutera Harbour Resort Sdn Bhd ("SHRBS") and its group of companies with the investment vehicle of Mr. Sam Goi Seng Hui's TYJ Group Pte Ltd ("TYJ Group"). TYJ Group is wholly-owned and controlled by Mr. Sam Goi Seng Hui, who is a controlling shareholder of the Company and the Executive Chairman of the Board.

The joint investment of RM700 million comprises of RM250 million equity subscription of BVPL and RM450 million cumulative preference redeemable shares ("CPRS") subscription (BVPL will be subscribing for RM260 million CPRS and TYJ Group will be subscribing for RM190 million CPRS).

The proposed acquisition is subject to conditions, which includes, *inter alia*s, the Company's shareholders approval on the acquisition, satisfactory due diligence, Bank Negara's approval and settlement agreement being signed between the Sutera Harbour Holdings Sdn Bhd (the holding company of SHRSB) and its lenders on terms satisfactory to the Company.

During an Extraordinary General Meeting held on 3 March 2014, the Company's shareholders have approved the proposed acquisition.

As at the date of this report, the proposed acquisition is pending completion.

Notes to the Financial Statements
For the financial year ended 31 December 2013

37. Comparative figures

The following comparative figures in the financial statements have been reclassified to conform with current year's presentation. The reclassification was made to reclassify business development expenses from other expenses to administrative expenses as such expenses are of an administrative nature.

Statements of comprehensive income

	Group		Company	
	Reclassification	**As previously reported**	**Reclassification**	**As previously reported**
	2012	**2012**	**2012**	**2012**
	US$'000	US$'000	US$'000	US$'000
Administrative expenses	(6,541)	(6,308)	(3,161)	(2,928)
Other expenses	(24)	(257)	–	(233)

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 14 March 2014.

Statistics of Shareholdings

As at 18 March 2014

SHARE CAPITAL

Number of Shares	:	9,885,180,250
Class of Shares	:	Ordinary Shares
Voting Right	:	One Vote per Share
Ordinary Shares held as Treasury Shares	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 999	216	4.59	97,385	0.00
1,000 - 10,000	437	9.30	2,541,904	0.03
10,001 - 1,000,000	3,788	80.56	645,841,253	6.53
1,000,001 and above	261	5.55	9,236,699,708	93.44
TOTAL	4,702	100.00	9,885,180,250	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	GOI SENG HUI	4,592,769,976	46.46
2	EE GUAN HUI GILBERT	788,147,392	7.97
3	GOODVIEW PROPERTIES PTE LTD	500,000,000	5.06
4	SKYVEN GROWTH OPPORTUNITIES FUND PTE LTD	429,393,665	4.34
5	MAH BOW TAN	365,575,000	3.70
6	CITIBANK NOMINEES SINGAPORE PTE LTD	354,769,500	3.59
7	OCBC SECURITIES PRIVATE LIMITED	237,237,088	2.40
8	CIMB SECURITIES (SINGAPORE) PTE. LTD.	232,125,500	2.35
9	HSBC (SINGAPORE) NOMINEES PTE LTD	201,672,960	2.04
10	HONG LEONG FINANCE NOMINEES PTE LTD	150,686,000	1.52
11	RAFFLES NOMINEES (PTE) LIMITED	139,901,000	1.42
12	NEO INVESTMENT HOLDINGS PTE LTD	79,900,000	0.81
13	UOB KAY HIAN PRIVATE LIMITED	69,684,000	0.70
14	DBS NOMINEES (PRIVATE) LIMITED	56,513,861	0.57
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	42,163,930	0.43
16	ABN AMRO NOMINEES SINGAPORE PTE LTD	40,000,000	0.40
17	CHANDRA DAS NARESHKUMAR	34,500,000	0.35
18	TEO KEK TJOK @ TEO KEK YENG	26,400,000	0.27
19	CHEW GHIM BOK	26,365,000	0.27
20	SITARAM CHANDRA DAS	25,000,000	0.25
	TOTAL	8,392,804,872	84.90

Statistics of Shareholdings

As at 18 March 2014

	Direct Interest	%	Deemed Interest	%
Goi Seng Hui	4,592,769,976	46.46	-	-
Gilbert Ee Guan Hui	788,147,392	7.97	-	-
Goodview Properties Pte Ltd*	500,000,000	5.06	-	-
Far East Organization Centre Pte. Ltd.*	-	-	500,000,000	5.06
The Estate of Mr Ng Teng Fong (Deceased) (the "Estate")*	-	-	500,000,000	5.06

*Goodview Properties Pte Ltd has a direct interest in 500,000,000 shares. The Estate has a controlling interest in Far East Organization Centre Pte. Ltd., which in turn has a controlling interest in Goodview Properties Pte Ltd. Far East Organization Centre Pte. Ltd. and the Estate are therefore deemed to be interested in the 500,000,000 shares in which Goodview Properties Pte Ltd has an interest.

