GSH

CREATING

WORLD-CLASS SPACES

ANNUAL REPORT
2017

CONTENTS

CORPORATE PROFILE

Listed on the Mainboard of the Singapore Exchange, GSH Corporation Limited is a growing property developer in Southeast Asia, with four properties under development in Kuala Lumpur and Kota Kinabalu, Malaysia. It also owns and operates the Sutera Harbour Resort in Kota Kinabalu, comprising two five-star hotels, a 104-berth marina and a 27-hole championship golf course.

In 2017, the Group completed the redevelopment of its flagship commercial property, GSH Plaza, which it later divested that same year. The Group also has a 30% stake in associated company, Henan Zhongyuan Group, which owns one of the largest food logistics and warehousing hubs in China.

MISSION

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

VISION

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

AT A GLANCE

SITE AREA
1.44
acres

GROSS FLOOR AREA
747,746
sq ft

SITE AREA
12.11
acres

GROSS FLOOR AREA
1,280,916
sq ft

RESIDENTIAL

EATON RESIDENCES

This residential project at Jalan Kia Peng will be developed into high-end service apartments with full condominium facilities

CORAL BAY

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

FINANCIAL HIGHLIGHTS

PROPERTY DEVELOPMENT

In FY2017, the Group's property development business posted full-year revenue of S$35.6 million, up 45.6% year-on-year. This was boosted by the progressive sales recognized from the Group's residential project in Kuala Lumpur – Eaton Residences. Launched in FY2016, Eaton Residences achieved strong sales which would be progressively recognized over the construction period of the project to FY2020.

During the year in review, the Group's property development business posted record profit before tax of S$94.7 million, largely due to a disposal gain of S$74.5 million from the sale of its entire investment in Plaza Ventures Pte Ltd.

The Group also completed its S$41.0 million investment for a 30% stake in Henan Zhongyuan Group ("HZY"), which owns one of the largest food logistics and warehousing hubs in China.

The investment in the industrial assets is held for lease and yielded good returns. In FY2017, the Group recorded a total share of profit of S$17.3 million from HZY, consisting recognition of net negative goodwill of S$11.7 million from the investment and share of operational profit of S$5.6 million.

HOSPITALITY

The Group's hospitality assets in Kota Kinabalu, Sabah – namely Pacific Sutera Hotel and Magellan Sutera Resort – achieved higher occupancy rates and average room rates in FY2017. The Group's hospitality business achieved profit before tax of S$17.6 million, which was a 131% jump from the year-ago period, on the back of a 19% rise in revenue to S$74.7million.

Sabah continued to be a tourism hot spot, especially for visitors from South Korea and China. Tourism arrival from these 2 countries grew by 29% year-on-year.

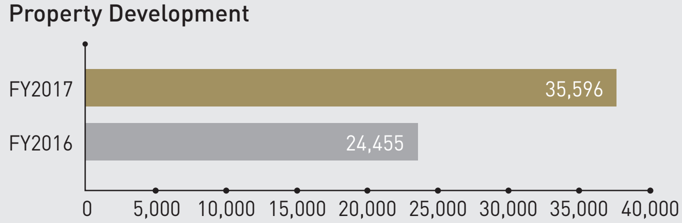
HOSPITALITY

SUTERA HARBOUR RESORT

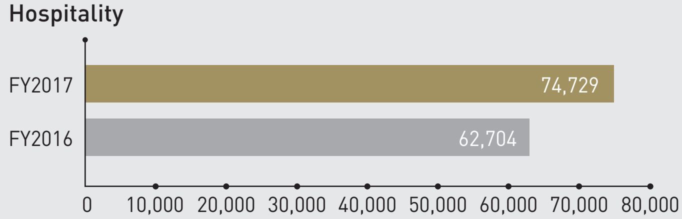
The 384-acre Sutera Harbour Resort in Kota Kinabalu is GSH Corporation's flagship in its Hospitality business segment, providing steady recurrent income from its room and food-and beverage operations.

REVENUE BY ACTIVITY

Property Development

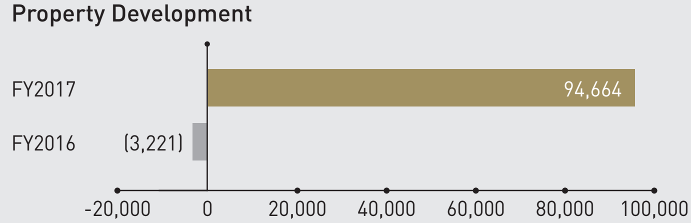


Hospitality

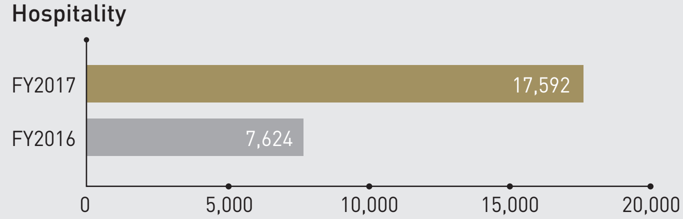


PROFIT/(LOSS) BEFORE TAX

Property Development



Hospitality



GROUP STRUCTURE

GSH

- GSH Properties Pte Ltd 100%
  - Ocean View Point Pte Ltd 100%
    - Altheim International Ltd 75.0%
      - Mewabumi Sdn Bhd 100%
  - Ocean View Ventures Pte Ltd 100%
    - MXIM Holdings Pte Ltd 79.4%
      - Mainfield Holdings Ltd 85%
  - Borneo Ventures Pte Ltd 100%
    - The Sutera Harbour Group Sdn Bhd 77.5%
      - Sutera Habour Resort Sdn Bhd 100%
      - Sutera Yacht Services Sdn Bhd 30%
  - GSH Properties (Malaysia) Pte Ltd 100%
    - City View Ventures Sdn Bhd 100%
  - GSH Facilities Management (Malaysia) Sdn Bhd 100%
- GSH (Middle East) Pte Ltd 100%
- GSH Investments Limited 100%
- GSH (Xiamen) Property Development Pte Ltd 100%
- GSH (Zhengzhou) Investments Pte Ltd 100%
  - 河南中原四季水产物流港股份有限公司 30%
    - 河南领航农牧科技有限公司 100%
- GSH (Xi'an) Investments Pte Ltd (f.k.a GSH (Xiamen) Investments Pte Ltd 100%
  - 群策环球 (西安) 房地产有限公司 100%

Linyi Properties Sdn Bhd
100%

Xing Asia Impel Sdn Bhd
100%

Investasia Sdn Bhd
100%

The Little Shop Sdn Bhd
100%

Sutera Harbour Travel Sdn Bhd
100%

Sutera Harbour Golf & Country Club Berhad
100%

Eastworth Source Sdn Bhd
100%

Advanced Prestige Sdn Bhd
100%

OUR FOOTPRINT

SINGAPORE

GSH CORPORATION LIMITED
20 Cecil Street, #28-01,
GSH Plaza, Singapore 049705
Tel : (65) 6585 8888
Fax : (65) 6881 1000

MALAYSIA

ADVANCED PRESTIGE SDN BHD
THE MAGELLAN SUTERA RESORT
1 Sutera Harbour Boulevard
Kota Kinabalu
88100 Sabah
Malaysia
Tel : (60) 88318 888
Fax : (60) 88317 777

EASTWORTH SOURCE SDN BHD
THE PACIFIC SUTERA
1 Sutera Harbour Boulevard
Kota Kinabalu
88100 Sabah
Malaysia
Tel : (60) 8 8318 888
Fax : (60) 8 8317 777

SUTERA HARBOUR GOLF & COUNTRY CLUB BERHAD
1 Sutera Harbour Boulevard
Kota Kinabalu
88100 Sabah
Malaysia
Tel : (60) 8 8318 888
Fax : (60) 8 8317 777

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

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

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

CHINA

河南中原四季水产物流港股份有限公司
郑州市惠济区绿源路8号
邮区450049
Tel : (86) 371 86660288
Fax : (86) 371 86667777

MESSAGE TO SHAREHOLDERS

"OUR STRATEGY OF MANAGING HOSPITALITY ASSETS FOR RECURRENT INCOME, AND A WELL-PACED PIPELINE OF DEVELOPMENT PROPERTIES FOR SALE, HAS BEEN FRUITFUL."

Dear Shareholders,

FY2017 has proven to be another successful year for the Group. We are pleased that our strategy of managing hospitality assets for recurrent income, and a well-paced pipeline of development properties for sale, has been fruitful.

Thanks to the growth in our property business, largely due to the recognition of unit sales at *Eaton Residences* in Kuala Lumpur, and the continued high occupancy rates at our two hotels in Kota Kinabalu, we closed the year on a high note.

The Group achieved a net profit attributable to shareholders of S$87.5 million, with revenue jumping by 26.6% to S$110.3 million, boosted by a disposal gain of S$74.5 million from the sale of the Group's entire investment in Plaza Ventures Pte Ltd. The Group registered earnings per ordinary share of approximately 4.5 cents, while net asset value per ordinary share rose 21% to 21.44 cents, as at 31 December 2017. Cash and cash equivalents surged more than 4 times to S$198.1 million.

Meanwhile, sales at our award-winning *Eaton Residences* in the heart of Kuala Lumpur city centre, has been brisk. To date, of *Eaton's* 632 units, almost all non-Bumiputra units have been sold. The proceeds of these units will be progressively recognized over the construction period, which commenced in FY2017, and will continue through to FY2020.

SUTERA HARBOUR RESORT – PRIZED ASSET

We are particularly pleased with the performance of our prized asset, *Sutera Harbour Resort*. During the year in review, both *The Pacific Sutera Hotel* and *Magellan Sutera Resort* in the bustling city of Kota Kinabalu, Sabah, enjoyed strong occupancy rates.

It continued to contribute recurrent income and exceptional value to the Group. After taking over the property in 2014, we had invested substantially to upgrade its infrastructure, landscaping and hotel rooms. This year, more resources will be allocated to further enhance the facilities of the marina, golf course and hotels, and to transform this integrated resort to become Sabah's most important tourism attraction and a world-class destination.

LAUNCH OF OUR FIRST RESIDENTIAL PROJECT IN KOTA KINABALU

We are launching our first luxury condominium in Kota Kinabalu – *Coral Bay*. Designed by established Singapore architectural firm, Swan & McClaren, who were also the design consultants behind our award-winning *Eaton Residences*, this ocean-fronting project will have 460 units, ranging from 1,500 square feet to 9,000 square feet. *Coral Bay* is a widely-anticipated development, judging from the strong interest that we have received on the project. We believe that this site is probably the most coveted location in Kota Kinabalu, with its absolute sea frontage, stunning views of the ocean, the golf course and the mountains surrounding this East Malaysian city.

We expect a good response from investors in South Korea, Japan, Hong Kong and China, Malaysia and Singapore.

MESSAGE TO SHAREHOLDERS

SECOND RESIDENTIAL PROJECT IN KUALA LUMPUR

Within the next year, we should also be ready to launch our second luxury residential project in Kuala Lumpur. Hot on the heels of Eaton Residences, we have, on 12 February 2018, acquired a 50% stake in a prime land parcel of approximately 1.4 hectares in the heart of Kuala Lumpur's Chinatown that could potentially be developed into a premium 1,700-unit condominium.

The site is strategically located in the shopping and foodies' haven of Petaling Street, which is also known for its rich heritage and history. Apart from being well served by the MRT, LRT, KTM Komuter and Monorail network, it is also a short distance from the future Merdeka PNB 118 building. At 118 storeys, it will be the tallest iconic landmark in Malaysia, and the third highest in the world, when it is completed sometime in 2024.

INVESTMENT IN CHINA'S BURGEONING LOGISTICS INDUSTRY

Our S$41.0 million investment for a 30% stake in associated company Henan Zhongyuan Group has also reaped good returns for the Group. In FY2017, the Group recorded a total share of profit of S$17.3 million from Henan Zhongyuan.

Henan Zhongyuan owns and operates one of the largest food logistics and warehousing hubs in China – in Zhengzhou and Tianjin – with estimated annual transaction values that are well in excess of RMB 80 billion. With its vision of becoming a world-class food logistics and warehousing provider, Henan Zhongyuan is on track to establish more of such hubs all over China, particularly in Wuhan, Fujian and Chongqing, in the next few years.

MOVING AHEAD

We are expecting continued robust occupancy in our two hotels at *Sutera Harbour Resort*, boosted by strong tourist arrivals from China and South Korea.

Meanwhile, we continue to be on the look out for good properties in the region and in China, whilst honing our two-prong strategy of finding prime locations in key city gateways and creating premium signature designs. We believe this strategy will serve us well into the future, as we seek to create world-class spaces and continue to deliver value to our stakeholders.

APPRECIATION

We would also like to take this opportunity to thank all of our shareholders, business partners, customers, directors, management and staff for their continued support. We, together with the rest of the Directors, are pleased to propose a final dividend of 1.25 Singapore cents per ordinary share.

The upcoming AGM will be held at our office on the 28th floor of GSH Plaza – we look forward to welcoming you at our new headquarters.

SAM GOI SENG HUI
Executive Chairman

GILBERT EE GUAN HUI
Chief Executive Officer

BOARD OF DIRECTORS

SAM GOI SENG HUI
Executive Chairman

GILBERT EE GUAN HUI
Chief Executive Officer

KENNETH GOI KOK MING
Chief Operating Officer

FRANCIS LEE CHOON HUI
Vice Chairman and Lead Independent Director

MICHAEL GRENVILLE GRAY
Independent Director

JULIETTE LEE HWEE KHOON
Non-Executive Director

HUANG LUI
Independent Director

SUN YU
Non-Executive Director

BOARD OF DIRECTORS

SAM GOI SENG HUI
Executive Chairman

Date of first appointment as a director:
23 July 2012

Date of last re-election as a director:
29 April 2016

Length of service as a director (as at 31 December 2017):
5 years 5 months

Shares in the Company:
968,796,975

Present Directorships (as at 31 December 2017):
Listed Companies:
- GSH Corporation Limited
- Envictus International Holdings Limited (Etika)
- JB Foods Ltd
- Tung Lok Restaurants (2000) Ltd

Group Companies of GSH Corporation Limited:
- Advanced Prestige Sdn Bhd
- Altheim International Limited
- City View Ventures Sdn Bhd
- Eastworth Source Sdn Bhd
- Henan Zhongyuan Four Seasons Aquatic Logistics Harbour Co Ltd
- Investasia Sdn.Bhd.
- Linyi Properties Sdn Bhd
- Mainfield Holdings Limited
- Mewabumi Sdn Bhd
- Mxim Holdings Pte Ltd
- Sutera Harbour Golf & Country Club Berhad
- Sutera Harbour Travel Sdn Bhd
- Sutera Harbour Resort Sdn Bhd
- Sutera Yacht Services Sdn Bhd
- The Little Shop Sdn Bhd
- The Sutera Harbour Group Sdn Bhd
- Xing Asia Impel Sdn Bhd

Non-listed Companies:
- Acelink Logistics Pte Ltd
- China World Agents Limited
- Chinatown Food Corporation Pte Ltd
- Desaru Property Development Sdn Bhd
- Fujian Guanhui Food Enterprise Co Ltd
- Fujian Mingwei Food Enterprise Co Ltd
- Fujian Ryushobo Food Co Ltd
- Guan Hui Food Enterprise Company Limited
- Hydrex International Pte Ltd
- Junhe Investment Pte Ltd
- Maker Food Manufacturing Pte Ltd
- New Straits Holdings Pte Ltd
- Oregold Pte Ltd
- Ryushobo (S) Pte Ltd
- Singapore University of Technology and Design
- Super Elite Holdings Pte Ltd
- T&T Gourmet Cuisine Pte Ltd
- Tan Kah Kee Foundation
- Tee Yih Jia Food Manufacturing Pte Ltd
- Tee Yih Jia Food Manufacturing Sdn Bhd
- Twin Investment Pte Ltd
- TYJ Group Pte Ltd
- TYJ Holdings (HK) Ltd
- TYJ International Pte Ltd
- Yangzhou Junhe Property Development Co Ltd

Past Directorships over the last 3 years – 2015 to 2017:
- G City Limited
- JSL Foods, Inc.
- Main On Foods (USA) Corp.
- Plaza Ventures Pte Ltd
- Sun Resources Holdings Pte Ltd
- Super Group Ltd
- Tianjin Junhe Industrial Corporation Ltd
- Tianjin Junhe Investment Co., Ltd
- Yangzhou Junhe Real Estate (Jiangsu) Co., Ltd

Major Appointments (other than Directorships):
- Vice Chairman of Envictus International Holdings Limited
- Vice-Chairman of JB Foods Limited
- 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
- Senior Consultant to Su-Tong Science & Technology Park
- Honorary Chairman for the International Federation of Fuqing Association
- Member of the Singapore University of Technology and Design (SUTD) Board of Trustees
- Chairman of Ulu Pandan Citizens Consultative Committee.
- Honorary Chairman of Dunman High School Advisory Committee

Background and Working Experience:
- Executive Chairman of Tee Yih Jia Food Manufacturing Pte Ltd since 1977
- Managing Director of Sing Siah Electrical Engineering Pte Ltd - 1969
- Investments across a range of listed and private entities in numerous industries, such as food and beverage, consumer essentials, recycling, distribution and logistics.

Awards:
- Special Tribute Award from The People's Tribune magazine (People's Daily) in China – 2017
- Asian Strategy & Leadership Institute's Lifetime Achievement Award in 2016
- State Award of Panglima Gemilang Darjah Kinabalu (PGDK) from the Head of State of Sabah - 2015
- SG50 Outstanding Chinese Business Pioneers Award in 2015
- Enterprise Asia's Lifetime Achievement Award in 2015
- Businessman of the Year Award by Singapore's Business Times – 2014
- Public Service Star (Bar) - BBM(L) in 2014
- Long Service Award from Singapore's People's Action Party - 2015

GILBERT EE GUAN HUI

Chief Executive Officer and Executive Director

Date of first appointment as a director:
01 May 2007

Date of last re-election as a director:
20 April 2017

Length of service as a director (as at 31 December 2017):
10 years 8 months

Shares in the Company :
158,543,078

Committee Memberships:
- Nominating Committee

Academic & Professional Qualifications:
- Bachelor of Business Administration, National University of Singapore

Present Directorships (as at 31 December 2017):
Listed Company:
- GSH Corporation Limited

Group Companies of GSH Corporation Limited:
- Advanced Prestige Sdn Bhd
- Altheim International Limited
- Borneo Ventures Pte Ltd
- City View Ventures Sdn Bhd
- Eastworth Source Sdn Bhd
- GSH (Middle East) Pte Ltd
- GSH (Xi'an) Investments Pte Ltd
- GSH (Xiamen) Property Development Pte Ltd
- GSH (Zhengzhou) Investments Pte Ltd
- GSH Investments Limited
- GSH Properties (Malaysia) Pte Ltd
- GSH Properties Pte Ltd
- Henan Zhongyuan Four Seasons Aquatic Logistics Harbour Co Ltd
- Investasia Sdn Bhd
- Linyi Properties Sdn Bhd
- Mainfield Holdings Limited
- Mewabumi Sdn Bhd
- MXIM Holdings Pte Ltd
- Ocean View Point Pte Ltd
- Ocean View Ventures Pte Ltd
- Sutera Harbour Golf & Country Club Berhad
- Sutera Harbour Resort Sdn Bhd
- Sutera Harbour Travel Sdn Bhd
- Sutera Yacht Services Sdn Bhd
- The Little Shop Sdn Bhd
- The Sutera Harbour Group Sdn Bhd
- Xing Asia Impel Sdn Bhd

Non-listed Companies:
- Oxley JV Pte Ltd
- Solstice Investments Pte Ltd
- Solstice Development Pte Ltd

Past Directorships over the last 3 years – 2015 to 2017:
- Europlastik Sdn Bhd
- GSH Distribution (Cambodia) Pte Ltd
- JEL Trading (Bangladesh) Ltd
- Plaza Ventures Pte Ltd
- S11 Group Co. Limited
- SATCOM iCentre Ltd
- Serial Itech (Far East) Pte Ltd
- Serial Itech Franchising Pte Ltd

Background and Working Experience:
- Held various management positions in Barclays Capital and Citibank, Singapore (1988 to 1998)
- Regional Head of Global Financial Markets at Rabobank International, Singapore (1998 to 2006)

BOARD OF DIRECTORS

KENNETH GOI KOK MING
Chief Operating Officer and Executive Director

Date of first appointment as a director:
23 July 2012

Date of last re-election as a director:
20 April 2017

Length of service as a director (as at 31 December 2017):
5 years 5 months

Academic & Professional Qualifications:
- Bachelor in Computer Information System, California State University, Pomona.

Present Directorships (as at 31 December 2017):
Listed Companies:
- GSH Corporation Limited
- Hanwell Holdings Limited

Group Companies of GSH Corporation Limited:
- Advanced Prestige Sdn Bhd
- Altheim International Limited
- Borneo Ventures Pte Ltd
- City View Ventures Sdn Bhd
- Eastworth Source Sdn Bhd
- GSH (Middle East) Pte Ltd
- GSH (Xi'an) Investments Pte Ltd
- GSH (Xiamen) Property Development Pte Ltd
- GSH (Zhengzhou) Investments Pte Ltd
- GSH Investments Limited
- GSH Properties (Malaysia) Pte Ltd
- GSH Properties Pte Ltd
- Investasia Sdn.Bhd.
- Linyi Properties Sdn Bhd
- Mainfield Holdings Limited
- Mewabumi Sdn Bhd
- MXIM Holdings Pte Ltd
- Ocean View Point Pte Ltd
- Ocean View Ventures Pte Ltd
- Sutera Harbour Golf & Country Club Berhad
- Sutera Harbour Resort Sdn Bhd
- Sutera Harbour Travel Sdn Bhd
- Sutera Yacht Services Sdn Bhd
- The Little Shop Sdn Bhd
- The Sutera Harbour Group Sdn Bhd
- Xing Asia Impel Sdn Bhd

Non-listed Companies:
- Acelink Logistics Pte Ltd
- Junhe Investment Pte Ltd
- Mandarin Food Manufacturing Pte Ltd
- Super Elite Holdings
- Tee Yih Jia Food Manufacturing Pte Ltd
- TYJ Group Pte Ltd

Past Directorships over the last 3 years – 2015 to 2017:
- Plaza Ventures Pte Ltd
- Serial Itech Franchising Pte Ltd
- Serial Itech (Far East) Pte Ltd

Major Appointments (other than Directorships):
- Member of the Community Development District Council, South East Region
- Patron – Braddell Heights Community Club

Background and Working Experience:
- Director in Tee Yih Jia Food Manufacturing Pte Ltd (1997 to present)
- Director in Acelink Logistics Pte Ltd (1999 to present)
- Non-Executive Director in Hanwell Holdings Limited (2014 to present)

FRANCIS LEE CHOON HUI

Vice Chairman and Lead Independent Director

Date of first appointment as a director:
11 July 2003

Date of last re-election as a director:
29 April 2016

Length of service as a director (as at 31 December 2017):
14 years 5 months

Committee Memberships:
- Remuneration Committee (Chairman)
- Audit Committee
- Nominating Committee

Academic & Professional Qualifications:
- Barrister at Law, London (1970)
- Advocate & Solicitor, Singapore (1970)

Present Directorships (as at 31 December 2017):
Listed Companies:
- GSH Corporation Limited
- Sunright Ltd

Group Companies of GSH Corporation Limited:
- Advanced Prestige Sdn Bhd
- Altheim International Limited
- Eastworth Source Sdn Bhd
- Mainfield Holdings Limited
- Sutera Harbour Golf & Country Club Berhad
- Sutera Harbour Travel Sdn Bhd
- Sutera Harbour Resort Sdn Bhd
- The Little Shop Sdn Bhd
- The Sutera Harbour Group Sdn Bhd

Non-listed Companies:
- Corporate Ventures Pte Ltd
- Corporate Ventures International Ltd
- Philip Enterprise Fund Limited
- Philip Ventures Enterprise Fund 5 Limited

Past Directorships over the last 3 years – 2015 to 2017:
- Raffles Marina Ltd
- Raffles Marina Holdings Ltd
- PT. Toshiba Visual Media Network Indonesia
- PT. Hijau Lestari Raya Fibre Board

Major Appointments (other than Directorships):
- Chairman, International Year of the Reef 2008, Singapore Blue Plan 2009

Background and Working Experience:
- Practiced mainly as a Corporate Lawyer for some 22 years (1970-1992).
- Practiced as a Consultant for Mergers and Acquisitions for some 25 years (1992-2017).

Awards:
- Award for contribution to Indonesian marine tourism, by Indonesian Ambassador to Singapore (2000).
- Award for 21 Leaders for the new millennium, by US Boating Industry Magazine (2000).
- Award of Seakeeper of Singapore, by The International Seakeepers Society, USA (2017).

BOARD OF DIRECTORS

MICHAEL GRENVILLE GRAY
Independent Director

Date of first appointment as a director:
17 October 2007

Date of last re-election as a director:
20 April 2017

Length of service as a director (as at 31 December 2017):
10 years 2 months

Committee Memberships:
- Audit and Risk Committee (Chairman)
- Remuneration Committee

Academic & Professional Qualifications:
- Bachelor of Science in Maritime Studies, University of Plymouth UK
- Master of Arts in South East Asian Studies, National University of Singapore
- Fellow of Institute of Chartered Accountants in England & Wales
- Fellow of Institute of Singapore Chartered Accountants
- Fellow of Singapore Institute of Directors
- Fellow of Chartered Institute of Transport & Logistics

Present Directorships (as at 31 December 2017):
Listed Companies:
- GSH Corporation Limited
- Avi-Tech Electronics Limited
- FSL Trust Management Pte Ltd

Non-listed Companies:
- TGY Property Investments Pte Ltd
- Tras Street Property Investment Ltd
- UON Singapore Pte Ltd
- Vietnam Hospitality Ltd

Past Directorships over the last 3 years – 2015 to 2017:
- Ascendas Property Fund Trustee Pte Ltd
- Asian Cruising Pte Ltd
- Raffles Marina Holdings Ltd
- The Masonic Hall Board Ltd
- VinaCapital Vietnam Opportunity Fund Limited

Major Appointments (other than Directorships):
- PAVE (President)

Background and Working Experience:
- Merchant Navy Officer (1962 to 1973)
- Coopers & Lybrand UK (1973 to 1978)
- Coopers & Lybrand/ PricewaterhouseCoopers Singapore (1978 to 2004). Partner from 1981 and Managing Partner Indochina (1994 to 2001)

Awards:
- Public Service Star (Bar) – B.B.M. (L) (2010)

JULIETTE LEE HWEE KHOON
Non-Executive Director

Date of first appointment as a director:
23 July 2012

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

Length of service as a director (as at 31 December 2017):
5 years 5 months

Committee Memberships:
- Audit Committee
- Remuneration Committee

Academic & Professional Qualifications:
- Master in Business Administration BA (Strategic Management), Maastricht School of Management

Present Directorships (as at 31 December 2017):
Listed Company:
- GSH Corporation Limited

Group Companies of GSH Corporation Limited :
- City View Ventures Sdn Bhd

Non-listed Companies:
- Chinatown Food Corporation Pte Ltd
- Durian Master Pte Ltd
- Fujian Guanhui Food Enterprise Co Ltd
- Fujian Mingwei Food Enterprise Co Ltd
- Fujian Ryushobo Food Co Ltd
- Guan Hui Food Enterprise Company Limited
- Junhe Investment Pte Ltd
- Maker Food Manufacturing Pte Ltd
- Ryushobo (S) Pte Ltd
- Super Elite Holdings Pte Ltd
- T&T Gourmet Cuisine Pte Ltd
- Taste United Pte Ltd
- Tee Yih Jia Food Manufacturing Pte Ltd
- Tee Yih Jia Food Manufacturing Sdn Bhd
- Twin Investment Pte Ltd
- TYJ International Pte Ltd
- Ultra Harmony Development Sdn Bhd
- Yangzhou Junhe Property Development Co Ltd

Past Directorships over the last 3 years – 2015 to 2017:
- G City Limited
- Honji Foods (2005) Pte Ltd
- Plaza Ventures Pte Ltd
- Ragri Pte Ltd
- Tianjin Junhe Industrial Corporation Ltd
- Tianjin Junhe Investment Co Ltd

Background and Working Experience:
- Executive Director, Tee Yih Jia Food Manufacturing Pte Ltd (1992 to present)
- General Manager of Rongcheng Brewery, Fuzhou, Fujian Province (2000 to 2001)

HUANG LUI
Independent Director

Date of first appointment as a director:
23 August 2012

Date of last re-election as a director:
29 April 2016

Length of service as a director (as at 31 December 2017):
5 years 4 months

Committee Memberships:
- Nomination Committee (Chairman)
- Audit Committee
- Remuneration Committee

Academic & Professional Qualifications:
- Bachelors of Law, University of Singapore
- Master of law, University of Singapore

Present Directorships (as at 31 December 2017):
Listed Company:
- GSH Corporation Limited

Past Directorships over the last 3 years – 2015 to 2017:
- Dataquest Pte Ltd
- Super Plates Pte Ltd

Major Appointments (other than Directorships):
- Partner, Wee Swee Teow & Co. Advocates & Solicitors

Background and Working Experience:
- Wee Swee Teow & Co. Advocates & Solicitors (1971 till present)

SUN YU
Non-Executive Director

Date of first appointment as a director:
28 August 2017

Length of service as a director (as at 31 December 2017):
4 months

Shares in the Company:
23,509,400

Academic & Professional Qualifications:
- Bachelors of Finance, Essex Business School

Present Directorships (as at 31 December 2017):
Listed Company:
- GSH Corporation Limited

Non-listed Companies:
- The Analyst Capital
- Eight Roads Capital
- Pershing Square Management Limited
- Triple Square Investment Limited

Background and Working Experience:
- Investment Banking Analyst (2010-2012)
- Vice President, Primavera Capital Group (2012-2014)
- Head of Equity Investment, Sino Life Asset Management (2014-2016)
- Strategic Partner, KBR Fund Management Limited (2016-Present)

OUR PROPERTY PORTFOLIO

RESIDENTIAL

EATON RESIDENCES

KUALA LUMPUR, MALAYSIA

Gross Floor Area:
747,746 sq ft

Site Area:
1.44 acres

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

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

With 632 versatile and privacy-centric living spaces from levels 9 to 49, Eaton Residences redefines modern urban living. This is where the well heeled can enjoy the company of friends and loved ones with gastronomic experiences at the lush pavilion on level 8 or simply indulge in a good book at the organic-shaped Sky Terrace deck on level 34. Fitness buffs can work out at the rooftop gym overlooking the infinity pool at level 50.

The Group owns 100% of the Eaton Residences project.

CORAL BAY

KOTA KINABALU, MALAYSIA

Gross Floor Area:
1,280,916 sq ft

Site Area:
12.11 acres

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

The Group owns 67.5% of Coral Bay project.

THE POINT

KOTA KINABALU, MALAYSIA

Site Area:
13.12 acres

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

The Group owns 75% of The Point project.





EATON RESIDENCES

OUR PROPERTY PORTFOLIO

HOSPITALITY

SUTERA HARBOUR RESORT

KOTA KINABALU, MALAYSIA

Site Area:
384 acres

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

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

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

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

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

THE MAGELLAN SUTERA RESORT

456 Rooms and Suites

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.

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

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

OUR PROPERTY PORTFOLIO

HOSPITALITY

THE PACIFIC SUTERA HOTEL

500 Deluxe Rooms and Suites

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.

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

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

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

SUTERA HARBOUR MARINA, GOLF & COUNTRY CLUB

27-hole Award-Winning Championship Gold Course

The Club's 27-hole golf course is built on undulating terrain and divided into 43 distinct courses of varying difficulty.

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

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

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

OUR PROPERTY PORTFOLIO

COMMERCIAL

GSH PLAZA

(PAST COMPLETED PROJECT – TOP IN FEBRUARY 2017)

SINGAPORE

Gross Floor Area:
356,403 sq ft

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

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

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

INDUSTRIAL

HENAN ZHONGYUAN GROUP

ZHENGZHOU, CHINA

One of the largest food logistics and warehousing hubs in China, Henan Zhongyuan Group - which became an associated company of GSH on 10 March 2017 - operates food logistics & warehousing hubs in Zhengzhou, Henan Province. The Hub occupies more than 200 mu of land, with a total lettable area of more than 350,000 square metres, comprising cold storage facilities, food warehousing and retail spaces for more than 1,000 tenants including food manufacturers, wholesalers and distributors.

CORPORATE INFORMATION

BOARD OF DIRECTORS (BOD)

Mr. Sam Goi Seng Hui
Executive Chairman

Mr. Gilbert Ee Guan Hui
Chief Executive Officer

Mr. Kenneth Goi Kok Ming
Chief Operating Officer

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

Mr. Michael Grenville Gray
Independent Director

Ms. Juliette Lee Hwee Khoon
Non-Executive Director

Ms. Huang Lui
Independent Director

Mr. Sun Yu
Non-Executive Director

AUDIT COMMITTEE

Mr. Michael Grenville Gray (Chairman)

Mr. Francis Lee Choon Hui

Ms. Huang Lui

Ms. Juliette Lee Hwee Khoon

REMUNERATION COMMITTEE

Mr. Francis Lee Choon Hui (Chairman)

Mr. Michael Grenville Gray

Ms. Huang Lui

Ms. Juliette Lee Hwee Khoon

NOMINATING COMMITTEE

Ms. Huang Lui (Chairman)

Mr. Francis Lee Choon Hui

Mr. Gilbert Ee Guan Hui

COMPANY SECRETARY

Mr. Lee Tiong Hock

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623
Tel : (65) 6536 5355
Fax : (65) 6536 1360

AUDITORS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Tel : (65) 6213 3388
Fax : (65) 6213 2230
Partner-In-Charge : Ms. Teo Han Jo
(Appointed in financial year ended 31 December 2014)

REGISTERED OFFICE

20 Cecil Street, #28-01 GSH Plaza
Singapore 049705
Tel : (65) 6585 8888
Fax : (65) 6881 1000
www.gshcorporation.com

COMPANY REGISTRATION NUMBER

200106139K

BANKERS

CIMB Bank Berhad

Credit Suisse AG, Singapore Branch

CTBC Bank Co. Ltd, Singapore Branch

DBS Bank Ltd

Hong Leong Bank Berhad

Hong Leong Finance Limited

HSBC Bank Berhad

HSBC Bank (Singapore) Limited

Malayan Banking Berhad

Maybank Singapore

Oversea-Chinese Banking Corporation Limited

RHB Bank Berhad

RHB Bank Berhad Singapore

CORPORATE GOVERNANCE REPORT AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE REPORT

The Board and Management of GSH Corporation Limited ("GSH") believe that a genuine commitment to good corporate governance is essential for the long term success of the Company's business and performance. The Company is focused on adhering to the principles and standards of the Singapore Code of Corporate Governance 2012 (the "Code").

The Corporate Governance Report ("CG Report") sets out the corporate governance practices of GSH for the financial year ended 2017. Where there are deviations from the principles and guidelines from the Code, an explanation has been provided within the CG Report.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:
Every Company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Board Composition

The Board comprises eight directors, of which three are non-executive independent directors, two are non-executive non-independent directors and three are executive directors, with the Chairman being part of the Management team and non-independent.

The eight directors are:

Executive Directors
Sam Goi Seng Hui, Executive Chairman
Gilbert Ee Guan Hui, Chief Executive Officer
Kenneth Goi Kok Ming, Chief Operating Officer

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

Non-Executive Non-Independent Director
Juliette Lee Hwee Khoon
Sun Yu (Appointed on 28 August 2017)

The Board is aware that under section 2.2 of the Code, if the Chairman of the Board is not an independent Director, at least half of the Board should be independent. The Company is required to comply with the Code no later than by the Annual General Meeting ("AGM") following the end of its financial year commencing on or after 1 May 2016. The Board of Directors intends to comply with the Code. Upon re-election of Mr Sun Yu, the nominating committee, having reviewed his independence will recommend to the Board that he be re-designated as an independent Director. This will result in half the Board being independent.

CORPORATE GOVERNANCE REPORT

Principal Duties of the Board

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

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

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

The Board's primary functions include:

(i) Approving policies, strategies, structure and direction of the Group;

(ii) Overseeing and monitoring managerial and 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;

(v) Approving quarterly announcements and annual announcements and financial statements;

(vi) Identifying the key stakeholder groups and recognizing that their perceptions affect the Group's reputation;

(vii) Setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and

(viii) Considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Reserved Matters

Internal guidelines and authority limits have been laid down for Management to administer the Group's day-to-day operations. These guidelines and limits are reviewed by the Board from time to time, and adjusted when necessary. In addition, the Group has in place guidelines and corporate authorisation procedures for the 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 purchases, financing activities, acquisitions and disposals. Other matters that require Board's approval include appointments to the Board, business plans and strategies, the annual budget, material transactions, public announcements, and dividends to shareholders.