SHAREHOLDINGS HELD BY THE PUBLIC

As at 18th March 2014, approximately 40.5% 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 Monday, 21 April 2014 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 December 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Articles of Association of the Company:

   Mr Lee Choon Hui Francis **(Resolution 2)**
   Mr Michael Grenville Gray **(Resolution 3)**
   Mr Ee Guan Hui Gilbert **(Resolution 4)**

   Mr Lee Choon Hui Francis will, upon re-election as Director of the Company, remain as Vice-Chairman of the Board, Chairman of the Remuneration Committee and a member of the Audit Committee/Nominating Committee, and will be considered independent.

   Mr Michael Grenville Gray will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and as a member of the Remuneration Committee, and will be considered independent.

   Mr Ee Guan Hui Gilbert will, upon re-election as Director of the Company, remain as Chief Executive Officer and a member of the Nominating Committee, and will be considered non-independent.

3. To re-appoint Ms Huang Lui, a Director of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

   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/Remuneration Committee, and will be considered independent. **(Resolution 5)**

4. To approve the following NED/IDs' remuneration related matters:

   The payment of additional Directors' fees amounting to S$52,080 for the financial year ended 31 December 2013. **(Resolution 6)**

   The payment of Directors' fees amounting to S$254,880 for the financial year ending 31 December 2014, to be paid quarterly in arrears. (2013: S$260,400) **(Resolution 7)**

   The payment of a per diem allowance of S$2,000 per travel day or part thereof, for business trips or meetings held outside Singapore. **(Resolution 8)**

5. To appoint Messrs KPMG LLP as Auditors of the Company in place of the retiring auditors, Messrs Ernst & Young LLP, to hold office until the next Annual General Meeting and to authorise the Directors of the Company to fix their remuneration.

   [See Explanatory Note (i)] **(Resolution 9)**

6. 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 Resolution, with or without any modifications:

7. **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,

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);

(2) (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 SGX-ST) and the Articles of Association 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 (ii)] **(Resolution 10)**

By Order of the Board

Lee Tiong Hock
Company Secretary
Singapore, 4 April 2014

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution 9 is to approve the appointment of Messrs KPMG LLP as the auditors of the company in place of the retiring auditors, Messrs Ernst & Young LLP, and to authorise the Directors to fix their remuneration. Detailed information relating to this resolution is set out in the Circular relating to the Proposed Change of Auditors dated 4 April 2014.

(ii) The Ordinary Resolution 10 in item 7 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 Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy 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 holding the Meeting.

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

IMPORTANT:
1. For investors who have used their CPF monies to buy GSH Corporation Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM
(Please see notes overleaf before completing this Form)

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 Monday, 21 April 2014 at 2.30 p.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 or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2013		
2	Re-election of Mr Lee Choon Hui Francis as a Director		
3	Re-election of Mr Michael Grenville Gray as a Director		
4	Re-election of Mr Ee Guan Hui Gilbert as a Director		
5	Re-appointment of Ms Huang Lui as a Director		
6	Approval of additional Directors' fees amounting to S$52,080 for the financial year ended 31 December 2013		
7	Approval of Directors' fees amounting to S$254,880 for the financial year ending 31 December 2014, to be paid quarterly in arrears		
8	Approval of a per diem allowance of S$2,000 per travel day or part thereof, for business trips or meetings held outside Singapore.		
9	Appoint Messrs KPMG LLP as Auditors of the Company in place of the retiring auditors, Messrs Ernst & Young LLP and to authorise the Directors of the Company to fix their remuneration		
10	Authority to issue shares		

Dated this __________ day of _______________ 2014

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 130A of the Companies Act, Chapter 50 of Singapore), 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. 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.

5. 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.

6. The instrument appointing a proxy or proxies must be under 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.

7. 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.

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 forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

GSH CORPORATION LIMITED ANNUAL REPORT 2013

Global Strategic Holdings
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