Committees of the Board

To discharge its duties effectively and efficiently, and to allow for detailed consideration of issues, the Board has established three standing committees, namely the Audit and Risk Committee ("ARC"), 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 and Risk Committee	Nominating Committee	Remuneration Committee
Gilbert Ee Guan Hui	–	Member	–
Francis Lee Choon Hui	Member	Member	Chairman
Michael Grenville Gray	Chairman	–	Member
Juliette Lee Hwee Khoon	Member	–	Member
Huang Lui	Member	Chairman	Member

Each of these committees operates under delegated authority from the Board with the Board retaining overall oversight.

Membership of the committees is designed to distribute the responsibilities over the various Board members and to utilise each individual's diversity and experience. The Board reviews from time to time, the committee structure, the membership and their terms of reference.

Meetings of the Board

The Board meets at least once every quarter and often, as warranted by particular circumstances. A schedule for Board Meetings and Committee meetings, after consultation with the Board, is circulated a year in advance and kept updated. The Company's Constitution also provides for telephone conference and video conferencing meetings, which are relied upon when required.

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

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Financial Year Ended 31 December 2017

	Board Meeting		Audit and Risk 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	4	4	NA	NA	NA	NA	NA	NA
Francis Lee Choon Hui	4	4	4	4	2	2	1	1
Gilbert Ee Guan Hui	4	4	NA	NA	2	2	NA	NA
Juliette Lee Hwee Khoon	4	4	4	4	NA	NA	1	1
Michael Grenville Gray	4	4	4	4	NA	NA	1	1
Huang Lui	4	4	4	4	2	2	1	1
Kenneth Goi Kok Ming	4	4	NA	NA	NA	NA	NA	NA
Sun Yu[i]	4	1	NA	NA	NA	NA	NA	NA

[i] Mr Sun Yu was appointed on 28 August 2017
NA: Not Applicable

In addition to its formal meetings, the RC held many informal working sessions, for consultations and preparations of its work.

All the Directors (except Mr Sun Yu who was appointed on 28 August 2017) attended the Annual General Meeting held on 20 April 2017.

Board Orientation and Training

Newly appointed Directors, if any, receive formal letters setting out their duties and obligations and also comprehensive induction briefings and orientations, by the Executive Directors and Management, on the business activities, governance practices of the Group and its strategic decisions. Mr Sun Yu was appointed as a director of the Company during the financial year.

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. The Company will fund the relevant training. The Directors have attended seminars and courses conducted by the Singapore Institute of Directors ("SID"). In addition, the Company's external auditors have provided training or briefing sessions on the more recent changes to accounting standards and also on anti-money laundering and counter financing of terrorism.

Sustainability Reporting

The Board also regards sustainable development as a core value of the Group and is committed to developing and adopting sustainable practices across its businesses.

The Group has established a strategic alliance between its Sutera Harbour Resorts and the University Malaysia Sabah, to collaborate on non-profit environmental projects. On 14 March 2018, it officially launched the Sustaining Kota Kinabalu's Marine Heritage marine conservation project, designated under the International Year of the Reef 2018.

The Group's 1st Sustainability Report for 2017/2018 is currently being developed in accordance with the SGX Sustainability Reporting Guidelines and will be issued in due course.

Board Debates

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

Conflicts of Interest

The Company requires Directors to disclose and abstain from participation in board discussions or the decision-making processes, on any particular agenda item, when they have a conflict of interest.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2:
There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Board Composition and Size

With the assistance of the NC, the Board actively reviews its size and composition with a view of determining the impact of the number on its effective decision making, taking into account the scope and nature of the Group's operations. The NC also reviews the composition of the Board and the Committees to ensure that as a group they provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company and core competencies, annually. The core competencies include accounting or finance, business or management experience, industry knowledge, strategic planning, business experience, regulatory requirements and risk management.

The NC takes into account gender diversity in relation to the Board. Out of eight directors two are female.

Independence of Directors

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

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

In the course of the year, the NC assessed the independence of Board members in light of Guideline 2.4 of the Code, which requires that the independence of any Director, who has served on the Board beyond nine years, from the date of first appointment, be subject to particularly rigorous review. Francis Lee Choon Hui and Michael Grenville Gray, have served on the Board for periods exceeding nine years.

The NC recognises that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. After particular scrutiny, Francis Lee Choon Hui and Michael Grenville Gray have been determined as being independent. They continue to express their viewpoints, debate issues and objectively scrutinize and challenge Management. They also seek clarification and amplification of relevant matters, as deemed required in discharging their duties as Independent Directors. After careful consideration of the relevant factors and to avoid an abrupt loss of a member with experience and institutional memory, the Board has determined that the tenure of Francis Lee Choon Hui and Michael Grenville Gray, have not affected their independence or ability to bring judgment to bear, in their discharge of their duties as a Board and Committee member. In the determination of the independence of Francis Lee Choon Hui by the NC, he recused himself.

Board Guidance

An effective Board is one, whose members engage in open debate and constructively challenge; help develop proposals on strategy; review the performance of management in achieving agreed goals and objectives; and monitor the reporting of performance.

To achieve so, the non-executive directors (NEDs) must receive timely and accurate information. Besides the regular Board meetings, informal meetings are held for Management to brief directors on prospective deals and potential developments, in the early stages, before seeking the Board's approval.

Chairman and Chief Executive Officer

Principle 3:
There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Role of Chairman and Chief Executive Officer

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

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

- Determining and formulating operational policies and providing overall direction of the Company, within policies laid down by the Board; Translating the strategic directions stipulated by the Board, into tactical plans for operationalisation; and

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

- 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; and

- Reviewing the strategic initiatives of the organization, to ensure it meets GSH's strategic goals and improves the organisational profitability market value and returns on capital.

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

Lead Independent Director

The Independent Directors hold informal meetings on a need to basis without the presence of Management and other directors, led by the Lead Independent Director, and the Lead Independent Director provides feedback to the Chairman and CEO, as appropriate. During the year several of these meetings have been held. The Independent Directors constitute an ad hoc committee of the Board, which is called into session, as and when necessary.

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

Board Membership

Principle 4:
There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

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 the CEO and an Executive Director. The Chairman of the NC is Huang Lui.

The NC's principal functions are to:

(a) Make recommendations to the Board, on all Board appointments;

(b) 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;

(c) Determine, at least annually, whether or not a Director is independent;

(d) Decide whether or not a Director is able to, and has been adequately carrying out his duties as a Director of the Company;

(e) Assess the effectiveness of the Board as a whole, the contribution by each individual Director to the effectiveness of the Board, and to decide how the Board's performance may be evaluated. The NC takes into consideration the frequency of the Board meetings, the rate at which issues raised are adequately dealt with and the reports from the various Board Committees;

(f) Review the board succession plans for directors, in particular, the Chairman and CEO; and

(g) Review the training and professional development programs for the Board.

Training needs for Directors

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

Multiple Board Representations

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.

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

Selection, Appointment and Re-appointment of Directors

All new appointments to the Board 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; and

(f) Financially literate.

For the nomination process in search for the right candidates for appointment of new Directors, the NC may go through professional search firms, personal contacts and recommendations.

The Board is satisfied that all Directors have discharged their duties adequately for FY2017 and expects that the Directors will continue to discharge their duties adequately in FY2018.

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

Pursuant to Article 97 of the Company's Constitution, every newly appointed Director shall hold office only until the next AGM and retire from office, and for this purpose, Sun Yu shall also retire from office at the upcoming AGM.

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

Key information on the Directors

The profile of the directors and key information, including the dates of their first appointments and last re-election of each Director, together with their current and past preceding three years' directorship in other listed companies, are included under the "Board of Directors" Section in this Annual Report. Key information on Directors is also available on the Company's web site.

Alternate Directors

No Alternate Directors have been appointed.

Board Performance

Principle 5:
There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Review of Board and Board Committee Performance

The NC has conducted performance evaluations for the Board, Board Committees and all individual Directors, based on the performance criteria that were determined by the NC, in respect of FY2017. The performance criteria does not change yearly, and was reviewed and determined by the NC to be comparable to its industry peers and approved by the Board, to enhance long-term shareholder value. This process, which is conducted annually, involves the completion of a questionnaire by Board members seeking their views on various aspects of Board performance, such as Board size and composition, Board information and accountability, Board processes, effectiveness of risk management and internal controls system. As regards the individual director evaluation, each director carries out an individual assessment on the other directors. This assessment includes detailed questions in the areas of interactive skills, knowledge and director's duties. A summary of the findings is prepared based on the completed questionnaire and is reviewed and deliberated by the NC and the Board. The Chairman of the NC confers with the Chairman of the Board on the findings and appropriate follow-up actions are taken as necessary.

Access to Information

Principle 6:
In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities

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 approximately one week before the meetings, to facilitate discussions during the meetings. If any director is unable to attend any scheduled meetings, they are also welcome to dial in, or provide any comments to the Chairman of the Board or the CEO.

The Directors have separate and independent access to the Management, including the Company Secretary of the Group, at all times.

Company Secretary

Both the Corporate Secretarial services and the Company Secretary; are outsourced to Boardroom Corporate & Advisory Services Pte Ltd. The Board has separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that the Company's constitution, relevant rules and regulations are complied with. The Company Secretary attends and prepares minutes for all Board and Board Committee meetings.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Independent Professional Advice

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

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7:
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Remuneration Committee

The 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 Executive Directors and Independent Directors' fees, salaries, allowances, bonuses, options and benefits in kind, and key managers of the Company;

(ii) To determine specific remuneration terms for the Executive Chairman, the CEO, and the COO 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 Non-Executive Directors, including but not limited to Directors' fees;

Independent Advisor

To assist the RC in its work and benchmarking exercises, the RC, during the financial year has commissioned the Korn Ferry Hay Group, as independent advisor, to review and benchmark the Group's remuneration schemes and practices, and to advice on any changes thereto. There is no existing relationship between the Company and Korn Ferry Hay Group that will affect their independence and objectivity. The last such review was conducted in or about 2014.

Review of Significant Contracts of Service

The RC has reviewed the Company's obligations arising, in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that their contracts of service contain fair and reasonable termination clauses that are neither overly generous nor onerous.

Level and Mix of Remuneration

Principle 8:
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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 competitive 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 components. 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.

There are no provisions in the Executive Directors and key management contracts, to allow the Company to reclaim incentive components of remuneration in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company.

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 each AGM.

Disclosure on Remuneration

Principle 9:
Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC oversees in respect of the Directors and Senior Executives, the remuneration policies, the level and mix of remuneration, and the remuneration setting procedures.

Remuneration Policies

The Company's remuneration policy is designed to attract and retain outstanding individuals, who are aligned to the long-term interests of the Group. The role to be performed and market factors are taken into account when determining remuneration packages. Performance related pay, is obtained by linking total compensation to the achievement of the performance of the Group and of the individual. To ensure that its remuneration packages are competitive, the Company regularly reviews its base salary ranges and benefits package, using market data provided by the Korn Ferry Hay Group.

Level and Mix of Remuneration

The Executive Directors do not receive any directors' fees. Bonuses are determined as follows:

- Executive Chairman and CEO as a percentage of the Group's Total Comprehensive Income, from the annual audited accounts.

- Other Executive Directors and Senior Staff, at a rate determined based on their own personal performance and that of the Group

The Non-Executive Directors receive directors' fees as recommended by the RC and determined by the Board, and subject to shareholders' approval at the AGM.

Procedures for Setting Remuneration

On an annual basis, Management provides to the RC recommendations for remuneration changes for Executive Directors and Senior Management, which includes increments and bonuses. Based on making a considered assessment, the RC will then submit its recommendations to the Board. Korn Ferry Hay Group may be consulted from time to time, for their input on benchmarking, industry practice and the market situation.

No Directors participate in decisions on their own remuneration.

Service Agreements

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

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

Disclosure of Individual Director's Remuneration and Top Five Key Managers

The remuneration of the Directors has been presented taking into consideration the highly competitive industry conditions and the sensitivity and confidentiality of the remuneration matters. A breakdown showing the percentage mix of each individual Director's remuneration payable for financial year ended 31 December 2017 is as follows:

Name of Director	**Base Salary and Allowances %**	**Bonus %**	**Directors' Fee %**	**Total %**
Between S$3,000,000 to S$3,250,000				
Sam Goi Seng Hui *(Executive Chairman)*	14.4%	85.6%	0.0%	100.0%
Between S$2,250,000 to S$2,500,000				
Gilbert Ee Guan Hui *(Chief Executive Officer)*	15.9%	84.1%	0.0%	100.0%
Between S$500,000 to S$750,000				
Kenneth Goi Kok Ming *(Chief Operating Officer)*	54.0%	46.0%	0.0%	100.0%

Name of Director	Base Salary and Allowances %	Bonus %	Directors' Fee %	Total %
Less than S$250,000				
Francis Lee Choon Hui *(Non-Executive Vice Chairman / Lead Independent Director)*	17.9%	0.0%	82.1%	100.0%
Juliette Lee Hwee Khoon *(Non-Executive Non-Independent Director)*	0.0%	0.0%	100.0%	100.0%
Michael Grenville Gray (Non-Executive Independent Director)	0.0%	0.0%	100.0%	100.0%
Huang Lui (Non-Executive Independent Director)	0.0%	0.0%	100.0%	100.0%
Sun Yu (Non-Executive Non-Independent Director)*	0.0%	0.0%	100.0%	100.0%

* Mr Sun Yu was appointed as a non-executive non independent director with effect from 28 August 2017. Fees are pro-rated accordingly

Guideline 9.3 of the Code requires the Company to name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. The Board is of the view that it is not in the interests of the Company to disclose the names and in aggregate the total 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. On the remuneration of the top five key management personnel, three are in the less than S$250,000 band and one is in between S$250,000 to S$500,000 band and the last one is in the between S$500,000 to S$750,000 band.

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

Except for Sam Goi Seng Hui and Kenneth Goi Kok Ming, there are no employees who are immediate family members of the directors and whose remuneration exceeded S$50,000 during the financial year ended 2017.

Share Option Scheme/Short-term and Long-term Incentive Schemes

The Company does not have an employee share option scheme or any short-term and long-term incentive schemes.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10:
The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board accounts to the shareholders through providing timely information relating to the financials and operations of the Group, as well as any issues faced by the Group regularly and as and when required through announcement releases to the SGX-ST.

In presenting the financials, the Board aims to provide shareholders with a balanced, clear and understandable assessment of the Company and the Group's performance, position and prospects. In order to achieve this, the Management provides the Board with management accounts and such explanation and information on a regular basis and as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

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

Risk Management and Internal Controls

Principle 11:
The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for risk governance of the Group, which includes establishing risk management policies and tolerance strategies that set the appropriate tone and direction, and overseeing the implementation of risk management framework to ensure that risks are identified and managed. On an ongoing basis, the Board monitors and assesses the adequacy of the risk management systems that has been put in place as well as the system of internal controls to ascertain that Management takes the appropriate steps to manage and mitigate risks with the assistance from the Audit and Risk Committee ("ARC"). The ARC reflects its role in assisting the Board to fulfill its responsibilities to safeguard the Company's assets through providing oversight of the company's financial reporting process, risk management and internal control system as well as audit function.

At the Management level, the Board has established a Management Risk Committee chaired by the Group Financial Controller ("GFC"), who has taken on the role of Chief Risk Officer. This committee oversees and ensures that risks are being managed by appropriate units holistically across the Group.

Risk Tolerance and Risk Policies

The Board evaluates the level of risk tolerance and the risk appetite of the Group and determines whether acceptable levels of risk are being taken in the pursuit of the strategic business objectives. Management also maintains a sound system of risk management and internal controls, to safeguard shareholders' interests and the company's assets, and recommends the nature and extent of the significant risks for the endorsement of the Board in the pursuit of the Group's strategic business objectives, with the oversight from the ARC on behalf of the Board.

Enterprise Risk Management and Group Risk Governance Manual

During the financial year, Management has engaged an independent professional firm to conduct a risk assessment exercise in ensuring the effectiveness and adequacy of the Group's risk management processes. The firm also facilitated the refreshing of the risk management program, which included an enterprise wide risk assessment. In this risk assessment, the firm facilitated the identification of the key risks for the Group that could impede the achievement of the Group's business objectives as well as providing recommendations to enhance the internal controls of the Group to address the risk. The risk assessment exercise highlighted pertinent risks in strategic, operational (including information technology areas), financial and regulatory compliance, as well as the treatment methods for such risks. The Group Risk Governance and Internal Control Framework Manual together with the risk assessment process provide the architecture for managing risks. The risks are required to be managed by the identified risk owners and coordinated by the in-house risk management function, on a continuing basis. The foundation of the Group risk management framework and risk assessment process are aligned with ISO:31000, a leading international standard on risk management.

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

Board's comment on Adequacy and Effectiveness of Internal Controls

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

In compliance with Listing Rule 1207(10), the Board, with the concurrence of the ARC, is of the opinion that the Company has a robust and effective internal control system and the system is adequate to address the financial, operational, compliance and information technology controls and the risk management systems, 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.

Assurance of CEO and GFC on Financial Records and Internal Controls

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

Audit Committee

Principle 12:
The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Board has established a combined Audit Committee and Risk Committee ("ARC"). The ARC 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.

Members of the ARC

The ARC 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 ARC is Michael Grenville Gray.

The Board considers Michael Grenville Gray, who has extensive and practical accounting and financial knowledge and experience, well qualified to chair the ARC. The other members of ARC collectively have relevant accounting, legal or related financial management expertise or experience. They keep abreast of relevant changes to accounting standards and issues which have direct impact on the financial statements. The Board is of the view that the present members of the ARC have sufficient accounting and financial management expertise and experience to discharge their responsibilities. The Board reviews the composition and effectiveness of the members of the ARC from time to time.

Authority of the ARC

The ARC 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.

Terms of Reference

The overall objective of the ARC 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 ARC include, inter alia, reviewing the following:

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

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

(iii) the Company's financial statements and consolidated financial statements, as well as the external auditors' reports on those financial statements before submission to the Board;

(iv) the co-operation given by the Management to the auditors;

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

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

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

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

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

Financial Reporting

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

Review of Interested Party Transactions ("IPTs")

The ARC reviews on a regular basis the IPTs. To assist the ARC in this role, the Management has appointed the internal auditor to carry out agreed procedures to review the IPTs.

External Auditor

KPMG LLP ("KPMG") was appointed as the external auditor of the Company on 21 April 2014.

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

The audit partner of the external auditor is rotated every five years, in accordance with the requirements of the listing manual.

Activities of the ARC in FY 2017

During the ARC quarterly meetings through the financial year, the following matters were reviewed:

- *Financial matters*

  In the review of the financial statements the ARC has discussed with Management and the external auditor the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the ARC. Following the review and discussions the ARC recommended to the Board to approve the full year financial statements.

Significant matters	**How the ARC reviewed these matters and what decisions were made**
Revenue recognition for sales of development properties	The ARC considered the use of the percentage completion method in recognising revenue for the sale of development properties. To this end the ARC had discussed with the external auditors as to whether this method was appropriate and concluded that it was. In addition the ARC had discussed with management on the conditions of the sales contracts and considered that they are appropriate for this form of revenue recognition.
Valuation for the impairment of development properties	The ARC considered the approach and methodology applied to the valuation of development properties. Where external valuers have been used, ARC has been provided by management with details of the external valuers and the amount of the valuations. Where an independent external valuer was not engaged, ARC assessed the reasonableness of the Group's estimated selling prices of the development properties by comparing to the sales prices of comparable properties. Having discussed with management and the external auditors the ARC is satisfied that no impairment is required.
Fair value of assets and liabilities of Henan Zhongyuan ("HZY") at date of acquisition	The ARC considered the approach and methodology applied to the valuation of the acquisition. Where an external valuer has been used, ARC has been provided by management with details of the external valuer and the amount of the valuations of the investment properties and land use rights of HZY. In addition, the ARC had read the report from the external expert and discussed with management on the methodology used to identify the intangible assets acquired and the valuation approach adopted by the external expert. Having discussed with management and the external auditors the ARC is satisfied that the fair value of assets and liabilities of HZY were valued appropriately.

  The above three items were also an area of focus for the external auditor and the external auditor has included these items as key audit matters in its audit report for the financial year ended 31 December 2017. Refer to page 52 to 55 of this Annual Report.

- *Review of Chairman/Directors/Managers expenses*

  The entertainment, travelling and expense accounts for the Chairman, Directors and Managers, are provided for the ARC's review, on a quarterly basis.

- *Review of Audit Findings*

  The ARC approved the scope and audit plans undertaken by the external auditor, reviewed the results of the audits, significant findings and recommendations as well as management responses. The ARC also reviewed the adjusted and unadjusted audit misstatements and was of the view that there was no need for an adjustment to the unadjusted misstatements.

- *Performance Evaluation of the External Auditor*

  The Management completed a checklist on the performance evaluation of the external auditor concerning a number of factors such as qualification and calibre, expertise and resources, effectiveness, independence, leadership and audit fees. The evaluation was reviewed by the ARC.

Meeting with External Auditor

The ARC meets the external auditor without the presence of Management, to discuss the reasonableness of the financial process, system of internal controls, fraud risk, quality of accounting and any other matters which the external auditors wish to raise, at least once a year.

Non-audit Services

The ARC has conducted an annual review of the non-audit services provided by the external auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. For details of the fees paid and/or payable by the Group in respect of audit and non-audit services for FY 2017, please refer to note 23 of the Notes to the Financial Statements.

The ARC Members Technical Updates

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

The ARC members have also attended courses provided by the Singapore Institute of Directors ("SID") and other organisations during the financial year, including those on accounting and auditing issues. The Audit Committee Guide issued by SID is used as a reference for the ARC matters.

Whistle Blowing Policy

The ARC has in place a whistle-blowing policy by which employees of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The ARC 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 ARC and approved by the Board and issued to assist the ARC 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 ARC Chairman and the Non-Executive Vice Chairman cum Lead Independent Director. No reports were made during the year in review.

The ARC Members being Former Partners of the Auditing Firm

Neither the members nor the Chairman of the ARC are former partners or directors of the Group's auditing firm. None of them hold any financial interest in the Group's auditing firm.

Internal Audit

Principle 13:
The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function has been outsourced to an independent professional firm. They report functionally to the Chairman of the ARC and administratively to the CEO. The internal audit function assists the Board and the ARC in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control system.

A risk based internal audit plan which sets out the areas to be audited by the Internal Auditor was prepared based on the review of risk reports as well as discussions with the management and members of the ARC. The internal audit reviews in the internal audit plan are prioritized to address adequacy and effectiveness of internal controls regarding areas which are of significant or higher risk to the Group's business activities. The internal audit plan was reviewed and approved by the ARC to ensure adequate coverage before the commencement of the audit work for the year.

The internal audits are performed:

(i) To determine that internal controls are in place and functioning as intended to address the key business and operational risks;

(ii) To assess whether operations of the business processes under review are conducted efficiently and effectively; and

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

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

The ARC meets with the Internal Auditor, without the presence of Management, at least once a year. The internal audit findings, categorised according to their priority, are submitted to and discussed with the ARC. The progress on the implementation of the corrective actions for the outstanding audit findings is closely monitored by the ARC.

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

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

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14:
Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company treats all shareholders fairly and equitably and recognise, 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.

Communication with Shareholders

Principle 15:
Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Disclosure of Information on a timely basis

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 each quarter and full year, that are published through the SGXNET;

(iii) notices and explanatory memoranda for annual general meetings and extraordinary general meetings; and

(iv) information that is material or may influence the price of the Company's shares is posted on SGXNet.

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.

Dialogue with Shareholders

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 ARC, NC, RC, as well as the external auditor, are present at the general meetings, to address any shareholders' queries.

Steps to Solicit Views of Shareholders

The Company values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders can submit their feedback and raise any question to the Company's investor relation contact as provided in the Company's website.

Dividend Policy

The Company does not have a specific policy on the amount of dividends to be paid due to the nature of the business and the way that income is realised. Nevertheless, the Board has adopted a policy of issuing dividends when there are availability of both sufficient profits and cash flow.

Corporate Website

Information about the Group, including the Annual Report, is found on the Group's website at www.gshcorporation.com.

Conduct of Shareholder Meetings

Principle 16:
Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Participation of Shareholders at General Meetings

To facilitate participation by the shareholders, the Company's Constitution allows all shareholders to appoint not more than two proxies to attend and vote at general meetings. Under the Singapore Companies (Amendment) Act 2014, investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at the general meetings of shareholders. Currently, the Company's Constitution do not allow a shareholder to vote in absentia as the authentication of a shareholder identity and other related security and integrity of the information still remain a concern.

Separate Resolutions for Separate Issues

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.

Voting by Poll and the results of voting

The Company adopts poll voting at the general meetings. Detailed results of the outcome are announced after the meeting via SGXNet.

Attendance of Directors at General Meetings

It is the policy of the Board that all directors must attend General Meetings unless any director has a good reason not to.

During the year general meetings were attended by all directors including the Chairman of the Board and Chair persons of the ARC, NC and RC. In addition the external auditors were present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the Auditors' Report.

Minutes of General Meetings & Voting by Poll and the results of voting

All minutes of general meetings include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, are available to shareholders upon request. Resolutions are passed at the general meetings by poll voting and conducted in the presence of independent scrutineers for greater transparency in the voting process. The total numbers and percentage of votes cast for or against the resolutions are announced after the meeting via SGXNet. Electronic poll voting has not been adopted by the Company for the time being as the turnout of the shareholders is still considerably small.

(E) Additional Information

- **Dealings in Securities**

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

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

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

- **Interested Person Transactions ("IPT")**

The Group has established procedures for recording, reporting and reviewing and approving, interested person transactions. Below are the IPT entered by the Group for the financial year ended 2017:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review	Aggregate value of all IPTs conducted during the financial year under review under the shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)
Sam Goi Seng Hui, Executive Chairman (please see Note (i) for further details)	S$1,635,125	Not applicable – the Group does not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual

Note:

(i) Interest paid for the subscription of 5.15% fixed rate notes due 2019 issued by the Company under its S$800,000,000 multicurrency medium term note programme on 8 June 2016.

- **Material Contracts**

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries, involving the interest of the Executive Chairman, the CEO or any Director or controlling shareholders, subsisting at the end of the financial year ended 2017.

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2017

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

(a) the financial statements set out on pages 58 to 132 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

Directors

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

Sam Goi Seng Hui
Gilbert Ee Guan Hui
Kenneth Goi Kok Ming
Francis Lee Choon Hui
Michael Grenville Gray
Juliette Lee Hwee Khoon
Huang Lui
Sun Yu (Appointed on 28 August 2017)

Directors' interests

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

Name of director and corporations in which interests are held	Description of Interests	At beginning of the year/ date of appointment	At end of the year
Sam Goi Seng Hui			
GSH Corporation Limited	Ordinary Shares (Direct)	958,389,875	968,796,975
Sam Goi Seng Hui			
GSH Corporation Limited	$60,000,000 5.15% fixed rate notes due in 2019	$31,750,000	$31,750,000
	$70,000,000 5.15% fixed rate notes due in 2020	–	$21,000,000

Directors' interests (cont'd)

Name of director and corporations in which interests are held	Description of Interests	At beginning of the year/ date of appointment	At end of the year
Gilbert Ee Guan Hui			
GSH Corporation Limited	Ordinary Shares (Direct)	52,629,478	52,629,478
	Ordinary Shares (Deemed)	105,913,600	105,913,600
	$60,000,000 5.15% fixed rate notes due in 2019	$1,750,000	$1,750,000
	$70,000,000 5.15% fixed rate notes due in 2020	–	$5,000,000
Sun Yu			
GSH Corporation Limited	Ordinary Shares (Deemed)	23,509,400	23,509,400
Kenneth Goi Kok Ming			
GSH Corporation Limited	$70,000,000 5.15% fixed rate notes due in 2020	–	$1,000,000
Juliette Lee Hwee Khoon			
GSH Corporation Limited	$70,000,000 5.15% fixed rate notes due in 2020	–	$250,000
Michael Greenville Gray			
GSH Corporation Limited	$70,000,000 5.15% fixed rate notes due in 2020	–	$250,000

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year end and 21 January 2018.

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

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

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

Audit Risk Committee

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

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

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

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

The Audit Risk Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;

- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

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

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

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2017

Auditors

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

On behalf of the Board of Directors

Gilbert Ee Guan Hui	**Kenneth Goi Kok Ming**
Director	*Director*

26 March 2018

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
GSH CORPORATION LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of GSH Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statement of financial position of the Group and the Company as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 58 to 132.

In our opinion, the accompanying financial statements of the Group and the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

Revenue recognition for sales of development properties

(Refer to Note 3.12 and Note 8 to the financial statements)

RISK:

The Group enters into contracts with customers to deliver specified building units to the customers based on the plans and specifications as set out in the contracts. In accordance with FRS 115 *Revenue from Contracts with Customers*, the analysis of whether the contracts comprises one or more performance obligations, determining whether the performance obligations are satisfied over time and the method used to measure progress for revenue recognition where performance obligations are satisfied over time represent areas requiring critical judgement and estimates by the Group.

There is a broad possible range of outcomes resulting from these judgements that could lead to different revenue and profit being reported in the financial statements.

OUR RESPONSE:

We evaluated the Group's processes over revenue recognition for sales of development properties and assessed the basis for the identification of performance obligations. We also read the sales and purchase agreements of development properties and discussed each of the developments with management to obtain an understanding of the specific terms to identify performance obligations. Also, we assessed whether the criteria are met for recognising revenue over time.

We assessed the appropriateness of methods and amounts used to measure the progress of the construction of specified building units by reference to construction costs incurred to date compared to the estimated total construction costs where the performance obligation is satisfied over time.

We assessed the adequacy of the estimated total construction costs by comparing them with the actual costs incurred to-date and discussed with management on the progress of the projects, taking into consideration any significant deviation in design plans or potential delay, which may require revision in the estimated total construction costs. Works that have been contracted to third parties, we agreed them to the contracts. For construction costs incurred to date, we have tested the significant items of cost components to the supporting documents such as supplier's invoices, to ascertain the existence and accuracy of the costs of work done.

OUR FINDINGS:

We found the basis and result for the identification of performance obligations and the assessment of whether the identified performance obligations are satisfied over time by the Group to be appropriate.

We also found the method used to recognise revenue from the delivery of specified building units to be consistent with the transfer of control of the goods or services to the customers.

We found the estimated total construction costs and costs of work performed to date to be appropriate.

Valuation for the impairment of development properties

(Refer to Note 3.7 and Note 8 to the financial statements)

RISK:

The Group has residential development properties held for sale in Malaysia. Development properties are stated at the lower of cost and net realisable values. Net realisable value represents the estimated future selling price, less estimated costs of completion and selling expenses.

The estimation of future selling prices is dependent on the Group's expectation of the market development in the respective markets. There is therefore a risk that the estimated net realisable value exceeds the future actual selling prices, resulting in losses when these properties are sold.

OUR RESPONSE:

Where an independent external valuer was engaged, our procedures included assessment of the competence, capabilities and objectivity of the valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We compared the valuers' underlying assumptions on the market value to market comparables and, when necessary, held further discussions with the valuers.

Where an independent external valuer was not engaged, we assessed the reasonableness of the Group's estimated selling prices of the development properties by independently validating to recent transacted sales prices of comparable properties. We also considered industry reports and forecasts on property market trends made by research analysts.

We calculated the reasonableness of the budgeted costs to completion by comparing the budgeted costs to costs incurred to date, taking into consideration the construction progress and any significant deviation in design plans.

OUR FINDINGS:

We are satisfied with the competence, capabilities and objectivity of the external valuers. The valuers are members of generally recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies adopted by the valuers were found to be appropriate and comparable to the methods used for similar property types and those used in the prior years. The key assumptions used in the valuations were found to be balanced, and where available, consistent with current market data.

Where an independent external valuer was not engaged, we found the Group's estimated selling prices and construction costs to be balanced.

Fair value of assets and liabilities of Henan Zhongyuan Group at date of acquisition

(Refer to Note 2.4, Note 3.1 and Note 7 to the financial statements)

RISK:

During the year, the Group acquired 30% equity interest in 河南中原四季水产物流港股份有限公司及其子公司 ("Henan Zhongyuan Group") for a consideration of approximately $41 million (equivalent to RMB 200 million).

The determination of the fair value of the identifiable assets and liabilities, which mainly consist of investment properties and land use rights, of Henan Zhongyuan Group involves significant judgement.

OUR RESPONSE:

We examined the terms and conditions of the sale and purchase agreement for the acquisition of the Henan Zhongyuan Group.

The Group has engaged an independent property valuer to assess the fair value of investment properties and land use rights, and an external expert to appraise the identifiable assets acquired and liabilities assumed at the date of acquisition. We evaluated the competence, capabilities and objectivity of the independent valuer and external expert.

We used our own valuation specialists' knowledge to assist us in challenging the methodology used to identify the intangible assets acquired and the valuation approach adopted by the external expert. The valuation specialist has considered the key assumptions used by comparing to market data and underlying accounting records of the acquired business.

We also used our own valuation specialists to assist us in considering the valuation methodology chosen by the independent valuer for the other assets and liabilities acquired, assessed key assumptions and obtained corroborative evidence for the explanations provided, by comparing key assumptions to market data.

OUR FINDINGS:

We read the sale and purchase agreement and confirmed our understanding of the transaction with management.

We are satisfied with the competence, capabilities and objectivity of the independent valuer and external expert. The independent valuer and external expert are members of generally recognised professional bodies and have considered their own independence in carrying out their work.

The valuation methodologies adopted by the independent valuer and external expert were found to be appropriate and comparable to those applied by other valuers and experts. The key assumptions used in the valuations were found to be balanced and where relevant, supported by market data and underlying accounting records of the acquired business.

Other information

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

We have obtained all other information prior to the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
GSH CORPORATION LIMITED

Responsibilities of management and directors for the financial statements

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

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Teo Han Jo.

KPMG LLP
Public Accountants
and Chartered Accountants

Singapore
26 March 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Assets					
Property, plant and equipment	4	403,404	397,415	29,962	21,689
Investment property	5	5,260	6,158	–	–
Subsidiaries	6	–	–	313	260
Associate	7	58,640	–	–	–
Non-current assets		467,304	403,573	30,275	21,949
Development properties	8	211,762	783,370	–	–
Inventories	9	986	737	–	–
Trade and other receivables	10	13,602	11,117	4,713	4,567
Amounts due from related parties	11	–	–	333,049	356,152
Cash and cash equivalents	12	236,684	317,115	183,290	287,686
Current assets		463,034	1,112,339	521,052	648,405
Total assets		930,338	1,515,912	551,327	670,354
EQUITY					
Share capital	13	343,458	343,458	343,458	343,458
Treasury shares	13	(5,131)	(5,131)	(5,131)	(5,131)
Reserves	14	(30,553)	(36,879)	–	–
Accumulated profits/(losses)		112,182	44,235	33,640	(26,258)
Equity attributable to owners of the Company		419,956	345,683	371,967	312,069
Non-controlling interests		58,147	92,451	–	–
Total equity		478,103	438,134	371,967	312,069
LIABILITIES					
Trade and other payables	15	–	2,176	–	–
Loans and borrowings	16	327,328	235,510	149,319	72,559
Deferred tax liabilities (net)	17	58,475	62,939	–	–
Non-current liabilities		385,803	300,625	149,319	72,559
Trade and other payables	15	42,428	49,120	13,778	15,173
Loans and borrowings	16	20,957	650,511	809	244,268
Amounts due to related parties	11	301	64,448	14,447	13,948
Derivative financial liabilities	18	884	12,337	884	12,337
Current tax liabilities		1,862	737	123	–
Current liabilities		66,432	777,153	30,041	285,726
Total liabilities		452,235	1,077,778	179,360	358,285
Total equity and liabilities		930,338	1,515,912	551,327	670,354

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000 Restated
Revenue	19	110,325	87,159
Cost of sales		(59,287)	(52,251)
Gross profit		51,038	34,908
Other net income	20	77,465	18
Selling and marketing expenses		(3,117)	(3,568)
Administrative expenses		(29,232)	(22,562)
Other expenses		(30)	(40)
Results from operating activities		96,124	8,756
Finance income		14,652	9,083
Finance expenses		(31,460)	(17,523)
Net finance costs	21	(16,808)	(8,440)
Share of profit of equity-accounted investee (net of tax)	7	17,327	–
Profit before tax		96,643	316
Tax expense	22	(5,651)	(3,913)
Profit/(Loss) for the year	23	90,992	(3,597)
Other comprehensive income, net of tax*			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences realised on disposal of a subsidiary		930	–
Foreign currency translation differences relating to foreign operations		4,110	(3,944)
Exchange differences on monetary items forming part of net investments in a foreign operation		1,977	(1,319)
Share of foreign currency translation differences of equity-accounted investee		339	–
Other comprehensive income, net of tax*		7,356	(5,263)
Total comprehensive income for the year		98,348	(8,860)
Profit/(Loss) attributable to:			
Owners of the Company		87,536	(3,638)
Non-controlling interests		3,456	41
Profit/(Loss) for the year		90,992	(3,597)
Total comprehensive income attributable to:			
Owners of the Company		93,862	(7,942)
Non-controlling interests		4,486	(918)
Total comprehensive income for the year		98,348	(8,860)
Earnings per share			
Basic and diluted earnings per share (cents)	24	4.47	(0.18)

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company							
	Share capital $'000	Treasury shares $'000	Asset revaluation reserve $'000	Translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016	343,458	–	4,132	(36,707)	48,861	359,744	93,369	453,113
Total comprehensive income for the year								
Loss for the year	–	–	–	–	(3,638)	(3,638)	41	(3,597)
Other comprehensive income								
Foreign currency translation differences relating to foreign operations	–	–	–	(2,985)	–	(2,985)	(959)	(3,944)
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	(1,319)	–	(1,319)	–	(1,319)
Total other comprehensive income, net of tax	–	–	–	(4,304)	–	(4,304)	(959)	(5,263)
Total comprehensive income for the year	–	–	–	(4,304)	(3,638)	(7,942)	(918)	(8,860)
Balances carried forward	343,458	–	4,132	(41,011)	45,223	351,802	92,451	444,253

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Company							
	Note	**Share capital $'000**	**Treasury shares $'000**	**Asset revaluation reserve $'000**	**Translation reserve $'000**	**Accumulated profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balances brought forward		343,458	–	4,132	(41,011)	45,223	351,802	92,451	444,253
Transaction with owners, recognised directly in equity									
Contributions by and distribution to owners									
Dividends paid	13	–	–	–	–	(988)	(988)	–	(988)
Purchase of treasury shares	13	–	(5,131)	–	–	–	(5,131)	–	(5,131)
Total contributions by and distributions to owners		–	(5,131)	–	–	(988)	(6,119)	–	(6,119)
Total transactions with owners		–	(5,131)	–	–	(988)	(6,119)	–	(6,119)
As at 31 December 2016		343,458	(5,131)	4,132	(41,011)	44,235	345,683	92,451	438,134

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company							
	Share capital $'000	Treasury shares $'000	Asset revaluation reserve $'000	Translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017	343,458	(5,131)	4,132	(41,011)	44,235	345,683	92,451	438,134
Total comprehensive income for the year								
Profit for the year	–	–	–	–	87,536	87,536	3,456	90,992
Other comprehensive income								
Foreign currency translation differences realised on disposal of a subsidiary	–	–	–	930	–	930	–	930
Foreign currency translation differences relating to foreign operations	–	–	–	3,080	–	3,080	1,030	4,110
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	1,977	–	1,977	–	1,977
Share of foreign currency translation differences of equity-accounted investee	–	–	–	339	–	339	–	339
Total other comprehensive income, net of tax	–	–	–	6,326	–	6,326	1,030	7,356
Total comprehensive income for the year	–	–	–	6,326	87,536	93,862	4,486	98,348
Balances carried forward	343,458	(5,131)	4,132	(34,685)	131,771	439,545	96,937	536,482

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Company							
	Note	Share capital $'000	Treasury shares $'000	Asset revaluation reserve $'000	Translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balances brought forward		343,458	(5,131)	4,132	(34,685)	131,771	439,545	96,937	536,482
Transaction with owners, recognised directly in equity									
Contributions by and distribution to owners									
Dividends paid	13	–	–	–	–	(19,589)	(19,589)	–	(19,589)
Total contributions by and distributions to owners		–	–	–	–	(19,589)	(19,589)	–	(19,589)
Changes in ownership interests in a subsidiary									
Disposal of a subsidiary	31	–	–	–	–	–	–	(38,790)	(38,790)
Total changes in ownership interests in a subsidiary		–	–	–	–	–	–	(38,790)	(38,790)
Total transactions with owners		–	–	–	–	(19,589)	(19,589)	(38,790)	(58,379)
As at 31 December 2017		343,458	(5,131)	4,132	(34,685)	112,182	419,956	58,147	478,103

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit/(Loss) for the year		90,992	(3,597)
Adjustments for:			
Change in fair value of investment property	20	431	2,037
Depreciation of property, plant and equipment	4	9,300	8,907
Interest expense	21	19,024	17,523
Interest income	21	(3,200)	(5,648)
Reversal of allowance on inventories	20	(8)	(28)
Net loss on disposal of property, plant and equipment	20	106	20
Allowance for/(Reversal of allowance for) trade receivables	20	24	(21)
Net foreign exchange gain arising from fixed deposit pledged	21	(144)	(1,619)
Net change in fair value of financial derivatives	21	(11,452)	(453)
Gain on disposal of a subsidiary	20	(74,511)	–
Share of profit of equity-accounted investee (net of tax)	7	(17,327)	–
Tax expense	22	5,651	3,913
		18,886	21,034
Changes in:			
Development properties		33,453	(36,423)
Inventories		(241)	346
Trade and other receivables		(17,641)	19,111
Trade and other payables		3,757	299
Balances with related parties		301	9,800
Cash generated from operations		38,515	14,167
Tax paid		(4,459)	(1,863)
Net cash from operating activities		34,056	12,304
Cash flows from investing activities			
Acquisition of property, plant and equipment		(12,066)	(3,979)
Payment of consideration on acquisition of subsidiaries		–	(17,353)
Deposits pledged		233,377	16,766
Disposals of a subsidiary, net of cash disposed off	31	157,149	–
Acquisition of equity-accounted investee		(40,974)	–
Interest received		5,711	4,977
Proceeds from sale of property, plant and equipment		5	6
Net cash from investing activities		343,202	417

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Cash flows from financing activities			
Finance expense paid (including amounts capitalised in development properties)		(22,553)	(30,616)
Payment of finance lease obligations		(386)	(328)
Purchase of treasury shares		–	(5,131)
Repayment of borrowings		(323,273)	(115,492)
Proceeds from borrowings		141,297	105,535
Dividend paid		(19,589)	(988)
Net cash used in financing activities		(224,504)	(47,020)
Net increase/(decrease) in cash and cash equivalents		152,754	(34,299)
Cash and cash equivalents at 1 January		45,319	79,780
Effect of exchange rate fluctuations on cash held		48	(162)
Cash and cash equivalents at 31 December	12	198,121	45,319

Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment amounting to $8,533,000 (2016: $4,472,000). The cash flows arising from the acquisition of property, plant and equipment excluded/included the following items:

(a) acquisition under finance lease arrangements amounting to $299,000 (2016:$493,000); and

(b) a net decrease of $3,590,000 (2016: $nil) related to other payables to suppliers of property, plant and equipment.

Cash outflow for the year also include payments in respect of property, plant and equipment acquired in 2016 amounting to $7,422,000.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 March 2018.

1. Domicile and activities

GSH Corporation Limited (the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 20 Cecil Street #28-01 GSH Plaza Singapore 049705.

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

The financial statements of the Group as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

- Note 3.12 – revenue recognition

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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

- Note 4 – measurement of recoverable amounts of property, plant and equipment
- Note 7 – determination of fair value of net identifiable assets and liabilities arising from purchase price allocation exercise in investment in an associate
- Note 8 – estimation of allowance for foreseeable losses for development properties
- Note 17 – estimation of current and deferred tax liabilities/(assets)

Measurement of fair values

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

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

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

Significant valuation issues are reported to the Group Financial Controller and the Group's Audit Risk Committee.

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

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

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

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

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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

- Note 5 – investment property; and
- Note 29 – financial instruments

2.5 Changes in accounting policies

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financial activities for the year ended 31 December 2017. Comparative information has not been presented (see note 16).

3. Significant accounting policies

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

3.1 Basis of consolidation

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

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

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

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

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

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

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

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

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

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(ii) Subsidiaries

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

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

(iii) Loss of control

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

(iv) Investment in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

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

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

The carrying amount of goodwill is included in the carrying amount of investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that form part of the carrying amount of the associates.

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(v) Transactions eliminated on consolidation

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

(vi) Subsidiaries and associates in the separate financial statements

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

3.2 Foreign currency

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

3. Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

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

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

3.3 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

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

3. Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

• Leasehold land	The remaining useful lives of land lease
• Leasehold properties	99 years
• Golf club and hotel buildings, improvements and renovation	50 years
• Golf course renovation and operating equipment	5 to 15 years
• Hotel and other operating equipment, office equipment and furniture and fittings	3 to 15 years
• Motor vehicles and vessels	5 to 15 years

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

3. Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(iv) Reclassification from development properties

When the use of a property changes from development with a view to sell to owner-occupation, the property is transferred from development properties (note 3.7) to property, plant and equipment.

3.4 Investment property

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

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

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

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

3.5 Financial instruments

(i) Non-derivative financial assets

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

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

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

The Group classifies non-derivative financial assets into the loans and receivables category.

3. Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

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

Loans and receivables

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

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

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

(ii) Non-derivative financial liabilities

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

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

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

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

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

3. Significant accounting policies (cont'd)

3.5 Financial instruments (cont'd)

(iii) Share capital

Ordinary shares

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

Preference share capital

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

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

Repurchase, disposal and reissue of share capital (treasury shares)

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

(iv) Derivative financial instruments

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

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

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

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

Financial guarantees are initially measured at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

3. Significant accounting policies (cont'd)

3.6 Impairment

(i) Non-derivative financial assets

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

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

Loans and receivables

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

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

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

3. Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

(ii) Non-financial assets

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

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

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

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

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

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

Investment in subsidiaries and an associate

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

3. Significant accounting policies (cont'd)

3.7 Development properties

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

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

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

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

Contract costs

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

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

Subsequent measurement

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

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

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

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

Sold units

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

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

3. Significant accounting policies (cont'd)

3.8 Inventories

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

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

3.9 Leases

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

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

When entities within the Group are lessor of an operating lease

The Group leases out certain investment properties to third parties.

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

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

When entities within the Group are lessees of an operating lease

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

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

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

3. Significant accounting policies (cont'd)

3.10 Employment benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

3.11 Provisions

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

3.12 Revenue recognition

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

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

Property segment

(i) Sale of development properties

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

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

3. Significant accounting policies (cont'd)

3.12 Revenue recognition (cont'd)

(i) Sale of development properties (cont'd)

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

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

Critical judgements in identifying performance obligations and measuring progress

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

Hospitality segment

(ii) Rendering of services – hotel income

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

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

(iii) Rendering of services – golf club related income

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

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

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

3. Significant accounting policies (cont'd)

3.12 Revenue recognition (cont'd)

(iii) Rendering of services – golf club related income (cont'd)

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

(iv) Sale of goods

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

3.13 Finance income and finance costs

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

Finance costs comprise interest expense on borrowings, amortisation of transaction costs capitalised previously and changes in the fair value of financial derivatives.

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

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

3.14 Tax

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

3. Significant accounting policies (cont'd)

3.14 Tax (cont'd)

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

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

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

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

3.15 Earnings per share

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

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

3.16 Segment reporting

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

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

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

4. Property, plant and equipment

	Leasehold land $'000	Leasehold properties $'000	Golf club and hotel buildings, improvements and renovation $'000	Golf course renovation and operating equipment $'000	Hotel and other operating equipment, office equipment and furniture and fittings $'000	Motor vehicles and vessels $'000	Assets under construction $'000	Total $'000
Group								
Cost								
At 1 January 2016	184,282	–	208,074	2,630	37,718	1,573	626	434,903
Additions	–	–	485	93	1,050	537	2,307	4,472
Disposals/Write-off	–	–	–	–	(213)	(2)	–	(215)
Reclassification	–	–	1,766	–	–	–	(1,766)	–
Reclassification from development properties	–	–	–	–	–	–	21,681	21,681
Effect of movements in exchange rates	(3,303)	–	(3,686)	(39)	(968)	(29)	(35)	(8,060)
At 31 December 2016	180,979	–	206,639	2,684	37,587	2,079	22,813	452,781
Additions	–	–	602	214	1,326	313	6,078	8,533
Disposals/Write-off	–	–	–	–	(312)	–	–	(312)
Reclassification	–	26,786	–	–	–	–	(26,786)	–
Effect of movements in exchange rates	3,382	–	3,816	59	793	33	29	8,112
At 31 December 2017	184,361	26,786	211,057	2,957	39,394	2,425	2,134	469,114

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

	Leasehold land $'000	Leasehold properties $'000	Golf club and hotel buildings, improvements and renovation $'000	Golf course renovation and operating equipment $'000	Hotel and other operating equipment, office equipment and furniture and fittings $'000	Motor vehicles and vessels $'000	Assets under construction $'000	Total $'000
Group								
Accumulated depreciation and impairment losses								
At 1 January 2016	4,724	–	10,365	544	31,517	689	–	47,839
Depreciation charge	2,395	–	4,698	390	1,153	271	–	8,907
Disposals/Write-off	–	–	–	–	(187)	(2)	–	(189)
Effect of movements in exchange rates	(160)	–	(329)	(13)	(674)	(15)	–	(1,191)
At 31 December 2016	6,959	–	14,734	921	31,809	943	–	55,366
Depreciation charge	2,306	208	5,416	214	814	342	–	9,300
Disposals/Write-off	–	–	–	–	(201)	–	–	(201)
Effect of movements in exchange rates	187	–	414	25	600	19	–	1,245
At 31 December 2017	9,452	208	20,564	1,160	33,022	1,304	–	65,710
Carrying amounts								
At 1 January 2016	179,558	–	197,709	2,086	6,201	884	626	387,064
At 31 December 2016	174,020	–	191,905	1,763	5,778	1,136	22,813	397,415
At 31 December 2017	174,909	26,578	190,493	1,797	6,372	1,121	2,134	403,404

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

	Leasehold properties $'000	Office equipment and furniture and fittings $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Company					
Cost					
At 1 January 2016	–	277	653	–	930
Additions	–	59	–	21,046	21,105
Disposals	–	(4)	–	–	(4)
At 31 December 2016	–	332	653	21,046	22,031
Additions	–	354	–	8,391	8,745
Reclassification	29,437	–	–	(29,437)	–
Disposals	–	(56)	–	–	(56)
At 31 December 2017	29,437	630	653	–	30,720
Accumulated depreciation					
At 1 January 2016	–	72	76	–	148
Depreciation charge	–	66	131	–	197
Disposals	–	(3)	–	–	(3)
At 31 December 2016	–	135	207	–	342
Depreciation charge	230	91	131	–	452
Disposals	–	(36)	–	–	(36)
At 31 December 2017	230	190	338	–	758
Carrying amounts					
At 1 January 2016	–	205	577	–	782
At 31 December 2016	–	197	446	21,046	21,689
At 31 December 2017	29,207	440	315	–	29,962

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

Impairment losses

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

Assets held under finance lease

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

	Group	
	2017	**2016**
	$'000	**$'000**
Motor vehicles	679	507
Office equipment	619	750
	1,298	1,257

Leasehold land

At 31 December 2017, leasehold land of the Group with carrying amounts of $174,909,000 (2016: $174,020,000) represents the land located in Malaysia. The land lease will expire on 31 December 2091.

Security

At 31 December 2017, properties of the Group and Company with carrying amounts of $201,487,000 (2016: $184,379,000) and $29,207,000 (2016: $21,046,000) respectively are pledged as security to secure bank loans (see note 16).

Reclassification from development properties

In 2016, development properties with carrying amounts of $21,681,000 were reclassified to property, plant and equipment as the units will be used as the office of the Group.

5. Investment property

	Note	Group 2017 $'000	Group 2016 $'000
At 1 January		6,158	8,089
Change in fair value	20	(431)	(2,037)
Effect of movements in exchange rates		(467)	106
At 31 December		5,260	6,158

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

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

Fair value hierarchy

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

The fair value measurement for investment property of $5,260,000 (2016: $6,158,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (note 2.4).

Level 3 fair value

The reconciliation from the opening balances to the closing balances for Level 3 fair values is shown as above.

Valuation technique and significant unobservable inputs

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

Valuation Techniques	Significant unobservable inputs	Inter-relationship between unobservable input and fair value measurement
Direct income capitalisation: The valuation model is a method used to convert an estimate of a single year's income expectancy into an indication of value. The value of the property is derived by dividing a property's net operating income ("NOI") by the market capitalisation rate. NOI is equal to a property's yearly gross income less operating expenses.	• Capitalisation rate: 11% (2016: 11%-12%) • Expected gross rental income: $9-$10 per sq feet (2016: $11-$12 per sq feet) • Expected operating expenses: $3-$4 per sq feet (2016: $3-$4 per sq feet)	The estimated fair value would increase (decrease) if the: • capitalisation rate is lower (higher); • expected gross rental income is higher (lower); or • expected operating expenses is lower (higher).

6. Subsidiaries

	Company	
	2017	2016
	$'000	$'000
Equity investment, at cost	313	260

Details of subsidiaries are as follows:

Name of Subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2017 %	Effective equity held by the Group 2016 %
GSH (Xiamen) Property Development Pte Ltd[1]	Investment holding	Singapore	100	100
GSH (Xi'an) Investments Pte Ltd[1] (f.k.a GSH (Xiamen) Investments Pte Ltd)	Investment holding	Singapore	100	100
GSH Properties Pte Ltd[1]	Investment holding	Singapore	100	100
GSH Properties (Malaysia) Pte Ltd[1]	Investment holding	Singapore	100	100
GSH (Zhengzhou) Investments Pte Ltd[1]	Investment holding	Singapore	100	100
Borneo Ventures Pte Ltd[1]	Investment holding	Singapore	100	100
Ocean View Ventures Pte Ltd[1]	Investment holding	Singapore	100	100
Ocean View Point Pte Ltd[1]	Investment holding	Singapore	100	100
Plaza Ventures Pte Ltd[5]	Property development	Singapore	–	51.0
MXIM Holdings Pte Ltd[1]	Investment holding	Singapore	79.4	79.4
City View Ventures Sdn Bhd[2]	Property development	Malaysia	100	100
Mewabumi Sdn Bhd[2]	Investment holding	Malaysia	75.0	75.0
Linyi Properties Sdn Bhd[2]	Property development	Malaysia	75.0	75.0
Xing Asia Impel Sdn Bhd[2]	Investment holding	Malaysia	67.5	67.5
Investasia Sdn Bhd[2]	Property development	Malaysia	67.5	67.5
The Sutera Harbour Group Sdn Bhd[2]	Investment holding	Malaysia	77.5	77.5
Sutera Harbour Resort Sdn Bhd[2]	Investment holding	Malaysia	77.5	77.5

6. Subsidiaries (cont'd)

Name of Subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2017 %	2016 %
The Little Shop Sdn Bhd[2]	Retailing of clothing, souvenirs and convenience items	Malaysia	77.5	77.5
Sutera Harbour Travel Sdn Bhd[2]	Upmarket train services	Malaysia	77.5	77.5
Sutera Harbour Golf & Country Club Berhad[2]	Operation of a 27-hole golf course and a marina together with clubhouse and other facilities	Malaysia	77.5	77.5
Eastworth Source Sdn Bhd[2]	Hotel operation	Malaysia	77.5	77.5
Advanced Prestige Sdn Bhd[2]	Hotel operation	Malaysia	77.5	77.5
Sutera Yacht Services Sdn Bhd[2,4]	Sale of fuel and other related bunkering services	Malaysia	23.2	23.2
GSH (Middle East) Pte Ltd[3]	Investment holding	British Virgin Islands	100	100
GSH Investment Limited[3]	Investment holding	Hong Kong	100	100
Altheim International Ltd[3]	Investment holding	British Virgin Island	75.0	75.0
Mainfield Holdings Ltd[3]	Investment holding	British Virgin Island	67.5	67.5

1 Audited by KPMG LLP, Singapore
2 Audited by KPMG, Malaysia
3 Not required to be audited in accordance with the laws of country of incorporation
4 The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the Company
5 In 2017, the Group disposed of its shares of Plaza Ventures Pte Ltd to a third party (See Note 31)

7. Associate

	Group 2017 $'000	Group 2016 $'000
Interest in associate	58,640	–

Details of associate are as follows:

Name of associate	Principal activities	Country of incorporation	Effective equity held by the Group 2017 %	Effective equity held by the Group 2016 %
河南中原四季水产物流港股份有限公司及其子公司 ("Henan Zhongyuan Group")[1]	Logistics and warehousing hub	People's Republic of China ("PRC")	30	–

[1] Audited by Henan Zhongcai Depu Certified Public Accountants Co., Ltd

The Group performed a purchase price allocation exercise for its acquisition of its associate, Henan Zhongyuan Group on 28 February 2017. The Group's share of net assets of Henan Zhongyuan Group was based on the fair values of the identifiable assets and liabilities of Henan Zhongyuan Group as at 28 February 2017.

The following table summarises the consideration transferred and the proportionate share of the fair value of net assets of Henan Zhongyuan Group as at the acquisition date:

	Group $'000
Total consideration transferred	40,974
Proportionate share of fair value of net assets	(55,319)
Negative goodwill	(14,345)

Included in the share of results of associate in the statement of comprehensive income is negative goodwill arising from the acquisition of Henan Zhongyuan Group of $14,345,000.

The following summarises the financial information of Henan Zhongyuan Group, based on its (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

7. Associate (cont'd)

	Group $'000
2017	
Revenue	28,557
Profit and total comprehensive income	9,940
Group's share of total comprehensive income	2,982
Add: Negative goodwill	14,345
Group's share of total comprehensive income, including negative goodwill	17,327
Non-current asset	185,341
Current asset	24,574
Non-current liabilities	(10,538)
Current liabilities	(3,911)
Net assets	195,466
Group's interest in net assets of investee at acquisition date	
Group's contribution during the year	40,974
Group's share of total comprehensive income, including negative goodwill	17,327
Exchange difference	339
Carrying amount of interest in investee at end of the year	58,640

Measurement of fair values

The Group has engaged an independent property valuer to assess the fair value of investment properties (including land use rights), and an external expert to appraise the identifiable assets acquired and liabilities assumed at the date of acquisition.

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets required	Valuation Techniques	Key assumptions
Investment property (including land use rights)	*Market comparison technique and cost technique:* The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for deterioration as well as functional and economic obsolescence.	• Land use rights – prevailing market rates of similar land in terms of nature, size and comparable locations • Building, plant and machinery – current replacement costs were derived from market quotes received from suppliers/manufacturers and adjusted for physical, functional and economic obsolescence of the assets.
Customer contracts and related relationships	*Multi-period excess earning method:* The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.	• Discount rate: 12.0% • Contributary Asset Charges (CACs): 30.2% – 57.0% • Tax amortisation benefits: 10 years

8. Development properties

Development properties comprise the following:

	Note	Group 2017 $'000	Group 2016 $'000
Properties in the course of development			
Unsold units	(i)	47,914	634,495
Contract costs			
– Capitalised commission	(ii)	11,049	38
– Fulfilment cost	(iii)	27,973	1,412
		39,022	1,450
Sold units			
– Cost	(iv)	12,498	100,183
– Attributable profit		6,786	32,508
		19,284	132,691
Less: Progress billing		(22,251)	(88,708)
		(2,967)	43,983
Total properties in the course of development		83,969	679,928
Reclassification to property, plant and equipment		–	(21,681)
Properties for development representing mainly land, at cost		127,793	125,123
Total		211,762	783,370
Borrowing costs capitalised during the year		2,689	14,357

Securities

Certain development properties of the Group are mortgaged to the banks as collateral for credit facilities provided to the Group as disclosed in note 16.

Properties in the course of development and property for development

(i) Unsold units

The amount relates primarily to cost attributable to the unsold units. Borrowing costs of the Group have been capitalised at rates ranging from 5.54% to 5.70% (2016: 2.7% to 6.0%) per annum.

(ii) Capitalised commission

Management expects the incremental commission fees paid to property agents as a result of securing sale contracts to be recoverable. The Group has therefore capitalised them in the amount of $12,047,000 (2016: $1,603,000) at 31 December 2017.

Capitalised commission fees are amortised when the related revenue is recognised. In 2017, an amount of $1,036,000 (2016: $249,000) of the capitalised commission fees was amortised to profit or loss included as cost of sales and no impairment was recorded.

8. Development properties (cont'd)

(iii) Fulfilment cost

Land related costs that are attributable to the sold units amounting to $32,186,000 (2016: $58,825,000) are capitalised as fulfilment cost as at 31 December 2017. These costs are expected to be recoverable and are amortised to the profit or loss when the related revenue are recognised. In 2017, $5,625,000 (2016: $10,629,000) was amortised and no impairment was recorded.

(iv) Sold units

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

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

	Contract assets		
	Cost $'000	**Attributable profit $'000**	**Cumulative progress billing $'000**
2017			
Balance at 1 January 2017	100,183	32,508	(88,708)
Revenue recognised during the year	25,752	9,600	–
Progress billings during the year	–	–	(82,229)
Disposal of a subsidiary	(113,741)	(35,484)	149,225
Effect of movements in exchange rates	304	162	(539)
Balance at 31 December 2017	12,498	6,786	(22,251)
2016			
Balance at 1 January 2016	78,726	29,510	(65,352)
Revenue recognised during the year	21,457	2,998	–
Progress billings during the year	–	–	(23,356)
Balance at 31 December 2016	100,183	32,508	(88,708)

Estimation of allowance for foreseeable losses for development properties

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

9. Inventories

	Group	
	2017	2016
	$'000	$'000
Food and beverage	454	319
Spare parts and consumables	461	338
Merchandise	71	80
	986	737

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $6,633,000 (2016: $6,462,000). In 2017, the Group has reversed an allowance of $8,000 (2016: $28,000) which is included in cost of sales.

10. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables	5,162	5,171	70	1,283
Less: Allowance for doubtful receivables	(72)	(47)	–	–
	5,090	5,124	70	1,283
Deposits	960	882	15	14
Interest receivables	345	3,003	221	2,835
Rebates receivables	3,099	–	3,099	–
Other receivables	2,737	1,172	1,240	281
	12,231	10,181	4,645	4,413
Advances to suppliers	246	417	13	112
Prepayments	1,125	519	55	42
	13,602	11,117	4,713	4,567

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables (excluding advances to suppliers and prepayments) at the reporting date by business segment is set out below:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Hotel operations	5,293	4,190	–	–
Rental properties	41	43	–	–
Property development	2,498	1,784	–	–
Others	4,399	4,164	4,645	4,413
	12,231	10,181	4,645	4,413

10. Trade and other receivables (cont'd)

Impairment losses

The ageing of trade and other receivables (excluding advances to suppliers and prepayments) that were past due at the reporting date is as follows:

	2017		2016	
	Gross $'000	Individual impairment $'000	Gross $'000	Individual impairment $'000
Group				
Not past due	9,328	–	9,529	(2)
Past due less than 30 days	2,143	(5)	331	(4)
Past due 31 to 60 days	619	(3)	249	(4)
Past due over 60 days	213	(64)	119	(37)
	12,303	(72)	10,228	(47)

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

	Group	
	2017 $'000	2016 $'000
At 1 January	47	69
Impairment loss reversed	–	(21)
Impairment loss	24	–
Effect of movements in exchange rates	1	(1)
At 31 December	72	47

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

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

11. Amounts due from/(to) related parties

Amounts due from related parties

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-trade amounts due from subsidiaries	–	–	333,049	356,152

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

Amounts due to related parties

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-trade amounts due to:				
– subsidiaries	–	–	14,447	13,948
– non-controlling interests	301	64,448	–	–
	301	64,448	14,447	13,948

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

In 2016, the non-trade amounts due to non-controlling interests relates to the purchase and construction of a development property. The non-trade amounts due to non-controlling interests were repaid during the year (see Note 31).

12. Cash and cash equivalents

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	100,472	13,232	86,790	2,982
Fixed deposits with financial institutions	136,212	303,883	96,500	284,704
Cash and cash equivalents in the statements of financial position	236,684	317,115	183,290	287,686
Deposits pledged	(38,563)	(271,796)	–	(256,704)
Cash and cash equivalents in the statement of cash flows	198,121	45,319	183,290	30,982

The Group had entered into a United States Dollars ("USD") deposit arrangement with a bank. The foreign exchange exposure was fully hedged with a financial derivative.

Interest rates are repriceable as and when notified by the banks. The weighted average effective interest rates relating to cash and cash equivalents as at the reporting date for the Group is 0.05% to 4.50% (2016: 0.04% to 4.03%) per annum.

Deposits pledged represent bank balances of the Group and the Company pledged as security to obtain credit facilities (see note 16).

13. Share capital

	Group and Company			
	2017		2016	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid ordinary shares:				
At 1 January	1,977,036,050	343,458	1,977,036,050	343,458
Treasury shares	(18,102,700)	(5,131)	(18,102,700)	(5,131)
At 31 December	1,958,933,350	338,327	1,958,933,350	338,327

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

Capital management

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

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

	Group	
	2017 $'000	2016 $'000
Total loans and borrowings	**348,285**	**886,021**
Attributable to owners of the Company	308,978	664,424
Attributable to non-controlling interests	39,307	221,597
Less: Cash and cash equivalents	**(236,684)**	**(317,115)**
Attributable to owners of the Company	(223,705)	(307,158)
Attributable to non-controlling interests	(12,979)	(9,957)
Net debt	111,601	568,906
Total equity	478,103	438,134
Net debt equity ratio	0.23	1.30
Net debt equity ratio (excluding non-controlling interests)	0.20	1.03

No changes were made to the above objectives, policies and processes during the year ended 31 December 2017 and 2016.

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

13. Share capital (cont'd)

Dividends

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

For the year ended 31 December

	Group and Company	
	2017	2016
	$'000	$'000
Paid by the Company to owners of the Company		
1.00 cents per qualifying ordinary share		
(2016: 0.05 cents per qualifying ordinary share)	19,589	988

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

	Group and Company	
	2017	2016
	$'000	$'000
1.25 cents per qualifying ordinary share (2016: Nil cents per qualifying ordinary share)	24,487	–

14. Reserves

	Group	
	2017	2016
	$'000	$'000
Asset revaluation reserve	4,132	4,132
Translation reserve	(34,685)	(41,011)
	(30,553)	(36,879)

Asset revaluation reserve

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

Translation reserve

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

15. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables	3,542	8,057	–	–
Accrued operating expenses	23,071	17,811	10,408	3,121
Rental and other deposits	383	1,215	–	5
Other payables	5,880	2,499	204	200
Advance payments from customers	8,408	21,129	3,166	11,847
Deferred income	1,144	585	–	–
	42,428	51,296	13,778	15,173
Non-current	–	2,176	–	–
Current	42,428	49,120	13,778	15,173
	42,428	51,296	13,778	15,173

The Group and the Company's exposures to liquidity risk related to trade and other payables are disclosed in note 29.

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

In 2015, included in advance payments from customers are advance consideration received for the sale of properties on behalf of a former subsidiary amounting to $16,924,000. In 2017, an amount of $8,684,000 (2016: $5,077,000) was offset against the progress billings issued by the former subsidiary.

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

	Group	
	2017	2016
	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	(13,950)	(6,311)
Increases due to cash received, excluding amounts recognised as revenue during the year	2,719	6,423
Exchange differences	(931)	23
	(12,162)	135

16. Loans and borrowings

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current liabilities				
Secured bank loans	196,989	174,742	20,059	12,980
Medium term note	129,260	59,579	129,260	59,579
Finance lease liabilities	653	770	–	–
Redeemable preference shares	426	419	–	–
	327,328	235,510	149,319	72,559
Current liabilities				
Secured bank loans	20,542	650,145	809	244,268
Finance lease liabilities	415	366	–	–
	20,957	650,511	809	244,268
Total loans and borrowings	348,285	886,021	150,128	316,827
Maturities of liabilities (excluding finance lease liabilities and redeemable preference shares)				
Within 1 year	20,542	650,145	809	244,268
After 1 year but within 5 years	226,198	93,627	130,008	63,870
After 5 years	100,051	140,694	19,311	8,689
	346,791	884,466	150,128	316,827

Classification of redeemable preference shares

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

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

Medium term note

The Company established a $800,000,000 Multicurrency Medium Term Note Programme in 2016. During the year, the Company issued $70,000,000 (2016: $60,000,000) 3 years unsecured fixed rate notes due in 2020 (2016: due in 2019). These fixed rate notes bear interest rate of 5.15% per annum payable semi-annually in arrears and are listed on the SGX-ST.

The carrying amount of the fixed rate notes measured at amortised cost is $129,260,000 (2016: $59,579,000).

16. Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
Group				
At 31 December 2017				
Secured bank loans[1]	SGD	1.38 – 3.10	2022 – 2041	76,771
Secured bank loans[1]	MYR	5.46 – 5.71	2018 – 2024	140,760
Medium term note	SGD	5.15	2019 – 2020	129,260
Finance lease liabilities	MYR	2.62 – 4.00	2018 – 2023	1,068
Redeemable preference shares	MYR	NIL		426
Total loans and borrowings				348,285
At 31 December 2016				
Secured bank loans[1]	SGD	1.66 – 3.39	2017 – 2041	616,639
Secured bank loans[1]	MYR	5.58 – 5.96	2018 – 2024	208,249
Medium term note	SGD	5.15	2019	59,579
Finance lease liabilities	MYR	2.62 – 4.00	2020 – 2023	1,136
Redeemable preference shares	MYR	NIL	2091	419
Total loans and borrowings				886,021
Company				
At 31 December 2017				
Secured bank loans[2]	SGD	2.15 – 2.35	2041	20,868
Medium term note	SGD	5.15	2019 – 2020	129,260
Total loans and borrowings				150,128
At 31 December 2016				
Secured bank loans[2]	SGD	1.66 – 2.15	2017 – 2041	257,248
Medium term note	SGD	5.15	2019	59,579
Total loans and borrowings				316,827

[1] The loans are secured by:
- (a) pledged fixed deposit of $38,563,000 (2016: $271,796,000) by the Group;
- (b) a first legal mortgage over certain development properties of the Group's subsidiaries with a carrying amount of $83,970,000 (2016: $722,990,000);
- (c) corporate guarantees executed by the Company;
- (d) the Group's shares in Sutera Harbour Resort Sdn Bhd, Advanced Prestige Sdn Bhd, Eastworth Source Sdn Bhd, Sutera Harbour Travel Sdn Bhd and The Little Shop Sdn Bhd;
- (e) debenture incorporating a fixed and floating charge over generally all its present and future assets of the Sutera Harbour Resort Sdn Bhd; Advanced Prestige Sdn Bhd, Eastworth Source Sdn Bhd, Sutera Harbour Travel Sdn Bhd, The Little Shop Sdn Bhd and Sutera Harbour Golf and Country Club Berhad;
- (f) a first legal mortgage over the Group's property, plant and equipment with a carrying amount of $200,035,000 (2016: $184,379,000);
- (g) assignment of revenues or sales proceeds from the assets and properties of Sutera Harbour Resort Sdn Bhd and its subsidiaries;
- (h) a debenture incorporating a fixed and floating charge over generally all its present and future assets in connection with the Group's certain subsidiaries' development property;
- (i) a first legal charge over certain debt service reserve account; and
- (j) an undertaking from the Company to provide additional funds/advances required to meet any cashflow shortfalls in certain Group's subsidiaries debt service obligations.

[2] Pledged fixed deposit of $Nil (2016: $256,704,000) by the Company and first legal mortgage charge over the Company's property, plant and equipment with a carrying amount of $29,207,000 (2016: $21,046,000).

16. Loans and borrowings (cont'd)

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
Group			
At 31 December 2017			
Within 1 year	415	57	472
After 1 year but within 5 years	653	49	702
	1,068	106	1,174
At 31 December 2016			
Within 1 year	366	67	433
After 1 year but within 5 years	770	73	843
	1,136	140	1,276

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Secured bank loans $'000	Medium term note $'000	Finance lease liabilities $'000	Interest payable $'000	Total $'000
At 1 January 2017		824,888	59,579	1,135	2,822	888,424
Changes from financing cash flows						
Interest paid		–	–	–	(22,553)	(22,553)
Payment of finance lease liabilities		–	–	(386)	–	(386)
Repayments of loans and borrowings		(323,273)	–	–	–	(323,273)
Proceeds from loans and borrowings		71,829	69,468	–	–	141,297
Total changes from financing cash flows		(251,444)	69,468	(386)	(22,553)	(204,915)
Changes arising from disposal of a subsidiary	31	(359,691)	–	–	–	(359,691)
The effect of changes in foreign exchange rates		3,138	–	20	–	3,158
Other changes						
Interest expenses	21	–	–	–	19,024	19,024
New finance lease		–	–	299	–	299
Amortisation of transaction costs previously capitalised		640	213	–	–	853
Capitalised borrowing costs	8	–	–	–	2,689	2,689
Total other changes		640	213	299	21,713	22,865
At 31 December 2017		217,531	129,260	1,068	1,982	349,841

17. Deferred tax assets and liabilities

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

	At 1 January 2016 $'000	Recognised in profit or loss (note 22) $'000	Effect of movements in exchange rates $'000	At 31 December 2016 $'000	Recognised in profit or loss (note 22) $'000	Disposal of a subsidiary (note 31) $'000	Effect of movements in exchange rates $'000	At 31 December 2017 $'000
Group								
Deferred tax assets								
Unutilised tax losses	986	313	(31)	1,268	(219)	–	20	1,069
Unutilised deductible temporary differences	4,489	(882)	(6)	3,601	(1,556)	–	(8)	2,037
	5,475	(569)	(37)	4,869	(1,775)	–	12	3,106
Deferred tax liabilities								
Property, plant and equipment	(63,088)	576	1,099	(61,413)	944	–	(1,112)	(61,581)
Development properties	(5,017)	(1,378)	–	(6,395)	726	5,669	–	–
	(68,105)	(802)	1,099	(67,808)	1,670	5,669	(1,112)	(61,581)
Deferred tax liabilities (net)	(62,630)	(1,371)	1,062	(62,939)	(105)	5,669	(1,100)	(58,475)

17. Deferred tax assets and liabilities (cont'd)

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

	Group	
	2017	**2016**
	$'000	**$'000**
Deferred tax liabilities	58,475	62,939

Unrecognised deferred tax assets

The Group has certain unutilised tax losses of $6,346,000 (2016: $5,091,000) as at 31 December 2017 for which related tax benefits have not been included in the financial statements. The tax losses are available for offset against future taxable profits of the companies in which the losses arose but for which no deferred tax asset has been recognised due to uncertainty of their recoverability. The use of tax losses is subject to the agreement by the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group operates.

18. Derivative financial liabilities

	2017		2016	
	Contract/ notional amount $'000	**Assets/ (Liabilities) $'000**	**Contract/ notional amount $'000**	**Assets/ (Liabilities) $'000**
Group and Company				
Non-hedging instruments				
– Forward exchange contracts	123,850	(884)	256,704	(12,337)

19. Revenue

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

	Hospitality		Property		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Primary geographical markets						
Malaysia	74,729	62,704	18,816	–	93,545	62,704
Singapore	–	–	16,780	24,455	16,780	24,455
	74,729	62,704	35,596	24,455	110,325	87,159
Major products and services lines						
Hotel income	44,302	35,998	–	–	44,302	35,998
Golf club related income	6,602	7,524	–	–	6,602	7,524
Sale of goods	23,073	18,550	–	–	23,073	18,550
Sale of development properties	–	–	35,352	24,455	35,352	24,455
Others	752	632	244	–	996	632
	74,729	62,704	35,596	24,455	110,325	87,159
Timing of revenue recognition						
Products transferred at a point in time	23,073	18,550	–	–	23,073	18,550
Products and services transferred over time	51,656	44,154	35,596	24,455	87,252	68,609
	74,729	62,704	35,596	24,455	110,325	87,159

Transaction price allocated to the remaining performance obligations

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

	Note	Group 2017 $'000	Group 2016 $'000
Aggregate amount of the transaction price allocated to golf club membership contracts that are partially or fully unsatisfied as at 31 December	a	1,144	585
Aggregate amount of the transaction price allocated to sale of development properties for contracts that are partially or fully unsatisfied as at 31 December	b	138,118	3,263
		139,262	3,848

(a) The Group expects that 2.5% (2016: 2.5%) of the transaction price allocated to the unsatisfied contracts will be recognised as revenue for each financial year until 2055.

(b) The Group expects the full transaction price allocated to the unsatisfied contracts to be recognised as revenue over the next one to three years (2016: one year).

20. Other net income

	Note	Group 2017 $'000	Group 2016 $'000
Rental income		1,833	1,371
Change in fair value of investment property		(431)	(2,037)
Recovery of expenses from non-controlling interests		143	174
(Allowance for)/Reversal of allowance for:			
– trade receivables		(24)	21
– inventories		8	28
Gain on disposal of a subsidiary	31	74,511	–
Net loss on disposal/write-off of property, plant and equipment		(106)	(20)
Others		1,531	481
		77,465	18

21. Net finance costs

	2017 $'000	2016 $'000
Interest income	3,200	5,648
Net change in fair value of financial derivatives	11,452	453
Net foreign exchange gain*	–	2,982
Finance income	14,652	9,083
Interest expenses on:		
– bank loans	(18,121)	(16,751)
– finance leases	(50)	(71)
Amortisation of transaction costs previously capitalised	(853)	(701)
	(19,024)	(17,523)
Net foreign exchange loss*	(12,436)	–
Finance costs	(31,460)	(17,523)
Net finance costs recognised in profit or loss	(16,808)	(8,440)

* Included in net foreign exchange gain (loss) is the unrealised foreign exchange gain (loss) arising from revaluation of fixed deposit pledged of $144,000 (2016: $1,619,000).

22. Tax expense

	Group 2017 $'000	Group 2016 $'000
Current tax expense		
Current year	5,408	2,721
Adjustment for prior years	138	(179)
	5,546	2,542
Deferred tax expense		
Current year	54	1,049
Adjustment for prior years	51	322
	105	1,371
Tax expense	5,651	3,913

Reconciliation of effective tax rate

	Group 2017 $'000	Group 2016 $'000
Profit before tax	96,643	316
Less: Share of profit of equity-accounted investee (net of tax)	(17,327)	–
	79,316	316
Tax using the Singapore tax rate of 17% (2016: 17%)	13,484	54
Effect of tax rates in foreign jurisdictions	1,188	69
Non-deductible expenses	3,990	3,942
Income not subjected to tax	(13,488)	(915)
Utilisation of deferred tax assets previously not recognised	(27)	(2)
Deferred tax asset not recognised	329	618
Adjustment in prior years:		
– current tax	138	(179)
– deferred tax	51	322
Others	(14)	4
	5,651	3,913

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

23. Profit/(Loss) for the year

The following items have been included in arriving at profit/(loss) for the year:

	2017 $'000	2016 $'000
Audit fees paid to:		
– auditors of the Company	160	196
– other member firms of KPMG International	135	98
Non-audit fees paid to:		
– auditors of the Company	–	9
– other auditors	153	136
Employee benefits expenses (see below)	29,717	18,812
Operating lease expense	742	869
Operating expenses arising from rental of investment properties	16	10
Employee benefits expense		
Staff costs	27,785	17,111
Contribution to defined contribution plans included in staff costs	1,932	1,701
	29,717	18,812

24. Earnings per share

The basic and diluted earnings per share at 31 December 2017 is as follows:

Profit attributable to ordinary shareholders

	2017 $'000	2016 $'000
Earnings per share is based on:		
Profit/(Loss) attributable to ordinary shareholders	87,536	(3,638)

Weighted-average number of ordinary shares

	Group Number of shares 2017 '000	Group Number of shares 2016 '000
Issued ordinary shares at 1 January	1,977,036	1,977,036
Effect of treasury shares	(18,103)	(7,107)
Weighted-average number of ordinary shares during the year	1,958,933	1,969,929

The weighted average number of ordinary shares detailed above is used for both the basic and diluted earnings per share as there are no dilutive potential ordinary shares outstanding.

25. Operating segments

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

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

(i) Hospitality – operation of hotels, golf and marina club.

(ii) Property – sale of properties and rental income from investment properties owned by the Group.

(iii) Others – mainly investment holdings.

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

	Hospitality $'000	Property $'000	Others* $'000	Total $'000
31 December 2017				
Segment revenue	74,745	36,246	4,085	115,076
Elimination of inter-segment revenue	(16)	(650)	(4,085)	(4,751)
External revenue	74,729	35,596	–	110,325
Interest income	400	144	2,656[1]	3,200
Interest expense	(8,260)	(4,584)	(6,180)	(19,024)
Other material non-cash items:				
– Net change in fair value of financial derivatives	–	–	11,452	11,452
– Depreciation	(8,128)	(743)	(429)	(9,300)
Reportable segment profit/(loss) before tax	17,592	94,664	(15,613)	96,643
Tax expense	(5,210)	(318)	(123)	(5,651)
Reportable segment profit/(loss) after tax	12,382	94,346	(15,736)	90,992
Share of profit of equity-accounted investee	–	17,327	–	17,327
Reportable segment assets	393,362	321,889	215,087	930,338
Reportable segment liabilities	(212,353)	(74,967)	(164,915)	(452,235)
Capital expenditure	2,387	688	5,458	8,533

25. Operating segments (cont'd)

	Hospitality $'000	Property $'000	Others* $'000	Total $'000
31 December 2016				
Segment revenue	62,704	50,890	3,594	117,188
Elimination of inter-segment revenue	–	(26,435)	(3,594)	(30,029)
External revenue	62,704	24,455	–	87,159
Interest income	460	486	4,702[1]	5,648
Interest expense	(9,392)	(2,423)	(5,708)	(17,523)
Other material non-cash items:				
– Unrealised foreign exchange gain arising from revaluation of fixed deposit pledged	(60)	(21)	1,700	1,619
– Net change in fair value of financial derivatives	–	–	453	453
– Depreciation	(8,239)	(472)	(196)	(8,907)
Reportable segment profit/(loss) before tax	7,624	(3,221)	(4,087)	316
Tax expense	(3,625)	(288)	–	(3,913)
Reportable segment profit/(loss) after tax	3,999	(3,509)	(4,087)	(3,597)
Reportable segment assets	390,350	811,236	314,326	1,515,912
Reportable segment liabilities	(217,406)	(516,045)	(344,327)	(1,077,778)
Capital expenditure	2,246	2,166	60	4,472

* General corporate activities

1 Included in interest income is the interest earned on fixed deposit of $2,656,000 (2016: $4,702,000).

Geographical information

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

	Revenue		Non-current assets*	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Malaysia	93,545	62,704	376,071	375,090
Central Asia	–	–	5,260	6,159
Singapore	16,780	24,455	27,333	22,324
China	–	–	58,640	–
	110,325	87,159	467,304	403,573

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

Major customers

Revenue from two (2016: two) customers of the property segment represent approximately $1,694,000 (2016: $11,183,000) of the Group's total revenue.

26. Commitments

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

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

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Not later than one year	276	671	5	57
Between two and five years	186	293	6	11
Later than five years	71	129	–	–
	533	1,093	11	68

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

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

	Group	
	2017	**2016**
	$'000	**$'000**
Not later than one year	191	1,312
Between two and five years	32	336
	223	1,648

27. Financial guarantee contracts

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities granted to subsidiaries. The maximum exposure of the Company is $196,664,000 (2016: $567,640,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees. The period in which the financial guarantees will expire are as follows:

	Company	
	2017	**2016**
	$'000	**$'000**
Within one year	19,733	405,878
After one year but within five years	96,190	29,757
More than five years	80,741	132,005
	196,664	567,640

28. Related party transactions

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

	Group 2017 $'000	Group 2016 $'000
Professional fees paid to a firm in which a director is a member*	–	18
Recovery of expenses from non-controlling interests	–	(174)

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

In 2016, a director and a spouse of a director had entered into sale and purchase agreements with a subsidiary of the Group to purchase units of a Malaysia residential property with sale values amounting to $1,244,000. Revenue from the sales will be recognised by the Group progressively based on the percentage of completion of the residential project.

In addition to the above, five directors (2016: two) subscribed to fixed rate medium term notes issued by the Company, amounting to $27,500,000 (2016: $33,500,000). The interest on the notes that was paid to the two directors amounted to $1,725,000 (2016: $865,000).

Key management personnel remuneration

Key management personnel remuneration is as follows:

	Group 2017 $'000	Group 2016 $'000
Short-term employee benefits	7,710	2,551
Post-employment benefits (including Central Provident Fund)	105	91
	7,815	2,642

29. Financial instruments

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

Credit risk

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

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

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $236,684,000 at 31 December 2017 (2016: $317,115,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks, which are regulated.

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee at the end of the reporting period is $196,664,000 (2016: $567,640,000). At the reporting date the Company does not consider it probable that a claim will be made against the Company under the financial guarantees.

29. Financial instruments (cont'd)

Liquidity risk

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

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

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

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group					
At 31 December 2017					
Non-derivative financial liabilities					
Trade and other payables*	32,876	(32,876)	(32,876)	–	–
Amounts due to related parties	301	(301)	(301)	–	–
Secured bank loans	217,531	(277,426)	(31,052)	(73,139)	(173,235)
Medium term note	129,260	(144,493)	(6,695)	(137,798)	–
Finance lease liabilities	1,068	(1,174)	(472)	(702)	–
Redeemable preference shares	426	(426)	–	–	(426)
	381,462	(456,696)	(71,396)	(211,639)	(173,661)
Derivative financial instruments					
Forward exchange contracts (net-settled)	884	(884)	(884)	–	–
	884	(884)	(884)	–	–
	382,346	(457,580)	(72,280)	(211,639)	(173,661)
At 31 December 2016					
Non-derivative financial liabilities					
Trade and other payables*	29,582	(29,582)	(27,406)	(2,176)	–
Amounts due to related parties	64,448	(64,448)	(64,448)	–	–
Secured bank loans	824,887	(901,081)	(669,131)	(66,248)	(165,702)
Medium term note	59,579	(67,509)	(3,090)	(64,419)	–
Finance lease liabilities	1,136	(1,276)	(433)	(843)	–
Redeemable preference shares	419	(419)	–	–	(419)
	980,051	(1,064,315)	(764,508)	(133,686)	(166,121)
Derivative financial instruments					
Forward exchange contracts (net-settled)	12,337	(12,337)	(12,337)	–	–
	12,337	(12,337)	(12,337)	–	–
	992,388	(1,076,652)	(776,845)	(133,686)	(166,121)

29. Financial instruments (cont'd)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Cash flows After 1 year but within 5 years $'000	After 5 years $'000
Company					
At 31 December 2017					
Non-derivative financial liabilities					
Trade and other payables*	10,612	(10,612)	(10,612)	–	–
Amounts due to related parties	14,447	(14,447)	(14,447)	–	–
Secured bank loans	20,868	(27,013)	(1,299)	(5,251)	(20,463)
Medium term note	129,260	(144,493)	(6,695)	(137,798)	–
Recognised financial liabilities	175,187	(196,565)	(33,053)	(143,049)	(20,463)
Intra-group financial guarantees	–	(196,664)	(19,733)	(96,190)	(80,741)
	175,187	(393,229)	(52,786)	(239,239)	(101,204)
Derivative financial instruments					
Forward exchange contracts (net-settled)	884	(884)	(884)	–	–
	884	(884)	(884)	–	–
	176,071	(394,113)	(53,670)	(239,239)	(101,204)
At 31 December 2016					
Non-derivative financial liabilities					
Trade and other payables*	3,326	(3,326)	(3,326)	–	–
Amounts due to related parties	13,948	(13,948)	(13,948)	–	–
Secured bank loans	257,248	(261,155)	(244,687)	(3,210)	(13,258)
Medium term note	59,579	(67,509)	(3,090)	(64,419)	–
Recognised financial liabilities	334,101	(345,938)	(265,051)	(67,629)	(13,258)
Intra-group financial guarantees	–	(567,640)	(405,878)	(29,757)	(132,005)
	334,101	(913,578)	(670,929)	(97,386)	(145,263)
Derivative financial instruments					
Forward exchange contracts (net-settled)	12,337	(12,337)	(12,337)	–	–
	12,337	(12,337)	(12,337)	–	–
	346,438	(925,915)	(683,266)	(97,386)	(145,263)

* Excludes advance payments from customers and deferred income

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

29. Financial instruments (cont'd)

Market risk

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

Interest rate risk

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

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Fixed rate instruments				
Finance lease liabilities	1,068	1,136	–	–
Medium term note	129,260	59,579	129,260	59,579
	130,328	60,715	129,260	59,579
Variable rate instruments				
Secured bank loans	217,531	824,887	20,868	257,248

Fair value sensitivity analysis for fixed rate instruments

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

29. Financial instruments (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 bp in interest rates at the reporting dates would have increased/(decreased) profit before tax by the amounts shown below. There is no effect to the equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	Profit before tax	
	50 bp Increase $'000	**50 bp Decrease $'000**
Group		
2017		
Variable rate instruments	(1,088)	1,088
2016		
Variable rate instruments	(4,124)	4,124
Company		
2017		
Variable rate instruments	(104)	104
2016		
Variable rate instruments	(1,286)	1,286

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

29. Financial instruments (cont'd)

Foreign currency risk

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

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

	MYR $'000	EURO $'000	USD $'000
Group			
As at 31 December 2017			
Cash and cash equivalents	–	83,893	989
Forward exchange contracts	(40,499)	(83,351)	–
Net exposure	(40,499)	542	989
As at 31 December 2016			
Cash and cash equivalents	–	–	256,913
Forward exchange contracts	–	–	(256,704)
Net exposure	–	–	209
Company			
As at 31 December 2017			
Cash and cash equivalents	–	83,893	962
Forward exchange contracts	(40,499)	(83,351)	–
Net exposure	(40,499)	542	962
As at 31 December 2016			
Cash and cash equivalents	–	–	256,883
Forward exchange contracts	–	–	(256,704)
Net exposure	–	–	179

Sensitivity analysis

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

	2017 $'000	2016 $'000
Group		
MYR	(2,025)	–
EURO	27	–
USD	49	10
	(1,949)	10
Company		
MYR	(2,025)	–
EURO	27	–
USD	48	9
	(1,950)	9

29. Financial instruments (cont'd)

Accounting classifications and fair values

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

		Carrying amounts				Fair value			
	Note	**Loans and receivables $'000**	**Derivatives at fair value $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group									
31 December 2017									
Financial assets not measured at fair value									
Trade and other receivables*	10	12,231	–	–	12,231				
Cash and cash equivalents	12	236,684	–	–	236,684				
		248,915	–	–	248,915				
Financial liabilities measured at fair value									
Derivative financial liabilities	18	–	(884)	–	(884)	–	(884)	–	(884)
Financial liabilities not measured at fair value									
Trade and other payables**	15	–	–	(32,876)	(32,876)				
Loans and borrowings	16	–	–	(348,285)	(348,285)	–	(338,215)	–	(338,215)
Amounts due to related parties	11	–	–	(301)	(301)				
		–	–	(381,462)	(381,462)				

29. Financial instruments (cont'd)

		Carrying amounts				Fair value			
	Note	**Loans and receivables $'000**	**Derivatives at fair value $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group									
31 December 2016									
Financial assets not measured at fair value									
Trade and other receivables*	10	10,181	–	–	10,181				
Cash and cash equivalents	12	317,115	–	–	317,115				
		327,296	–	–	327,296				
Financial liabilities measured at fair value									
Derivative financial liabilities	18	–	(12,337)	–	(12,337)	–	(12,337)	–	(12,337)
Financial liabilities not measured at fair value									
Trade and other payables**	15	–	–	(29,582)	(29,582)				
Loans and borrowings	16	–	–	(886,021)	(886,021)	–	(865,146)	–	(865,146)
Amounts due to related parties	11	–	–	(64,448)	(64,448)				
		–	–	(980,051)	(980,051)				

29. Financial instruments (cont'd)

	Note	Carrying amounts: Loans and receivables $'000	Carrying amounts: Derivatives at fair value $'000	Carrying amounts: Other financial liabilities $'000	Carrying amounts: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
Company									
31 December 2017									
Financial assets not measured at fair value									
Trade and other receivables*	10	4,645	–	–	4,645				
Amounts due from related parties	11	333,049	–	–	333,049				
Cash and cash equivalents	12	183,290	–	–	183,290				
		520,984	–	–	520,984				
Financial liabilities measured at fair value									
Derivative financial liabilities	18	–	(884)	–	(884)	–	(884)	–	(884)
Financial liabilities not measured at fair value									
Trade and other payables**	15	–	–	(10,612)	(10,612)				
Loans and borrowings	16	–	–	(150,128)	(150,128)	–	(143,140)	–	(143,140)
Amounts due to related parties	11	–	–	(14,447)	(14,447)				
		–	–	(175,187)	(175,187)				

29. Financial instruments (cont'd)

		Carrying amounts				Fair value			
	Note	Loans and receivables $'000	Derivatives at fair value $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company									
31 December 2016									
Financial assets not measured at fair value									
Trade and other receivables*	10	4,413	–	–	4,413				
Amounts due from related parties	11	356,152	–	–	356,152				
Cash and cash equivalents	12	287,686	–	–	287,686				
		648,251	–	–	648,251				
Financial liabilities measured at fair value									
Derivative financial liabilities	18	–	(12,337)	–	(12,337)	–	(12,337)	–	(12,337)
Financial liabilities not measured at fair value									
Trade and other payables**	15	–	–	(3,326)	(3,326)				
Loans and borrowings	16	–	–	(316,827)	(316,827)	–	(299,478)	–	(299,478)
Amounts due to related parties	11	–	–	(13,948)	(13,948)				
		–	–	(334,101)	(334,101)				

* Excludes advances to suppliers and prepayments
** Excludes advance payments from customers and deferred income

29. Financial instruments (cont'd)

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

Type	Valuation techniques	Significant unobservable inputs
Group and Company		
Other financial liabilities*	*Discounted cash flow***	Not applicable

* Other financial liabilities include secured bank loans, medium term note, redeemable preference shares and finance lease liabilities.
** It is assumed that inputs considered observable used in the valuation technique are significant to the fair value measurement.

Transfer between Level 1 and 2

There were no transfer between Level 1 and 2 in 2017 and 2016.

30. Non-controlling interest

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

Name	Principal places of business/ Country of incorporation	Operating segment	Ownership interests held by NCI 2017 %	2016 %
Eastworth Source Sdn Bhd ("Eastworth Source")	Malaysia	Hotel operation	22.5	22.5
Sutera Harbour Golf and Country Club Berhad ("Sutera Harbour Golf and Country Club")	Malaysia	Golf club operation	22.5	22.5
Advanced Prestige Sdn Bhd ("Advanced Prestige")	Malaysia	Hotel operation	22.5	22.5
Investasia Sdn Bhd ("Investasia")	Malaysia	Property development	32.5	32.5
Linyi Properties Sdn Bhd ('Linyi Properties")	Malaysia	Property development	25.0	25.0
Plaza Ventures Pte Ltd ("Plaza Ventures")*	Singapore	Property development	–	49.0

* In 2017, the Group disposed of its share in Plaza Ventures Pte Ltd to a third party (see note 31). The Group does not consider the profit contribution from Plaza Ventures to be individually material to the Group.

30. Non-controlling interest (cont'd)

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

	Eastworth Source $'000	Sutera Harbour Golf and Country Club $'000	Advanced Prestige $'000	Investasia $'000	Linyi Properties $'000
2017					
Revenue	30,942	9,622	33,916	–	–
Profit/(Loss)	7,636	(579)	7,426	(1,813)	(8)
Total comprehensive income	7,636	(579)	7,426	(1,813)	(8)
Attributable to NCI:					
– Profit/(Loss)	1,718	(130)	1,671	(589)	(2)
– Total comprehensive income	1,718	(130)	1,671	(589)	(2)
Non-current assets	125,321	102,389	142,681	1,474	–
Current assets	21,052	3,198	19,533	64,624	21,436
Non-current liabilities	(20,417)	(14,684)	(26,167)	–	–
Current liabilities	(36,732)	(8,791)	(66,065)	(68,977)	(874)
Net assets	89,224	82,112	69,982	(2,879)	20,562
Net assets attributable to NCI	20,075	18,475	15,746	(936)	5,141
Cash flows from operating activities	4,733	577	9,749	672	1
Cash flows used in investing activities	(760)	(399)	(1,321)	(665)	–
Cash flows used in financing activities (dividends to NCI: nil)	(3,868)	(105)	(8,057)	–	–
Net increase in cash and cash equivalents	105	73	371	7	1

30. Non-controlling interest (cont'd)

	Eastworth Source $'000	Sutera Harbour Golf and Country Club $'000	Advanced Prestige $'000	Investasia $'000	Linyi Properties $'000	Plaza Ventures $'000
2016						
Revenue	25,338	64,905	28,705	–	–	50,890
Profit/(Loss)	5,251	(1,384)	6,297	(903)	(7)	5,695
Total comprehensive income	5,251	(1,384)	6,297	(903)	(7)	5,695
Attributable to NCI:						
– Profit/(Loss)	1,181	(311)	1,417	(294)	(2)	2,790
– Total comprehensive income	1,181	(311)	1,417	(294)	(2)	2,790
Non-current assets	124,472	101,971	143,055	917	–	–
Current assets	10,108	2,318	13,284	21,187	21,035	603,880
Non-current liabilities	(19,133)	(14,338)	(26,047)	–	–	(8,352)
Current liabilities	(35,656)	(8,790)	(69,095)	(22,961)	(842)	(513,951)
Net assets	79,791	81,161	61,197	(857)	20,193	81,577
Net assets attributable to NCI	17,953	18,261	13,769	(278)	5,048	39,973
Cash flows from/(used in) operating activities	(30,039)	504	(63,441)	948	(9)	18,555
Cash flows (used in)/from investing activities	(3,070)	(440)	(3,249)	(946)	–	360
Cash flows from/(used in) financing activities (dividends to NCI: nil)	31,319	(58)	62,363	–	–	(29,709)
Net (decrease)/increase in cash and cash equivalents	(1,790)	6	(4,327)	2	(9)	(10,794)

31. Disposal of a subsidiary

On 3 March 2017, the Group entered into a conditional sale and purchase agreement with a third party to dispose its equity interest in Plaza Ventures Pte. Ltd ("Plaza Venture") at a total cash consideration of $115,814,000. Included in the net identified assets disposed is an amount of $79,989,000 due to the Group.

Effect of disposal

The cash flows on the net assets of the subsidiary disposed are provided below:

	Note	Group 2017 $'000
Development property		545,194
Trade and other receivables		12,621
Cash and cash equivalents		38,654
Trade and other payables (including amount due to the Group)		(151,946)
Loan and borrowings		(359,691)
Deferred tax liabilities	17	(5,669)
Net identified assets		79,163
Less: Non-controlling interest		(38,790)
Realisation of foreign currency translation reserve		930
Gain on disposal	20	74,511
Total consideration		115,814
Repayment of amounts due to the Group		79,989
Cash and cash equivalents disposed of		(38,654)
Net cash inflow		157,149

The gain on disposal is recognised in other income in the consolidated statement of profit or loss.

32. Subsequent event

Subsequent to 31 December 2017, the following events took place:

- On 10 January 2018, the Group's wholly-owned subsidiary, GSH (Xi'an) Investments Pte Ltd has incorporated a new subsidiary in the People's Republic of China, known as GSH (Xi'an) Property Development Co. Ltd (群策环球(西安)房地产有限公司) ("GSH (Xi'an)") with a registered capital of S$135,250,000. GSH (Xi'an) is 100% owned by the Group. The principal activity of GSH (Xi'an) is property development.

- On 12 February 2018, the Group entered into a conditional subscription and shareholders' agreement with Tradewinds Corporation Berhad and Aspirasi Kukuh Sdn Bhd, to acquire 50% of the issued and paid-up share capital of Aspirasi Kukuh Sdn Bhd, for a consideration of MYR164,500,000 (approximately $55,561,000). Aspirasi Kukuh Sdn Bhd is the beneficial owner of a piece of land with 99 years tenure, located at Kuala Lumpur, Malaysia.

33. Comparative information

The Group modified the classification of certain depreciation expenses from administrative expenses to cost of sales for the year ended 31 December 2016, to reflect the nature of these amounts more appropriately. As a result, the following reclassifications were made to the statement of comprehensive income of the Group.

	As previously reported $'000	Reclassification $'000	As restated $'000
Statement of comprehensive income Year ended 31 December 2016			
Cost of sales	(44,070)	(8,181)	(52,251)
Administrative expenses	(30,743)	8,181	(22,562)

34. Full convergence with International Financial Reporting Standards and adoption of new standards

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with the SFRS(I) and IFRS issued by the International Accounting Standards Board. As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and interpretations of SFRS(I) s are effective from the same date.

- SFRS(I) 9 *Financial Instruments*;
- *Transfers of Investment Property* (Amendments to SFRS(I) 40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 28);
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I) , amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

34. Full convergence with International Financial Reporting Standards and adoption of new standards (cont'd)

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

The Group is still in the process of assessing the impact of the new SFRS(I), amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at the date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to Note 26).

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. As at 31 December 2017, the operating lease commitments on an undiscounted basis amount to $907,000 (refer to Note 26). Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rates. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2018

Share Capital

Number of Shares	:	1,977,036,050 (including Treasury Shares)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Share
Number of Treasury Shares	:	18,102,700
Percentage of Treasury Shares	:	0.92%
Number of subsidiary holdings held	:	Nil

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	101	3.57	4,291	0.00
100 – 1,000	323	11.41	123,050	0.01
1,001 – 10,000	1,059	37.42	5,865,834	0.30
10,001 – 1,000,000	1,307	46.19	94,252,305	4.81
1,000,001 And Above	40	1.41	1,858,687,870	94.88
Total	**2,830**	**100.00**	**1,958,933,350**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	GOI SENG HUI	972,467,875	49.64
2	CITIBANK NOMINEES SINGAPORE PTE LTD	225,359,817	11.50
3	OCBC SECURITIES PRIVATE LIMITED	104,138,650	5.32
4	GOODVIEW PROPERTIES PTE LTD	98,705,000	5.04
5	SKYVEN GROWTH OPPORTUNITIES FUND PTE LTD	85,878,733	4.38
6	HSBC (SINGAPORE) NOMINEES PTE LTD	56,478,820	2.88
7	EE GUAN HUI GILBERT	52,629,478	2.69
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	37,398,590	1.91
9	UOB KAY HIAN PRIVATE LIMITED	30,742,800	1.57
10	DB NOMINEES (SINGAPORE) PTE LTD	30,049,580	1.53
11	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	30,000,000	1.53
12	MAH BOW TAN	24,000,000	1.23
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	17,814,294	0.91
14	FLORENCE TAN GEK NOI MRS FLORENCE EE GEK NOI	15,000,000	0.77
15	DBS NOMINEES (PRIVATE) LIMITED	8,995,412	0.46
16	DBSN SERVICES PTE. LTD.	7,337,700	0.37
17	CHANDRA DAS NARESHKUMAR	6,000,000	0.31
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,446,800	0.28
19	TEO KEK TJOK @TEO KEK YENG	4,294,900	0.22
20	SINGAPORE NOMINEES PRIVATE LIMITED	3,800,000	0.19
	Total	**1,816,538,449**	**92.73**

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2018

Substantial Shareholders
List of Sustantial Shareholders
(As per the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Goi Seng Hui	972,467,875	49.64	–	–
Ee Guan Hui Gilbert	52,629,478	2.69	105,913,600	5.41
Goodview Properties Pte Ltd[1]	100,000,000	5.10	–	–
Far East Organization Centre Pte Ltd	–	–	100,000,000[a]	5.10
Lippo Capital Limited[2]	–	–	99,021,467[b]	5.05
Lanius Limited[3]	–	–	99,021,467[c]	5.05
Ng Chee Siong	–	–	101,112,200[d]	5.16
Ng Chee Tat Philip	–	–	101,112,200[e]	5.16

Notes:

[1] The percentage shown, to the nearest 2 decimal places, was based on form 3 received from Goodview Properties Pte Ltd as at 13 August 2013.

[2] The percentage shown, to the nearest 2 decimal places, was based on form 3 received from Lippo Capital Limited as at 21 January 2015.

[3] The percentage shown, to the nearest 2 decimal places, was based on form 3 received from Lanius Limited as at 21 January 2015.

[a] Based on form 3 received on 13 August 2013, Far East Organization Centre Pte Ltd has a controlling interest in Goodview Properties Pte Ltd and is therefore deemed to be interested in the 100,000,000 shares held by Goodview Properties Pte Ltd in the company.

[b] Based on form 3 received on 21 January 2015, Lippo Capital Limited is the holding company of an entity which has joint control of Lippo ASM Asia Property Limited, which is a holding company of OUE Limited. OUE Limited has a direct interest in 19,260,000 shares. In addition, Lippo Capital Limited is the holding company of Golden Super Holdings Limited and Lippo Assets (International Limited). Golden Super Holdings Limited and Lippo Assets (International Limited) has a direct interest in 77,761,467 and 2,000,000 shares respectively. Lippo Capital Limited is therefore deemed to be interested in 99,021,467 shares.

[c] Based on form 3 received on 21 January 2015, Lanius Limited holds the entire issued share capital of Lippo Capital Limited and is therefore deemed to be interested in 99,0210,267 shares.

[d] Based on form 3 received on 1 June 2017, vesting of the assets of the Estate on Ng Teng Fong (the "Estate) in Ng Chee Siong ("RN") in his capacity as a beneficiary of the Estate, pending final distribution. Goodview Properties Pte Ltd has a direct interest in 101,112,200 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. RN is a beneficiary of the Estate and is therefore deemed to be interested in the 101,112,200 shares in which Goodview Properties Pte Ltd has an interest.

[e] Based of form 3 received on 1 June 2017, vesting of the assets of the Estate on Ng Teng Fong (the "Estate") in Ng Chee Tat ("PN") in his capacity as a beneficiary of the Estate, pending final distribution. Goodview Properties Pte Ltd has a direct interest in 101,112,200 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. PN is a beneficiary of the Estate and is therefore deemed to be interested in the 101,112,200 shares in which Goodview Properties Pte Ltd has an interest.

Public Float

Based on the Register of Substantial Shareholders and the information made available to the Company as at 16 March 2018, approximately 30.89% 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 20 Cecil Street, #28-01 GSH Plaza, Singapore 049705 on Friday, 20 April 2018 at 3.00 p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of 1.25 Singapore cents per ordinary share (one-tier exempt) for the financial year ended 31 December 2017. (2016: Nil) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Constitution of the Company:

   Mr Goi Seng Hui **(Resolution 3)**
   Mr Francis Lee Choon Hui [See Explanatory Note (i)] **(Resolution 4)**
   Ms Juliette Lee Hwee Khoon [See Explanatory Note (ii)] **(Resolution 5)**

4. To re-elect Mr Sun Yu, a Director of the Company retiring pursuant to Article 97 of the Constitution of the Company. [See Explanatory Note (iii)] **(Resolution 6)**

5. To approve the payment of Directors' fees amounting to S$353,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears. (2017: S$302,800) **(Resolution 7)**

6. To approve the payment of additional Director's fees amounting to $13,661 for the financial year ended 31 December 2017. [See Explanatory Note (iv)] **(Resolution 8)**

7. To re-appoint KPMG LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

As Special Business

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

9. **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 and subsidiary holdings**) 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 and subsidiary holdings**) 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 and subsidiary holdings**) shall be based on the total number of issued shares (**excluding treasury shares and subsidiary holdings**) 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 or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(b) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)] **(Resolution 10)**

By Order of the Board

Lee Tiong Hock
Company Secretary
Singapore, 5 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Francis Lee Choon Hui will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and as a member of the Audit and Risk Committee and Nominating Committee and will be considered independent. There are no material relationships (including immediate family relationships) between Mr Francis Lee Choon Hui and the other directors or the Company.

(ii) Ms Juliette Lee Hwee Khoon will, upon re-election as a Director of the Company, remain as a member of the Audit and Risk Committee and Remuneration Committee and will be considered non-independent. There are no material relationships (including immediate family relationships) between Ms Juliette Lee Hwee Khoon and the other directors or the Company.

(iii) Mr Sun Yu will, upon re-election, remain as a Director and be considered independent (refer to page 26 of this Annual Report).

(iv) The Ordinary Resolution 8 in item 6 above is to seek the approval for the payment of S$13,661 (which had been pro-rated accordingly) to Mr Sun Yu as director's fees for the financial year ended 31 December 2017 as he was appointed as a Director of the Company on 28 August 2017.

(v) The Ordinary Resolution 10 in item 9 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 and subsidiary holdings**) 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 and subsidiary holdings**) will be calculated based on the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

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

2. A proxy need not be a member of the Company.

3. Each of the resolutions to be put to the vote of members at the Meeting (and at any adjournment thereof) will be voted on by way of a poll.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 20 Cecil Street, #28-01 GSH Plaza, Singapore 049705 not less than seventy-two (72) hours appointed for holding the Meeting.

Personal data privacy:

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

GSH CORPORATION LIMITED

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

PROXY FORM

(Please see notes overleaf before completing this Form)

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

I/We, ____

of ____

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 20 Cecil Street, #28-01 GSH Plaza, Singapore 049705 on Friday, 20 April 2018 at 3.00 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, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	**Resolutions relating to:**	**Number of Votes For***	**Number of Votes Against***
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2017		
2	Approval of one-tier tax exempt dividend		
3	Re-election of Mr Goi Seng Hui as a Director		
4	Re-election of Mr Francis Lee Choon Hui as a Director		
5	Re-election of Ms Juliette Lee Hwee Khoon as a Director		
6	Re-election of Mr Sun Yu as a Director		
7	Approval of Directors' fees amounting to S$353,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears		
8	Approval of additional Director's fees amounting to S$13,661 for the financial year ended 31 December 2017		
9	Re-appointment of KPMG LLP as Auditor		
10	Authority to issue shares		

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

Dated this ____________________ day of ____________ 2018

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

____

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

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 20 Cecil Street, #28-01 GSH Plaza, Singapore 049705 not less than seventy-two (72) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 April 2018.

General:

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

GSH CORPORATION LIMITED

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